

# HOUSE BILL No. 4780

May 8, 1989, Introduced by Perry Bullard. Owen, Weeks, Webb, Gubow, Leland, Pitoniak, Joe Young, Jr., Berman and Jondahl and referred to the Committee on Insurance.

A bill to amend section 413 of Act No. 350 of the Public Acts of 1980, entitled  
"The nonprofit health care corporation reform act,"  
as amended by Act No. 454 of the Public Acts of 1988, being section 550.1413 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 413 of Act No. 350 of the Public Acts of  
2 1980, as amended by Act No. 454 of the Public Acts of 1988, being  
3 section 550.1413 of the Michigan Compiled Laws, is amended to  
4 read as follows:

5       Sec. 413. A corporation which offers a certificate to com-  
6 plement the federal medicare program shall provide to ~~the~~ A  
7 PROSPECTIVE applicant ~~at~~ BEFORE the time of application a  
8 coverage outline in substantially the following form, as approved  
9 by the commissioner:

(HEALTH CARE CORPORATION NAME)

MEDICARE SUPPLEMENTAL COVERAGE

1. READ ~~YOUR CERTIFICATE~~ THIS CAREFULLY. This outline of coverage provides a very brief description of the important features of your certificate. YOU CAN USE THIS OUTLINE OF COVERAGE TO COMPARISON SHOP FOR A MEDICARE SUPPLEMENTAL POLICY OR CERTIFICATE.

2. This OUTLINE OF COVERAGE is not the certificate, and only the actual certificate provisions will control. The certificate itself sets forth in detail the rights and obligations of both you and your health care corporation. It is important that you ALSO read your certificate carefully.

3. AFTER YOU RECEIVE YOUR CERTIFICATE, YOU HAVE 30 DAYS WITHIN WHICH YOU MAY DECIDE WITHOUT COST WHETHER YOU DESIRE TO KEEP THE CERTIFICATE.

4. ~~-2-~~ Medicare has 2 parts. Part A covers many hospital costs. Part B covers many medical costs. If you are applying for a medicare supplemental certificate, but you are not enrolled in medicare part B, you should read this notice carefully. If you are not enrolled in medicare part B, it is probably to your advantage to buy medicare part B coverage before you consider buying a medicare supplemental certificate. Although the cost changes yearly, in [~~-1988-~~ 1989] medicare part B coverage was available at a cost of [~~-\$27.90-~~ \$31.90] per month. This is an excellent buy because the federal government subsidizes more than 2/3 of the actual cost of the coverage. (The health care

1 corporation issuing the certificate shall change the bracketed  
2 figures each year to reflect the proper figures.)

3 5. ~~-3.-~~ Medicare supplemental coverage--Certificates of this  
4 category are designed to supplement medicare by covering some  
5 hospital, medical, and surgical services which are partially cov-  
6 ered by medicare. Coverage is provided for hospital inpatient  
7 charges and some physician charges, and for the deductibles and  
8 co-payment provisions required under medicare. The certificate  
9 does not provide benefits for custodial care such as help in  
10 walking, getting in and out of bed, eating, dressing, bathing,  
11 and taking medicine (delete if this coverage is provided in the  
12 certificate).

13 6. YOU SHOULD NOT PURCHASE MORE THAN 1 MEDICARE SUPPLEMEN-  
14 TAL CERTIFICATE OR POLICY.

15 7. ~~-4.-~~ The (insert health care corporation's name) certifi-  
16 cate is not connected with medicare.

17 8. ~~-5.-~~ (Insert health care corporation's name) is not con-  
18 nected with medicare.

