

SENATE SUBSTITUTE FOR

HOUSE BILL NO. 6327

(As amended by the Senate, December 11, 2002)

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 224b, 2409, 2409a, 2409c, 3515, 3519, and 3528 (MCL 500.224b, 500.2409, 500.2409a, 500.2409c, 500.3515, 500.3519, and 500.3528), section 224b as added and sections 3515 and 3519 as amended by 2002 PA 304, sections 2409 and 2409a as amended by 1993 PA 200, section 2409c as added by 1986 PA 318, and section 3528 as added by 2000 PA 252.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 224b. (1) The department of community health shall
- 2 assess on each health maintenance organization that has a medi-
- 3 caid managed care contract awarded by the state and administered
- 4 by the department of community health a quality assurance
- 5 assessment fee that equals ~~a percentage established by the~~
- 6 ~~department of community health that, when applied to each health~~

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

2

1 ~~maintenance organization's non-medicare premiums paid to the~~
2 ~~health maintenance organization, totals an amount that would~~
3 ~~equal a 5% increase for the medicaid managed care program net of~~
4 ~~the value of the quality assurance assessment fee. 6% OF~~
5 NON-MEDICARE PREMIUMS COLLECTED BY THAT HEALTH MAINTENANCE
6 ORGANIZATION.

7 (2) The quality assurance assessment fee collected under
8 subsection (1) and all federal matching funds attributed to that
9 fee shall be used for the following purposes and under the fol-
10 lowing specific circumstances:

11 ~~(a) The entire quality assurance assessment fee and all~~
12 ~~federal matching funds attributed to that fee shall be used to~~
13 ~~maintain the medicaid reimbursement rate increase in each fiscal~~
14 ~~year in which the fee is first assessed. Only a health mainte-~~
15 ~~nance organization that is assessed the quality assurance assess-~~
16 ~~ment fee is eligible for the increased medicaid reimbursement~~
17 ~~rates under this section.~~

18 (A) ~~(b)~~ The quality assurance assessment fee shall be
19 implemented on ~~the effective date of the amendatory act that~~
20 ~~added this section~~ MAY 10, 2002.

21 (B) ~~(c)~~ The quality assurance assessment fee shall be
22 assessed on the non-medicare premiums collected by each health
23 maintenance organization described in subsection (1) ~~in calendar~~
24 ~~year 2001~~ BASED ON THE HEALTH MAINTENANCE ORGANIZATION'S MOST
25 RECENT STATEMENT FILED WITH THE COMMISSIONER PURSUANT TO
26 SECTIONS 438 AND 438A. ~~If the health maintenance organization~~
27 ~~did not have non-medicare premium revenue in calendar year 2001,~~

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

3

1 ~~the assessment shall be based on the health maintenance~~
2 ~~organization's non-medicare premiums collected in the immediately~~
3 ~~preceding quarter.~~ Except as otherwise provided, the quality
4 assurance assessment fee shall be payable on a quarterly basis
5 with the first payment due 90 days after the date the fee is
6 assessed. ~~However, for~~ IF a health maintenance organization
7 ~~that did~~ DOES not have non-medicare premium revenue ~~in calen-~~
8 ~~dar year 2001, the first quality assurance assessment fee shall~~
9 ~~be assessed as soon as possible~~ LISTED IN A FILING UNDER
10 SECTION 438 OR 438A, THE ASSESSMENT SHALL BE BASED ON AN ESTIMATE
11 BY THE DEPARTMENT OF COMMUNITY HEALTH OF THE HEALTH MAINTENANCE
12 ORGANIZATION'S NON-MEDICARE PREMIUMS FOR THE QUARTER and shall be
13 payable upon receipt.

14 (C) ~~(d)~~ The quality assurance assessment fee shall only be
15 assessed on a health maintenance organization that has in effect
16 a medicaid managed care contract awarded by the state and admin-
17 istered by the department of community health at the time of the
18 assessment.

19 (D) ~~(e)~~ Beginning October 1, ~~2003~~ 2007, the quality
20 assurance assessment fee shall no longer be assessed or
21 collected.

