

**SUBSTITUTE FOR  
SENATE BILL NO. 358**

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
(MCL 500.100 to 500.8302) by adding section 3406z.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           **Sec. 3406z. (1) An insurer that delivers, issues for delivery,**  
2 **or renews in this state in the individual or small group market a**  
3 **health insurance policy shall offer health insurance policies that**  
4 **provide at least 1 of the following levels of coverage:**

5           **(a) Coverage designed to provide benefits actuarially**  
6 **equivalent to 60% of the full actuarial value of the benefits**  
7 **provided under the policy.**

8           **(b) Coverage designed to provide benefits actuarially**  
9 **equivalent to 70% of the full actuarial value of the benefits**



1 provided under the policy.

2 (c) Coverage designed to provide benefits actuarially  
3 equivalent to 80% of the full actuarial value of the benefits  
4 provided under the policy.

5 (d) Coverage designed to provide benefits actuarially  
6 equivalent to 90% of the full actuarial value of the benefits  
7 provided under the policy.

8 (2) For plan years beginning after the effective date of the  
9 amendatory act that added this section, the allowable variation in  
10 the actuarial value of a health insurance policy that does not  
11 result in a material difference in the true dollar value of the  
12 health insurance policy is -2 percentage points and +2 percentage  
13 points. However, if a health insurance policy under subsection  
14 (1)(a) covers and pays for at least 1 major service, other than  
15 preventive services, before the deductible or meets the  
16 requirements to be a high deductible health plan within the meaning  
17 of section 223(c)(2) of the internal revenue code of 1986, 26 USC  
18 223, the allowable variation in actuarial value for the health  
19 insurance policy is -2 percentage points and +5 percentage points.

20 (3) For purposes of determining compliance with subsections  
21 (1) to (2), an insurer described in subsection (1) must use the  
22 actuarial calculator developed and made available by the federal  
23 department of health and human services for the applicable plan  
24 year. Subject to subsection (4), if the federal department of  
25 health and human services has not developed and made available the  
26 calculator, an insurer described in subsection (1) may use the most  
27 recently issued calculator. If a health insurance policy's design  
28 is not compatible with the calculator, the insurer must submit an  
29 actuarial certification from an actuary, who is a member of the



1 American Academy of Actuaries, using 1 of the following  
2 methodologies:

3 (a) Calculate the health insurance policy's actuarial value  
4 by:

5 (i) Estimating a fit of its plan design into the parameters of  
6 the calculator.

7 (ii) Having the actuary certify that the plan design fits  
8 appropriately in accordance with generally accepted actuarial  
9 principles and methodologies.

10 (b) Use the calculator to determine the actuarial value for  
11 the health insurance policy provisions that fit within the  
12 calculator parameters and have the actuary calculate and certify,  
13 in accordance with generally accepted actuarial principles and  
14 methodologies, appropriate adjustments to the actuarial value  
15 identified by the calculator, for plan design features that deviate  
16 substantially from the parameters of the calculator.

17 (4) The calculation methods described in subsection (3) may  
18 include only in-network cost-sharing, including multitier networks.

19 (5) This section does not apply to a short-term or 1-time  
20 limited duration policy or certificate of not longer than 6 months  
21 as described in section 2213b, or to a grandfathered plan as that  
22 term is defined in 45 CFR 147.140.

