



# HOUSE BILL No. 4553

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

A bill to amend sections 3107b, 3405, 3475, 3631, and 3709 of Act No. 218 of the Public Acts of 1956, entitled as amended "The insurance code of 1956," section 3107b as added and sections 3405, 3631, and 3709 as amended by Act No. 438 of the Public Acts of 1994 and section 3475 as amended by Act No. 280 of the Public Acts of 1984, being sections 500.3107b, 500.3405, 500.3475, 500.3631, and 500.3709 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3107b, 3405, 3475, 3631, and 3709 of  
2 Act No. 218 of the Public Acts of 1956, section 3107b as added  
3 and sections 3405, 3631, and 3709 as amended by Act No. 438 of  
4 the Public Acts of 1994 and section 3475 as amended by Act  
5 No. 280 of the Public Acts of 1984, being sections 500.3107b,

1 500.3405, 500.3475, 500.3631, and 500.3709 of the Michigan  
2 Compiled Laws, are amended to read as follows:

3       Sec. 3107b. Reimbursement or coverage for expenses within  
4 personal protection insurance coverage under section 3107 is not  
5 required for either of the following:

6       (a) ~~A practice of~~ AN optometric service, unless that serv-  
7 ice was included in the definition of practice of optometry under  
8 section 17401 of the public health code, Act No. 368 of the  
9 Public Acts of 1978, being section 333.17401 of the Michigan  
10 Compiled Laws, as of May 20, 1992.

11       (b) ~~The use of therapeutic sound or electricity, or both,~~  
12 ~~for the reduction or correction of spinal subluxations in a chi-~~  
13 ~~ropractic service. This subdivision shall not take effect unless~~  
14 ~~Senate Bill No. 493 of the 87th Legislature is enacted into law.~~

15 A CHIROPRACTIC SERVICE, UNLESS THAT SERVICE WAS INCLUDED IN THE  
16 DEFINITION OF PRACTICE OF CHIROPRACTIC UNDER SECTION 16401 OF ACT  
17 NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTION 333.16401 OF  
18 THE MICHIGAN COMPILED LAWS, AS OF MAY 20, 1992.

19       Sec. 3405. (1) For the purpose of doing business as an  
20 organization under the prudent purchaser act, Act No. 233 of the  
21 Public Acts of 1984, being sections 550.51 to 550.63 of the  
22 Michigan Compiled Laws, an insurer authorized in this state to  
23 write disability insurance that provides coverage for hospital,  
24 nursing, medical, surgical, or sick-care benefits may enter into  
25 prudent purchaser agreements with providers of hospital, nursing,  
26 medical, surgical, or sick-care services pursuant to this section  
27 and Act No. 233 of the Public Acts of 1984.

1       (2) An insurer may offer disability insurance policies under  
2 which the insured persons shall be required, as a condition of  
3 coverage, to obtain hospital, nursing, medical, surgical, or  
4 sick-care services exclusively from health care providers who  
5 have entered into prudent purchaser agreements. A person to whom  
6 such a policy is offered shall also be offered a policy that:

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

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

14       (3) An insurer may offer disability insurance policies under  
15 which insured persons who elect to obtain hospital, nursing, med-  
16 ical, surgical, or sick-care services from health care providers  
17 who have entered into prudent purchaser agreements shall realize  
18 a financial advantage or other advantage by selecting such  
19 providers. Policies offered pursuant to this subsection shall  
20 not, as a condition of coverage, require insured persons to  
21 obtain such services exclusively from health care providers who  
22 have entered into prudent purchaser agreements. A person to whom  
23 such a policy is offered shall also be offered a policy that:

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

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

5 (4) The rates charged by an insurer for coverage under poli-  
6 cies issued under this section shall not be unreasonably lower  
7 than what is necessary to meet the expenses of the insurer for  
8 providing this coverage and shall not have an anticompetitive  
9 effect or result in predatory pricing in relation to prudent pur-  
10 chaser agreement coverages offered by other organizations.

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

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

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

24 (c) Require an organization that has uniformly applied the  
25 standards filed pursuant to section 3(3) of Act No. 233 of the  
26 Public Acts of 1984, being section 550.53 of the Michigan  
27 Compiled Laws, to contract with any individual provider.

1 (6) Nothing in this 1984 amendatory act applies to ~~any~~ A  
2 contract that is in existence before December 20, 1984, or the  
3 renewal of ~~such~~ THAT contract.