19 9. ~~-6.-~~ The following is a brief summary of the major bene-  
20 fit gaps in medicare parts A and B with a parallel description of  
21 supplemental benefits, including dollar amounts, provided by the  
22 medicare supplemental coverage:

SERVICE	BENEFIT	MEDICARE PAYS	THIS CER- TIFICATE PAYS	YOU* PAY
Hospitalization (part A): Semiprivate room and board, general nursing, and mis- cellaneous hospital services and supplies, meals, special care units, drugs, lab tests, diagnostic x-rays, medical supplies, operat- ing and recovery room, anesthesia, and rehabilitation services	Per calendar year	All but [\$560.00]		
Posthospital skill- ed (part A):	First 8 days Per calendar year	All but [\$25.50] per day		
Nursing care in a facility approved by medi- care	Days 9 through 150 per calendar year	100% of reasonable cost		
	Beyond 150 days per calendar year	Nothing		
Medical services approved by medicare (part B): Physician's services, in- patient and out- patient medical services and sup- plies at a hos- pital, physical and speech therapy, and ambulance	Per calendar year	80% of rea- sonable charge (after \$75.00 deductible)		

1			
2	Screening	Biennial	80% of
3	mammography		approved
4	(part B) effective		charge
5	January 1, 1990		
6			
7	Respite care	First 80 hours	100% of
8	(part B) as approved	per calendar year	reasonable
9	by medicare effec-	after out of pocket	charge
10	tive January 1, 1990	limit or outpatient	
11		drug deductible	
12		is met	
13			
14		Beyond 80 hours	Nothing
15		per calendar year	
16			
17	Catastrophic drug	Limited drug	80% of
18	insurance (part B):	benefits: Drugs	reasonable
19	Prescription drugs	administered intra-	charge
20	out of hospital	venously at home	after \$550.00
21		for calendar	deductible
22		year 1990	
23			
24		Limited drug	50% of
25		benefits:	reasonable
26		Immunosuppressive	charge
27		drugs after the	after \$550.00
28		first year	deductible
29		following a	
30		transplant for	
31		calendar year 1990	
32			
33		Full drug benefits:	50% of
34		All outpatient	reasonable
35		prescription drugs	charge
36		and insulin for	after \$600.00
37		calendar year 1991	deductible
38			
39		Full drug benefits:	60% of
40		All outpatient	reasonable
41		prescription drugs	charge
42		and insulin for	after \$652.00
43		calendar year 1992	deductible
44			
45		Full drug benefits:	80% of
46		All outpatient	reasonable
47		prescription drugs	charge
48		and insulin for	after
49		calendar year 1993	deductible
50		and thereafter	as deter-
51			mined by
52			medicare
53			

1 Custodial nursing		Nothing	
2 care			
3			
4 Services outside		Nothing	
5 of U.S. or U.S.			
6 territories			
7			

8 \*You may be responsible for charges above the medicare approved rate.

9  
10                     Date                                         Applicant's Signature                    

11 (The corporation issuing the certificate shall change the brack-  
12 eted figures each year to reflect current changes.)

13 10. ~~7.~~ The certificate shall state if it does or does not  
14 cover the following:

15 (a) Private duty nursing.

16 (b) Skilled nursing home care costs beyond what is covered  
17 by medicare.

18 (c) Custodial nursing home care costs.

19 (d) Intermediate nursing home care costs.

20 (e) Home health care above number of visits covered by  
21 medicare.

22 (f) Physician charges above medicare's reasonable charge.

23 (g) Drugs other than prescription drugs furnished during a  
24 hospital or a skilled nursing facility stay.

25 (h) Care received outside of the United States.

26 (i) Dental care or dentures, checkups, routine immuniza-  
27 tions, cosmetic surgery, routine foot care, or examinations for  
28 eyeglasses or hearing aids.

29 11. ~~8.~~ A statement that the chart summarizing medicare  
30 benefits only briefly describes the benefits, and that the health  
31 care financing administration or its medicare publications should  
32 be consulted for further details and limitations.

1        12. ~~9.~~ The amount of the premium for this certificate.  
2        (2) AN APPLICATION FOR A MEDICARE SUPPLEMENTAL CERTIFICATE  
3 SHALL CONTAIN THE FOLLOWING STATEMENT IN NOT LESS THAN 12-POINT  
4 TYPE: "NOTICE: THIS IS AN APPLICATION FOR A MEDICARE SUPPLEMEN-  
5 TAL HEALTH INSURANCE CERTIFICATE. YOU SHOULD NOT SIGN THIS  
6 APPLICATION UNTIL YOU HAVE RECEIVED AND READ AN OUTLINE OF THE  
7 CERTIFICATE'S COVERAGE."

8        Section 2. This amendatory act shall take effect January 1,  
9 1990.