



HOUSE BILL No. 4552

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

A bill to amend section 3 of Act No. 233 of the Public Acts of 1984, entitled "Prudent purchaser act," as amended by Act No. 439 of the Public Acts of 1994, being section 550.53 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 3 of Act No. 233 of the Public Acts of
2 1984, as amended by Act No. 439 of the Public Acts of 1994, being
3 section 550.53 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 3. (1) An organization may enter into prudent pur-
6 chaser agreements with 1 or more health care providers of a spe-
7 cific service to control health care costs, assure appropriate
8 utilization of health care services, and maintain quality of
9 health care. The organization may limit the number of prudent

1 purchaser agreements entered into pursuant to this section, if
2 the number of such agreements is sufficient to assure reasonable
3 levels of access to health care services for recipients of those
4 services. The number of prudent purchaser agreements authorized
5 by this section that are necessary to assure reasonable levels of
6 access to health care services for recipients shall be determined
7 by the organization. However, the organization shall offer a
8 prudent purchaser agreement, comparable to those agreements with
9 other members of the provider panel, to a health care provider
10 located within a reasonable distance from the recipients of such
11 health care services, if a health care provider is located within
12 that reasonable distance.

13 (2) An organization shall give interested health care pro-
14 viders located in the geographic area served by the organization
15 an opportunity to apply to the organization for membership on the
16 provider panel.

17 (3) Prudent purchaser agreements shall be based upon the
18 following written standards which shall be filed by the organiza-
19 tion with the commissioner on a form and in a manner that is uni-
20 formly developed and applied by the commissioner before the ini-
21 tial provider panel is formed:

22 (a) Standards for maintaining quality health care.

23 (b) Standards for controlling health care costs.

24 (c) Standards for assuring appropriate utilization of health
25 care services.

26 (d) Standards for assuring reasonable levels of access to
27 health care services.

1 (e) Other standards considered appropriate by the
2 organization.

3 (4) An organization shall develop and institute procedures
4 that are designed to notify health care providers located in the
5 geographic area served by the organization of the formation of a
6 provider panel. Upon receipt of a request by a health care pro-
7 vider, the organization shall provide the written standards
8 described in subsection (3) to the health care provider.

9 (5) An organization that enters into prudent purchaser
10 agreements with health care providers under this act shall insti-
11 tute a program for the professional review of the quality of
12 health care, performance of health care personnel, and utiliza-
13 tion of services and facilities under a prudent purchaser
14 agreement. At least every 2 years, the organization shall pro-
15 vide for an evaluation of its professional review program by a
16 professionally recognized independent third party.

17 (6) If 2 or more classes of health care providers may
18 legally provide the same health care service, the organization
19 shall offer each class of health care providers the opportunity
20 to apply to the organization for membership on the provider
21 panel.

22 (7) Each prudent purchaser agreement shall state that the
23 health care provider may be removed from the provider panel
24 before the expiration of the agreement if the provider does not
25 comply with the requirements of the contract.

1 (8) Nothing in this act ~~shall preclude~~ PRECLUDES a health
2 care provider or health care facility from being a member of more
3 than 1 provider panel.

4 (9) Provider panels may include health care providers and
5 facilities outside Michigan if necessary to assure reasonable
6 levels of access to health care services under coverage autho-
7 rized by this act.

8 (10) At the time coverage authorized by this act is offered
9 to a person, the organization shall give or cause to be given to
10 the person the following information:

11 (a) The identity of the organization contracting with the
12 provider panel.

13 (b) The identity of the party sponsoring the coverage
14 including, but not limited to, the employer.

15 (c) The identity of the collective bargaining agent if the
16 coverage is offered pursuant to a collective bargaining
17 agreement.

18 (11) If a person who has coverage authorized by this act is
19 entitled to receive a health care service when rendered by a
20 health care provider who is a member of the provider panel, the
21 person is entitled to receive the health care service from a
22 health care provider who is not a member of the provider panel
23 for an emergency episode of illness or injury that requires imme-
24 diate treatment before it can be obtained from a health care pro-
25 vider who is on the provider panel.

1 (12) Subsections (2) to (11) do not limit the authority of
2 organizations to limit the number of prudent purchaser
3 agreements.

4 (13) If coverage under a prudent purchaser agreement pro-
5 vides for benefits for services that are within the scope of
6 practice of optometry, this act does not require that coverage or
7 reimbursement be provided for ~~a practice of~~ AN optometric serv-
8 ice unless that service was included in the definition of prac-
9 tice of optometry under section 17401 of the public health code,
10 Act No. 368 of the Public Acts of 1978, being section 333.17401
11 of the Michigan Compiled Laws, as of May 20, 1992.

12 (14) If coverage under a prudent purchaser agreement pro-
13 vides for benefits for services that are within the scope of
14 practice of chiropractic, this act does not require that coverage
15 or reimbursement be provided for ~~the use of therapeutic sound or~~
16 ~~electricity, or both, for the reduction or correction of spinal~~
17 ~~subluxations in~~ a chiropractic service UNLESS THAT SERVICE WAS
18 INCLUDED IN THE DEFINITION OF PRACTICE OF CHIROPRACTIC UNDER
19 SECTION 16401 OF ACT NO. 368 OF THE PUBLIC ACTS OF 1978, BEING
20 SECTION 333.16401 OF THE MICHIGAN COMPILED LAWS, AS OF MAY 20,
21 1992. ~~This subsection shall not take effect unless Senate Bill~~
22 ~~No. 493 of the 87th Legislature is enacted into law.~~