22 (E) ~~(f)~~ The department of community health shall implement
23 this section in a manner that complies with federal requirements.
24 ~~necessary to assure that the quality assurance assessment fee~~
25 ~~qualifies for federal matching funds.~~ If the department of com-
26 munity health is unable to comply with the federal requirements
27 for federal matching funds under this section or is unable to use

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

4

1 the fiscal year 2001-2002 level of support for federal matching
2 dollars other than for a change in covered benefits or covered
3 population required under the state's medicaid contract with
4 health maintenance organizations, the quality assurance assess-
5 ment fee under this section shall no longer be assessed or
6 collected.

7 (F) ~~(g)~~ If a health maintenance organization fails to pay
8 the quality assurance assessment fee required under
9 subsection (1), the department of community health may assess the
10 health maintenance organization a penalty of 5% of the assessment
11 for each month that the assessment and penalty are not paid up to
12 a maximum of 50% of the assessment. The department of community
13 health may also refer for collection to the department of trea-
14 sury past due amounts consistent with section 13 of 1941 PA 122,
15 MCL 205.13.

16 (G) ~~(h)~~ The medicaid health maintenance organization qual-
17 ity assurance assessment fund is established as a separate fund
18 in the state treasury. The department of community health shall
19 deposit the revenue raised through the quality assurance assess-
20 ment fee with the state treasurer for deposit in the medicaid
21 health maintenance organization quality assurance assessment
22 fund. ~~to be used as provided in subsection (2)(a).~~

23 (H) ~~(i)~~ In all fiscal years governed by this section,
24 medicaid reimbursement rates shall not be reduced below the medi-
25 caid payment rates in effect on April 1, 2002 as a direct result
26 of the quality assurance assessment fee assessed under this
27 section. This subdivision does not apply to a change in medicaid

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

5

1 reimbursement rates caused by a change in covered benefits or
2 change in covered populations required under the state's medicaid
3 contract with health maintenance organizations.

4 (I) ~~-(j)-~~ The amounts listed in this subdivision are appro-
5 priated for the department of community health, subject to the
6 conditions set forth in this section, for the fiscal year ending
7 September 30, 2003:

8 MEDICAL SERVICES

9 Health plan services..... \$ 1,476,781,100
10 Gross appropriation..... \$ 1,476,781,100

11 Appropriated from:

12 Federal revenues:

13 Total federal revenues..... 817,495,900

14 Special revenue funds:

15 Medicaid quality assurance assessment..... 55,747,000

16 State general fund/general purpose..... \$ 603,538,200

17 (3) As used in this section:

18 (a) "Medicaid" means title XIX of the social security act,
19 chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6 and 1396r-8
20 to 1396v.

21 (b) "Medicare" means title XVIII of the social security act,
22 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2,
23 1395b-6 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to
24 1395t, 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28,
25 1395x to 1395yy, and 1395bbb to 1395ggg.

26 Sec. 2409. (1) ~~The~~ BY MAY 15, 2003 AND BY MAY 15 ANNUALLY
27 THEREAFTER, THE commissioner SHALL MAKE A DETERMINATION AS TO

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

6

1 WHETHER A REASONABLE DEGREE OF COMPETITION IN THE WORKER'S
2 COMPENSATION INSURANCE MARKET EXISTS ON A STATEWIDE BASIS. IF
3 THE COMMISSIONER DETERMINES THAT A REASONABLE DEGREE OF COMPETI-
4 TION IN THE WORKER'S COMPENSATION INSURANCE MARKET DOES NOT EXIST
5 ON A STATEWIDE BASIS, THE COMMISSIONER shall hold a public hear-
6 ing and shall issue a ~~tentative~~ report ~~detailing the state of~~
7 ~~competition in the worker's compensation insurance market on a~~
8 ~~statewide basis and~~ delineating specific classifications ~~—~~, AND
9 kinds or types of insurance, if any, where competition does not
10 exist. ~~not later than January 15, 1984 and each year~~
11 ~~thereafter.~~ The report shall be based on relevant economic
12 tests, including but not limited to those in subsection (3). The
13 findings in the report shall not be based on any single measure
14 of competition, but appropriate weight shall be given to all mea-
15 sures of competition. ~~The report shall include a certification~~
16 ~~of whether or not competition exists.~~ Any person who disagrees
17 with the report and findings of the commissioner may request a
18 contested hearing pursuant to the administrative procedures act
19 of 1969, ~~Act No. 306 of the Public Acts of 1969, as amended,~~
20 ~~being sections 24.201 to 24.328 of the Michigan Compiled Laws~~
21 1969 PA 306, MCL 24.201 TO 24.328, not later than 60 days after
22 issuance of the ~~tentative~~ report UNDER THIS SUBSECTION.
23 (2) ~~Not later than August 1, 1984 and each year thereafter~~
24 IF THE RESULTS OF THE REPORT ISSUED UNDER SUBSECTION (1) ARE DIS-
25 PUTED OR IF THE COMMISSIONER DETERMINES THAT CIRCUMSTANCES THAT
26 THE REPORT WAS BASED ON HAVE CHANGED, the commissioner shall
27 issue a ~~final~~ SUPPLEMENTAL report TO THE REPORT UNDER

