

# SENATE BILL No. 1050

February 21, 2006, Introduced by Senators CHERRY, HAMMERSTROM, JACOBS, SCHAUER, OLSHOVE, SCOTT, GEORGE and STAMAS and referred to the Committee on Health Policy.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 3901 (MCL 500.3901), as added by 1992 PA 84, and by adding section 3902; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3901. As used in this chapter:

2       (a) "Acute condition" means that the individual is medically  
3       unstable, requiring frequent monitoring by medical professionals in  
4       order to maintain his or her health status.

5       (b) "Applicant" means:

6       (i) For an individual long-term care insurance policy, the  
7       person who seeks to contract for long-term care benefits.

8       (ii) For a group long-term care insurance certificate, the  
9       proposed certificate holder.

1 (c) "Group long-term care insurance" means a long-term care  
2 insurance certificate that is delivered or issued for delivery in  
3 this state and issued to any of the following:

4 (i) One or more employers or labor organizations, or to a trust  
5 or the trustees of a fund established by 1 or more employers or  
6 labor organizations for employees or former employees or members or  
7 former members of the labor organization.

8 (ii) A professional, trade, or occupational association for its  
9 members or former or retired members if the association is composed  
10 of individuals who were all actively engaged in the same  
11 profession, trade, or occupation and the association has been  
12 maintained in good faith for purposes other than obtaining  
13 insurance unless waived by the commissioner.

14 (iii) Subject to section 3903(2), an association or to a trust  
15 or to the trustees of a fund established, created, or maintained  
16 for the benefit of members of 1 or more associations.

17 (iv) A group other than that described in ~~subparagraphs~~  
18 **SUBPARAGRAPH** (i), (ii), or (iii) if the commissioner determines all of  
19 the following:

20 (A) The issuance of the group certificate is not contrary to  
21 the best interests of the public.

22 (B) The issuance of the group certificate would result in  
23 economies of acquisition or administration.

24 (C) The benefits are reasonable in relation to the premiums  
25 charged.

26 (d) "Guaranteed renewable" means the insured has the right to  
27 continue the long-term care insurance in force by the timely

1 payment of premiums and the insurer does not have a unilateral  
2 right to make any change in any provision of the policy or rider  
3 while the insurance is in force and cannot decline to renew, except  
4 that rates may be revised by the insurer on a class basis.

5 (e) "Home care services" means 1 or more of the following  
6 ~~medically~~ prescribed services or assessment team recommended  
7 services for the long-term care and treatment of an insured that  
8 are to be provided in a noninstitutional setting according to a  
9 written diagnosis and plan of care or individual assessment and  
10 plan of care:

11 (i) Nursing services under the direction of a registered nurse,  
12 including the service of a home health aide.

13 (ii) Physical therapy.

14 (iii) Speech therapy.

15 (iv) Respiratory therapy.

16 (v) Occupational therapy.

17 (vi) Nutritional services provided by a registered dietitian.

18 (vii) Personal care services, homemaker services, adult day  
19 care, and similar nonmedical services.

20 (viii) Medical social services.

21 (ix) Other similar medical services and health-related support  
22 services.

23 (f) "Home health or care agency" means a person certified by  
24 medicare whose business is to provide to individuals in their  
25 places of residence other than in a hospital, nursing home, or  
26 county medical care facility, 1 or more of the following services:  
27 nursing services, therapeutic services, social work services,

1 homemaker services, home health aide services, or other related  
2 services.

3 (g) "Intermediate care facility" means a facility, or distinct  
4 part of a facility, certified by the department of ~~public~~  
5 **COMMUNITY** health to provide intermediate care, custodial care, or  
6 basic care that is less than skilled nursing care but more than  
7 room and board.

