



**House
Legislative
Analysis
Section**

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LONG-TERM CARE: AVIATION EXCLUSION

RECEIVED

House Bill 5496 as enrolled
Second Analysis (8-3-90)

OCT 08 1990

Sponsor: Rep. Thomas G. Power
House Committee: Insurance
Senate Committee: Commerce & Technology
Mich. State Law Library

THE APPARENT PROBLEM:

The legislature passed a series of bills during 1989 dealing with the regulation of long-term care insurance. The package specified the instances when coverage in such policies could be limited or excluded. One of those was meant to cover cases when an illness, treatment, or medical condition arose out of aviation, specifically applying only to "passengers who do not pay a fare." Unfortunately, an inadvertent error made its way into the provision at some point in the process, and in one bill the exclusion was made to apply, nonsensically, to "paying passengers who do not pay a fare." (One version of the bill had excluded "nonfare paying passengers" and the error appears to have been made when that was rephrased.) Since the error was only spotted after the bill, Senate Bill 250, emerged from a lengthy stay in conference committee very late in 1989, it was thought best to wait to correct it at a later time. Since then, regulators and industry representatives have agreed that the aviation exclusion can be eliminated altogether.

THE CONTENT OF THE BILL:

The bill would amend a section of the Nonprofit Health Care Corporation Reform Act (which regulates Blue Cross and Blue Shield of Michigan) dealing with long-term care certificates to eliminate the exclusion for illness, treatment, or medical condition arising out of aviation.

MCL 550.1429

FISCAL IMPLICATIONS:

The Insurance Bureau reports that the bill has no budgetary or revenue implications for the state. (2-20-90)

ARGUMENTS:

For:

The bill would remove what is generally agreed to be an unnecessary provision that would exclude certain people injured in aviation accidents from receiving long-term care benefits.

H.B. 5496 (8-3-90)