

HOUSE BILL No. 6211

September 24, 1998, Introduced by Reps. Rocca, Hammerstrom, Scranton, Birkholz, Perricone, Godchaux, Green, Cassis and Raczkowski and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," (MCL 500.100 to 500.8302) by adding sections 2212b, 3406n, and 3406o.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 2212B. (1) THIS SECTION APPLIES TO A POLICY OR CERTIF-
2 ICATE ISSUED UNDER SECTION 3405 OR 3631.

3 (2) IF PARTICIPATION BETWEEN AN INSURER AND A HEALTH CARE
4 PROVIDER IS TERMINATED OR BENEFITS OR COVERAGE PROVIDED BY A
5 HEALTH CARE PROVIDER IS TERMINATED BECAUSE OF A CHANGE IN THE
6 TERMS OF PROVIDER PARTICIPATION IN A GROUP CERTIFICATE AND A COV-
7 ERED INSURED IS UNDERGOING A COVERED COURSE OF TREATMENT FROM THE
8 PROVIDER AT THE TIME OF THE TERMINATION, THE INSURER SHALL DO
9 BOTH OF THE FOLLOWING:

1 (A) NOTIFY THE INSURED ON A TIMELY BASIS OF THE
2 TERMINATION.

3 (B) WITH THE PROVIDER'S CONSENT, PERMIT THE INSURED TO CON-
4 TINUE AN ONGOING COURSE OF TREATMENT WITH THE PROVIDER FOR A
5 TRANSITIONAL PERIOD AS PROVIDED IN THIS SECTION.

6 (3) EXCEPT AS PROVIDED IN SUBSECTIONS (5) AND (6), COVERAGE
7 UNDER THIS SECTION EXTENDS FOR A TRANSITIONAL PERIOD OF UP TO 90
8 DAYS FROM THE NOTICE DATE DESCRIBED IN SUBSECTION (2)(A).

9 (4) SUBJECT TO SUBSECTION (3), COVERAGE UNDER THIS SECTION
10 FOR INSTITUTIONAL OR INPATIENT CARE FROM A TERMINATED PROVIDER
11 EXTENDS UNTIL THE DISCHARGE OR TERMINATION OF THE INSTITUTIONAL-
12 IZATION PERIOD AND ALSO INCLUDES INSTITUTIONAL CARE PROVIDED
13 WITHIN A REASONABLE TIME OF THE DATE OF THE TERMINATION OF THE
14 PROVIDER STATUS IF EITHER OF THE FOLLOWING APPLIES:

15 (A) THE CARE WAS SCHEDULED BEFORE THE NOTICE DATE DESCRIBED
16 IN SUBSECTION (2)(A).

17 (B) THE INSURED WAS ON AN ESTABLISHED WAITING LIST OR OTHER-
18 WISE SCHEDULED TO HAVE THE CARE BEFORE THE NOTICE DATE DESCRIBED
19 IN SUBSECTION (2)(A).

20 (5) IF AN INSURED HAS ENTERED THE SECOND OR THIRD TRIMESTER
21 OF PREGNANCY AT THE TIME THAT HER PROVIDER WHO WAS TREATING THE
22 PREGNANCY WAS TERMINATED, COVERAGE UNDER THIS SECTION EXTENDS
23 THROUGH POSTPARTUM CARE DIRECTLY RELATED TO THE PREGNANCY.

24 (6) IF AN INSURED IS DETERMINED TO BE TERMINALLY ILL PRIOR
25 TO A PROVIDER'S TERMINATION AND THE PROVIDER WAS TREATING THE
26 TERMINAL ILLNESS BEFORE THE DATE OF TERMINATION, COVERAGE UNDER

1 THIS SECTION EXTENDS FOR THE REMAINDER OF THE INSURED'S LIFE FOR
2 CARE DIRECTLY RELATED TO THE TREATMENT OF THE TERMINAL ILLNESS.

