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

500.3831 Individual or group expense incurred hospital, medical, or surgical policies; right of continuation or conversion to medicare supplemental plan; request for coverage; exclusion from preexisting conditions; notice of availability of coverage; utilization of another insurer to write coverage.

Sec. 3831.

(1) Each insurer offering group expense incurred hospital, medical, or surgical policies or certificates in this state shall make available without restriction, to any person who requests coverage from an insurer and has been insured with an insurer, if the person loses coverage under a group policy after becoming eligible for Medicare, a right of continuation or conversion to 1 of the following Medicare supplement plans that is guaranteed renewable or noncancellable:

(a) A policy form or certificate form that contains the basic core benefits as described in section 3807 or 3807a.

(b) A policy form or certificate form that the insurer has chosen to offer that contains either standardized benefit plan C or standardized benefit plan F. For an individual newly eligible for Medicare after December 31, 2019, any reference to standardized benefit plan C or standardized benefit plan F is deemed a reference to Medicare supplement standardized benefit plan D or Medicare supplement standardized benefit plan G, respectively.

(2) A person who is hospitalized or has been informed by a physician that he or she will require hospitalization within 30 days after the time of application is not entitled to coverage under subsection (1) until the day following the date of discharge. However, if the hospitalized person was insured by the insurer immediately before losing coverage under a group policy after becoming eligible for Medicare, the person is eligible for immediate coverage from the previous insurer under subsection (1). A person is not entitled to a Medicare supplemental policy under subsection (1) unless the person presents satisfactory proof to the insurer that he or she was insured with an insurer subject to this section. A person who wishes coverage under subsection (1) must request coverage within 180 days after losing coverage under a group policy. A person 60 years of age or older who loses coverage under a group policy is entitled to coverage under a Medicare supplemental policy without restriction from the insurer providing the former group coverage, if he or she requests coverage within 90 days before or 90 days after the month he or she becomes eligible for Medicare.

(3) Except as provided in section 3833, a person not insured under a group hospital, medical, or surgical expense incurred policy as specified in subsection (1), after applying for coverage under a Medicare supplemental policy required to be offered under subsection (1), is entitled to coverage under a Medicare supplemental policy that may include a provision for exclusion from preexisting conditions for 6 months after the inception of coverage, consistent with the provisions of section 3819(2)(a) or 3819a(3)(a).

(4) Each group policyholder providing hospital, medical, or surgical expense incurred coverage in this state shall give to each certificate holder who is covered at the time he or she becomes eligible for Medicare, written notice of the availability of coverage under this section.

(5) Notwithstanding the requirements of this section, an insurer offering or renewing group expense incurred hospital, medical, or surgical policies or certificates after June 27, 2005 may comply with the requirement of providing Medicare supplemental coverage to eligible policyholders by utilizing another insurer to write this coverage if the insurer meets all of the following requirements:

(a) The insurer provides its policyholders the name of the insurer that will provide the Medicare supplemental coverage.

(b) The insurer gives its policyholders the telephone numbers at which the Medicare supplemental insurer can be reached.

(c) The insurer remains responsible for providing Medicare supplemental coverage to its policyholders if the other insurer no longer provides coverage and another insurer is not found to take its place.

(d) The insurer provides certification from an executive officer for the specific insurer or affiliate of the insurer wishing to utilize this option. This certification must identify the process provided in subdivisions (a) to (c) and must clearly state that the insurer understands that the director may void this arrangement if the affiliate fails to ensure that eligible policyholders are immediately offered Medicare supplemental policies.

(e) If the insurer is unable to meet the requirements of subdivisions (a) to (d), the insurer certifies to the director that it is in the process of discontinuing in this state its offering of individual or group expense incurred hospital, medical, or surgical policies or certificates.

History: Add. 1992, Act 84, Imd. Eff. June 2, 1992 ;-- Am. 2006, Act 462, Imd. Eff. Dec. 20, 2006 ;-- Am. 2009, Act 220, Imd. Eff. Jan. 5, 2010 ;-- Am. 2018, Act 429, Eff. Mar. 20, 2019
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