

THE NONPROFIT HEALTH CARE CORPORATION REFORM ACT (EXCERPT)
Act 350 of 1980

550.1477 Duplication of benefits; statements and questions.

Sec. 477. (1) A medicare supplement certificate shall not be delivered or issued for delivery in this state if the certificate provides benefits that duplicate benefits provided by medicare.

(2) Application forms or a supplementary application or other form to be signed by the applicant and agent for medicare supplement certificates shall include the following statements and questions designed to inform and elicit information as to whether, as of the date of the application, the applicant has another medicare supplement or other health insurance policy, contract, or certificate in force or whether a medicare supplement certificate is intended to replace any disability or other health certificate presently in force:

[Statements]

(1) You do not need more than 1 medicare supplement certificate.

(2) If you are 65 or older, you may be eligible for benefits under medicaid and may not need a medicare supplement certificate.

(3) The benefits and premiums under your medicare supplement certificate will be suspended during your entitlement to benefits under medicaid for 24 months. You must request this suspension within 90 days of becoming eligible for medicaid. If you are no longer entitled to medicaid, your certificate will be reinstituted if requested within 90 days of losing medicaid eligibility.

(4) Counseling services may be available in your state to provide advice concerning your purchase of medicare supplement coverage and concerning medicaid.

[Questions]

These questions should be answered to the best of your knowledge.

(1) Do you have another medicare supplement insurance policy, contract, or certificate in force (including an insurance policy or health maintenance organization contract)? If so, with which company?

(2) Do you have any other health insurance policies, certificates, or contracts that provide benefits that this medicare supplement certificate would duplicate? If so, with which company? What kind of policy, contract, or certificate?

(3) If the answer to question 1 or 2 is yes, do you intend to replace these disability or health policies, certificates, or contracts with this certificate?

(4) Are you covered by medicaid?

(3) An agent shall list on the application form for a medicare supplement certificate any other health insurance policies, certificates, or contracts he or she has sold to the applicant, including policies, certificates, or contracts sold that are still in force and policies, certificates, and contracts sold in the past 5 years that are no longer in force.

(4) For a direct response health care corporation, a copy of the application or supplement form, signed by the applicant, and acknowledged by the health care corporation, shall be returned to the applicant by the health care corporation upon delivery of the certificate.

(5) Upon determining that a sale will involve replacement of medicare supplement coverage, a health care corporation, other than a direct response health care corporation or its agent, shall furnish the applicant prior to issuance or delivery of the medicare supplement certificate the following notice regarding replacement of medicare supplement coverage. One copy of the notice signed by the applicant and the agent, except where coverage is sold without an agent, shall be provided to the applicant and an additional signed copy shall be retained by the health care corporation. A direct response health care corporation shall deliver to the applicant at the time of issuance of the certificate the following notice regarding replacement of medicare supplement coverage. The notice regarding replacement of medicare supplement coverage shall be provided in substantially the following form and in not less than 10-point type:

“Notice to applicant regarding replacement of medicare supplement coverage

(Health care corporation's name and address)

SAVE THIS NOTICE! It may be important to you in the future.

According to (your application) (information you have furnished), you intend to drop or otherwise terminate existing medicare supplement coverage and replace it with a certificate to be issued by (health care corporation name). Your new certificate provides 30 days within which you may decide without cost whether you desire to keep the certificate.

You should review this new coverage carefully comparing it with all disability and other health coverage you now have and terminate your present coverage only if, after due consideration, you find that purchase of this medicare supplement coverage is a wise decision.

Statement to applicant by health care corporation, agent, or other representative:

(Use additional sheets as necessary.)

I have reviewed your current medical or health coverage. The replacement of coverage involved in this transaction does not duplicate coverage, to the best of my knowledge. The replacement certificate is being purchased for the following reasons (check 1):

- ☐ Additional benefits
- ☐ No change in benefits, but lower premiums
- ☐ Fewer benefits and lower premiums
- ☐ Other. (Please specify)

1. Health conditions that you may presently have (preexisting conditions) may not be immediately or fully covered under the new certificate. This could result in denial or delay of a claim for benefits under the new certificate, whereas a similar claim might have been payable under your present policy, contract, or certificate. (This paragraph may be deleted by a health care corporation if the replacement does not involve application of a new preexisting condition limitation.)

2. Your health care corporation will waive any time periods applicable to preexisting conditions, waiting periods, elimination periods, or probationary periods in the new certificate for similar benefits to the extent such time was spent or depleted under the original coverage. (This paragraph may be deleted by a health care corporation if the replacement does not involve application of a new preexisting condition limitation.)

3. If, after thinking about it carefully, you still wish to drop your present coverage and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical and health history. Failure to include all material medical information on an application may provide a basis for the health care corporation to deny any future claims and to refund your premium as though your certificate had never been in force. After the application has been completed, and before you sign it, review it carefully to be certain that all information has been properly recorded. (If the certificate is guaranteed issue, this paragraph need not appear.)

4. Do not cancel your present policy, contract, or certificate until you have received your new certificate and are sure that you want to keep it.

Signature of Agent, Broker, or Other Representative(* Signature not required for direct response sales.)

Typed Name and Address of Agent or Broker

(Date)

The above "Notice to Applicant" was delivered to me on:

(Date)

(Applicant's Signature)

(Applicant's Printed Name)

(Applicant's Address)

(Policy, Certificate, or Contract Number being Replaced)"

History: Add. 1994, Act 40, Imd. Eff. Mar. 14, 1994.

Popular name: Blue Cross-Blue Shield

Popular name: Act 350