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

13 (8) Notwithstanding any other provision of this act, if cov-  
14 erage under a prudent purchaser agreement provides for benefits  
15 for services that are within the scope of practice of chiroprac-  
16 tic, an insurer is not required to provide coverage or reimburse  
17 for ~~the use of therapeutic sound or electricity, or both, for~~  
18 ~~the reduction or correction of spinal subluxations in~~ a chiro-  
19 practic service UNLESS THAT SERVICE WAS INCLUDED IN THE DEFINI-  
20 TION OF PRACTICE OF CHIROPRACTIC UNDER SECTION 16401 OF ACT  
21 NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTION 333.16401 OF  
22 THE MICHIGAN COMPILED LAWS, AS OF MAY 20, 1992. ~~This subsection~~  
23 ~~shall not take effect unless Senate Bill No. 493 of the 87th~~  
24 ~~Legislature is enacted into law.~~

25 Sec. 3475. Notwithstanding any provision of any policy of  
26 insurance or certificate, if an insurance policy or certificate  
27 provides for reimbursement for ~~any~~ A service ~~which~~ THAT may

1 be legally performed by a person fully licensed as a psychologist  
2 under part 182 of the public health code, Act No. 368 of the  
3 Public Acts of 1978, being sections 333.18201 to 333.18237 of the  
4 Michigan Compiled Laws; by a podiatrist licensed under part 180  
5 of ~~the public health code,~~ Act No. 368 of the Public Acts of  
6 1978, being sections 333.18001 to 333.18033 of the Michigan  
7 Compiled Laws; by a chiropractor licensed under part 164 of ~~the~~  
8 ~~public health code,~~ Act No. 368 of the Public Acts of 1978,  
9 being sections 333.16401 to 333.16431 of the Michigan Compiled  
10 Laws; reimbursement under the insurance policy or certificate  
11 shall not be denied if the service is rendered by a person fully  
12 licensed as a psychologist under part 182 of ~~the public health~~  
13 ~~code,~~ Act No. 368 of the Public Acts of 1978; by a podiatrist  
14 licensed under part 180 of ~~the public health code,~~ Act No. 368  
15 of the Public Acts of 1978; or by a chiropractor licensed under  
16 part 164 of ~~the public health code,~~ Act No. 368 of the Public  
17 Acts of 1978; within the statutory provisions provided in his or  
18 her individual practice act. This section ~~shall not be con-~~  
19 ~~strued as requiring the~~ DOES NOT REQUIRE coverage for a psychol-  
20 ogist in ~~any~~ AN insurance policy. THIS SECTION DOES NOT  
21 REQUIRE COVERAGE OR REIMBURSEMENT IN AN INSURANCE POLICY FOR A  
22 CHIROPRACTIC SERVICE UNLESS THAT SERVICE WAS INCLUDED IN THE DEF-  
23 INITION OF PRACTICE OF CHIROPRACTIC UNDER SECTION 16401 OF ACT  
24 NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTION 333.16401 OF  
25 THE MICHIGAN COMPILED LAWS, AS OF MAY 20, 1992. This section  
26 ~~shall~~ DOES not apply to a policy or certificate written

1 pursuant to section 3405, 3631, or 3709 involving a prudent  
2 purchaser agreement.

3       Sec. 3631. (1) For the purpose of doing business as an  
4 organization under the prudent purchaser act, Act No. 233 of the  
5 Public Acts of 1984, being sections 550.51 to 550.63 of the  
6 Michigan Compiled Laws, an insurer authorized to write group dis-  
7 ability insurance or family expense insurance that provides cov-  
8 erage for hospital, nursing, medical, surgical, or sick-care ben-  
9 efits may enter into prudent purchaser agreements with providers  
10 of hospital, nursing, medical, surgical, or sick-care services  
11 pursuant to this section and Act No. 233 of the Public Acts of  
12 1984.

13       (2) An insurer may offer group disability insurance policies  
14 or family expense policies under which the insured persons shall  
15 be required, as a condition of coverage, to obtain hospital,  
16 nursing, medical, surgical, or sick-care services exclusively  
17 from health care providers who have entered into prudent pur-  
18 chaser agreements.

19       (3) An individual who is a member of a group who is offered  
20 the option of being under a policy pursuant to subsection (2)  
21 shall also be offered the option of being insured under a policy  
22 pursuant to subsection (4). This subsection applies only if the  
23 group in which the individual is a member has 25 or more members  
24 or if the provider panel that is providing the services under the  
25 group policy is limited by the organization to a specific number  
26 pursuant to section 3(1) of Act No. 233 of the Public Acts of  
27 1984, being section 550.53 of the Michigan Compiled Laws.

