



SENATE BILL No. 478

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

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, OR WITH AN OPTOMETRIST LICENSED UNDER PART 174 OF ACT
6 NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTIONS 333.17401 TO
7 333.17433 OF THE MICHIGAN COMPILED LAWS, FOR THE PURCHASE OF SOME
8 OR ALL OF THE PRACTICE OF OPTOMETRY SERVICES AS DEFINED IN
9 SECTION 17401 OF ACT NO. 368 OF THE PUBLIC ACTS OF 1978, BEING
10 SECTION 333.17401 OF THE MICHIGAN COMPILED LAWS. The organization
11 may limit the number of prudent purchaser agreements entered into
12 pursuant to this section, if the number of such agreements is
13 sufficient to assure reasonable levels of access to health care
14 services for recipients of those services. The number of prudent
15 purchaser agreements authorized by this section ~~which~~ THAT are
16 necessary to assure reasonable levels of access to health care
17 services for recipients shall be determined by the organization.
18 However, the organization shall offer a prudent purchaser agree-
19 ment, comparable to those agreements with other members of the
20 provider panel, to a health care provider located within a rea-
21 sonable distance from the recipients of such health care serv-
22 ices, if a health care provider is located within that reasonable
23 distance.

24 (2) An organization shall give interested health care pro-
25 viders located in the geographic area served by the organization
26 an opportunity to apply to the organization for membership on the
27 provider panel.

1 (3) Prudent purchaser agreements shall be based upon the
2 following written standards which shall be filed by the organi-
3 zation with the commissioner on a form and in a manner that is
4 uniformly developed and applied by the commissioner before the
5 initial provider panel is formed:

6 (a) Standards for maintaining quality health care.

7 (b) Standards for controlling health care costs.

8 (c) Standards for assuring appropriate utilization of health
9 care services.

10 (d) Standards for assuring reasonable levels of access to
11 health care services.

12 (e) Other standards ~~deemed~~ CONSIDERED appropriate by the
13 organization.

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

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

1 (6) If 2 or more classes of health care providers may
2 legally provide the same health care service, the organization
3 shall offer each class of health care providers the opportunity
4 to apply to the organization for membership on the provider
5 panel.

6 (7) Each prudent purchaser agreement shall state that the
7 health care provider may be removed from the provider panel
8 before the expiration of the agreement if the provider does not
9 comply with the requirements of the contract.

10 (8) Nothing in this act shall preclude a health care pro-
11 vider or health care facility from being a member of more than 1
12 provider panel.

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

17 (10) At the time coverage authorized by this act is offered
18 to a person, the organization shall give or cause to be given to
19 the person the following information:

20 (a) The identity of the organization contracting with the
21 provider panel.

22 (b) The identity of the party sponsoring the coverage
23 including, but not limited to, the employer.

24 (c) The identity of the collective bargaining agent if the
25 coverage is offered pursuant to a collective bargaining
26 agreement.

1 (11) If a person who has coverage authorized by this act is
2 entitled to receive a health care service when rendered by a
3 health care provider who is a member of the provider panel, the
4 person shall be entitled to receive the health care service from
5 a health care provider who is not a member of the provider panel
6 for an emergency episode of illness or injury ~~which~~ THAT
7 requires immediate treatment before it can be obtained from a
8 health care provider who is on the provider panel.

9 (12) Subsections (2) to (11) shall not limit the authority
10 of organizations to limit the number of prudent purchaser
11 agreements.