

SENATE BILL No. 18

January 30, 2001, Introduced by Senator BYRUM and referred to the Committee on Health Policy.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding section 2212c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 2212C. (1) AS USED IN THIS SECTION:

2 (A) "UTILIZATION REVIEW" MEANS A SYSTEM FOR PROSPECTIVE AND
3 CONCURRENT REVIEW OF THE MEDICAL NECESSITY AND APPROPRIATENESS IN
4 THE ALLOCATION OF HEALTH CARE RESOURCES AND SERVICES GIVEN OR
5 PROPOSED TO BE GIVEN TO AN INSURED UNDER A POLICY OR CERTIFICATE
6 ISSUED UNDER SECTION 3405 OR 3631 OR TO AN ENROLLEE UNDER A
7 HEALTH MAINTENANCE ORGANIZATION CONTRACT. UTILIZATION REVIEW
8 DOES NOT INCLUDE ELECTIVE REQUESTS FOR CLARIFICATION OF
9 COVERAGE.

1 (B) "UTILIZATION REVIEW ACCREDITATION COMMISSION" MEANS THE
2 AMERICAN ACCREDITATION HEALTHCARE COMMISSION/UTILIZATION REVIEW
3 ACCREDITATION COMMISSION.

4 (2) THIS SECTION APPLIES TO A POLICY OR CERTIFICATE ISSUED
5 UNDER SECTION 3405 OR 3631 AND TO A HEALTH MAINTENANCE ORGANIZA-
6 TION CONTRACT.

7 (3) AN INSURER SHALL ESTABLISH A POLICY GOVERNING TERMINA-
8 TION OF HEALTH CARE PROVIDERS AND EACH HEALTH MAINTENANCE ORGANI-
9 ZATION SHALL ESTABLISH A POLICY GOVERNING TERMINATION OF AFFILI-
10 ATED PROVIDERS. THE POLICY SHALL INCLUDE, BUT IS NOT LIMITED TO,
11 ALL OF THE FOLLOWING:

12 (A) NOTICE TO THE PROVIDER OF THE TERMINATION IN THE TIME
13 AND MANNER SPECIFIED IN THE PROVIDER'S CONTRACT.

14 (B) METHODS BY WHICH THE TERMINATION POLICY WILL BE MADE
15 KNOWN TO PROVIDERS AND INSUREDS OR ENROLLEES AT THE TIME OF
16 ENROLLMENT AND ON A PERIODIC BASIS.

17 (C) WRITTEN NOTIFICATION TO EACH INSURED AT LEAST 30 BUSI-
18 NESS DAYS PRIOR TO THE TERMINATION OR WITHDRAWAL FROM THE
19 INSURER'S PROVIDER NETWORK OF AN INSURED'S PRIMARY CARE PROVIDER
20 AND ANY OTHER PROVIDER FROM WHICH THE INSURED IS CURRENTLY
21 RECEIVING A COURSE OF TREATMENT AND WRITTEN NOTIFICATION TO EACH
22 ENROLLEE AT LEAST 30 BUSINESS DAYS PRIOR TO THE TERMINATION OR
23 WITHDRAWAL FROM THE HEALTH MAINTENANCE ORGANIZATION OR THE HEALTH
24 MAINTENANCE ORGANIZATION'S PROVIDER NETWORK OF AN ENROLLEE'S PRI-
25 MARY CARE PROVIDER AND ANY OTHER PROVIDER FROM WHICH THE ENROLLEE
26 IS CURRENTLY RECEIVING A COURSE OF TREATMENT. THIS 30-DAY PRIOR
27 NOTICE MAY BE WAIVED IN CASES OF IMMEDIATE TERMINATION OF A

1 PROVIDER WHERE IT WAS NECESSARY FOR THE PROTECTION OF THE HEALTH,
2 SAFETY, AND WELFARE OF INSUREDS OR ENROLLEES.

3 (4) AN INSURER SHALL NOT TERMINATE A HEALTH CARE PROVIDER'S
4 PARTICIPATION WITH THE INSURER AND A HEALTH MAINTENANCE ORGANIZA-
5 TION SHALL NOT TERMINATE AN AFFILIATED PROVIDER'S CONTRACT WITH
6 THE HEALTH MAINTENANCE ORGANIZATION BECAUSE OF THE UTILIZATION OF
7 SERVICES CAUSED BY 1 OR MORE HIGH UTILIZATION INSUREDS OR
8 ENROLLEES.

9 (5) AN INSURER OR A HEALTH MAINTENANCE ORGANIZATION THAT
10 WISHES TO PERFORM UTILIZATION REVIEW IN-HOUSE SHALL DO SO ONLY
11 UNDER EITHER OF THE FOLLOWING CIRCUMSTANCES:

12 (A) IF THE UTILIZATION REVIEW STANDARDS TO BE USED HAVE BEEN
13 APPROVED OR ACCREDITED BY THE UTILIZATION REVIEW ACCREDITATION
14 COMMISSION.

15 (B) THE INSURER OR HEALTH MAINTENANCE ORGANIZATION DEMON-
16 STRATES TO THE COMMISSIONER THAT IT ADHERES TO UTILIZATION REVIEW
17 STANDARDS THAT ARE SUBSTANTIALLY SIMILAR TO STANDARDS APPROVED OR
18 ACCREDITED BY THE UTILIZATION REVIEW ACCREDITATION COMMISSION AND
19 THE STANDARDS PROVIDE THE SAME OR GREATER PROTECTION TO THE
20 RIGHTS OF INSUREDS OR ENROLLEES WHOSE CARE IS REVIEWED.

21 (6) AN INSURER AND A HEALTH MAINTENANCE ORGANIZATION SHALL
22 ONLY CONTRACT WITH A UTILIZATION REVIEW COMPANY FOR THE PER-
23 FORMANCE OF UTILIZATION REVIEW SERVICES IF THE UTILIZATION REVIEW
24 COMPANY SHOWS EITHER OF THE FOLLOWING:

25 (A) THE UTILIZATION REVIEW COMPANY HAS BEEN APPROVED OR
26 ACCREDITED BY THE UTILIZATION REVIEW ACCREDITATION COMMISSION.

1 (B) THE UTILIZATION REVIEW COMPANY HAS DEMONSTRATED TO THE
2 COMMISSIONER THAT IT ADHERES TO UTILIZATION REVIEW STANDARDS THAT
3 ARE SUBSTANTIALLY SIMILAR TO STANDARDS APPROVED OR ACCREDITED BY
4 THE UTILIZATION REVIEW ACCREDITATION COMMISSION AND THE STANDARDS
5 PROVIDE THE SAME OR GREATER PROTECTION TO THE RIGHTS OF INSUREDS
6 OR ENROLLEES WHOSE CARE IS REVIEWED.

7 Enacting section 1. This amendatory act takes effect
8 January 1, 2002.