



Olds Plaza Building, 10th Floor  
Lansing, Michigan 48909  
Phone: 517/373-6466

## BCBSM: PHYSICAL THERAPY

House Bill 4853 (Substitute H-2\*)  
First Analysis (9-30-93)

Sponsor: Rep. Nelson W. Saunders  
Committee: Insurance

### ***THE APPARENT PROBLEM:***

Independent physical therapists, and some of their patients or potential patients, complain that they are treated unfairly by Blue Cross and Blue Shield of Michigan. The corporation's guidelines, they say, allow only for the reimbursement of physical therapy services when performed by a therapist attached to a hospital (or other facility) and not when performed by a therapist in independent private practice. (In either case, a physical therapist would be providing care or services prescribed by a physician or dentist.) Many other insurers, including some Blue Cross-Blue Shield plans in other states, are willing to directly reimburse independent therapists, say representatives of the profession. Patients have testified they have been forced to switch physical therapists or pay out of their own pocket when an employer has moved to Blue Cross-Blue Shield coverage from another insurer even though they are seeking the same care under the same physician's prescription. Some people argue that licensed health care providers, such as physical therapists, ought to qualify for the opportunity to receive direct payment from BCBSM for care or services provided that are consistent with their licensure.

### ***THE CONTENT OF THE BILL:***

The bill would amend the Nonprofit Health Care Corporation Act, which regulates Blue Cross and Blue Shield of Michigan, to prohibit the corporation from refusing participation or payment to a licensed physical therapist because the therapist is not affiliated with another health care provider (e.g., a hospital) if the therapist was acting within the scope of his or her licensure and administering care or providing services pursuant to a prescription issued by a licensed physician or dentist. (Prior approval or authorization would have to be received if required.) The provision would not apply to the corporation's operation of prudent purchaser agreements or health maintenance organizations.

The bill specifies that it would not interfere with a health care corporation's ability to determine reimbursement for physical therapy services as long as it is done according to utilization review requirements and provider participation agreement requirements that are consistently applied to all licensed physical therapists.

MCL 550.1401e

### ***FISCAL IMPLICATIONS:***

There is no information at present.

### ***ARGUMENTS:***

#### ***For:***

The bill would require Blue Cross and Blue Shield of Michigan to reimburse physical therapists directly and forbid the requirement that therapists be attached to a health care facility, such as a hospital, which would receive the payment. The bill specifies that it would not interfere with the Blues' ability to use its utilization and participation standards to determine reimbursement for services. Physical therapists, as is consistent with their scope of practice laws, would only be reimbursed for services or care provided pursuant to a physician's or dentist's prescription. This approach gives deference to the license earned by physical therapists without expanding their scope of practice or requiring any additional benefit coverage by employers. Reimbursement ought to be licensee-based and not restricted to facilities providing physical therapy. The bill as reported from committee is considered a compromise that is acceptable to some parties that generally oppose any expansion of direct reimbursement mandates as contributing to higher health care costs. (It deals only with physical therapists, for example, and not with other licensed health care providers.) For their part, independent physical therapists argue that requiring direct reimbursement for their work is

consistent with the goals of access to care, cost containment, and quality of care found in the act being amended. They say that there are waiting lists now for therapy services that will be alleviated by greater use of independent therapists; that independent therapists often cost less because of lower overhead; and that letting the patient choose will lead to greater quality.

***Against:***

There remain concerns that this bill will increase health care costs by expanding the number of providers and services that are directly paid under BCBSM plans, and that it will hurt hospitals that currently provide these services. Further, there is the "slippery slope" argument: this may be but a first step toward mandated direct reimbursement of other health care professionals that are now reimbursed primarily through the facilities or physicians they work with or for. It could also lead to reimbursement based on licensure or other credentialing without utilization or participation criteria to protect those who ultimately pay the bill, notably employers and employees in the state.

***SUGGESTED AMENDMENTS:***

Reportedly, a substitute is being prepared to correct some technical problems with the language of the bill as reported by the House Insurance Committee.

***POSITIONS:***

Representatives of the Michigan Physical Therapy Association indicated support for the substitute. (9-28-93)

The Economic Alliance for Michigan supports the substitute reported from committee. (9-28-93)

A representative of the Michigan State Chamber of Commerce testified in support of the substitute. (9-28-93)

Blue Cross and Blue Shield of Michigan is not opposed to the substitute. (9-28-93)

The Michigan Hospital Association has indicated that it does not support the bill. (9-28-93)