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

7

1 SUBSECTION (1) which shall include a ~~final~~ certification of
2 whether or not A REASONABLE DEGREE OF competition exists in the
3 worker's compensation insurance market. The ~~final~~ SUPPLEMENTAL
4 report and certification shall be ISSUED NOT LATER THAN NOVEMBER
5 15 IMMEDIATELY FOLLOWING THE RELEASE OF THE REPORT UNDER SUBSEC-
6 TION (1) THAT THIS REPORT SUPPLEMENTS AND SHALL BE supported by
7 substantial evidence.

8 (3) All of the following shall be considered by the commis-
9 sioner for purposes of subsections (1) and (2):

10 (a) The extent to which any insurer controls all or a por-
11 tion of the worker's compensation insurance market. ~~With~~
12 ~~respect to competition on a statewide basis, an insurer shall not~~
13 ~~be considered to control the worker's compensation insurance~~
14 ~~market unless it has more than a 15% market share.~~ In making a
15 determination under this subdivision, the commissioner shall use
16 all insurers in this state, including self-insurers, group
17 self-insurers as ~~defined~~ PROVIDED in chapter 65, and insurers
18 writing risks under the placement facility created in chapter 23
19 as a base for calculating market share.

20 (b) Whether the total number of companies writing worker's
21 compensation insurance in this state is sufficient to provide
22 multiple options to employers.

23 (c) The disparity among worker's compensation insurance
24 rates and classifications to the extent that such classifications
25 result in rate differentials.

26 (d) The availability of worker's compensation insurance to
27 employers in all geographic areas and all types of business.

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

8

1 (e) The residual market share.

2 (f) The overall rate level which is not excessive, inade-
3 quate, or unfairly discriminatory.

4 (g) Any other factors the commissioner considers relevant.

5 (4) The reports and certifications required under subsec-
6 tions (1) and (2) shall be forwarded to the governor, the clerk
7 of the house, the secretary of the senate, all the members of the
8 house of representatives STANDING committees on insurance and
9 labor ISSUES, and all the members of the senate STANDING commit-
10 tees on commerce and labor ISSUES.

11 (5) Not later than 90 days after receipt of the final report
12 and final certification, the legislature, by concurrent resolu-
13 tion, shall approve or disapprove the certification by a majority
14 roll-call vote in each house. If the certification is approved,
15 the commissioner shall proceed under section 2409a.

16 Sec. 2409a. If the commissioner certifies and the legisla-
17 ture resolves pursuant to section 2409 that a reasonable degree
18 of competition does not exist with respect to the worker's com-
19 pensation insurance market on a statewide basis or any geographic
20 areas, classifications, kinds or types of risk, or that insurance
21 is unavailable to a segment of the market who are, in good faith,
22 entitled to obtain insurance through ordinary means, the commis-
23 sioner shall create competition or availability where it does not
24 exist. A plan for competition or availability adopted pursuant
25 to this section shall be included in a ~~final certification of~~
26 ~~noncompetition~~ REPORT OR SUPPLEMENTAL REPORT under
27 section 2409. The plan shall only relate to those geographic

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

9

1 areas, classifications, or kinds or types of risks where
2 competition has been certified not to exist. The plan may
3 include ~~such~~ methods designed to create competition or avail-
4 ability as the commissioner considers necessary, and may provide
5 for the commissioner to do 1 or more of the following:

6 (a) Authorize, by order, joint underwriting activities in a
7 manner specified in the commissioner's order.

