



HOUSE BILL No. 4551

March 8, 1995, Introduced by Reps. Jamian and Gubow and referred to the Committee on Health Policy.

A bill to amend sections 502 and 502a of Act No. 350 of the Public Acts of 1980, entitled as amended "The nonprofit health care corporation reform act," as amended by Act No. 440 of the Public Acts of 1994, being sections 550.1502 and 550.1502a of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 502 and 502a of Act No. 350 of the
2 Public Acts of 1980, as amended by Act No. 440 of the Public Acts
3 of 1994, being sections 550.1502 and 550.1502a of the Michigan
4 Compiled Laws, are amended to read as follows:

5 Sec. 502. (1) A health care corporation may enter into par-
6 ticipating contracts for reimbursement with professional health
7 care providers practicing legally in this state for health care
8 services that the professional health care providers may legally
9 perform. A participating contract may cover all members or may

1 be a separate and individual contract on a per claim basis, as
2 set forth in the provider class plan, if, in entering into a sep-
3 arate and individual contract on a per claim basis, the partici-
4 pating provider certifies to the health care corporation:

5 (a) That the provider will accept payment from the corpora-
6 tion as payment in full for services rendered for the specified
7 claim for the member indicated.

8 (b) That the provider will accept payment from the corpora-
9 tion as payment in full for all cases involving the procedure
10 specified, for the duration of the calendar year. Until January
11 1, 1998, as used in this subdivision, provider does not include a
12 person licensed as a dentist under part 166 of the public health
13 code, Act No. 368 of the Public Acts of 1978, being sections
14 333.16601 to 333.16648 of the Michigan Compiled Laws.

15 (c) That the provider will not determine whether to partici-
16 pate on a claim on the basis of the race, color, creed, marital
17 status, sex, national origin, residence, age, handicap, or lawful
18 occupation of the member entitled to health care benefits.

19 (2) A contract entered into pursuant to subsection (1) shall
20 provide that the private provider-patient relationship shall be
21 maintained to the extent provided for by law. A health care cor-
22 poration shall continue to offer a reimbursement arrangement to
23 any class of providers with which it has contracted prior to
24 August 27, 1985 and that continues to meet the standards set by
25 the corporation for that class of providers.

26 (3) A health care corporation shall not restrict the methods
27 of diagnosis or treatment of professional health care providers

1 who treat members. Except as otherwise provided in section 502a,
2 each member of the health care corporation shall at all times
3 have a choice of professional health care providers. This sub-
4 section does not apply to limitations in benefits contained in
5 certificates, to the reimbursement provisions of a provider con-
6 tract or reimbursement arrangement, or to standards set by the
7 corporation for all contracting providers. A health care corpo-
8 ration may refuse to reimburse a health care provider for health
9 care services that are overutilized, including those services
10 rendered, ordered, or prescribed to an extent that is greater
11 than reasonably necessary.

12 (4) A health care corporation may provide to a member, upon
13 request, a list of providers with whom the corporation contracts,
14 for the purpose of assisting a member in obtaining a type of
15 health care service. However, except as otherwise provided in
16 section 502a, an employee, agent, or officer of the corporation,
17 or an individual on the board of directors of the corporation,
18 shall not make recommendations on behalf of the corporation with
19 respect to the choice of a specific health care provider. Except
20 as otherwise provided in section 502a, an employee, agent, or
21 officer of the corporation, or a person on the board of directors
22 of the corporation who influences or attempts to influence a
23 person in the choice or selection of a specific professional
24 health care provider on behalf of the corporation, is guilty of a
25 misdemeanor.

26 (5) A health care corporation shall provide a symbol of
27 participation, which can be publicly displayed, to providers who

1 participate on all claims for covered health care services
2 rendered to subscribers.

3 (6) This section does not impede the lawful operation of, or
4 lawful promotion of, a health maintenance organization owned by a
5 health care corporation.

6 (7) Contracts entered into under this section ~~shall be~~ ARE
7 subject to the provisions of sections 504 to 518.

