

SENATE BILL No. 1268

April 21, 2010, Introduced by Senator SWITALSKI and referred to the Committee on Economic Development and Regulatory Reform.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding section 3704.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 3704. (1) A CARRIER PROVIDING A HEALTH BENEFIT PLAN TO A
2 SMALL EMPLOYER SHALL PROVIDE THAT, IF ALL OR ANY PORTION OF THE
3 COVERAGE OF A COVERED INDIVIDUAL CEASES BECAUSE OF DEATH OR
4 TERMINATION OF EMPLOYMENT OR MEMBERSHIP IN THE CLASS ELIGIBLE FOR
5 COVERAGE UNDER THE HEALTH BENEFIT PLAN, THE COVERED INDIVIDUAL MAY
6 CONTINUE COVERAGE AS PROVIDED IN THIS SECTION.

7 (2) THE TIME PERIOD THAT A COVERED INDIVIDUAL MAY CONTINUE
8 COVERAGE UNDER THIS SECTION IS A PERIOD OF 18 MONTHS FROM THE DATE
9 THE COVERED INDIVIDUAL'S EMPLOYMENT IS TERMINATED BUT NOT TO EXCEED
10 THE TIME FROM THE DATE THE COVERED INDIVIDUAL'S EMPLOYMENT IS
11 TERMINATED UNTIL THE COVERED INDIVIDUAL, SURVIVING SPOUSE OF A

1 DECEASED COVERED INDIVIDUAL, OR ANY OTHER DEPENDENT OF THE COVERED
2 INDIVIDUAL WHO WAS COVERED UNDER THE HEALTH BENEFIT PLAN BECOMES
3 EMPLOYED BY ANOTHER EMPLOYER AND ELIGIBLE FOR BENEFITS UNDER
4 ANOTHER HEALTH MAINTENANCE ORGANIZATION CONTRACT, EXPENSE-INCURRED
5 HOSPITAL, MEDICAL, OR SURGICAL POLICY OR CERTIFICATE, HEALTH CARE
6 CORPORATION CERTIFICATE, OR OTHER HEALTH COVERAGE PLAN.

7 (3) A CARRIER SHALL MAKE THE EXTENDED COVERAGE AVAILABLE TO
8 THE COVERED INDIVIDUAL, THE SURVIVING SPOUSE OF A DECEASED COVERED
9 INDIVIDUAL, AND ANY OTHER DEPENDENT OF THE COVERED INDIVIDUAL WHO
10 WAS COVERED UNDER THE HEALTH BENEFIT PLAN FOR THE PERIOD UNDER
11 SUBSECTION (2) AT A MONTHLY PREMIUM NOT TO EXCEED 102% OF THE
12 MONTHLY PREMIUM FOR THE GROUP IN WHICH HE OR SHE WAS PREVIOUSLY A
13 MEMBER OR AT A MONTHLY PREMIUM NOT TO EXCEED 102% OF THE MONTHLY
14 PREMIUM AS MAY BE IN EFFECT FROM TIME TO TIME FOR THE SAME GROUP
15 THE DATE THE COVERED INDIVIDUAL'S EMPLOYMENT IS TERMINATED. THE
16 COVERED INDIVIDUAL, THE SURVIVING SPOUSE OF A DECEASED COVERED
17 INDIVIDUAL, AND ANY OTHER DEPENDENT OF THE COVERED INDIVIDUAL WHO
18 WAS COVERED UNDER THE HEALTH BENEFIT PLAN SHALL NOT BE REQUIRED TO
19 PAY MORE THAN 1 MONTHLY PREMIUM PER MONTH AT A TIME.

