



HOUSE BILL No. 5534

January 30, 1996, Introduced by Reps. Pitoniak, Yokich, Cherry, Martinez, Anthony, Gire, LaForge and Bush and referred to the Committee on Insurance.

A bill to amend section 401 of Act No. 350 of the Public Acts of 1980, entitled as amended

"The nonprofit health care corporation reform act,"

as amended by Act No. 66 of the Public Acts of 1984, being section 550.1401 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 401 of Act No. 350 of the Public Acts of
2 1980, as amended by Act No. 66 of the Public Acts of 1984, being
3 section 550.1401 of the Michigan Compiled Laws, is amended to
4 read as follows:

5 Sec. 401. (1) A health care corporation established, main-
6 tained, or operating in this state shall offer health care bene-
7 fits to all residents of this state, and may offer other health
8 care benefits as the corporation specifies with the approval of
9 the commissioner.

1 (2) A health care corporation may limit the health care
2 benefits that it will furnish, except as provided in this act,
3 and may divide the health care benefits ~~which~~ THAT it elects to
4 furnish into classes or kinds.

5 (3) A health care corporation shall not do any of the
6 following:

7 (a) Refuse to issue or continue a certificate to 1 or more
8 residents of this state, except while the individual, based on a
9 transaction or occurrence involving a health care corporation, is
10 serving a sentence arising out of a charge of fraud, is satisfy-
11 ing a civil judgment, or is making restitution pursuant to a vol-
12 untary payment agreement between the corporation and the
13 individual.

14 (b) Refuse to continue in effect a certificate with 1 or
15 more residents of this state, other than for failure to pay
16 amounts due for a certificate, except as allowed for refusal to
17 issue a certificate under subdivision (a).

18 (c) Limit the coverage available under a certificate, with-
19 out the prior approval of the commissioner, unless the limitation
20 is as a result of: an agreement with the person paying for the
21 coverage; an agreement with the individual designated by the per-
22 sons paying for or contracting for the coverage; or a collective
23 bargaining agreement.

24 (D) RATE, CANCEL BENEFITS ON, REFUSE TO PROVIDE BENEFITS
25 FOR, OR REFUSE TO ISSUE OR CONTINUE A CERTIFICATE BECAUSE A SUB-
26 SCRIBER OR APPLICANT IS OR HAS BEEN A VICTIM OF DOMESTIC ASSAULT.

1 (4) ~~Nothing in subsection (3) shall~~ SUBSECTION (3) DOES
2 NOT prevent a health care corporation from denying to a resident
3 of this state coverage under a certificate for any of the follow-
4 ing grounds:

5 (a) That the individual was not a member of a group ~~which~~
6 THAT had contracted for coverage under this certificate.

7 (b) That the individual is not a member of a group with a
8 size greater than a minimum size established for a certificate
9 pursuant to sound underwriting requirements.

10 (c) That the individual does not meet requirements for cov-
11 erage contained in a certificate.

12 (5) A certificate may provide for the coordination of bene-
13 fits, subrogation, and the nonduplication of benefits. Savings
14 realized by the coordination of benefits, subrogation, and nondu-
15 plication of benefits shall be reflected in the rates for those
16 certificates. If a group certificate issued by the corporation
17 contains a coordination of benefits provision, the benefits shall
18 be payable pursuant to the coordination of benefits act.

19 (6) A health care corporation shall have the right to status
20 as a party in interest, whether by intervention or otherwise, in
21 any judicial, quasi-judicial, or administrative agency proceeding
22 in this state for the purpose of enforcing any rights it may have
23 for reimbursement of payments made or advanced for health care
24 services on behalf of 1 or more of its subscribers or members.

25 (7) A health care corporation shall not directly reimburse a
26 provider in this state who has not entered into a participating
27 contract with the corporation.

1 (8) A health care corporation shall not limit or deny
2 coverage to a subscriber or limit or deny reimbursement to a pro-
3 vider on the ground that services were rendered while the sub-
4 scriber was in a health care facility operated by this state or a
5 political subdivision of this state. A health care corporation
6 shall not limit or deny participation status to a health care
7 facility on the ground that the health care facility is operated
8 by this state or a political subdivision of this state, if the
9 facility meets the standards set by the corporation for all other
10 facilities of that type, government-operated or otherwise. To
11 qualify for participation and reimbursement, a facility shall, at
12 a minimum, meet all of the following requirements, which shall
13 apply to all similar facilities:

14 (a) Be accredited by the joint commission on accreditation
15 of hospitals.

16 (b) Meet the certification standards of the medicare program
17 and the medicaid program.

18 (c) Meet all statutory requirements for certificate of
19 need.

20 (d) Follow generally accepted accounting principles and
21 practices.

22 (e) Have a community advisory board.

23 (f) Have a program of utilization and peer review to assure
24 that patient care is appropriate and at an acute level.

25 (g) Designate that portion of the facility ~~which~~ THAT is
26 to be used for acute care.