



SENATE BILL No. 476

March 9, 1993, Introduced by Senator SCHWARZ and referred to the Committee on Health Policy.

A bill to amend section 21053 of Act No. 368 of the Public Acts of 1978, entitled as amended
"Public health code,"
as amended by Act No. 249 of the Public Acts of 1987, being section 333.21053 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 21053 of Act No. 368 of the Public Acts
2 of 1978, as amended by Act No. 249 of the Public Acts of 1987,
3 being section 333.21053 of the Michigan Compiled Laws, is amended
4 to read as follows:

5 Sec. 21053. (1) Upon obtaining a license, a health mainte-
6 nance organization may enter into health maintenance contracts
7 and engage in other activities consistent with this part and
8 other applicable laws of this state ~~which~~ THAT are necessary to
9 perform its obligations under its contracts.

1 (2) A health maintenance organization shall not terminate a
2 health maintenance contract or deny a renewal of a contract
3 because of age, sex, health status, national origin, or frequency
4 of utilization of medically indicated services of an enrollee or
5 group of enrollees.

6 (3) A health maintenance contract may be terminated for vio-
7 lation of the terms of the contract or for nonpayment of the
8 fixed prepaid sum or per capita prepayment set forth in the con-
9 tract if the fixed prepaid sum or per capita prepayment is not
10 paid within 30 days after the due date.

11 (4) A health maintenance organization may contract with or
12 directly engage health professionals and affiliated providers,
13 including other health maintenance organizations to render the
14 services the organization has agreed to provide under the terms
15 of its health maintenance contracts. An affiliated provider
16 shall look solely to the health maintenance organization for pay-
17 ment of services rendered pursuant to a contract with the health
18 maintenance organization. In meeting the requirements of
19 section 21021, the health maintenance organization may contract
20 with or employ health professionals on the basis of cost, quali-
21 ty, availability of services to the membership, conformity to the
22 administrative procedures of the health maintenance organization,
23 and other factors relevant to delivery of economical, quality
24 care, but shall not discriminate solely on the basis of the class
25 of health professionals to which the health professional
26 belongs.

1 (5) A health maintenance organization may provide additional
2 health maintenance services or any other related health care
3 service or treatment not required under this part. A HEALTH
4 MAINTENANCE ORGANIZATION MAY CONTRACT WITH A CHIROPRACTOR
5 LICENSED UNDER PART 164 FOR THE PURCHASE OF SOME OR ALL OF THE
6 PRACTICE OF CHIROPRACTIC SERVICES AS DEFINED IN SECTION 16401 OR
7 WITH AN OPTOMETRIST LICENSED UNDER PART 174 FOR THE PURCHASE OF
8 SOME OR ALL OF THE PRACTICE OF OPTOMETRY SERVICES AS DEFINED IN
9 SECTION 17401.

10 (6) A health maintenance organization may have health main-
11 tenance contracts that are supplemented by deductibles or addi-
12 tional nominal payments ~~which~~ THAT are required for the provi-
13 sion of specific health maintenance services, except that the
14 payments shall not exceed 50% of a reasonable charge for provid-
15 ing a single service to an enrollee as determined by comparison
16 to the amount charged for that service by other providers in the
17 geographic service area.

18 (7) A health maintenance organization may accept from gov-
19 ernmental agencies and from private persons payments covering any
20 part of the cost of health maintenance contracts.

21 (8) The health maintenance organization may provide services
22 in a noncontiguous service area if the department, with the
23 advice of the insurance bureau, finds that the requirements of
24 this article are met and that its subscriber governing body elec-
25 tion procedures provide for proportional subscriber representa-
26 tion on the governing board from each noncontiguous service area

1 with each noncontiguous service area having at least 1
2 representative.