

Act No. 305
Public Acts of 1989
Approved by the Governor
January 2, 1990
Filed with the Secretary of State
January 3, 1990

STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1989

Introduced by Senator Geo. Hart

ENROLLED SENATE BILL No. 250

AN ACT to amend section 430 of Act No. 350 of the Public Acts of 1980, entitled "An act to provide for the incorporation of nonprofit health care corporations; to provide their rights, powers, and immunities; to prescribe the powers and duties of certain state officers relative to the exercise of those rights, powers, and immunities; to prescribe certain conditions for the transaction of business by those corporations in this state; to define the relationship of health care providers to nonprofit health care corporations and to specify their rights, powers, and immunities with respect thereto; to provide for the regulation and supervision of nonprofit health care corporations by the commissioner of insurance; to prescribe powers and duties of certain other state officers with respect to the regulation and supervision of nonprofit health care corporations; to regulate the merger or consolidation of certain corporations; to prescribe an expeditious and effective procedure for the maintenance and conduct of certain administrative appeals relative to provider class plans; to provide for certain administrative hearings relative to rates for health care benefits; to provide for certain causes of action; to prescribe penalties and to provide civil fines for violations of this act; and to repeal certain acts and parts of acts," as added by Act No. 110 of the Public Acts of 1989, being section 550.1430 of the Michigan Compiled Laws; and to add sections 427, 428, and 429.

The People of the State of Michigan enact:

Section 1. Section 430 of Act No. 350 of the Public Acts of 1980, as added by Act No. 110 of the Public Acts of 1989, being section 550.1430 of the Michigan Compiled Laws, is amended and sections 427, 428, and 429 are added to read as follows:

Sec. 427. A health care corporation that offers nongroup long-term care coverage shall provide to a prospective applicant before application, and upon request before renewal, a summary of benefits and shall obtain an acknowledgment of receipt of the summary on the application form or renewal form by obtaining the signature of the applicant. A health care corporation using direct sales response shall provide the summary of benefits to an applicant in conjunction with the initial application and upon request before renewal. The summary of benefits shall be in substantially the following form:

LONG-TERM CARE CERTIFICATE SUMMARY OF BENEFITS

<u>Category</u>	<u>Definition</u>	<u>Company Benefits</u>
Skilled nursing care	Requires daily attendance, monitoring, evaluation and/or observation by licensed health personnel in a licensed skilled nursing care facility	\$ _____ per day
Maximum days payable		_____ days

Intermediate/basic/custodial nursing care	Is care that includes assistance in activities of daily living that can be provided by persons without medical skill in a licensed intermediate or skilled nursing care facility	\$ _____ per day
Maximum days payable		_____ days
Home health benefits: —Daily benefit —Maximum days payable —Restrictions	Will this certificate cover home care and what are the restrictions?	____ Yes ____ No \$ _____ per day _____ No. of days
Prior hospitalization	Certificates may not require that you be placed in a hospital for a certain number of days before you can receive coverage for nursing home care	
Day benefits begin	After you have entered the nursing home, when will the certificate start to pay for coverage?	
Preexisting conditions waiting period	If you have been treated in the last 6 months for a condition, will this certificate cover your treatment? Does this certificate cover you only after a waiting period? How long is the waiting period?	____ Yes ____ No ____ Yes ____ No _____
Prior approval for coverage	Is prior approval needed before your certificate will give you coverage?	____ Yes ____ No
Motor vehicle accidents	Will this certificate provide coverage for long-term care needed as a result of a motor vehicle accident?	____ Yes ____ No
Evidence of insurability	Is a physical examination required? Do you have to answer a series of health questions?	____ Yes ____ No ____ Yes ____ No
Guaranteed renewal	As long as you pay your premiums on time, will the corporation continue to cover you?	____ Yes ____ No
Waiver of premium	Are there circumstances under which you receive coverage, but do not have to pay the premium?	____ Yes ____ No

I have read this summary and understand that this summary is for my own use and is mine to keep.

Prospective Applicant's Signature

Date _____

Sec. 428. An application for a long-term care certificate shall contain the following statement printed, stamped, or as part of a sticker permanently affixed to the application in capital letters on the first page:

"For additional information about long-term care coverage write to the Michigan insurance bureau, P.O. Box 30220, Lansing, MI 48909 or call the area agency on aging in your community."

Sec. 429. (1) Long-term care coverage shall meet all of the following requirements:

(a) Shall include coverage for intermediate/basic care.

(b) Shall not limit or exclude coverage by type of illness, treatment, medical condition, or accident other than a motor vehicle accident, except as follows:

(i) Preexisting conditions.

(ii) Mental or nervous disorders; however, this shall not be defined to include more than neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder and shall not permit exclusion or limitation of benefits on the basis of Alzheimer's disease or related disorders.

(iii) Alcoholism or drug addiction.

(iv) Illness, treatment, or medical condition arising out of any of the following:

(A) War or act of war, whether declared or undeclared.

(B) Participation in a felony, riot, or insurrection.

(C) Service in the armed forces or units auxiliary to the armed forces.

(D) Suicide, whether the individual was sane or insane at the time of the suicide, attempted suicide, or intentionally self-inflicted injury.

(E) Aviation. This exclusion applies only to paying passengers who do not pay a fare.

(v) This subdivision is not intended to prohibit exclusions and limitations by type of provider or territorial limitations.

(2) Long-term care coverage other than home care coverage may provide that before certain coverages in the certificate take effect, care must first be recommended by a person or persons as provided in the certificate and approved by the commissioner or prescribed by a licensed treating physician. Long-term care coverage for home care may provide that before coverage for home care in the certificate takes effect, care must first be prescribed or recommended by a person or persons as provided in the certificate and approved by the commissioner.

Sec. 430. Each certificate that is advertised, marketed, or offered as long-term care coverage or nursing home coverage shall comply with sections 420 to 429 and the other applicable provisions of this act. A certificate that is not advertised, marketed, or offered using the name long-term care coverage or nursing home coverage need not comply with sections 420 to 429.

Section 2. Sections 420 to 429 apply to long-term care coverage issued on or after January 1, 1990 and any renewals of that coverage.

Section 3. This amendatory act shall take effect January 1, 1990.

Section 4. This amendatory act shall not take effect unless all of the following bills of the 85th Legislature are enacted into law:

(a) House Bill No. 4146.

(b) House Bill No. 4369.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved.....

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Governor.