8 (b) Modify the rate approval process in a manner to increase
9 competition or availability while at the same time providing for
10 reasonably timely rate approvals, including prior approval or
11 file and use processes.

12 (c) Order excess profits regulation. Excess profits regula-
13 tion authorized by this subdivision shall be based upon rules
14 promulgated pursuant to the administrative procedures act of
15 1969, ~~Act No. 306 of the Public Acts of 1969, being~~
16 ~~sections 24.201 to 24.328 of the Michigan Compiled Laws~~ 1969
17 PA 306, MCL 24.201 TO 24.328. Excess profits shall include both
18 underwriting profits and all after-tax investment or investment
19 profit or loss from unearned premiums and loss reserves attribut-
20 able to worker's compensation insurance. The commissioner, pur-
21 suant to excess profits regulation, may establish forms for the
22 reporting of financial data of an insurer.

23 (d) Establish and require worker's compensation insurance
24 rates, by order, which insurers must use as a condition of main-
25 taining their certificate of authority. The order setting the
26 rates shall take effect not less than 90 days nor more than 150
27 days after the order is issued.

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

10

1 Sec. 2409c. (1) ~~The~~ BY MAY 15, 2003 AND BY MAY 15
2 ANNUALLY THEREAFTER, THE commissioner SHALL MAKE AN ANNUAL DETER-
3 MINATION AS TO WHETHER A REASONABLE DEGREE OF COMPETITION IN THE
4 COMMERCIAL LIABILITY INSURANCE MARKET EXISTS ON A STATEWIDE
5 BASIS. IF THE COMMISSIONER DETERMINES THAT A REASONABLE DEGREE
6 OF COMPETITION IN THE COMMERCIAL LIABILITY INSURANCE MARKET DOES
7 NOT EXIST ON A STATEWIDE BASIS, THE COMMISSIONER shall hold a
8 public hearing and shall issue a ~~tentative~~ report ~~detailing~~
9 ~~the state of competition in the commercial liability insurance~~
10 ~~market on a statewide basis and~~ delineating specific classifica-
11 tions ~~—~~ AND kinds or types of insurance, if any, where A REA-
12 SONABLE DEGREE OF competition does not exist. ~~not later than~~
13 ~~January 15, 1988 and each year thereafter.~~ The report shall be
14 based on relevant economic tests, including, but not limited to,
15 those in subsection (3). The findings in the report shall not be
16 based on any single measure of competition, but appropriate
17 weight shall be given to all measures of competition. ~~The~~
18 ~~report shall include a certification of whether or not competi-~~
19 ~~tion exists.~~ Any person who disagrees with the report and find-
20 ings of the commissioner may request a contested hearing pursuant
21 to the administrative procedures act of 1969, ~~Act No. 306 of the~~
22 ~~Public Acts of 1969, being sections 24.201 to 24.328 of the~~
23 ~~Michigan Compiled Laws—~~ 1969 PA 306, MCL 24.201 TO 24.328, not
24 later than 60 days after issuance of the ~~tentative~~ report UNDER
25 THIS SUBSECTION.
26 (2) ~~Not later than August 1, 1988 and each year thereafter~~
27 IF THE RESULTS OF THE REPORT ISSUED UNDER SUBSECTION (1) ARE

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

11

1 DISPUTED OR IF THE COMMISSIONER DETERMINES THAT CIRCUMSTANCES
2 THAT THE REPORT WAS BASED ON HAVE CHANGED, the commissioner shall
3 issue a ~~final~~ SUPPLEMENTAL report TO THE REPORT UNDER SUBSEC-
4 TION (1) which shall include a ~~final~~ certification of whether
5 or not A REASONABLE DEGREE OF competition exists in the commer-
6 cial liability insurance market. The ~~final~~ SUPPLEMENTAL report
7 and certification shall be ISSUED NOT LATER THAN NOVEMBER 15
8 IMMEDIATELY FOLLOWING THE RELEASE OF THE REPORT UNDER SUBSECTION
9 (1) THAT THIS REPORT SUPPLEMENTS AND SHALL BE supported by sub-
10 stantial evidence.

