



HOUSE BILL No. 5171

September 28, 1995, Introduced by Reps. LaForge, Perricone, Bush, Freeman, Murphy, Brater, Agee, Cherry, DeHart, Anthony, Schroer, Baird, Martinez, Brewer, Olshove, Scott, Wetters and Llewellyn and referred to the Committee on Insurance.

A bill to amend Act No. 218 of the Public Acts of 1956,
entitled as amended

"The insurance code of 1956,"

as amended, being sections 500.100 to 500.8302 of the Michigan
Compiled Laws, by adding sections 3406g, 3406h, and 3406i.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 218 of the Public Acts of 1956, as
2 amended, being sections 500.100 to 500.8302 of the Michigan
3 Compiled Laws, is amended by adding sections 3406g, 3406h, and
4 3406i to read as follows:

5 SEC. 3406G. AN INSURER THAT DELIVERS, ISSUES FOR DELIVERY,
6 OR RENEWS IN THIS STATE AN EXPENSE-INCURRED HOSPITAL, MEDICAL, OR
7 SURGICAL POLICY OR CERTIFICATE THAT OFFERS DEPENDENT COVERAGE
8 SHALL NOT DENY ENROLLMENT TO AN INSURED'S CHILD ON ANY OF THE
9 FOLLOWING GROUNDS:

1 (A) THE CHILD WAS BORN OUT OF WEDLOCK.

2 (B) THE CHILD IS NOT CLAIMED AS A DEPENDENT ON THE INSURED'S
3 FEDERAL INCOME TAX RETURN.

4 (C) THE CHILD DOES NOT RESIDE WITH THE INSURED OR IN THE
5 INSURER'S SERVICE AREA.

6 SEC. 3406H. (1) IF A PARENT IS ELIGIBLE FOR DEPENDENT COV-
7 ERAGE THROUGH AN INSURER, THE INSURER SHALL:

8 (A) PERMIT THE PARENT TO ENROLL, UNDER THE DEPENDENT COVER-
9 AGE, A CHILD WHO IS OTHERWISE ELIGIBLE FOR COVERAGE WITHOUT
10 REGARD TO ANY ENROLLMENT SEASON RESTRICTIONS.

11 (B) IF THE PARENT IS ENROLLED BUT FAILS TO MAKE APPLICATION
12 TO OBTAIN COVERAGE FOR THE CHILD, ENROLL THE CHILD UNDER DEPEN-
13 DENT COVERAGE UPON APPLICATION BY THE FRIEND OF THE COURT OR BY
14 THE CHILD'S OTHER PARENT THROUGH THE FRIEND OF THE COURT.

15 (C) NOT ELIMINATE THE CHILD'S COVERAGE UNLESS PREMIUMS HAVE
16 NOT BEEN PAID AS REQUIRED BY THE POLICY OR CERTIFICATE OR THE
17 INSURER IS PROVIDED WITH SATISFACTORY WRITTEN EVIDENCE OF EITHER
18 OF THE FOLLOWING:

19 (i) THE COURT OR ADMINISTRATIVE ORDER IS NO LONGER IN
20 EFFECT.

21 (ii) THE CHILD IS OR WILL BE ENROLLED IN COMPARABLE HEALTH
22 COVERAGE THROUGH ANOTHER INSURER, HEALTH CARE CORPORATION, HEALTH
23 MAINTENANCE ORGANIZATION, OR SELF-FUNDED HEALTH COVERAGE PLAN
24 THAT WILL TAKE EFFECT NOT LATER THAN THE EFFECTIVE DATE OF THE
25 CANCELLATION OF THE EXISTING COVERAGE.

26 (2) IF A CHILD HAS HEALTH COVERAGE THROUGH AN INSURER OF A
27 NONCUSTODIAL PARENT, THAT INSURER SHALL DO ALL OF THE FOLLOWING:

1 (A) PROVIDE THE CUSTODIAL PARENT WITH INFORMATION NECESSARY
2 FOR THE CHILD TO OBTAIN BENEFITS THROUGH THAT COVERAGE.

3 (B) PERMIT THE CUSTODIAL PARENT OR, WITH THE CUSTODIAL
4 PARENT'S APPROVAL, THE PROVIDER TO SUBMIT A CLAIM FOR COVERED
5 SERVICES WITHOUT THE NONCUSTODIAL PARENT'S APPROVAL.

6 (C) MAKE PAYMENT ON CLAIMS SUBMITTED UNDER SUBDIVISION (B)
7 DIRECTLY TO THE CUSTODIAL PARENT OR MEDICAL PROVIDER.

8 (3) THIS SECTION APPLIES ONLY IF A PARENT IS REQUIRED BY A
9 COURT OR ADMINISTRATIVE ORDER TO PROVIDE HEALTH COVERAGE FOR A
10 CHILD AND THE INSURER IS NOTIFIED OF THAT COURT OR ADMINISTRATIVE
11 ORDER.

12 SEC. 3406I. (1) AN INSURER SHALL NOT CONSIDER WHETHER AN
13 INDIVIDUAL IS ELIGIBLE FOR OR HAS AVAILABLE MEDICAL ASSISTANCE
14 UNDER TITLE XIX OF THE SOCIAL SECURITY ACT, CHAPTER 531, 49
15 STAT. 620, 42 U.S.C. 1396 TO 1396g AND 1396i TO 1396v, IN THIS OR
16 ANOTHER STATE WHEN CONSIDERING ELIGIBILITY FOR COVERAGE OR MAKING
17 PAYMENTS UNDER ITS PLAN FOR ELIGIBLE INSURED.

18 (2) IF AN INSURER HAS A LEGAL LIABILITY TO MAKE PAYMENTS,
19 AND PAYMENT FOR COVERED EXPENSES FOR MEDICAL GOODS OR SERVICES
20 FURNISHED TO AN INDIVIDUAL HAS BEEN MADE UNDER THE MEDICAL
21 ASSISTANCE PROGRAM ESTABLISHED UNDER SECTION 105 OF THE SOCIAL
22 WELFARE ACT, ACT NO. 280 OF THE PUBLIC ACTS OF 1939, BEING
23 SECTION 400.105 OF THE MICHIGAN COMPILED LAWS, THE DEPARTMENT OF
24 SOCIAL SERVICES HAS THE RIGHTS OF THE INDIVIDUAL TO PAYMENT BY
25 THE INSURER TO THE EXTENT PAYMENT WAS MADE BY THE DEPARTMENT OF
26 SOCIAL SERVICES'S MEDICAL ASSISTANCE PROGRAM FOR THOSE MEDICAL
27 GOODS OR SERVICES.

1 (3) IF THE DEPARTMENT OF SOCIAL SERVICES HAS BEEN ASSIGNED
2 THE RIGHTS OF AN INSURED WHO IS ELIGIBLE FOR MEDICAL ASSISTANCE
3 UNDER SECTION 105 OF ACT NO. 280 OF THE PUBLIC ACTS OF 1939 AND
4 IS COVERED BY AN INSURER, THE INSURER SHALL NOT IMPOSE REQUIRE-
5 MENTS ON THE DEPARTMENT OF SOCIAL SERVICES THAT ARE DIFFERENT
6 FROM REQUIREMENTS THAT APPLY TO AN AGENT OR ASSIGNEE OF ANY OTHER
7 COVERED INSURED.