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SFA



BILL ANALYSIS

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Senate Bill 732 (as enrolled)
Sponsor: Senator George A. McManus, Jr.
Senate Committee: Health Policy and Senior Citizens
House Committee: Health Policy

PUBLIC ACT 59 of 1998

Date Completed: 7-27-98

RATIONALE

Public Act 270 of 1967 permits the release of confidential medical information to a "review entity", and establishes immunity for the release of that information. The Act lists several types of review entities, such as a State or county association of health care professionals, a hospital association, and a medical society. A person, organization, or entity may provide information or data to a review entity relating to the condition and care of patients and the performance of health care providers; the person, organization, or entity is not civilly or criminally liable for providing that information or data. Release or publication of the findings and conclusions of a review entity must be for the purpose of advancing health care research or education; maintaining the standards of health care professionals; providing evidence relating to ethics or discipline of a health care provider; or for other purposes provided in the Act. It was pointed out that since the Act was written, several other forms of health care organizations had been created but were not included under the list of review entities. It was suggested that the Act be amended to include these newer forms of health care organizations.

program for medical assistance administered by the Department of Community Health under the Social Welfare Act.

Currently, the Public Health Code requires a health facility or agency that employs, contracts with, or grants privileges to a licensed or registered health professional to report to the DCIS, or another health facility or agency if requested, certain disciplinary actions it has taken against a licensed or registered health professional. (A health facility or agency includes an ambulance operation, health maintenance organization, hospital, nursing home, clinical lab, county medical facility, freestanding surgical outpatient facility, home for the aged, hospice or hospice residence, or certain facilities located in a university or college.) The bill placed similar provisions in Public Act 270 regarding those review entities added to the list. The bill provides that an entity that employs, contracts with, or grants privileges to a licensed or registered health professional must report to the DCIS, within 30 days after it occurs, any of the following:

CONTENT

The bill amended Public Act 270 of 1967 to expand the Act's list of review entities; require the additional review entities to report disciplinary actions to the Department of Consumer and Industry Services (DCIS); and require a review entity, upon request, to notify another review entity of disciplinary action.

The bill added to the list of review entities an appointed peer review committee of a health care network, health care organization, or health care delivery system composed of licensed health professionals; and a health plan qualified under the

- Disciplinary action taken by the entity against a health professional based upon the person's professional competence; action that results in a change of employment status; or disciplinary action based on conduct that adversely affects his or her clinical privileges for more than 15 days. ("Adversely affects" means the reduction, restriction, suspension, revocation, denial, or failure to renew the clinical privileges of a licensee or registrant by the entity.)
- Restriction, or acceptance of the surrender of a health professional's clinical privileges if: 1) the health professional is under investigation by the entity; or 2) there is an agreement in which the entity agrees not to conduct an investigation into the person's

alleged professional incompetence or improper professional conduct.

- The health professional resigns or terminates a contract, or the health professional's contract is not renewed, instead of the entity's taking disciplinary action against the health professional.

For the purpose of reporting disciplinary actions, the entity must include only the name of the licensee or registrant; a description of the disciplinary action taken; the specific grounds for the action taken; and the date of the incident that is the basis for the action.

Upon request by another review entity on the list seeking a reference for purposes of changing or granting staff privileges, credentials, or employment, a review entity that employs, contracts with, or grants privileges to health professionals must notify the requesting entity of any disciplinary or other action, required to be reported under the bill, that it has taken against a health professional employed by or under contract to it, or to whom it has granted privileges.

MCL 331.531

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill includes in the list of review entities health care organizations that have developed in recent years. Reportedly, a number of newer health care systems and modern medical groups indicated that they did not feel that they could do in-depth quality review of their systems under the previous law, because they were not considered review entities. In order to improve the care provided by a variety of health care delivery systems, total candor is required so that individuals or organizations assigned a review function can address problems appropriately and implement procedures to reduce or eliminate the problems. The bill recognizes the changing medical marketplace by allowing these organizations to monitor quality standards free from liability concerns. This will make it easier for them to gather internal data and enhance quality control and provider competence.

In addition, the bill requires these newer review

entities to comply with the same requirements placed upon health facilities and agencies regarding the reporting of a health professional against whom disciplinary action has been taken, so that the DCIS will be aware of these problems.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill will have no fiscal impact on State or local government.

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.