

# HOUSE BILL No. 6010

September 15, 1998, Introduced by Rep. Brackenridge and referred to the Committee on Health Policy.

A bill to amend 1980 PA 350, entitled "The nonprofit health care corporation reform act," by amending sections 401 and 414a (MCL 550.1401 and 550.1414a), section 401 as amended by 1998 PA 135 and section 414a as amended by 1988 PA 345.

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

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

6       (2) A health care corporation may limit the health care ben-  
7 efits that it will furnish, except as provided in this act, and  
8 may divide the health care benefits that it elects to furnish  
9 into classes or kinds.

1 (3) A health care corporation shall not do ~~any~~ 1 OR MORE  
2 of the following:

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

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

14 (c) Limit the coverage available under a certificate, with-  
15 out the prior approval of the commissioner, unless the limitation  
16 is as a result of 1 OR MORE OF THE FOLLOWING: ~~an~~

17 (i) AN agreement with the person paying for the coverage. ~~an~~  
18 ~~an~~

19 (ii) AN agreement with the individual designated by the per-  
20 sons paying for or contracting for the coverage. ~~or a~~

21 (iii) A collective bargaining agreement.

22 (d) Rate, cancel benefits on, refuse to provide benefits  
23 for, or refuse to issue or continue a certificate solely because  
24 a subscriber or applicant is or has been a victim of domestic  
25 violence. A health care corporation ~~shall~~ IS not ~~be held~~  
26 civilly liable for ~~any~~ A cause of action that may result from  
27 compliance with this subdivision. This subdivision applies to

1 all health care corporation certificates issued or renewed on or  
2 after June 1, 1998. As used in this subdivision, "domestic  
3 violence" means inflicting bodily injury, causing serious emo-  
4 tional injury or psychological trauma, or placing in fear of  
5 imminent physical harm by threat or force a person who is a  
6 spouse or former spouse of, has or has had a dating relationship  
7 with, resides or has resided with, or has a child in common with  
8 the person committing the violence.

9 (4) Subsection (3) does not prevent a health care corpora-  
10 tion from denying to a resident of this state coverage under a  
11 certificate for ~~any~~ 1 OR MORE of the following grounds:

12 (a) That the individual was not a member of a group that had  
13 contracted for coverage under this certificate.

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

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

19 (5) A certificate may provide for the coordination of bene-  
20 fits, subrogation, and the nonduplication of benefits. Savings  
21 realized by the coordination of benefits, subrogation, and nondu-  
22 plication of benefits shall be reflected in the rates for those  
23 certificates. If a group certificate issued by the corporation  
24 contains a coordination of benefits provision, the benefits shall  
25 be payable pursuant to the coordination of benefits act, 1984  
26 PA 64, MCL 550.251 TO 550.255.

1           (6) A health care corporation ~~shall have the right to~~ HAS  
2 THE status ~~as~~ OF a party in interest, whether by intervention  
3 or otherwise, in any judicial, quasi-judicial, or administrative  
4 agency proceeding in this state for the purpose of enforcing any  
5 rights it may have for reimbursement of payments made or advanced  
6 for health care services on behalf of 1 or more of its subscrib-  
7 ers or members.

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

11           (8) A health care corporation shall not limit or deny cover-  
12 age to a subscriber or limit or deny reimbursement to a provider  
13 on the ground that services were rendered while the subscriber  
14 was in a health care facility operated by this state or a politi-  
15 cal subdivision of this state. A health care corporation shall  
16 not limit or deny participation status to a health care facility  
17 on the ground that the health care facility is operated by this  
18 state or a political subdivision of this state, if the HEALTH  
19 CARE facility meets the standards set by the corporation for all  
20 other HEALTH CARE facilities of that type, government-operated or  
21 otherwise. To qualify for participation and reimbursement, a  
22 HEALTH CARE facility shall, at a minimum, meet all of the follow-  
23 ing requirements, which shall apply to all similar HEALTH CARE  
24 facilities:

25           (a) Be accredited by the joint commission on accreditation  
26 of hospitals.

1 (b) Meet the certification standards of the medicare program  
2 and the medicaid program.

3 ~~(c) Meet all statutory requirements for certificate of~~  
4 ~~need.~~

5 (C) ~~(d)~~ Follow generally accepted accounting principles  
6 and practices.

7 (D) ~~(e)~~ Have a community advisory board.

8 (E) ~~(f)~~ Have a program of utilization and peer review to  
9 assure that patient care is appropriate and at an acute level.

10 (F) ~~(g)~~ Designate that portion of the HEALTH CARE facility  
11 that is to be used for acute care.