11 (3) All of the following shall be considered by the commis-
12 sioner for purposes of subsections (1) and (2):

13 (a) The extent to which any insurer controls the commercial
14 liability insurance market, or any portion ~~thereof~~ OF THE COM-
15 Mercial LIABILITY INSURANCE MARKET. ~~With respect to competition~~
16 ~~on a statewide basis, an insurer shall not be considered to con-~~
17 ~~trol the commercial liability insurance market unless it has more~~
18 ~~than a 15% market share.~~

19 (b) Whether the total number of companies writing commercial
20 liability insurance in this state is sufficient to provide multi-
21 ple options to commercial liability insurance purchasers.

22 (c) The disparity among commercial liability insurance rates
23 and classifications to the extent that such classifications
24 result in rate differentials.

25 (d) The availability of commercial liability insurance to
26 commercial liability insurance purchasers in all geographic areas
27 and all types of business.

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

12

1 (e) The residual market share.

2 Sec. 3515. (1) A health maintenance organization may pro-
3 vide additional health maintenance services or any other related
4 health care service or treatment not required under this
5 chapter.

6 (2) A health maintenance organization may have health main-
7 tenance contracts with deductibles. A health maintenance organi-
8 zation may have health maintenance contracts with ~~nominal~~
9 copayments that are required for specific health maintenance
10 services. Copayments FOR SERVICES REQUIRED UNDER SECTION
11 3501(B), excluding deductibles, SHALL BE NOMINAL, shall not
12 exceed 50% of a health maintenance organization's reimbursement
13 to an affiliated provider for providing the service to an
14 enrollee, and shall not be based on the provider's standard
15 charge for the service. A health maintenance organization shall
16 not require contributions be made to a deductible for preventa-
17 tive health care services. As used in this subsection,
18 "preventative health care services" means services designated to
19 maintain an individual in optimum health and to prevent unneces-
20 sary injury, illness, or disability.

21 (3) A health maintenance organization may accept from gov-
22 ernmental agencies and from private persons payments covering any
23 part of the cost of health maintenance contracts.

24 Sec. 3519. (1) A health maintenance organization contract
25 and the contract's rates, including any deductibles and ~~nominal~~
26 copayments, between the organization and its subscribers shall be
27 fair, sound, and reasonable in relation to the services provided,

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

13

1 and the procedures for offering and terminating contracts shall
2 not be unfairly discriminatory.

3 (2) A health maintenance organization contract and the
4 contract's rates shall not discriminate on the basis of race,
5 color, creed, national origin, residence within the approved
6 service area of the health maintenance organization, lawful occu-
7 pation, sex, handicap, or marital status, except that marital
8 status may be used to classify individuals or risks for the pur-
9 pose of insuring family units. The commissioner may approve a
10 rate differential based on sex, age, residence, disability, mari-
11 tal status, or lawful occupation, if the differential is sup-
12 ported by sound actuarial principles, a reasonable classification
13 system, and is related to the actual and credible loss statistics
14 or reasonably anticipated experience for new coverages.

15 (3) All health maintenance organization contracts shall
16 include, at a minimum, basic health services.

17 Sec. 3528. (1) A health maintenance organization shall do
18 all of the following:

19 (a) Establish written policies and procedures for creden-
20 tialing verification of all health professionals with whom the
21 health maintenance organization contracts and shall apply these
22 standards consistently.

23 (b) Verify the credentials of a health professional before
24 entering into a contract with that health professional. The
25 health maintenance organization's medical director or other des-
26 ignated health professional shall have responsibility for, and

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

14

1 shall participate in, health professional credentialing
2 verification.

3 (c) Establish a credentialing verification committee con-
4 sisting of licensed physicians and other health professionals to
5 review credentialing verification information and supporting doc-
6 uments and make decisions regarding credentialing verification.

7 (d) Make available for review by the applying health profes-
8 sional upon written request all application and credentialing
9 verification policies and procedures.

10 (e) Retain all records and documents relating to a health
11 professional's credentialing verification process for at least 2
12 years.

13 (f) Keep confidential all information obtained in the cre-
14 dentialing verification process, except as otherwise provided by
15 law.