20 (4) TO ELECT TO CONTINUE COVERAGE UNDER THIS SECTION, THE
21 COVERED INDIVIDUAL, THE SURVIVING SPOUSE OF A DECEASED COVERED
22 INDIVIDUAL, AND ANY OTHER DEPENDENT OF THE COVERED INDIVIDUAL WHO
23 WAS COVERED UNDER THE HEALTH BENEFIT PLAN SHALL MAKE THE ELECTION
24 IN THE FORM PRESCRIBED BY THE CARRIER WITHIN 60 DAYS AFTER THE DATE
25 THE COVERED INDIVIDUAL'S EMPLOYMENT IS TERMINATED AND SHALL PAY THE
26 REQUIRED MONTHLY PREMIUM TO THE EMPLOYER OR TO THE CARRIER OR ITS
27 PRODUCER, THROUGHOUT THE EXTENDED COVERAGE PERIOD.

1 (5) IF AN EMPLOYER RECEIVES THE MONTHLY PREMIUM ON A TIMELY
2 BASIS FROM THE COVERED INDIVIDUAL, THE SURVIVING SPOUSE OF A
3 DECEASED COVERED INDIVIDUAL, OR ANY OTHER DEPENDENT OF THE COVERED
4 INDIVIDUAL WHO WAS COVERED UNDER THE HEALTH BENEFIT PLAN, AND THE
5 EMPLOYER FAILS TO MAKE PAYMENT TO THE CARRIER WITH THE RESULT THAT
6 COVERAGE IS TERMINATED, THE EMPLOYER IS LIABLE FOR BENEFITS TO THE
7 SAME EXTENT AS THE CARRIER WOULD HAVE BEEN LIABLE IF COVERAGE HAD
8 NOT BEEN TERMINATED. AS USED IN THIS SUBSECTION, "RECEIVES THE
9 MONTHLY PREMIUM ON A TIMELY BASIS" MEANS THE EMPLOYER'S RECEIPT OF
10 THE MONTHLY PREMIUM FOR THE EXTENDED COVERAGE FROM THE COVERED
11 INDIVIDUAL, THE SURVIVING SPOUSE OF A DECEASED COVERED INDIVIDUAL,
12 OR ANY OTHER DEPENDENT OF THE COVERED INDIVIDUAL WHO WAS COVERED
13 UNDER THE HEALTH BENEFIT PLAN OCCURRED WITHIN THE DATES OR BY THE
14 DATE INDICATED BY THE EMPLOYER AS A REQUIREMENT OF THIS SECTION AT
15 THE TIME OF THE ELECTION OF THE EXTENDED COVERAGE. THIS SUBSECTION
16 DOES NOT APPLY TO AN EMPLOYER WHOSE WORKPLACE CEASES TO EXIST.

17 (6) UPON TERMINATION OF THE EXTENDED COVERAGE PERIOD, THE
18 COVERED INDIVIDUAL, THE SURVIVING SPOUSE OF A DECEASED COVERED
19 INDIVIDUAL, OR ANY OTHER DEPENDENT OF THE COVERED INDIVIDUAL WHO
20 WAS COVERED UNDER THE HEALTH BENEFIT PLAN IS ENTITLED TO EXERCISE
21 ANY OPTION THAT IS PROVIDED IN THE HEALTH BENEFIT PLAN TO ELECT AN
22 INDIVIDUAL CONVERSION POLICY, AS DESCRIBED IN SECTION 3612 OR
23 SECTION 410A OF THE NONPROFIT HEALTH CARE CORPORATION ACT OF 1980,
24 1980 PA 350, MCL 550.1410A.

25 (7) A SMALL EMPLOYER THAT PROVIDES A HEALTH BENEFIT PLAN TO
26 ITS EMPLOYEES SHALL POST A CONSPICUOUS NOTICE TO THE EMPLOYEES OF
27 THEIR OPTIONS UNDER THIS SECTION.

1 (8) AS USED IN THIS SECTION ONLY, "SMALL EMPLOYER" MEANS ANY
2 PERSON, FIRM, CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY,
3 OR ASSOCIATION ACTIVELY ENGAGED IN BUSINESS WHO, ON AT LEAST 50% OF
4 ITS WORKING DAYS DURING THE PRECEDING AND CURRENT CALENDAR YEARS,
5 EMPLOYED AT LEAST 2 BUT NOT MORE THAN 19 ELIGIBLE EMPLOYEES.