12 Sec. 414a. (1) A health care corporation shall offer bene-  
13 fits for the inpatient treatment of substance abuse by a licensed  
14 allopathic physician or a licensed osteopathic physician in a  
15 health care facility operated by this state or approved by the  
16 department of ~~public health~~ CONSUMER AND INDUSTRY SERVICES for  
17 the hospitalization for, or treatment of, substance abuse.

18 (2) Subject to subsections (3), (5), and (7), a health care  
19 corporation may enter into contracts with providers for the  
20 rendering of inpatient substance abuse treatment by those  
21 providers.

22 (3) A contracting provider rendering inpatient substance  
23 abuse treatment for patients other than adolescent patients shall  
24 be a licensed hospital or a substance abuse service program  
25 licensed under article 6 of the public health code, ~~Act No. 368~~  
26 ~~of the Public Acts of 1978, being sections 333.6101 to 333.6523~~  
27 ~~of the Michigan Compiled Laws~~ 1978 PA 368, MCL 333.6101 TO

1 333.6523, and shall meet the standards set by the HEALTH CARE  
2 corporation for contracting health care facilities.

3 (4) A health care corporation shall provide coverage for  
4 intermediate and outpatient care for substance abuse, upon issu-  
5 ance or renewal, in all group and nongroup certificates other  
6 than service-specific certificates, such as certificates provid-  
7 ing coverage solely for 1 of the following: dental care; hearing  
8 care; vision care; prescription drugs; or another type of health  
9 care benefit. Subject to subsections (5) and (7), a health care  
10 corporation may enter into contracts with providers for the  
11 rendering of intermediate care, outpatient care, or both types of  
12 care, for the treatment of substance abuse.

13 (5) A health care corporation shall enter into and maintain  
14 5-year contracts with not less than 5 providers in this state, as  
15 demonstration projects pursuant to section 207(1)(b), for the  
16 rendering of inpatient, intermediate, and outpatient care to ado-  
17 lescent substance abuse patients. A provider who contracts with  
18 a health care corporation for the rendering of inpatient, inter-  
19 mediate, and outpatient care to adolescent substance abuse  
20 patients shall meet all of the following requirements:

21 (a) ~~Is~~ BE accredited by the joint commission on accredit-  
22 ation of hospitals, the council on accreditation for families and  
23 children, the commission on accreditation of rehabilitation  
24 facilities, or the American osteopathic association.

25 ~~(b) If applicable, has obtained a certificate of need under~~  
26 ~~part 221 of the public health code, Act No. 368 of the Public~~

1 ~~Acts of 1978, being sections 333.22101 to 333.22181 of the~~  
2 ~~Michigan Compiled Laws.~~

3 (B) ~~(c) Is~~ BE licensed by the office of substance abuse  
4 services under article 6 of the public health code, ~~Act No. 368~~  
5 ~~of the Public Acts of 1978~~ 1978 PA 368, MCL 333.6101 TO  
6 333.6523.

7 (C) ~~(d) Is~~ BE licensed ~~by the department of social~~  
8 ~~services~~ as a child caring institution under ~~Act No. 116 of the~~  
9 ~~Public Acts of 1973, being sections 722.111 to 722.128 of the~~  
10 ~~Michigan Compiled Laws~~ 1973 PA 116, MCL 722.111 TO 722.128.

11 (D) ~~(e) Agrees~~ AGREE to follow generally accepted account-  
12 ing principles and practices.

13 (E) ~~(f) Agrees~~ AGREE to supply all data required to ful-  
14 fill the objectives of the demonstration program.

15 (F) ~~(g) Agrees~~ AGREE to work with the substance abuse  
16 advisory committee and the health care corporation in conducting  
17 the evaluation of the demonstration program.

18 (6) The substance abuse advisory committee is established,  
19 with the cooperation of the office of substance abuse services,  
20 under the direction of the office of health and medical affairs.  
21 The committee shall consist of 7 members to include the director  
22 of the office of health and medical affairs or his or her desig-  
23 nee, the administrator of the office of substance abuse services  
24 or his or her designee, a representative of the department of  
25 ~~public~~ COMMUNITY health, 2 designees of the chief executive  
26 officer of a health care corporation contracting for a  
27 demonstration project under subsection (5), a member of the

1 family of an adolescent substance abuser to be appointed by the  
2 office of health and medical affairs, and a service provider of  
3 an adolescent substance abuse treatment program to be appointed  
4 by the office of health and medical affairs. The substance abuse  
5 advisory committee shall evaluate each demonstration project and  
6 shall report at the conclusion of each demonstration project to  
7 the senate and house standing committees responsible for public  
8 health issues. A final report of all the demonstration projects  
9 shall be issued by not later than December 31, 1994, and shall  
10 include evaluations of and recommendations concerning all of the  
11 following:

12 (a) The cost of specialized adolescent substance abuse  
13 treatment compared with the effectiveness of adolescent substance  
14 abuse treatment.

