

**SENATE SUBSTITUTE FOR**

**HOUSE BILL NO. 5959**

(As amended December 14, 2000)

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A bill to amend 1956 PA 218, entitled "An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain

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claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker's compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers

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and duties upon certain officials, departments, and authorities of this state; to repeal acts and parts of acts; and to provide penalties for the violation of this act," by amending section 2212b (MCL 500.2212b), as added by 1999 PA 230; and to repeal acts and parts of acts.

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

- 1           Sec. 2212b. (1) This section applies to a policy or certifi-
- 2           cate issued under section 3405 or 3631 AND TO A HEALTH MAINTE-
- 3           NANCE ORGANIZATION CONTRACT.
- 4           (2) If participation between a primary care physician and an
- 5           insurer terminates, the physician may provide written notice of
- 6           this termination within 15 days after the physician becomes aware
- 7           of the termination to each insured who has chosen the physician

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- 8 as his or her primary care physician. If an insured is in  
an
- 9 ongoing course of treatment with any other physician that is
- 10 participating with the insurer and the participation between  
the

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1 physician and the insurer terminates, the physician may  
provide

2 written notice of this termination to the insured within 15  
days

3 after the physician becomes aware of the termination. The

4 notices under this subsection may also describe the  
procedure for

5 continuing care under subsections (3) and (4).

6 (3) If participation between an insured's current  
physician

7 and an insurer terminates, the insurer shall permit the  
insured

8 to continue an ongoing course of treatment with that  
physician as

9 follows:

10 (a) For 90 days from the date of notice to the insured  
by

11 the physician of the physician's termination with the  
insurer.

12 (b) If the insured is in her second or third trimester  
of

13 pregnancy at the time of the physician's termination,  
through

14 postpartum care directly related to the pregnancy.

15 (c) If the insured is determined to be terminally ill  
prior

16 to a physician's termination or knowledge of the termination  
and

17 the physician was treating the terminal illness before the  
date

18 of termination or knowledge of the termination, for the  
remainder

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19 of the insured's life for care directly related to the  
treatment

20 of the terminal illness.

21 (4) Subsection (3) applies only if the physician agrees  
to

22 all of the following:

23 (a) To continue to accept as payment in full  
reimbursement

24 from the insurer at the rates applicable prior to the

25 termination.

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1           (b) To adhere to the insurer's standards for  
maintaining  
2   quality health care and to provide to the insurer necessary  
3   medical information related to the care.

4           (c) To otherwise adhere to the insurer's policies and  
proce-  
5   dures, including, but not limited to, those concerning  
utiliza-  
6   tion review, referrals, preauthorizations, and treatment  
plans.

7           (5) An insurer shall provide written notice to each  
partici-  
8   pating physician that if participation between the physician  
and  
9   the insurer terminates, the physician may do both of the  
10   following:

11           (a) Notify the insurer's insureds under the care of the  
phy-  
12   sician of the termination if the physician does so within 15  
days  
13   after the physician becomes aware of the termination.

14           (b) Include in the notice under subdivision (a) a  
descrip-  
15   tion of the procedures for continuing care under subsections  
(3)  
16   and (4).

17           (6) This section does not create an obligation for an  
18   insurer to provide to an insured coverage beyond the maximum  
cov-  
19   erage limits permitted by the insurer's policy or  
certificate

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- 20 with the insured. THIS SECTION DOES NOT CREATE AN  
OBLIGATION FOR
- 21 AN INSURER TO EXPAND WHO MAY BE A PRIMARY CARE PHYSICIAN  
UNDER A
- 22 POLICY OR CERTIFICATE.
- 23 (7) As used in this section:
- 24 (a) "Physician" means an allopathic physician, ~~or~~  
osteo-
- 25 pathic physician, OR PODIATRIC PHYSICIAN.
- 26 (b) "Terminal illness" means that term as defined in  
section
- 27 5653 of the public health code, 1978 PA 368, MCL 333.5653.

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Sub. HB 5959 (S-1) as amended by the House and Senate  
[House amendments (December 14, 2000) shown in brackets]

4

- 1 (c) "Terminates" or "termination" includes the  
nonrenewal,
- 2 expiration, or ending for any reason of a participation  
agreement
- 3 or contract between a physician and an insurer, but does not
- 4 include a termination by the insurer for failure to meet  
applica-
- 5 ble quality standards or for fraud.

Enacting section 1. Sections 1841, 1946, and 2940 of  
the insurance code of 1956, 1956 PA 218, MCL 500.1841,  
500.1946, and 500.2940, are repealed.

[Enacting section 2. Section 2074 of the insurance  
code of 1956, 1956 PA 218, MCL 500.2074, is repealed.]

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