

SUBSTITUTE FOR
HOUSE BILL NO. 5855

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 3525 (MCL 500.3525), as added by 2000 PA 252.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3525. (1) Except as otherwise provided in subsection (2),
2 if a health maintenance organization desires to change a contract
3 it offers to enrollees or desires to change a rate charged, a copy
4 of the proposed revised contract or rate shall be filed with the
5 commissioner and shall not take effect until 60 days after the
6 filing, unless the commissioner approves the change in writing
7 before the expiration of 60 days after the filing. If the
8 commissioner considers that the proposed revised contract or rate

1 is illegal or unreasonable in relation to the services provided,
2 the commissioner, not more than 60 days after the proposed revised
3 contract or rate is filed, shall notify the organization in
4 writing, specifying the reasons for disapproval or for approval
5 with modifications. For an approval with modifications, the notice
6 shall specify what modifications in the filing are required for
7 approval, the reasons for the modifications, and that the filing
8 becomes effective after the modifications are made and approved by
9 the commissioner. The commissioner shall schedule a hearing not
10 more than 30 days after receipt of a written request from the
11 health maintenance organization, and the revised contract or rate
12 shall not take effect until approved by the commissioner after the
13 hearing. Within 30 days after the hearing, the commissioner shall
14 notify the organization in writing of the disposition of the
15 proposed revised contract or rate, together with the commissioner's
16 findings of fact and conclusions.

17 (2) If the revised contract or rate is the result of
18 collective bargaining and affects only the members of the groups
19 engaged in the collective bargaining, subsection (1) does not apply
20 but the revised contract or rate shall be immediately filed with
21 the commissioner.

22 (3) ~~Not~~ **EXCEPT AS PROVIDED IN THIS SUBSECTION WITH RESPECT TO**
23 **HEALTH MAINTENANCE CONTRACTS ISSUED IN CONNECTION WITH STATE AND**
24 **FEDERAL HEALTH PROGRAMS UNDER SECTION 3571, NOT** less than 30 days
25 before the effective date of a proposed change in a health
26 maintenance contract or the rate charged, the health maintenance
27 organization shall issue to each subscriber or group of subscribers

1 who will be affected by the proposed change a clear written
2 statement stating the extent and nature of the proposed change.
3 WITH RESPECT TO HEALTH MAINTENANCE CONTRACTS ISSUED IN CONNECTION
4 WITH STATE AND FEDERAL HEALTH PROGRAMS UNDER SECTION 3571, ADVANCE
5 NOTICE IS NOT REQUIRED IF THE CHANGE IN A HEALTH MAINTENANCE
6 CONTRACT OR RATE ARISES FROM A CHANGE IN THE LAW, A STATE OR
7 FEDERAL ADMINISTRATIVE ORDER, OR AN EXECUTIVE ORDER AND THE CHANGE
8 DOES NOT PROVIDE FOR A REASONABLE PERIOD OF TIME FOR A HEALTH
9 MAINTENANCE ORGANIZATION TO GIVE THE REQUIRED NOTICE. IN THAT CASE,
10 THE HEALTH MAINTENANCE ORGANIZATION SHALL PROVIDE NOTICE WITHIN 30
11 DAYS AFTER THE EFFECTIVE DATE OF THE CHANGE. If the commissioner
12 has approved a proposed change in a contract or rate in writing
13 before the expiration of 60 days after the date of filing, the
14 organization immediately shall notify each subscriber or group of
15 subscribers who will be affected by the proposed change.