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SFA**BILL ANALYSIS**

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Senate Bill 60 (as reported with amendments)

Sponsor: Senator Dale L. Shugars

Committee: Health Policy

CONTENT

The bill would amend the Nonprofit Health Care Corporation Reform Act, which governs Blue Cross and Blue Shield of Michigan (BCBSM), to prohibit BCBSM from excluding or limiting health care coverage for an individual eligible for nongroup coverage or other coverage who had been insured under a group health plan, under conditions specified in the bill.

Currently, BCBSM is prohibited from excluding or limiting coverage for a preexisting condition for an individual covered under a group certificate. For a person covered under a nongroup certificate or under a certificate other than a group certificate, BCBSM may exclude or limit coverage for a condition only if the exclusion or limitation is related to a condition for which medical advice, diagnosis, care, or treatment was recommended or received within six months before enrollment, and the exclusion or limitation does not extend over six months after the effective date of the certificate. The bill provides that notwithstanding this provision, effective October 1, 1999, BCBSM could not issue a certificate to a person who was eligible for a nongroup certificate, or a person eligible for a certificate other than a group certificate, that excluded or limited coverage for a preexisting condition or provided a waiting period, if all the following applied:

- The person's most recent health coverage prior to applying for coverage with BCBSM had been under a group health plan.
- The person had been continuously covered prior to the application for coverage with BCBSM under one or more health plans for an aggregate of at least 18 months, with no break in coverage that exceeded 62 days.
- The person was no longer eligible for group coverage, Medicare, or Medicaid.
- The person had not lost eligibility for coverage for failure to pay any required contribution or for an act to defraud BCBSM.
- The person had elected and exhausted group health plan coverage under the Federal Consolidated Omnibus Budget Reconciliation Act (COBRA), if he or she were eligible for continuation of coverage pursuant to COBRA.

MCL 550.1402b

Legislative Analyst: G. Towne

FISCAL IMPACT

The criteria prohibiting BCBSM from issuing a nongroup policy with preexisting exclusions or waiting periods, would most likely apply to persons who were recently in the work force and, as such, nominally healthy. If this were the case, then the absence of prior exclusions or waiting periods should, in and of itself, not have any significant impact on health insurance costs.

Date Completed: 1-28-99

Fiscal Analyst: J. Walker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.