
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 645 (Substitute S-1 as reported)
Sponsor: Senator Dave Jaye
Committee: Families, Mental Health and Human Services

CONTENT

The bill would amend the Insurance Code to prohibit an expense-incurred hospital, medical, or surgical policy or certificate delivered, issued, or renewed in Michigan and a health maintenance organization (HMO) group or individual contract from offering coverage for an "elective abortion" except by an optional rider paid for by the purchaser. The bill would not apply to benefits provided under Medicaid. The bill would not create a right to abortion.

"Elective abortion" would mean the intentional use of an instrument, drug, or other substance or device to terminate a woman's pregnancy for a purpose other than to increase the probability of a live birth, to preserve the life or health of the child after live birth, or to remove a dead fetus, but would not include the prescription or use of a drug or device intended as a contraceptive, or an intentional action by a physician to terminate a woman's pregnancy if her physical condition, in the physician's reasonable medical judgment, necessitated the termination of her pregnancy to avert her death.

An employer could buy an optional rider to provide coverage for an elective abortion if the cost of the rider were not factored into any premium amount for which individual employees contributed a portion of the premium paid, either directly or through payroll deduction, and the employer provided notice to each employee that elective abortion would be included as a rider to his or her health coverage and that the coverage could be used by a minor or dependent female without notice to the employee.

The bill would not require an insurer, an HMO, or an employer to provide or offer to provide an optional rider for elective abortion coverage. The bill would take effect on July 1, 2001, and would apply to certificates, policies, or contracts delivered, issued, or renewed in Michigan after that date.

Proposed MCL 550.8302

Legislative Analyst: P. Affholter

FISCAL IMPACT

The fiscal impact of House Bill 4828 (H-4) and Senate Bill 645 (S-1) on insurance premiums would depend on how the bills would affect the behavior of the covered population, and how insurers would respond. If these bills were to influence women, who otherwise will become pregnant and have an abortion, not to become pregnant, then overall premiums should go down. If these bills caused the same women to give birth, instead, then overall premiums would go up. If it is assumed that these women plan in advance to have an abortion if they become pregnant, and therefore would purchase an insurance rider to that effect (given an annual or semi-annual open enrollment period), then the basic premium cost should go down for the covered group as a whole, while the total costs to the rider group would increase. On the other hand, if an insurer were not certain that the bills would result fewer births in the covered population, the total cost could go up for everyone.

Date Completed: 12-7-00

Fiscal Analyst: J. Walker