15 (b) The cost and effectiveness of the different levels of  
16 adolescent substance abuse treatment, including inpatient, inter-  
17 mediate, and outpatient care and aftercare programs.

18 (7) Based on the final report submitted pursuant to  
19 subsection (6), beginning December 31, 1994, a health care corpo-  
20 ration shall continue to enter into and maintain contracts with  
21 not less than 5 providers in this state, and may enter into addi-  
22 tional contracts for the rendering of inpatient, intermediate,  
23 and outpatient care to adolescent substance abuse patients if the  
24 provider meets the requirements of subsection (5)(a) to (e).  
25 Contracts entered into under this subsection shall be based upon  
26 the recommendations of the final report submitted pursuant to  
27 subsection (6).

1 (8) A health care corporation shall reimburse providers for  
2 the rendering of inpatient, intermediate, and outpatient care to  
3 adolescent substance abuse patients at a rate that ~~shall be~~ IS  
4 commensurate with reimbursement rates for other similar providers  
5 rendering inpatient, intermediate, and outpatient care to adoles-  
6 cent substance abuse patients.

7 (9) In the case of group certificates, if the amount due for  
8 a group certificate would be increased by 3% or more because of  
9 the provision of the coverage required under subsection (4), the  
10 master policyholder shall have the option to decline the coverage  
11 required to be provided under subsection (4). In the case of  
12 nongroup certificates, if the total amount due for all nongroup  
13 certificates of the health care corporation would be increased by  
14 3% or more because of the provision of the coverage required  
15 under subsection (4), the subscriber for each such certificate  
16 shall have the option to decline the coverage required to be pro-  
17 vided under subsection (4).

18 (10) Charges, terms, and conditions for the coverage for  
19 intermediate and outpatient care for substance abuse required to  
20 be provided under subsection (4) shall not be less favorable than  
21 the maximum prescribed for any other comparable service.

22 (11) The coverage for intermediate and outpatient care for  
23 substance abuse required to be provided under subsection (4)  
24 shall not be reduced by terms or conditions ~~which~~ THAT apply to  
25 other items of coverage in a certificate, group or nongroup.  
26 This subsection ~~shall not be construed to~~ DOES NOT prohibit  
27 certificates that provide for deductibles and copayment

1 provisions for coverage for intermediate and outpatient care for  
2 substance abuse, as approved by the commissioner.

3 (12) The coverage for intermediate and outpatient care for  
4 substance abuse required to be provided under subsection (4)  
5 shall, at a minimum, provide for up to \$1,500.00 in health care  
6 benefits for intermediate and outpatient care for substance abuse  
7 per member per year. This minimum shall be adjusted by March 31,  
8 1982 and by March 31 each year thereafter in accordance with the  
9 annual average percentage increase or decrease in the United  
10 States consumer price index for the 12-month period ending the  
11 preceding December 31.

12 (13) As used in this section:

13 (a) "Adolescent" means an individual who is less than 18  
14 years of age, but more than 11 years of age.

15 (b) "Intermediate care" means the use, in a full 24-hour  
16 residential therapy setting, or in a partial, less than 24-hour,  
17 residential therapy setting, of any or all of the following ther-  
18 apeutic techniques, as identified in a treatment plan for indi-  
19 viduals physiologically or psychologically dependent upon or  
20 abusing alcohol or drugs:

21 (i) Chemotherapy.

22 (ii) Counseling.

23 (iii) Detoxification services.

24 (iv) Other ancillary services, such as medical testing,  
25 diagnostic evaluation, and referral to other services identified  
26 in a treatment plan.

1 (c) "Outpatient care" means the use, on both a scheduled and  
2 a nonscheduled basis, of any or all of the following therapeutic  
3 techniques, as identified in a treatment plan for individuals  
4 physiologically or psychologically dependent upon or abusing  
5 alcohol or drugs:

6 (i) Chemotherapy.

7 (ii) Counseling.

8 (iii) Detoxification services.

9 (iv) Other ancillary services, such as medical testing,  
10 diagnostic evaluation, and referral to other services identified  
11 in a treatment plan.

12 (d) "Substance abuse" means that term as defined in section  
13 6107 of the public health code, ~~Act No. 368 of the Public Acts~~  
14 ~~of 1978, being section 333.6107 of the Michigan Compiled Laws~~  
15 1978 PA 368, MCL 333.6107.

16 Enacting section 1. This amendatory act does not take  
17 effect unless Senate Bill No. \_\_\_\_\_ or House Bill No. \_\_\_\_\_  
18 (request no. 06043'98) of the 89th Legislature is enacted into  
19 law.