

THE NONPROFIT HEALTH CARE CORPORATION REFORM ACT (EXCERPT)
Act 350 of 1980

550.1469 Medicare supplement certificate; minimum standards; notice of medical assistance under medicaid; suspension of benefits and premiums; reinstitution of certificate.

Sec. 469. (1) A certificate shall not be titled, advertised, solicited, or issued for delivery in this state as a medicare supplement certificate if the certificate does not meet the minimum standards prescribed in this section. These minimum standards are in addition to all other requirements of this part.

(2) The following standards apply to medicare supplement certificates:

(a) A medicare supplement certificate shall not deny a claim for losses incurred more than 6 months from the effective date of coverage because it involved a preexisting condition. The certificate shall not define a preexisting condition more restrictively than to mean a condition for which medical advice was given or treatment was recommended by or received from a physician within 6 months before the effective date of coverage.

(b) A medicare supplement certificate shall not indemnify against losses resulting from sickness on a different basis than losses resulting from accidents.

(c) A medicare supplement certificate shall provide that benefits designed to cover cost sharing amounts under medicare will be changed automatically to coincide with any changes in the applicable medicare deductible amount and copayment percentage factors. Premiums may be modified to correspond with such changes.

(d) A medicare supplement certificate shall be guaranteed renewable. Termination shall be for nonpayment of premium or material misrepresentation only.

(e) Termination of a medicare supplement certificate shall not reduce or limit the payment of benefits for any continuous loss that commenced while the certificate was in force, but the extension of benefits beyond the period during which the certificate was in force may be predicated upon the continuous total disability of the member, limited to the duration of the certificate benefit period, if any, or payment of the maximum benefits.

(f) A medicare supplement certificate shall not provide for termination of coverage of a spouse solely because of the occurrence of an event specified for termination of coverage of the member, other than the nonpayment of premium.

(3) A medicare supplement certificate shall provide that benefits and premiums under the certificate shall be suspended at the request of the certificate holder for a period not to exceed 24 months in which the certificate holder has applied for and is determined to be entitled to medical assistance under medicaid, but only if the certificate holder notifies the health care corporation of such assistance within 90 days after the date the individual becomes entitled to the assistance. Upon receipt of timely notice, the health care corporation shall return to the certificate holder that portion of the premium attributable to the period of medicaid eligibility, subject to adjustment for paid claims. If a suspension occurs and if the certificate holder loses entitlement to medical assistance under medicaid, the certificate shall be automatically reinstituted effective as of the date of termination of the assistance if the certificate holder provides notice of loss of medicaid medical assistance within 90 days after the date of the loss and pays the premium attributable to the period effective as of the date of termination of the assistance. Each medicare supplement certificate shall provide that benefits and premiums under the certificate shall be suspended at the request of the member if the member is entitled to benefits under section 226(b) of title II of the social security act, and is covered under a group health plan as defined in section 1862(b)(1)(A)(v) of the social security act. If suspension occurs and if the member loses coverage under the group health plan, the certificate shall be automatically reinstituted effective as of the date of loss of coverage if the member provides notice of loss of coverage within 90 days after the date of the loss and pays the premium attributable to the period, effective as of the date of termination of enrollment in the group health plan. All of the following apply to the reinstitution of a medicare supplement certificate under this subsection:

(i) The reinstitution shall not provide for any waiting period with respect to treatment of preexisting conditions.

(ii) Reinstated coverage shall be substantially equivalent to coverage in effect before the date of the suspension.

(iii) Classification of premiums for reinstated coverage shall be on terms at least as favorable to the certificate holder as the premium classification terms that would have applied to the certificate holder had the coverage not been suspended.

History: Add. 1994, Act 40, Imd. Eff. Mar. 14, 1994;—Am. 2002, Act 559, Imd. Eff. Sept. 27, 2002.

Popular name: Blue Cross-Blue Shield

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