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BILL ANALYSIS

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Senate Bill 283 (Substitute S-1 as reported)
Sponsor: Senator Cameron S. Brown
Committee: Health Policy

CONTENT

The bill would amend the Insurance Code to require a policy, certificate, or contract that provided for hospital or medical care coverage to permit the continuation of that coverage for a child until he or she reached age 26, even if the child were no longer considered a dependent. The child would have to be unmarried; have no dependents of his or her own; be a Michigan resident or reside somewhere else temporarily; be ineligible for a group health benefits or coverage plan from his or her employer; have not accepted a financial incentive from his or her employer or other source to decline any other group or individual health benefits or coverage plan; and be continuously covered before applying for continuation coverage with no break in coverage that exceeded 62 days.

The premium for continuation coverage could not exceed 102% of the applicable portion of the premium previously paid for that dependent's coverage under the certificate before the termination of coverage at the prescribed age. The bill would not prohibit an employer from requiring an employee to pay all or part of the cost of coverage provided for that employee's child.

If the MI-HEART Exchange board determined that certain sections of the Code should be waived as provided in the MI-HEART Act (proposed by Senate Bill 278), then the coverage required by those sections would not have to be provided or offered in an eligible health coverage plan. Also, the Code requires all health maintenance organization (HMO) contracts to include, at a minimum, basic health services. Under the bill, this requirement would not apply to HMO contracts that were eligible health coverage plans offered through the Exchange under the proposed MI-HEART Act.

The bill is tie-barred to Senate Bill 280, which would make similar amendments to the Nonprofit Health Care Corporation Reform Act, and Senate Bill 278, which would create the "Michigan Helping Ensure Affordable and Reliable Treatment (MI-HEART) Act" to establish the Exchange in order to facilitate the availability, choice, and adoption of private eligible health coverage plans.

MCL 500.3519 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

Increasing the number of young adults eligible for inclusion on their parent's health insurance would likely lead to an indeterminate increase in health benefit cost for employers, including State and local governments that provide health coverage, although a covered person could be required to pay a premium for continuation coverage.

To the extent that the bills reduced the number of uninsured in the State, Michigan could see a small indeterminate decrease in Medicaid expenditure.

Date Completed: 5-4-07

Fiscal Analyst: David Fosdick