8 (8) A health care corporation shall not deny participation
9 to a freestanding medical or surgical outpatient facility on the
10 basis of ownership if the facility meets the reasonable standards
11 set by the health care corporation for similar facilities, is
12 licensed under part 208 of the public health code, Act No. 368 of
13 the Public Acts of 1978, being sections 333.20801 to 333.20821 of
14 the Michigan Compiled Laws, and complies with part 222 of the
15 public health code, Act No. 368 of the Public Acts of 1978, ~~as~~
16 ~~amended,~~ being sections 333.22201 to 333.22260 of the Michigan
17 Compiled Laws.

18 (9) Notwithstanding any other provision of this act, if a
19 certificate provides for benefits for services that are within
20 the scope of practice of optometry, a health care corporation is
21 not required to provide benefits or reimburse for ~~a practice of~~
22 AN optometric service unless that service was included in the
23 definition of practice of optometry under section 17401 of the
24 public health code, Act No. 368 of the Public Acts of 1978, being
25 section 333.17401 of the Michigan Compiled Laws, as of May 20,
26 1992.

1 (10) Notwithstanding any other provision of this act, if a
2 certificate provides for benefits for services that are within
3 the scope of practice of chiropractic, a health care corporation
4 is not required to provide benefits or reimburse for ~~the use of~~
5 ~~therapeutic sound or electricity, or both, for the reduction or~~
6 ~~correction of spinal subluxations in~~ a chiropractic service
7 UNLESS THAT SERVICE WAS INCLUDED IN THE DEFINITION OF PRACTICE OF
8 CHIROPRACTIC UNDER SECTION 16401 OF ACT NO. 368 OF THE PUBLIC
9 ACTS OF 1978, BEING SECTION 333.16401 OF THE MICHIGAN COMPILED
10 LAWS, AS OF MAY 20, 1992. ~~This subsection shall not take effect~~
11 ~~unless Senate Bill No. 493 or House Bill No. 4494 of the 87th~~
12 ~~Legislature is enacted into law.~~

13 Sec. 502a. (1) For the purpose of doing business as an
14 organization under the prudent purchaser act, Act No. 233 of the
15 Public Acts of 1984, being sections 550.51 to 550.63 of the
16 Michigan Compiled Laws, a health care corporation may enter into
17 prudent purchaser agreements with health care providers pursuant
18 to this section and Act No. 233 of the Public Acts of 1984.

19 (2) A health care corporation may offer group contracts
20 under which subscribers shall be required, as a condition of cov-
21 erage, to obtain services exclusively from health care providers
22 who have entered into prudent purchaser agreements.

23 (3) An individual who is a member of a group who is offered
24 the option of being a subscriber under a contract pursuant to
25 subsection (2) shall also be offered the option of being a sub-
26 scriber under a contract pursuant to subsection (4). This
27 subsection applies only if the group in which the individual is a

1 member has 25 or more members or if the provider panel that is
2 providing the services under the contract is limited by the
3 organization to a specific number pursuant to section 3(1) of Act
4 No. 233 of the Public Acts of 1984, being section 550.53 of the
5 Michigan Compiled Laws.

6 (4) A health care corporation may offer group contracts
7 under which subscribers who elect to obtain services from health
8 care providers who have entered into prudent purchaser agreements
9 shall realize a financial advantage or other advantage by select-
10 ing such providers. Contracts offered pursuant to this subsec-
11 tion shall not, as a condition of coverage, require subscribers
12 to obtain services exclusively from health care providers who
13 have entered into prudent purchaser agreements.

14 (5) An individual who is a member of a group who is offered
15 the option of being a subscriber under a contract pursuant to
16 subsection (2) or (4) shall also be offered the option of being a
17 subscriber under a contract that:

18 (a) Does not, as a condition of coverage, require subscrib-
19 ers to obtain services exclusively from health care providers who
20 have entered into prudent purchaser agreements.

21 (b) Does not give a financial advantage or other advantage
22 to a subscriber who elects to obtain services from health care
23 providers who have entered into prudent purchaser agreements.

24 (6) Subsection (5) applies only if the group in which the
25 individual is a member has 25 or more members and if the group on
26 December 20, 1984 had health care coverage through the group
27 sponsor.

