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February 12, 1998, Introduced by Reps. Schroer, Wallace, Anthony, Parks, LaForge, Baade, Bogardus, Crissman, Scott, Brater, Profit, Murphy, Hale and Gire

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on Insurance.

A bill to amend 1980 PA 350, entitled  
"The nonprofit health care reform act,"  
by amending section 404 (MCL 550.1404), as amended by 1996 PA  
516.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1       Sec. 404. (1) A person who has reason to believe that a  
2 health care corporation has violated section 402 or 403, if the  
3 violation was with respect to an action or inaction of the corpo-  
4 ration with respect to that person, is entitled to a private  
5 informal managerial-level conference with the corporation, and to  
6 a review before the commissioner or his or her designee if the  
7 conference fails to resolve the dispute.
- 8       (2) A health care corporation shall establish reasonable  
9 internal procedures to provide a person with a private informal  
10 managerial-level conference as provided in subsection (1). This

1 procedure shall provide that a final determination will be made  
2 in writing by the health care corporation not later than 90 cal-  
3 endar days after a grievance is submitted in writing by the  
4 member or person, including, but not limited to, a physician,  
5 authorized in writing to act on behalf of the member. The timing  
6 for the 90-calendar-day period may be tolled, however, for any  
7 period of time the member is permitted to take under the griev-  
8 ance procedure. These procedures shall include all of the  
9 following:

10       (a) A method of providing the person, upon request and pay-  
11 ment of a reasonable copying charge, with information pertinent  
12 to the denial of a certificate or to the rate charged.

13       (b) A method for resolving the dispute promptly and infor-  
14 mally, while protecting the interests of both the person and the  
15 corporation.

16       (3) If the health care corporation fails to provide a con-  
17 ference and proposed resolution within 30 days after a request by  
18 a person, or if the person disagrees with the proposed resolution  
19 of the corporation after completion of the conference, the person  
20 is entitled to a determination of the matter by the commissioner  
21 or his or her designee.

22       (4) By October 1, 1997, a health care corporation shall  
23 establish, as part of its internal procedures, an expedited  
24 grievance procedure. The expedited grievance procedure shall  
25 provide that an initial determination will be made by the health  
26 care corporation not later than 72 hours after receipt of the  
27 grievance. Within 3 business days after the initial

1 determination by the health care corporation, the member or a  
2 person, including, but not limited to, a physician, authorized in  
3 writing to act on behalf of the member may request further review  
4 by the health care corporation or for a determination of the  
5 matter by the commissioner or his or her designee under this  
6 section. If further review is requested, a final determination  
7 by the health care corporation shall be made not later than  
8 30 days after receipt of the request for further review. Within  
9 10 days after receipt of a final determination, the member or a  
10 person, including, but not limited to, a physician, authorized in  
11 writing to act on behalf of the member may request a determina-  
12 tion of the matter by the commissioner or his or her designee  
13 under this section. If the initial or final determination by the  
14 health care corporation is made orally, the health care corpora-  
15 tion shall provide a written confirmation of the determination to  
16 the member not later than 2 business days after the oral  
17 determination. An expedited grievance under this subsection  
18 applies if a grievance is submitted and a physician, orally or in  
19 writing, substantiates that the time frame for a grievance under  
20 subsections (1) to (3) would acutely jeopardize the life of the  
21 member. This subsection does not apply to a provider's complaint  
22 concerning claims payment, handling, or reimbursement for health  
23 care services. As used in this subsection, "grievance" means an  
24 oral or written statement, by a member or a person, including,  
25 but not limited to, a physician, authorized in writing to act on  
26 behalf of the member, to the health care corporation that the

1 health care corporation has wrongfully refused or failed to  
2 respond in a timely manner to a request for benefits or payment.

3 (5) The commissioner shall by rule establish a procedure for  
4 determination under this section, which shall be reasonably cal-  
5 culated to resolve these matters informally and as rapidly as  
6 possible, while protecting the interests of both the person and  
7 the health care corporation.

8 (6) If either the health care corporation or the person dis-  
9 agrees with a determination of the commissioner or his or her  
10 designee under this section, the commissioner or his or her des-  
11 ignee, if requested to do so by either party, shall proceed to  
12 hear the matter as a contested case under the administrative pro-  
13 cedures act.

14 (7) THE HEALTH CARE CORPORATION SHALL PROVIDE ALL MEMBERS  
15 WHO MEET THE CRITERIA IN SECTION 7(1) OF THE EXPERIMENTAL TREAT-  
16 MENT DISPUTE RESOLUTION ACT WITH NOTICE OF THE MEMBER'S OPTION TO  
17 HAVE THE HEALTH CARE CORPORATION'S DENIAL OF A REQUEST FOR EXPER-  
18 IMENTAL OR INVESTIGATIONAL THERAPY REVIEWED. THE HEALTH CARE  
19 CORPORATION SHALL NOTIFY ELIGIBLE MEMBERS IN WRITING OF THE  
20 OPPORTUNITY TO REQUEST AN EXTERNAL, INDEPENDENT REVIEW PURSUANT  
21 TO THE EXPERIMENTAL TREATMENT DISPUTE RESOLUTION ACT WITHIN 5  
22 BUSINESS DAYS OF THE DECISION TO DENY COVERAGE. THE NOTICE SHALL  
23 INCLUDE A DESCRIPTION OF THE EXTERNAL, INDEPENDENT REVIEW PRO-  
24 CESS, THE ADDRESS OF THE EXPERIMENTAL TREATMENT DISPUTE RESOLU-  
25 TION COMMISSION, THE INFORMATION THE MEMBER MUST PROVIDE TO THE  
26 EXPERIMENTAL TREATMENT DISPUTE RESOLUTION COMMISSION UNDER THE  
27 EXPERIMENTAL TREATMENT DISPUTE RESOLUTION ACT, AND NOTICE THAT

1 THE HEALTH CARE CORPORATION MUST BE PROVIDED WITH NOTICE BY THE  
2 MEMBER IF THE MEMBER WISHES TO REQUEST AN EXTERNAL, INDEPENDENT  
3 REVIEW. WITHIN 5 BUSINESS DAYS OF THE HEALTH CARE CORPORATION'S  
4 RECEIPT OF A REQUEST BY A MEMBER FOR AN EXTERNAL, INDEPENDENT  
5 REVIEW, THE HEALTH CARE CORPORATION SHALL PROVIDE TO THE EXPERI-  
6 MENTAL TREATMENT DISPUTE RESOLUTION COMMISSION THE DOCUMENTS  
7 REQUIRED UNDER SECTION 7(2) OF THE EXPERIMENTAL TREATMENT DISPUTE  
8 RESOLUTION ACT.

9 Enacting section 1. This amendatory act does not take  
10 effect unless Senate Bill No. \_\_\_\_ or House Bill No. \_\_\_\_ (request  
11 no. 03595'97) of the 89th Legislature is enacted into law.