

# HOUSE BILL No. 4697

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

A bill to amend Act No. 368 of the Public Acts of 1978, entitled as amended "Public health code," as amended, being sections 333.1101 to 333.25211 of the Michigan Compiled Laws, by adding section 21087.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 368 of the Public Acts of 1978, as  
2 amended, being sections 333.1101 to 333.25211 of the Michigan  
3 Compiled Laws, is amended by adding section 21087 to read as  
4 follows:

5 SEC. 21087. (1) EACH HEALTH MAINTENANCE CONTRACT WHICH IS  
6 IN EFFECT IN THIS STATE AFTER DECEMBER 31, 1989, SHALL INCLUDE  
7 PROVISIONS CONSISTENT WITH THIS SECTION.

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

1 MAINTENANCE CONTRACT FOR AT LEAST 90 CONSECUTIVE DAYS MAY ELECT  
2 TO CONVERT TO AN INDIVIDUAL HEALTH MAINTENANCE CONTRACT WITH THE  
3 SAME COVERAGE AS WAS PROVIDED IN THE GROUP HEALTH MAINTENANCE  
4 CONTRACT.

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

10 (4) A PROVISION OF A GROUP HEALTH MAINTENANCE CONTRACT MAY  
11 REQUIRE PAYMENT OF A FIXED PREPAID SUM OR PER CAPITA PREPAYMENT  
12 BY THE ENROLLEE, ENROLLEE'S SPOUSE, OR ENROLLEE'S DEPENDENT CHILD  
13 WHO ELECTS TO CONVERT TO AN INDIVIDUAL HEALTH MAINTENANCE CON-  
14 TRACT UNDER THIS SECTION, BEGINNING ON THE DATE OF THE ELECTION.  
15 THE FIXED PREPAID SUM OR PER CAPITA PREPAYMENT:

16 (A) SHALL NOT EXCEED 102% OF THE FIXED PREPAID SUM OR PER  
17 CAPITA PREPAYMENT PAID BY OR ON BEHALF OF SIMILARLY SITUATED  
18 ENROLLEES, ENROLLEES' SPOUSES, AND ENROLLEES' DEPENDENT CHILDREN  
19 ENTITLED TO BENEFITS UNDER THE GROUP HEALTH MAINTENANCE CONTRACT  
20 WITH RESPECT TO WHICH AN ELECTION HAS NOT BEEN MADE OR, IF THE  
21 GROUP COVERED BY THE GROUP HEALTH MAINTENANCE CONTRACT CEASES TO  
22 EXIST, SHALL NOT EXCEED THE FIXED PREPAID SUM OR PER CAPITA PRE-  
23 PAYMENT THAT SHALL BE DETERMINED BY THE COMMISSIONER.

24 (B) SHALL BE PAID TO THE GROUP SUBSCRIBER.

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

1 (5) BENEFITS FOR A PERSON WHO TIMELY ELECTS TO CONVERT TO AN  
2 INDIVIDUAL HEALTH MAINTENANCE CONTRACT SHALL BE CONTINUED WITHOUT  
3 INTERRUPTION FROM AND INCLUDING THE DATE OF THE ELECTION, AND  
4 SHALL NOT BE TERMINATED UNLESS 1 OF THE FOLLOWING OCCURS:

5 (A) THE PERSON FAILS TO PAY THE FIXED PREPAID SUM OR PER  
6 CAPITA PREPAYMENT IN A TIMELY FASHION.

7 (B) FOR DEPENDENT CHILDREN OF THE ENROLLEE, UPON CEASING TO  
8 BE A DEPENDENT CHILD UNDER THE GENERALLY APPLICABLE REQUIREMENTS  
9 OF THE GROUP HEALTH MAINTENANCE CONTRACT.

10 (6) BY JANUARY 1, 1990, A GROUP SUBSCRIBER SHALL NOTIFY ALL  
11 ENROLLEES AND THEIR SPOUSES AND DEPENDENT CHILDREN OF THE OPTION  
12 TO CONVERT TO AN INDIVIDUAL HEALTH MAINTENANCE CONTRACT.

13 (7) A GROUP SUBSCRIBER SHALL NOTIFY EACH NEW ENROLLEE,  
14 ENROLLEE'S SPOUSE AND ENROLLEE'S DEPENDENT CHILDREN OF THE RIGHT  
15 TO ELECT TO CONVERT TO AN INDIVIDUAL HEALTH MAINTENANCE  
16 CONTRACT.

17 (8) A GROUP SUBSCRIBER SHALL NOTIFY EACH ENROLLEE,  
18 ENROLLEE'S SPOUSE, AND ENROLLEE'S DEPENDENT CHILD OF THEIR RIGHTS  
19 TO AN ELECTION UNDER THIS SECTION AT LEAST 30 DAYS BEFORE THE  
20 GROUP CEASES TO EXIST.

21 (9) AN ENROLLEE, ENROLLEE'S SPOUSE, OR ENROLLEE'S DEPENDENT  
22 CHILD SHALL NOTIFY THE GROUP SUBSCRIBER OR, IF THE GROUP CEASES  
23 TO EXIST, THE HEALTH MAINTENANCE ORGANIZATION OF AN ELECTION  
24 UNDER THIS SECTION.

25 (10) A GROUP SUBSCRIBER SHALL NOTIFY THE HEALTH MAINTENANCE  
26 ORGANIZATION OF A PERSON'S ELECTION UNDER THIS SECTION. THE

1 NOTICE SHALL BE GIVEN NOT LATER THAN 7 DAYS AFTER THE GROUP  
2 SUBSCRIBER RECEIVES THE NOTICE PROVIDED FOR IN SUBSECTION (9).

3 (11) THIS SECTION SHALL NOT BE CONSTRUED TO INTERFERE WITH  
4 OR DIMINISH ANY PROTECTION PROVIDED PURSUANT TO A COLLECTIVE BAR-  
5 GAINING AGREEMENT OR AN EMPLOYER-SPONSORED HEALTH PLAN THAT IS  
6 MORE FAVORABLE TO THE DEPENDENTS BENEFITED UNDER THE AGREEMENT OR  
7 PLAN THAN THE PROTECTION OFFERED BY THIS SECTION.