

SENATE BILL No. 418

July 11, 1991, Introduced by Senators DE GROW, EMMONS,
EHLERS, GEAKE, CISKY, CARL, DUNASKISS, MC MANUS and
PRIDNIA and referred to the Committee on Commerce.

A bill to amend section 516 of Act No. 350 of the Public
Acts of 1980, entitled
"The nonprofit health care corporation reform act,"
being section 550.1516 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 516 of Act No. 350 of the Public Acts of
2 1980, being section 550.1516 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 516. (1) All provider class plans retained by the com-
5 missioner under section 513 or approved by the hearing officer
6 shall maintain the following standards for all providers:

7 (a) Responsible cost controls shall exist that balance qual-
8 ity, accessibility, and cost.

9 (b) The health care corporation shall promote programs and
10 policies ~~which~~ THAT encourage cost-effective behavior by

1 providers in accordance with the provisions of this act ~~7~~ and
2 in accordance with all of the following:

3 (i) There shall be a reasonable basis for believing that the
4 programs will be effective.

5 (ii) The programs applicable to a provider class shall be
6 reviewed to avoid duplication or inconsistency, to the extent
7 practicable.

8 (c) There shall be a fair and reasonable appeals process
9 established and maintained by the health care corporation for
10 aggrieved providers.

11 (d) There shall be a reasonable period for implementation of
12 changes.

13 (e) There shall be reasonably prompt payment by the health
14 care corporation to providers who render covered health care
15 services.

16 (2) In addition to the standards prescribed in subsection
17 (1), the following standards shall apply to hospitals:

18 (a) To the extent practicable, reimbursement control shall
19 be expressed in the aggregate to individual hospitals.

20 (b) No portion of the health care corporation's fair share
21 of hospitals' reasonable financial requirements shall be borne by
22 other health care purchasers. However, this subdivision shall
23 not preclude reimbursement arrangements which include financial
24 incentives and disincentives.

25 (c) The health care corporation's programs and policies
26 shall not unreasonably interfere with the hospital's ability and
27 responsibility to manage its operations.

1 (D) NO PLAN OR PROGRAM THAT REIMBURSES HOSPITALS FOR
2 APPROVED MEDICAL DIAGNOSTIC TECHNOLOGY AND FACILITY CONSTRUCTION,
3 INCLUDING BUT NOT LIMITED TO THE CAPITAL PASS THROUGH REIMBURSE-
4 MENT PROGRAM, SHALL BE FUNDED UNLESS ALL ELIGIBLE CHILDREN SEEK-
5 ING ENROLLMENT IN THE MICHIGAN CARING PROGRAM ARE ENROLLED IN THE
6 PROGRAM. IF ALL ELIGIBLE CHILDREN SEEKING ENROLLMENT IN THE
7 MICHIGAN CARING PROGRAM ARE ENROLLED IN THE PROGRAM, FUNDS NOT
8 EXPENDED FOR ENROLLMENT MAY BE USED TO REIMBURSE HOSPITALS FOR
9 APPROVED MEDICAL DIAGNOSTIC TECHNOLOGY AND FACILITY CONSTRUCTION.

10 Section 2. This amendatory act shall not take effect unless
11 Senate Bill No. 419

12 of the 86th Legislature is enacted into law.