



HOUSE BILL No. 5383

March 1 1994 Introduced by Reps McNutt Jamian Shugars Randall Bender Kukuk Hill and Bandstra and referred to the Committee on Public Health

A bill to amend sections 502 and 502a of Act No 350 of the Public Acts of 1980, entitled as amended

"The nonprofit health care corporation reform act,"

section 502 as amended by Act No 127 of the Public Acts of 1993 and section 502a as amended by Act No 283 of the Public Acts of 1988 being sections 550 1502 and 550 1502a of the Michigan Compiled Laws

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Sections 502 and 502a of Act No 350 of the
2 Public Acts of 1980, section 502 as amended by Act No 127 of the
3 Public Acts of 1993 and section 502a as amended by Act No 283 of
4 the Public Acts of 1988, being sections 550 1502 and 550 1502a of
5 the Michigan Compiled Laws, are amended to read as follows

1 Sec 502 (1) A health care corporation may enter into
2 participating contracts for reimbursement with professional
3 health care providers practicing legally in this state for health
4 care services that the professional health care providers may
5 legally perform A participating contract may cover all members
6 or may be a separate and individual contract on a per claim
7 basis, as set forth in the provider class plan, if, in entering
8 into a separate and individual contract on a per claim basis, the
9 participating provider certifies to the health care corporation

10 (a) That the provider will accept payment from the corpora-
11 tion as payment in full for services rendered for the specified
12 claim for the member indicated

13 (b) That the provider will accept payment from the corpora-
14 tion as payment in full for all cases involving the procedure
15 specified, for the duration of the calendar year ~~Until January~~
16 ~~1, 1998, as used in this subdivision, provider does not include a~~
17 ~~person licensed as a dentist under part 166 of the public health~~
18 ~~code, Act No 368 of the Public Acts of 1978, being sections~~
19 ~~333-16601 to 333-16648 of the Michigan Compiled Laws~~

20 (c) That the provider will not determine whether to partici-
21 pate on a claim on the basis of the race, color, creed, marital
22 status, sex, national origin, residence, age, handicap, or lawful
23 occupation of the member entitled to health care benefits

24 (2) A contract entered into pursuant to subsection (1) shall
25 provide that the private provider-patient relationship shall be
26 maintained to the extent provided for by law ~~-A-~~ EXCEPT AS
27 OTHERWISE PROVIDED IN THIS SUBSECTION, A health care corporation

1 shall continue to offer a reimbursement arrangement to any class
2 of providers with which it has contracted prior to August 27,
3 1985 and that continues to meet the standards set by the corpora-
4 tion for that class of providers THIS SUBSECTION DOES NOT
5 REQUIRE A HEALTH CARE CORPORATION TO OFFER A REIMBURSEMENT
6 ARRANGEMENT FOR A PRACTICE OF CHIROPRACTIC SERVICE UNLESS THAT
7 SERVICE WAS INCLUDED IN THE DEFINITION OF PRACTICE OF CHIROPRACTIC
8 UNDER SECTION 16401 OF THE PUBLIC HEALTH CODE, ACT NO 368 OF
9 THE PUBLIC ACTS OF 1978, BEING SECTION 333 16401 OF THE MICHIGAN
10 COMPILED LAWS, AS OF MAY 20, 1992

11 (3) A health care corporation shall not restrict the methods
12 of diagnosis or treatment of professional health care providers
13 who treat members Except as otherwise provided in section 502a,
14 each member of the health care corporation shall at all times
15 have a choice of professional health care providers This sub-
16 section shall not apply to limitations in benefits contained in
17 certificates, to the reimbursement provisions of a provider con-
18 tract or reimbursement arrangement, or to standards set by the
19 corporation for all contracting providers A health care corpo-
20 ration may refuse to reimburse a health care provider for health
21 care services that are overutilized, including those services
22 rendered, ordered, or prescribed to an extent that is greater
23 than reasonably necessary

