

SUBSTITUTE FOR
HOUSE BILL NO. 4281

A bill to amend 1980 PA 350, entitled
"The nonprofit health care corporation reform act,"
(MCL 550.1101 to 550.1704) by adding section 401i.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 401i. (1) Beginning January 1, 2004, a health care
2 corporation shall establish and offer to provide or include
3 prescription drug coverage in at least 1 nongroup and group
4 conversion certificate as a pilot project under this section.
5 This pilot project shall continue through July 1, 2006 and, while
6 in pilot project status, is not subject to the guaranteed
7 renewability provisions of section 401e.
8 (2) A certificate that includes prescription drug coverage
9 under subsection (1) shall include all of the following:
10 (a) At a minimum, a prescription drug benefit that includes a
11 co-pay of no more than 50% of the health care corporation's

1 approved amount for the payment of prescription drugs, with a
2 minimum co-pay of \$10.00 and a maximum co-pay of \$100.00 per
3 prescription.

4 (b) An annual per person benefit maximum of no less than
5 \$2,500.00.

6 (c) A provision that members will be entitled to purchase
7 prescription drugs at a discount under the affinity program
8 offered by the health care corporation once their annual per
9 person prescription drug benefit maximum has been reached.

10 (3) Not later than July 1, 2005, the health care corporation
11 shall issue an interim report to the commissioner regarding the
12 claims experience of the market segment under this section and
13 the ongoing viability of the pilot project. Not later than July
14 1, 2006, the health care corporation shall issue a final report
15 to the commissioner regarding the claims experience of the market
16 segment under this section and the ongoing viability of the pilot
17 project. By September 30, 2006, the commissioner shall determine
18 if the nongroup and group conversion certificate providing the
19 prescription drug benefit under this section provides a useful
20 benefit to its subscribers. If the commissioner determines that
21 the certificate does not provide a useful benefit to its
22 subscribers, the commissioner may order the termination of the
23 pilot program under this section and terminate the offering of
24 prescription drug coverage in the nongroup and group conversion
25 certificates. If the commissioner determines that the
26 certificate does provide a useful benefit to its subscribers, the
27 commissioner may order the termination of the pilot project

1 designation and order that the program continue indefinitely. If
2 the program is continued beyond September 30, 2006, then the
3 certificate is subject to the guaranteed renewability provisions
4 of section 401e.

5 Enacting section 1. This amendatory act does not take effect
6 unless House Bill No. 4279 of the 92nd Legislature is enacted
7 into law.