

Act No. 175  
Public Acts of 1999  
Approved by the Governor  
November 15, 1999  
Filed with the Secretary of State  
November 16, 1999  
EFFECTIVE DATE: November 16, 1999

**STATE OF MICHIGAN  
90TH LEGISLATURE  
REGULAR SESSION OF 1999**

**Introduced by Reps. Woronchak, Howell, Ehardt, DeRossett, Birkholz, Caul, Richardville, Shackleton, Gilbert, Julian, Faunce, Bisbee, Kowall, Hager, Van Woerkom and Scranton  
Reps. Allen, Bishop, Bovin, Bob Brown, Cameron Brown, Byl, Cassis, DeVuyt, DeWeese, Hardman, Jacobs, Jansen, Rick Johnson, Ruth Johnson, Koetje, Kukuk, LaSata, Law, Lockwood, Mead, Neumann, O'Neil, Pappageorge, Patterson, Prusi, Pumford, Reeves, Rocca, Sanborn, Schauer, Scott, Tabor, Toy, Vander Roest, Vaughn, Voorhees, Wojno and Woodward named co-sponsors**

## **ENROLLED HOUSE BILL No. 4479**

AN ACT to amend 1980 PA 350, entitled "An act to provide for the incorporation of nonprofit health care corporations; to provide their rights, powers, and immunities; to prescribe the powers and duties of certain state officers relative to the exercise of those rights, powers, and immunities; to prescribe certain conditions for the transaction of business by those corporations in this state; to define the relationship of health care providers to nonprofit health care corporations and to specify their rights, powers, and immunities with respect thereto; to provide for a Michigan caring program; to provide for the regulation and supervision of nonprofit health care corporations by the commissioner of insurance; to prescribe powers and duties of certain other state officers with respect to the regulation and supervision of nonprofit health care corporations; to provide for the imposition of a regulatory fee; to regulate the merger or consolidation of certain corporations; to prescribe an expeditious and effective procedure for the maintenance and conduct of certain administrative appeals relative to provider class plans; to provide for certain administrative hearings relative to rates for health care benefits; to provide for certain causes of action; to prescribe penalties and to provide civil fines for violations of this act; and to repeal certain acts and parts of acts," (MCL 550.1101 to 550.1704) by adding section 401h.

*The People of the State of Michigan enact:*

Sec. 401h. A health care corporation that provides coverage for prescription drugs and limits those benefits to drugs included in a formulary shall do all of the following:

(a) Provide for participation of participating physicians, dentists, and pharmacists in the development of the formulary.

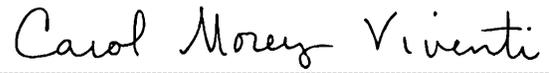
(b) Disclose to health care providers and upon request to members the nature of the formulary restrictions.

(c) Provide for exceptions from the formulary limitation when a nonformulary alternative is a medically necessary and appropriate alternative. This subdivision does not prevent a health care corporation from establishing prior authorization requirements or another process for consideration of coverage or higher cost-sharing for nonformulary alternatives. Notice as to whether or not an exception under this subdivision has been granted shall be given by the health care corporation within 24 hours after receiving all information necessary to determine whether the exception should be granted.

This act is ordered to take immediate effect.



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Clerk of the House of Representatives.



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Secretary of the Senate.

Approved .....

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Governor.