24 (4) A health care corporation may provide to a member, upon
25 request, a list of providers with whom the corporation contracts,
26 for the purpose of assisting a member in obtaining a type of
27 health care service However, except as otherwise provided in

1 section 502a, an employee, agent, or officer of the corporation,
2 or an individual on the board of directors of the corporation,
3 shall not make recommendations on behalf of the corporation with
4 respect to the choice of a specific health care provider Except
5 as otherwise provided in section 502a, an employee, agent, or
6 officer of the corporation, or a person on the board of directors
7 of the corporation who influences or attempts to influence a
8 person in the choice or selection of a specific professional
9 health care provider on behalf of the corporation, is guilty of a
10 misdemeanor

11 (5) A health care corporation shall provide a symbol of par-
12 ticipation, which can be publicly displayed, to providers who
13 participate on all claims for covered health care services
14 rendered to subscribers

15 (6) This section shall not be construed to impede the lawful
16 operation of, or lawful promotion of, a health maintenance organ-
17 ization owned by a health care corporation

18 (7) Contracts entered into under this section shall be
19 subject to the provisions of sections 504 to 518

20 (8) A health care corporation shall not deny participation
21 to a freestanding medical or surgical outpatient facility on the
22 basis of ownership if the facility meets the reasonable standards
23 set by the health care corporation for similar facilities, is
24 licensed under part 208 ~~of the public health code,~~ Act No 368
25 of the Public Acts of 1978, being sections 333 20801 to 333 20821
26 of the Michigan Compiled Laws, and complies with part 222 of ~~the~~
27 ~~public health code,~~ Act No 368 of the Public Acts of 1978, as

1 amended, being sections 333 22201 to 333 22260 of the Michigan
2 Compiled Laws

3 Sec 502a (1) For the purpose of doing business as an
4 organization under the prudent purchaser act, ACT NO 233 OF THE
5 PUBLIC ACTS OF 1984, BEING SECTIONS 550 51 TO 550 63 OF THE
6 MICHIGAN COMPILED LAWS, a health care corporation may enter into
7 prudent purchaser agreements with health care providers pursuant
8 to this section and ~~the prudent purchaser act~~ ACT NO 233 OF
9 THE PUBLIC ACTS OF 1984

10 (2) A health care corporation may offer group contracts
11 under which subscribers shall be required, as a condition of cov-
12 erage, to obtain services exclusively from health care providers
13 who have entered into prudent purchaser agreements

14 (3) An individual who is a member of a group who is offered
15 the option of being a subscriber under a contract pursuant to
16 subsection (2) shall also be offered the option of being a sub-
17 scriber under a contract pursuant to subsection (4) This sub-
18 section shall only apply if the group to which the individual is
19 a member has 25 or more members or if the provider panel ~~which~~
20 THAT is providing the services under the contract is limited by
21 the organization to a specific number pursuant to section 3(1) of
22 ~~the prudent purchaser act~~ ACT NO 233 OF THE PUBLIC ACTS OF
23 1984, BEING SECTION 550 53 OF THE MICHIGAN COMPILED LAWS

24 (4) A health care corporation may offer group contracts
25 under which subscribers who elect to obtain services from health
26 care providers who have entered into prudent purchaser agreements
27 shall realize a financial advantage or other advantage by

1 selecting such providers Contracts offered pursuant to this
2 subsection shall not, as a condition of coverage, require sub-
3 scribers to obtain services exclusively from health care provid-
4 ers who have entered into prudent purchaser agreements

5 (5) An individual who is a member of a group who is offered
6 the option of being a subscriber under a contract pursuant to
7 subsection (2) or (4) shall also be offered the option of being a
8 subscriber under a contract ~~which~~ THAT

9 (a) Does not, as a condition of coverage, require subscrib-
10 ers to obtain services exclusively from health care providers who
11 have entered into prudent purchaser agreements

