

HOUSE BILL No. 4696

April 24, 1989, Introduced by Rep. Varga and referred to the Committee on Insurance.

A bill to amend Act No. 350 of the Public Acts of 1980, entitled

"The nonprofit health care corporation reform act,"

as amended, being sections 550.1101 to 550.1704 of the Michigan Compiled Laws, by adding section 410a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 350 of the Public Acts of 1980, as
2 amended, being sections 550.1101 to 550.1704 of the Michigan
3 Compiled Laws, is amended by adding section 410a to read as
4 follows:

5 SEC. 410A. (1) EACH GROUP CERTIFICATE WHICH IS IN EFFECT IN
6 THIS STATE AFTER DECEMBER 31, 1989, SHALL INCLUDE PROVISIONS CON-
7 SISTENT WITH THIS SECTION.

8 (2) A GROUP SUBSCRIBER, SUBSCRIBER'S SPOUSE, OR SUBSCRIBER'S
9 DEPENDENT CHILD WHO IS ENTITLED TO BENEFITS UNDER A GROUP

1 CERTIFICATE FOR AT LEAST 90 CONSECUTIVE DAYS MAY ELECT TO CONVERT
2 TO AN INDIVIDUAL CERTIFICATE WITH THE SAME COVERAGE AS WAS PRO-
3 VIDED IN THE GROUP CERTIFICATE.

4 (3) A PERSON WHO ELECTS TO CONVERT TO AN INDIVIDUAL CERTIFI-
5 CATE PURSUANT TO THIS SECTION SHALL RECEIVE BENEFITS IDENTICAL TO
6 THE BENEFITS RECEIVED BY THE SUBSCRIBER'S GROUP AT THE TIME OF AN
7 ELECTION UNDER THIS SECTION AND WITHOUT BEING SUBJECT TO ANY NEW
8 PREEXISTING CONDITION OR LIMITATION.

9 (4) A PROVISION OF A GROUP CERTIFICATE MAY REQUIRE PAYMENT
10 OF A SUBSCRIPTION FEE BY A PERSON WHO ELECTS TO CONVERT TO AN
11 INDIVIDUAL CERTIFICATE UNDER THIS SECTION BEGINNING ON THE DATE
12 OF THE ELECTION. THE SUBSCRIPTION FEE:

13 (A) SHALL NOT EXCEED 102% OF THE SUBSCRIPTION FEE PAID BY OR
14 ON BEHALF OF SIMILARLY SITUATED GROUP SUBSCRIBERS, SUBSCRIBERS',
15 SPOUSES, AND SUBSCRIBERS' DEPENDENT CHILDREN ENTITLED TO BENEFITS
16 UNDER THE GROUP CERTIFICATE WITH RESPECT TO WHICH AN ELECTION HAS
17 NOT BEEN MADE OR, IF THE GROUP COVERED BY THE GROUP CERTIFICATE
18 CEASES TO EXIST, SHALL NOT EXCEED THE PREMIUM THAT SHALL BE
19 DETERMINED BY THE COMMISSIONER.

20 (B) SHALL BE PAID TO THE MASTER CERTIFICATEHOLDER.

21 (C) MAY, AT THE ELECTION OF THE PERSON ENTITLED TO BENEFITS,
22 BE MADE IN MONTHLY INSTALLMENTS.

23 (5) BENEFITS FOR A PERSON WHO ELECTS TO CONVERT TO AN INDI-
24 VIDUAL CERTIFICATE SHALL BE CONTINUED WITHOUT INTERRUPTION FROM
25 AND INCLUDING THE DATE OF THE ELECTION, AND SHALL NOT BE TERMI-
26 NATED UNLESS 1 OF THE FOLLOWING OCCURS:

1 (A) THE PERSON FAILS TO PAY THE SUBSCRIPTION FEE IN A TIMELY
2 FASHION.

3 (B) FOR DEPENDENT CHILDREN OF THE GROUP SUBSCRIBER, UPON
4 CEASING TO BE A DEPENDENT CHILD UNDER THE GENERALLY APPLICABLE
5 REQUIREMENTS OF THE GROUP CERTIFICATE.

6 (6) BY JANUARY 1, 1990, A MASTER CERTIFICATEHOLDER SHALL
7 NOTIFY ALL GROUP SUBSCRIBERS AND THEIR SPOUSES AND DEPENDENT
8 CHILDREN OF THE RIGHT TO ELECT TO CONVERT TO AN INDIVIDUAL
9 CERTIFICATE.

10 (7) A MASTER CERTIFICATEHOLDER SHALL NOTIFY EACH NEW GROUP
11 SUBSCRIBER, SUBSCRIBER'S SPOUSE, AND SUBSCRIBER'S DEPENDENT CHIL-
12 DREN OF THE RIGHT TO ELECT TO CONVERT TO AN INDIVIDUAL
13 CERTIFICATE.

14 (8) A MASTER CERTIFICATEHOLDER SHALL NOTIFY EACH SUBSCRIBER,
15 SUBSCRIBER'S SPOUSE, AND SUBSCRIBER'S DEPENDENT CHILD OF THEIR
16 RIGHT TO AN ELECTION UNDER THIS SECTION AT LEAST 30 DAYS BEFORE
17 THE GROUP CEASES TO EXIST.

18 (9) A SUBSCRIBER, SUBSCRIBER'S SPOUSE, OR SUBSCRIBER'S
19 DEPENDENT CHILD SHALL NOTIFY THE MASTER CERTIFICATEHOLDER OR, IF
20 THE GROUP CEASES TO EXIST, THE HEALTH CARE CORPORATION OF AN
21 ELECTION UNDER THIS SECTION.

22 (10) A MASTER CERTIFICATEHOLDER SHALL NOTIFY THE HEALTH CARE
23 CORPORATION OF A PERSON'S ELECTION UNDER THIS SECTION. THE
24 NOTICE SHALL BE GIVEN NOT LATER THAN 7 DAYS AFTER THE MASTER CER-
25 TIFICATEHOLDER RECEIVES THE NOTICE PROVIDED FOR IN
26 SUBSECTION (9).

1 (11) THIS SECTION SHALL NOT BE CONSTRUED TO INTERFERE WITH
2 OR DIMINISH ANY PROTECTION PROVIDED PURSUANT TO A COLLECTIVE
3 BARGAINING AGREEMENT OR AN EMPLOYER-SPONSORED HEALTH PLAN THAT IS
4 MORE FAVORABLE TO A SUBSCRIBER, SUBSCRIBER'S SPOUSE, OR
5 SUBSCRIBER'S DEPENDENT CHILD BENEFITED UNDER THE AGREEMENT OR
6 PLAN THAN THE PROTECTION OFFERED BY THIS SECTION.