1 (7) A health care corporation may offer individual contracts
2 under which subscribers shall be required, as a condition of cov-
3 erage, to obtain services exclusively from health care providers
4 who have entered into prudent purchaser agreements. A person to
5 whom such a contract is offered shall also be offered a contract
6 that:

7 (a) Does not, as a condition of coverage, require subscrib-
8 ers to obtain services exclusively from health care providers who
9 have entered into prudent purchaser agreements.

10 (b) Does not give a financial advantage or other advantage
11 to a subscriber who elects to obtain services from health care
12 providers who have entered into prudent purchaser agreements.

13 (8) A health care corporation may offer individual contracts
14 under which subscribers who elect to obtain services from health
15 care providers who have entered into prudent purchaser agreements
16 shall realize a financial advantage or other advantage by select-
17 ing such providers. Contracts offered pursuant to this subsec-
18 tion shall not, as a condition of coverage, require subscribers
19 to obtain services exclusively from health care providers who
20 have entered into prudent purchaser agreements. A person to whom
21 such a contract is offered shall also be offered a contract
22 that:

23 (a) Does not, as a condition of coverage, require subscrib-
24 ers to obtain services exclusively from health care providers who
25 have entered into prudent purchaser agreements.

1 (b) Does not give a financial advantage or other advantage
2 to a subscriber who elects to obtain services from health care
3 providers who have entered into prudent purchaser agreements.

4 (9) The rates charged by a corporation for coverage under
5 contracts issued under this section shall not be unreasonably
6 lower than what is necessary to meet the expenses of the corpora-
7 tion for providing this coverage and shall not have an anticom-
8 petitive effect or result in predatory pricing in relation to
9 prudent purchaser agreement coverages offered by other
10 organizations.

11 (10) Contracts entered into under this section ~~shall~~ ARE
12 not ~~be~~ subject to the provisions of sections 504 to 518.

13 (11) A corporation shall not discriminate against a class of
14 health care providers when entering into prudent purchaser agree-
15 ments with health care providers for its provider panel. This
16 subsection does not:

17 (a) Prohibit the formation of a provider panel consisting of
18 a single class of providers when a service provided for in the
19 specifications of a purchaser may be legally provided only by a
20 single class of providers.

21 (b) Prohibit the formation of a provider panel that conforms
22 to the specifications of a purchaser of the coverage authorized
23 by this section so long as the specifications do not exclude any
24 class of health care providers who may legally perform the serv-
25 ices included in the coverage.

1 (c) Require an organization that has uniformly applied the
2 standards filed pursuant to section 3(3) of Act No. 233 of the
3 Public Acts of 1984 to contract with any individual provider.

4 (12) Nothing in the 1984 amendatory act that added this sec-
5 tion applies to ~~any~~ A contract that was in existence before
6 December 20, 1984, or the renewal of ~~such~~ THAT contract.

7 (13) Notwithstanding any other provision of this act, if
8 coverage under a prudent purchaser agreement provides for bene-
9 fits for services that are within the scope of practice of optom-
10 etry, a health care corporation is not required to provide bene-
11 fits or reimburse for ~~a practice of~~ AN optometric service
12 unless that service was included in the definition of practice of
13 optometry under section 17401 of the public health code, Act
14 No. 368 of the Public Acts of 1978, being section 333.17401 of
15 the Michigan Compiled Laws, as of May 20, 1992.

16 (14) Notwithstanding any other provision of this act, if
17 coverage under a prudent purchaser agreement provides for bene-
18 fits for services that are within the scope of practice of chiro-
19 practic, a health care corporation is not required to provide
20 benefits or reimburse for ~~the use of therapeutic sound or elec-~~
21 ~~tricity, or both, for the reduction or correction of spinal sub-~~
22 ~~luxations in~~ a chiropractic service UNLESS THAT SERVICE WAS
23 INCLUDED IN THE DEFINITION OF PRACTICE OF CHIROPRACTIC UNDER SEC-
24 TION 16401 OF ACT NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SEC-
25 TION 333.16401 OF THE MICHIGAN COMPILED LAWS, AS OF MAY 20,
26 1992. ~~This subsection shall not take effect unless Senate Bill~~

1 ~~No. 493 or House Bill No. 4494 of the 87th Legislature is enacted~~
2 ~~into law.~~