12 (b) Does not give a financial advantage or other advantage
13 to a subscriber who elects to obtain services from health care
14 providers who have entered into prudent purchaser agreements

15 (6) Subsection (5) shall only apply if the group to which
16 the individual is a member has 25 or more members and if the
17 group on ~~the effective date of this section~~ DECEMBER 20, 1984
18 had health care coverage through the group sponsor

19 (7) A health care corporation may offer individual contracts
20 under which subscribers shall be required, as a condition of cov-
21 erage, to obtain services exclusively from health care providers
22 who have entered into prudent purchaser agreements A person to
23 whom such a contract is offered shall also be offered a contract
24 ~~which~~ THAT

25 (a) Does not, as a condition of coverage, require subscrib-
26 ers to obtain services exclusively from health care providers who
27 have entered into prudent purchaser agreements

1 (b) Does not give a financial advantage or other advantage
2 to a subscriber who elects to obtain services from health care
3 providers who have entered into prudent purchaser agreements

4 (8) A health care corporation may offer individual contracts
5 under which subscribers who elect to obtain services from health
6 care providers who have entered into prudent purchaser agreements
7 shall realize a financial advantage or other advantage by select-
8 ing such providers. Contracts offered pursuant to this subsec-
9 tion shall not, as a condition of coverage, require subscribers
10 to obtain services exclusively from health care providers who
11 have entered into prudent purchaser agreements. A person to whom
12 such a contract is offered shall also be offered a contract
13 ~~which~~ THAT

14 (a) Does not, as a condition of coverage, require subscrib-
15 ers to obtain services exclusively from health care providers who
16 have entered into prudent purchaser agreements

17 (b) Does not give a financial advantage or other advantage
18 to a subscriber who elects to obtain services from health care
19 providers who have entered into prudent purchaser agreements

20 (9) The rates charged by a corporation for coverage under
21 contracts issued under this section shall not be unreasonably
22 lower than what is necessary to meet the expenses of the corpora-
23 tion for providing this coverage and shall not have an anticom-
24 petitive effect or result in predatory pricing in relation to
25 prudent purchaser agreement coverages offered by other
26 organizations

1 (10) Contracts entered into under this section shall not be
2 subject to the provisions of sections 504 to 518

3 (11) A corporation shall not discriminate against a class of
4 health care providers when entering into prudent purchaser agree-
5 ments with health care providers for its provider panel This
6 subsection shall not be construed to

7 (a) Prohibit the formation of a provider panel consisting of
8 a single class of providers when a service provided for in the
9 specifications of a purchaser may be legally provided only by a
10 single class of providers

11 (b) Prohibit the formation of a provider panel ~~which~~ THAT
12 conforms to the specifications of a purchaser of the coverage
13 authorized by this section so long as the specifications do not
14 exclude any class of health care providers who may legally per-
15 form the services included in the coverage

16 (c) Require an organization ~~which~~ THAT has uniformly
17 applied the standards filed pursuant to section 3(3) of ~~the pru-~~
18 ~~dent purchaser act~~ ACT NO 233 OF THE PUBLIC ACTS OF 1984 to
19 contract with any individual provider

20 (D) REQUIRE COVERAGE OR REIMBURSEMENT FOR A PRACTICE OF CHI-
21 ROPRACTIC SERVICE UNLESS THAT SERVICE WAS INCLUDED IN THE DEFINI-
22 TION OF PRACTICE OF CHIROPRACTIC UNDER SECTION 16401 OF THE
23 PUBLIC HEALTH CODE, ACT NO 368 OF THE PUBLIC ACTS OF 1978, BEING
24 SECTION 333 16401 OF THE MICHIGAN COMPILED LAWS, AS OF MAY 20,
25 1992

1 (12) Nothing in the 1984 amendatory act that added this
2 section shall apply to any contract ~~which~~ THAT was in existence
3 before December 20, 1984, or the renewal of such contract