8 (h) "Long-term care insurance" means an individual or group  
9 insurance policy, certificate, or rider advertised, marketed,  
10 offered, or designed to provide coverage for at least 12  
11 consecutive months for each covered person on an expense-incurred,  
12 indemnity, prepaid, or other basis for 1 or more necessary or  
13 medically necessary diagnostic, preventive, therapeutic,  
14 rehabilitative, maintenance, personal, or custodial care services  
15 provided in a setting, ~~other than~~ **INCLUDING AN ASSISTED LIVING**  
16 **FACILITY OPERATING LEGALLY IN THIS STATE, BUT NOT INCLUDING** an  
17 acute care unit of a hospital. Long-term care insurance includes  
18 individual or group annuities and life insurance policies or riders  
19 that provide directly or supplement long-term care insurance. Long-  
20 term care insurance does not include a life insurance policy that  
21 accelerates the death benefit specifically for 1 or more of the  
22 qualifying events of terminal illness or medical conditions  
23 requiring extraordinary medical intervention or permanent  
24 institutional confinement and that provide the option of a lump-sum  
25 payment for those benefits and in which neither the benefits nor  
26 the eligibility for the benefits is conditioned upon the receipt of  
27 long-term care. Long-term care insurance does not include an

1 insurance policy offered primarily to provide coverage for  
 2 rehabilitative and convalescent care and is not offered,  
 3 advertised, or marketed as a long-term care policy, or offered  
 4 primarily to provide basic medicare supplemental coverage, hospital  
 5 confinement indemnity coverage, basic hospital expense coverage,  
 6 basic medical-surgical expense coverage, major medical expense  
 7 coverage, disability income protection coverage, catastrophic  
 8 coverage, comprehensive coverage, accident only coverage, specific  
 9 disease or specified accident coverage, or limited benefit health  
 10 coverage.

11 (i) "Medicare" means title XVIII of the social security act,  
 12 ~~chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2, 1395e~~  
 13 ~~to 1395i, 1395i-2 to 1395i-4, 1395j to 1395t, 1395u to 1395w-2,~~  
 14 ~~1395w-4 to 1395zz, and 1395bbb to 1395ccc~~ 42 USC 1395 TO 1395GGG.

15 (J) **"NONPROFIT HEALTH CARE CORPORATION" MEANS A NONPROFIT**  
 16 **HEALTH CARE CORPORATION OPERATING PURSUANT TO THE NONPROFIT HEALTH**  
 17 **CARE CORPORATION REFORM ACT, 1980 PA 350, MCL 550.1101 TO 550.1704.**

18 (K) ~~-(j)-~~ "Preexisting condition" means a condition for which  
 19 medical advice or treatment was recommended by, or received from, a  
 20 provider of health care services within the 6 months immediately  
 21 before the effective date of coverage of an insured person.

22 (L) ~~-(k)-~~ "Policy" means an insurance policy or certificate,  
 23 rider, or endorsement delivered or issued for delivery in this  
 24 state by an insurer **OR SUBSIDIARY OF A NONPROFIT HEALTH CARE**  
 25 **CORPORATION.**

26 (M) ~~-(l)-~~ "Skilled nursing facility" means a facility, or a  
 27 distinct part of a facility, certified by the department of ~~public~~

1 COMMUNITY health to provide skilled nursing care.

2 SEC. 3902. A NONPROFIT HEALTH CARE CORPORATION SHALL ONLY  
3 OFFER LONG-TERM CARE COVERAGE THROUGH A SUBSIDIARY OF THE HEALTH  
4 CARE CORPORATION AND AS PROVIDED IN THIS CHAPTER. IF A HEALTH CARE  
5 CORPORATION SUBSIDIARY OFFERS LONG-TERM CARE COVERAGE IN THIS  
6 STATE, THE SALE OF THAT COVERAGE IS NOT EXEMPT FROM TAXATION BY  
7 THIS STATE OR ANY POLITICAL SUBDIVISION OF THIS STATE.

8 Enacting section 1. Sections 420 to 430 of the nonprofit  
9 health care corporation reform act, 1980 PA 350, MCL 550.1420 to  
10 550.1430, are repealed.