3 (7) SUBSECTIONS (3) THROUGH (6) APPLY ONLY IF THE HEALTH
4 CARE PROVIDER AGREES TO ALL OF THE FOLLOWING:

5 (A) TO ACCEPT AS PAYMENT IN FULL REIMBURSEMENT FROM THE
6 INSURER AND INSURED AT RATES APPLICABLE PRIOR TO THE START OF THE
7 TRANSITIONAL PERIOD.

8 (B) TO ADHERE TO THE INSURED'S STANDARDS FOR MAINTAINING
9 QUALITY HEALTH CARE AND TO PROVIDE TO THE INSURER NECESSARY MEDI-
10 CAL INFORMATION RELATED TO THE CARE.

11 (C) NOT TO IMPOSE COST-SHARING WITH THE INSURED IN AN AMOUNT
12 THAT WOULD EXCEED THE COST-SHARING THAT COULD HAVE BEEN IMPOSED
13 IF THE PARTICIPATION HAD NOT BEEN TERMINATED.

14 (8) AS USED IN THIS SECTION:

15 (A) "TERMINAL ILLNESS" MEANS THAT TERM AS DEFINED IN
16 SECTION 5653 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL
17 333.5653.

18 (B) "TERMINATED" OR "TERMINATION" INCLUDES THE EXPIRATION OR
19 NONRENEWAL OF A CONTRACT OR PARTICIPATION WITH A HEALTH CARE PRO-
20 VIDER BY AN INSURER, BUT DOES NOT INCLUDE A TERMINATION BY THE
21 INSURER FOR FAILURE TO MEET APPLICABLE QUALITY STANDARDS OR FOR
22 FRAUD.

23 SEC. 3406N. (1) AN INSURER THAT DELIVERS, ISSUES FOR DELIV-
24 ERY, OR RENEWS IN THIS STATE AN EXPENSE-INCURRED HOSPITAL, MEDI-
25 CAL, OR SURGICAL POLICY OR CERTIFICATE THAT REQUIRES AN INSURED
26 TO DESIGNATE A PARTICIPATING PRIMARY CARE PROVIDER AND PROVIDES

1 FOR DEPENDENT CARE COVERAGE SHALL PERMIT A DEPENDENT MINOR
2 INSURED TO ACCESS A PEDIATRICIAN FOR PEDIATRIC CARE SERVICES.

3 (2) AN INSURER SHALL NOT REQUIRE PRIOR AUTHORIZATION OR
4 REFERRAL FOR ACCESS UNDER SUBSECTION (1) TO A PEDIATRICIAN WHO
5 PARTICIPATES WITH THE INSURER. AN INSURER MAY REQUIRE PRIOR
6 AUTHORIZATION OR REFERRAL FOR ACCESS TO A NONPARTICIPATING
7 PEDIATRICIAN.

8 SEC. 3406o. AN INSURER THAT DELIVERS, ISSUES FOR DELIVERY,
9 OR RENEWS IN THIS STATE AN EXPENSE-INCURRED HOSPITAL, MEDICAL, OR
10 SURGICAL POLICY OR CERTIFICATE THAT PROVIDES COVERAGE FOR PRE-
11 SCRIPTON DRUGS AND LIMITS THOSE BENEFITS TO DRUGS INCLUDED IN A
12 FORMULARY SHALL DO ALL OF THE FOLLOWING:

13 (A) ENSURE PARTICIPATION OF PARTICIPATING PHYSICIANS AND
14 PHARMACISTS IN THE DEVELOPMENT OF THE FORMULARY.

15 (B) DISCLOSE TO HEALTH CARE PROVIDERS AND UPON REQUEST TO
16 INSUREDS THE NATURE OF THE FORMULARY RESTRICTIONS.

17 (C) PROVIDE FOR EXCEPTIONS FROM THE FORMULARY LIMITATION
18 WHEN A NONFORMULARY ALTERNATIVE IS MEDICALLY INDICATED. THIS
19 SUBDIVISION DOES NOT PREVENT AN INSURER FROM ESTABLISHING HIGHER
20 COST-SHARING FOR NONFORMULARY ALTERNATIVES.