



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5573 (Substitute S-3 as reported)
Sponsor: Representative Penny Crissman
House Committee: Health Policy
Senate Committee: Health Policy and Senior Citizens

CONTENT

The bill would amend the Public Health Code to specify that a health maintenance organization (HMO) could not exclude or limit coverage for a preexisting condition for an individual covered under a group certificate; allow exclusion or limitation of coverage under certain circumstances, for an individual covered under a nongroup certificate or certificate other than a group certificate, for conditions that existed within six months before enrollment and for up to six months after enrollment; require an HMO, by October 1, 1997, to provide to subscribers, upon enrollment, a written document in plain English that described the terms and conditions of the organization's certificate; require an HMO, by October 1, 1997, to provide, upon request by an enrollee for services offered under a prudent purchaser agreement, a clear, complete, and accurate description of the information specified in the bill; and require an HMO, by October 1, 1997, to establish an internal formal enrollee grievance procedure, for approval by the Insurance Bureau, as prescribed in the bill. The bill would take effect October 1, 1997.

Currently, an HMO may exclude coverage for a preexisting condition (under a nongroup contract) that required active medical treatment during the six months before enrollment, but for not more than six months after the effective date of the HMO contract. The bill provides instead that for an individual covered under a nongroup contract or contract other than a group contract, an HMO could exclude or limit coverage for a condition only if the exclusion or limitation 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 did not extend over six months after the effective date of the contract. A permitted period of exclusion or limitation would have to be reduced by the aggregate of the periods of creditable coverage applicable to the individual under the Federal Employee Retirement Income Security Act. The bill would prohibit an HMO from excluding or limiting coverage for a preexisting condition for an individual covered under a group contract.

MCL 333.21073 et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

Please see FISCAL IMPACT on House Bill 5570.

Date Completed: 12-9-96

Fiscal Analyst: J. Walker

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