

SENATE 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
4 certificate and at least 1 group conversion certificate as a
5 pilot project under this section. This pilot project shall
6 continue through December 1, 2006 and, while in pilot project status,
7 is not subject to the guaranteed renewability provisions of
8 section 401e.

9 (2) Unless an order of adjustment issued under subsection
10 (4)(b)(ii) provides otherwise, a certificate that includes
11 prescription drug coverage under subsection (1) shall include all

1 of the following:

2 (a) At a minimum, a prescription drug benefit that includes a
3 co-pay of no more than 50% of the health care corporation's
4 approved amount for the payment of prescription drugs, with a
5 minimum co-pay of \$10.00 and a maximum co-pay of \$100.00 per
6 prescription.

7 (b) An annual per person benefit maximum of no less than
8 \$2,500.00.

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

13 (3) Not later than July 1, 2005, the health care corporation
14 shall issue an interim report to the commissioner regarding the
15 claims experience of the market segment under this section and
16 the ongoing viability of the pilot project. Not later than July
17 1, 2006, the health care corporation shall issue a final report
18 to the commissioner regarding the claims experience of the market
19 segment under this section and the ongoing viability of the pilot
20 project.

21 (4) By December 1, 2006, the commissioner shall determine if
22 the nongroup and group conversion certificates providing the
23 prescription drug benefit under this section provide a useful
24 benefit to its subscribers in an actuarially sound manner. Based
25 upon this determination, the commissioner shall do 1 of the
26 following:

27 (a) If the commissioner determines that a certificate does

1 provide a useful benefit to its subscribers in an actuarially
2 sound manner, the commissioner shall order the termination of the
3 pilot project designation and order that the program continue
4 indefinitely. If the pilot project is discontinued and the
5 program is continued indefinitely beyond the date prescribed in
6 subsection (3) or (5), then the certificate is subject to the
7 guaranteed renewability provisions of section 401e.

8 (b) If the commissioner determines that a certificate does
9 not provide a useful benefit to its subscribers in an actuarially
10 sound manner, the commissioner shall do 1 of the following:

11 (i) Order the termination of the pilot project under this
12 section and terminate the offering of prescription drug coverage
13 in the nongroup and group conversion certificates.

14 (ii) Order an adjustment of the pilot project to operate in
15 an actuarially sound manner and order that the pilot project
16 continue for a specified time period. An order of adjustment
17 under this subparagraph may revise the requirements of subsection
18 (2) regarding coverage required under the certificates.

19 (5) If the commissioner orders an adjustment of the pilot
20 project under subsection (4), the commissioner shall evaluate the
21 project after 2 years of operation and make a determination in
22 the same manner as prescribed in subsection (4).

23 Enacting section 1. This amendatory act does not take effect
24 unless Senate Bill No. 234 of the 92nd Legislature is enacted
25 into law.