

SENATE BILL NO. 357

May 24, 2023, Introduced by Senators CAVANAGH, HERTEL, KLINEFELT, SINGH, CHANG, SHINK, MCMORROW, POLEHANKI, BRINKS, CHERRY and WOJNO and referred to the Committee on Health Policy.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2213b (MCL 500.2213b), as amended by 2016 PA
276, and by adding section 2213e.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2213b. (1) Except as otherwise provided in this section
2 **and section 2231e**, an insurer that delivers, issues for delivery,
3 or renews in this state a health insurance policy shall renew the
4 policy or continue the policy in force at the option of the
5 individual or, for a group plan, at the option of the plan sponsor.

1 (2) At the time of renewal of an individual health insurance
2 policy, the insurer may modify the policy if the modification is
3 consistent with state and federal law and is effective on a uniform
4 basis among all individuals with coverage under the policy.

5 (3) At the time of renewal of a group health insurance policy
6 issued under chapter 34, the insurer may modify the policy.

7 (4) Guaranteed renewal of a health insurance policy is not
8 required in cases of fraud, intentional misrepresentation of
9 material fact, lack of payment, noncompliance with minimum
10 contribution requirements, or noncompliance with minimum
11 participation requirements, if the insurer no longer offers that
12 particular type of coverage in the market, or if the individual or
13 group moves outside the service area.

14 (5) An insurer that delivers, issues for delivery, or renews
15 in this state a health insurance policy shall not discontinue
16 offering a particular plan or product in the nongroup or group
17 market unless the insurer does all of the following:

18 (a) Provides notice to the director and to each covered
19 individual or group, as applicable, provided coverage under the
20 plan or product of the discontinuation at least 90 days before the
21 date of the discontinuation.

22 (b) Offers to each covered individual or group, as applicable,
23 provided coverage under the plan or product the option to purchase
24 any other plan or product currently being offered in the nongroup
25 market or group market, as applicable, by that insurer without
26 excluding or limiting coverage for a preexisting condition or
27 providing a waiting period.

28 (c) Acts uniformly without regard to any health status factor
29 of enrolled individuals or individuals who may become eligible for

1 coverage in making the determination to discontinue coverage and in
2 offering other plans or products.

3 (6) An insurer shall not discontinue offering all coverage in
4 the nongroup or group market unless the insurer does all of the
5 following:

6 (a) Provides notice to the director and to each covered
7 individual or group, as applicable, of the discontinuation at least
8 180 days before the date of the expiration of coverage.

9 (b) Discontinues all health benefit plans issued in the
10 nongroup or group market from which the insurer withdrew and does
11 not renew coverage under those plans.

12 (7) If an insurer discontinues coverage under subsection (6),
13 the insurer shall not provide for the issuance of any health
14 benefit plans in the nongroup or group market from which the
15 insurer withdrew during the 5-year period beginning on the date of
16 the discontinuation of the last plan not renewed under that
17 subsection.

18 (8) Subsections (1) to (7) do not apply to a short-term or 1-
19 time limited duration policy or certificate of no longer than 6
20 months.

21 (9) For the purposes of this section, a short-term or 1-time
22 limited duration policy or certificate of ~~no~~**not** longer than 6
23 months is an individual health policy that meets all of the
24 following:

25 (a) Is issued to provide coverage for a period of 185 days or
26 less, except that the health policy may permit a limited extension
27 of benefits after the date the policy ended solely for expenses
28 attributable to a condition for which a covered person incurred
29 expenses during the term of the policy.

1 (b) Is nonrenewable, provided that the health insurer may
2 provide coverage for 1 or more subsequent periods that satisfy
3 subdivision (a), if the total of the periods of coverage do not
4 exceed a total of 185 days out of any 365-day period, plus any
5 additional days permitted by the policy for a condition for which a
6 covered person incurred expenses during the term of the policy.

7 (c) Does not cover any preexisting conditions.

8 (d) Is available with an immediate effective date, without
9 underwriting, upon receipt by the insurer of a completed
10 application indicating eligibility under the insurer's eligibility
11 requirements, except that coverage that includes optional benefits
12 may be offered on a basis that does not meet this requirement.

13 (10) By March 31 each year, an insurer that delivers, issues
14 for delivery, or renews in this state a short-term or 1-time
15 limited duration policy or certificate of no longer than 6 months
16 shall provide to the director a written annual report that
17 discloses both of the following:

18 (a) The gross written premium for short-term or 1-time limited
19 duration policies or certificates issued in this state during the
20 preceding calendar year.

21 (b) The gross written premium for all individual health
22 insurance policies issued or delivered in this state during the
23 preceding calendar year other than policies or certificates
24 described in subdivision (a).

25 (11) The director shall maintain copies of reports prepared
26 under subsection (10) on file with the annual statement of each
27 reporting insurer.

28 (12) In each calendar year, an insurer shall not continue to
29 issue short-term or 1-time limited duration policies or

1 certificates if to do so the collective gross written premiums on
2 those policies or certificates would total more than 10% of the
3 collective gross written premiums for all individual health
4 insurance policies issued or delivered in this state either
5 directly by the insurer or through a person that owns or is owned
6 by the insurer.

7 **Sec. 2213e. (1) An insurer that delivers, issues for delivery,**
8 **or renews in this state a health insurance policy with respect to**
9 **an individual, including a group to which the individual belongs or**
10 **family coverage in which the individual is included, shall not**
11 **rescind coverage under the policy unless both of the following**
12 **apply:**

13 **(a) Either of the following applies:**

14 **(i) The individual or a person seeking coverage on behalf of**
15 **the individual performs an act, practice, or omission that**
16 **constitutes fraud. For purposes of this subparagraph, a person**
17 **seeking coverage on behalf of an individual does not include an**
18 **employee or authorized representative of the insurer or a producer.**

19 **(ii) The individual makes an intentional misrepresentation of**
20 **material fact.**

21 **(b) The insurer provides written notice to the individual at**
22 **least 30 days before the rescission.**

23 **(2) This section applies to a health insurance policy**
24 **delivered, issued for delivery, or renewed in this state before,**
25 **on, or after the date of the effective date of the amendatory act**
26 **that added this section.**