



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 5574 (Substitute S-4 as reported)
Sponsor: Representative Gerald Law
House Committee: Health Policy
Senate Committee: Health Policy and Senior Citizens

CONTENT

The bill would amend the Prudent Purchaser Act to require an organization (an insurer, a dental care, hospital service, medical care, or health care corporation, or a third party administrator) to develop and institute procedures to notify health care providers in its geographic area of the acceptance of applications for membership on a provider panel; require an organization that established a prudent purchaser agreement to notify all coverage purchasers of the financial relationship between the organization and its participating providers, facilities, or other entities; and require an organization that was providing prudent purchaser agreement services to an insurer, to provide information requested by the insurer that it needed to comply with certain provisions of the Insurance Code. The bill would take effect October 1, 1997.

An organization's procedures would have to include notice to providers upon request and publication in a newspaper at least 30 days before the initial provider application period. An organization would have to provide for an initial 60-day provider application period. An organization that had entered into a prudent purchaser agreement concerning a particular health care service would have to provide, at least once every four years, for a 60-day provider application period (unless the organization's provider panel was open for membership at any time). The organization would have to notify an applicant in writing as to whether it had been accepted or rejected for membership on the provider panel. A provider whose membership on a panel was terminated would have to be given upon request a written explanation of the reasons for the termination.

MCL 550.53 et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

Please see FISCAL IMPACT on House Bill 5570.

Date Completed: 12-9-96

Fiscal Analyst: J. Walker

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