16 (2) A health maintenance organization shall obtain primary
17 verification of at least all of the following information about
18 an applicant to become ~~an affiliated provider~~ A HEALTH
19 PROFESSIONAL with the health maintenance organization:

20 (a) Current license to practice in this state and history of
21 licensure.

22 (b) Current level of professional liability coverage, if
23 applicable.

24 (c) Status of hospital privileges, if applicable.

25 ~~(d) Specialty board certification status, if applicable.~~

26 ~~(e) Current drug enforcement agency (DEA) registration~~
27 ~~certificate, if applicable.~~

1 ~~(f) Graduation from medical or other appropriate school.~~

2 ~~(g) Completion of postgraduate training, if applicable.~~

3 (3) A health maintenance organization shall obtain, subject
4 to either primary or secondary verification at the health mainte-
5 nance organization's discretion, all of the following information
6 about an applicant to become an affiliated provider with the
7 health maintenance organization:

8 (a) The health professional's license history in this and
9 all other states.

10 (b) The health professional's malpractice history.

11 (c) The health professional's practice history.

12 (D) SPECIALTY BOARD CERTIFICATION STATUS, IF APPLICABLE.

13 (E) CURRENT DRUG ENFORCEMENT AGENCY (DEA) REGISTRATION CER-
14 TIFICATE, IF APPLICABLE.

15 (F) GRADUATION FROM MEDICAL OR OTHER APPROPRIATE SCHOOL.

16 (G) COMPLETION OF POSTGRADUATE TRAINING, IF APPLICABLE.

17 (4) A health maintenance organization shall obtain at least
18 every 3 years primary verification of all of the following for a
19 participating health professional:

20 (a) Current license to practice in this state.

21 (b) Current level of professional liability coverage, if
22 applicable.

23 (c) Status of hospital privileges, if applicable.

24 ~~(d) Current DEA registration certificate, if applicable.~~

25 ~~(e) Specialty board certification status, if applicable.~~

26 (5) A health maintenance organization shall require all
27 participating providers to notify the health maintenance

1 organization of changes in the status of any of the items listed
2 in this section at any time and identify for providers the indi-
3 vidual at the health maintenance organization to whom they should
4 report changes in the status of an item listed in this section.

5 (6) A health maintenance organization shall provide a health
6 professional with the opportunity to review and correct informa-
7 tion submitted in support of that health professional's creden-
8 tialing verification application as follows:

9 (a) Each health professional who is subject to the creden-
10 tialing verification process has the right to review all informa-
11 tion, including the source of that information, obtained by the
12 health maintenance organization to satisfy the requirements of
13 this section during the health maintenance organization's creden-
14 tialing process.

15 (b) A health maintenance organization shall notify a health
16 professional of any information obtained during the health main-
17 tenance organization's credentialing verification process that
18 does not meet the health maintenance organization's credentialing
19 verification standards or that varies substantially from the
20 information provided to the health maintenance organization by
21 the health professional, except that the health maintenance
22 organization is not required to reveal the source of information
23 if the information is not obtained to meet the requirements of
24 this section or if disclosure is prohibited by law.

25 (c) A health professional has the right to correct any erro-
26 neous information. A health maintenance organization shall have
27 a formal process by which a health professional may submit

HB 6327, As Passed Senate, December 11, 2002

House Bill No. 6327

17

1 supplemental or corrected information to the health maintenance
2 organization's credentialing verification committee and request a
3 reconsideration of the health professional's credentialing veri-
4 fication application if the health professional feels that the
5 health carrier's credentialing verification committee has
6 received information that is incorrect or misleading.
7 Supplemental information is subject to confirmation by the health
8 maintenance organization.

9 (7) If a health maintenance organization contracts to have
10 another entity perform the credentialing functions required by
11 this section, the commissioner shall hold the health maintenance
12 organization responsible for monitoring the activities of the
13 entity with which it contracts and for ensuring that the require-
14 ments of this section are met.

15 (8) Nothing in this act shall be construed to require a
16 health maintenance organization to select a provider as a partic-
17 ipating provider solely because the provider meets the health
18 maintenance organization's credentialing verification standards,
19 or to prevent a health maintenance organization from utilizing
20 separate or additional criteria in selecting the health profes-
21 sionals with whom it contracts.