



HOUSE BILL No. 5384

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 section 3 of Act No 233 of the Public Acts of 1984, entitled

"Prudent purchaser act,"

being section 550 53 of the Michigan Compiled Laws

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 3 of Act No 233 of the Public Acts of
2 1984, being section 550 53 of the Michigan Compiled Laws, is
3 amended to read as follows

4 Sec 3 (1) An organization may enter into prudent pur-
5 chaser agreements with 1 or more health care providers of a spe-
6 cific service to control health care costs, assure appropriate
7 utilization of health care services, and maintain quality of
8 health care AN ORGANIZATION MAY ENTER INTO A PRUDENT PURCHASER
9 AGREEMENT WITH A CHIROPRACTOR LICENSED UNDER PART 164 OF THE
10 PUBLIC HEALTH CODE, ACT NO 368 OF THE PUBLIC ACTS OF 1978, BEING

1 SECTIONS 333 16401 TO 333 16431 OF THE MICHIGAN COMPILED LAWS,
2 FOR THE PURCHASE OF SOME OR ALL OF THE PRACTICE OF CHIROPRACTIC
3 SERVICES AS DEFINED IN SECTION 16401 OF ACT NO 368 OF THE PUBLIC
4 ACTS OF 1978, BEING SECTION 333 16401 OF THE MICHIGAN COMPILED
5 LAWS The organization may limit the number of prudent purchaser
6 agreements entered into pursuant to this section, if the number
7 of such agreements is sufficient to assure reasonable levels of
8 access to health care services for recipients of those services
9 The number of prudent purchaser agreements authorized by this
10 section ~~which~~ THAT are necessary to assure reasonable levels of
11 access to health care services for recipients shall be determined
12 by the organization However, the organization shall offer a
13 prudent purchaser agreement, comparable to those agreements with
14 other members of the provider panel, to a health care provider
15 located within a reasonable distance from the recipients of such
16 health care services, if a health care provider is located within
17 that reasonable distance

18 (2) An organization shall give interested health care pro-
19 viders located in the geographic area served by the organization
20 an opportunity to apply to the organization for membership on the
21 provider panel

22 (3) Prudent purchaser agreements shall be based upon the
23 following written standards which shall be filed by the organiza-
24 tion with the commissioner on a form and in a manner that is uni-
25 formly developed and applied by the commissioner before the ini-
26 tial provider panel is formed

1 (a) Standards for maintaining quality health care

2 (b) Standards for controlling health care costs

3 (c) Standards for assuring appropriate utilization of health
4 care services

5 (d) Standards for assuring reasonable levels of access to
6 health care services

7 (e) Other standards ~~deemed~~ CONSIDERED appropriate by the
8 organization

9 (4) An organization shall develop and institute procedures
10 ~~which~~ THAT are designed to notify health care providers located
11 in the geographic area served by the organization of the forma-
12 tion of a provider panel Upon receipt of a request by a health
13 care provider, the organization shall provide the written stan-
14 dards described in subsection (3) to the health care provider

15 (5) An organization ~~which~~ THAT enters into prudent pur-
16 chaser agreements with health care providers under this act shall
17 institute a program for the professional review of the quality of
18 health care, performance of health care personnel, and utiliza-
19 tion of services and facilities under a prudent purchaser
20 agreement At least every 2 years, the organization shall pro-
21 vide for an evaluation of its professional review program by a
22 professionally recognized independent third party

23 (6) If 2 or more classes of health care providers may
24 legally provide the same health care service, the organization
25 shall offer each class of health care providers the opportunity
26 to apply to the organization for membership on the provider
27 panel

1 (7) Each prudent purchaser agreement shall state that the
2 health care provider may be removed from the provider panel
3 before the expiration of the agreement if the provider does not
4 comply with the requirements of the contract

5 (8) Nothing in this act shall preclude a health care pro-
6 vider or health care facility from being a member of more than 1
7 provider panel

8 (9) Provider panels may include health care providers and
9 facilities outside Michigan ~~when~~ IF necessary to assure reason-
10 able levels of access to health care services under coverage
11 authorized by this act

12 (10) At the time coverage authorized by this act is offered
13 to a person, the organization shall give or cause to be given to
14 the person the following information

15 (a) The identity of the organization contracting with the
16 provider panel

17 (b) The identity of the party sponsoring the coverage
18 including, but not limited to, the employer

19 (c) The identity of the collective bargaining agent if the
20 coverage is offered pursuant to a collective bargaining
21 agreement

22 (11) If a person who has coverage authorized by this act is
23 entitled to receive a health care service when rendered by a
24 health care provider who is a member of the provider panel, the
25 person shall be entitled to receive the health care service from
26 a health care provider who is not a member of the provider panel
27 for an emergency episode of illness or injury ~~which~~ THAT

1 requires immediate treatment before it can be obtained from a
2 health care provider who is on the provider panel

3 (12) Subsections (2) to (11) shall not limit the authority
4 of organizations to limit the number of prudent purchaser
5 agreements