

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.3519 Contract and contract rates; fairness; rate differential; basic health services to large employers required.

Sec. 3519.

(1) A health maintenance organization contract and the contract's rates, including any deductibles, copayments, and coinsurances, between the organization and its subscribers must be fair, sound, and reasonable in relation to the services provided, and the procedures for offering and terminating contracts must not be unfairly discriminatory.

(2) A health maintenance organization contract and the contract's rates must not discriminate on the basis of race, color, creed, national origin, residence within the approved service area of the health maintenance organization, lawful occupation, sex, handicap, or marital status, except that marital status may be used to classify individuals or risks for the purpose of insuring family units. The director may approve a rate differential based on sex, age, residence, disability, marital status, or lawful occupation, if the differential is supported by sound actuarial principles, a reasonable classification system, and is related to the actual and credible loss statistics or reasonably anticipated experience for new coverages. A healthy lifestyle program as defined in section 3517(2) is not subject to the director's approval under this subsection and is not required to be supported by sound actuarial principles, a reasonable classification system, or be related to actual and credible loss statistics or reasonably anticipated experience for new coverages.

(3) A health maintenance organization contract shall offer basic health services to large employers in at least 1 health maintenance contract.

History: Add. 2000, Act 252, Imd. Eff. June 29, 2000 ;-- Am. 2002, Act 304, Imd. Eff. May 10, 2002 ;-- Am. 2002, Act 621, Imd. Eff. Dec. 23, 2002 ;-- Am. 2005, Act 306, Imd. Eff. Dec. 21, 2005 ;-- Am. 2016, Act 276, Imd. Eff. July 1, 2016

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