1       (4) An insurer may offer group disability insurance policies  
2 or family expense policies under which insured persons who elect  
3 to obtain hospital, nursing, medical, surgical, or sick-care  
4 services from health care providers who have entered into prudent  
5 purchaser agreements shall realize a financial advantage or other  
6 advantage by selecting such a provider. Policies offered pursu-  
7 ant to this subsection shall not, as a condition of coverage,  
8 require insured persons to obtain such services exclusively from  
9 health care providers who have entered into prudent purchaser  
10 agreements.

11       (5) An individual who is a member of a group who is offered  
12 the option of being insured under a policy pursuant to  
13 subsection (2) or (4) shall also be offered the option of being  
14 insured under a policy that:

15       (a) Does not, as a condition of coverage, require insured  
16 persons to obtain services exclusively from health care providers  
17 who have entered into prudent purchaser agreements.

18       (b) Does not give a financial advantage or other advantage  
19 to an insured person who elects to obtain services from health  
20 care providers who have entered into prudent purchaser  
21 agreements.

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

26       (7) The rates charged by an insurer for coverage under  
27 policies issued under this section shall not be unreasonably



1 lower than what is necessary to meet the expenses of the insurer  
2 for providing this coverage and shall not have an anticompetitive  
3 effect or result in predatory pricing in relation to prudent pur-  
4 chaser agreement coverages offered by other organizations.

5 (8) An insurer shall not discriminate against a class of  
6 health care providers when entering into prudent purchaser agree-  
7 ments with health care providers for its provider panel. This  
8 subsection does not:

9 (a) Prohibit the formation of a provider panel consisting of  
10 a single class of providers when a service provided for in the  
11 specifications of a purchaser may legally be provided only by a  
12 single class of providers.

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

18 (c) Require an organization that has uniformly applied the  
19 standards filed pursuant to section 3(3) of Act No. 233 of the  
20 Public Acts of 1984, being section 550.53 of the Michigan  
21 Compiled Laws, to contract with any individual provider.

22 (9) Nothing in this 1984 amendatory act applies to ~~any~~ A  
23 contract that is in existence before December 20, 1984, or the  
24 renewal of ~~such~~ THAT contract.

25 (10) Notwithstanding any other provision of this act, if  
26 coverage under a prudent purchaser agreement provides for  
27 benefits for services that are within the scope of practice of

1 optometry, an insurer is not required to provide coverage or  
2 reimburse for ~~a practice of~~ AN optometric service unless that  
3 service was included in the definition of practice of optometry  
4 under section 17401 of the public health code, Act No. 368 of the  
5 Public Acts of 1978, being section 333.17401 of the Michigan  
6 Compiled Laws, as of May 20, 1992.

7 (11) 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 chiro-  
10 practic, an insurer is not required to provide coverage or reim-  
11 burse for ~~the use of therapeutic sound or electricity, or both,~~  
12 ~~for the reduction or correction of spinal subluxations in a chi-~~  
13 ~~ropractic service UNLESS THAT SERVICE WAS INCLUDED IN THE DEFINI-~~  
14 ~~TION OF PRACTICE OF CHIROPRACTIC UNDER SECTION 16401 OF ACT~~  
15 ~~NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTION 333.16401 OF~~  
16 ~~THE MICHIGAN COMPILED LAWS, AS OF MAY 20, 1992. This subsection~~  
17 ~~shall not take effect unless Senate Bill No. 493 of the 87th~~  
18 ~~Legislature is enacted into law.~~

19 Sec. 3709. (1) For the purpose of doing business as an  
20 organization under the prudent purchaser act, Act No. 233 of the  
21 Public Acts of 1984, being sections 550.51 to 550.63 of the  
22 Michigan Compiled Laws, an insurer authorized under this chapter  
23 to write health insurance that provides coverage for hospital,  
24 nursing, medical, surgical, or sick-care benefits may enter into  
25 prudent purchaser agreements with providers of hospital, nursing,  
26 medical, surgical, or sick-care services pursuant to this section  
27 and Act No. 233 of the Public Acts of 1984.

1 (2) An insurer may offer health insurance policies or family  
2 expense policies under which the insured persons shall be  
3 required, as a condition of coverage, to obtain hospital, nurs-  
4 ing, medical, surgical, or sick-care services exclusively from  
5 health care providers who have entered into prudent purchaser  
6 agreements.

7 (3) An individual who is a member of a group who is offered  
8 the option of being insured under a policy pursuant to subsection  
9 (2) shall also be offered the option of being insured under a  
10 policy pursuant to subsection (4). This subsection applies only  
11 if the group in which the individual is a member has 25 or more  
12 members or if the provider panel that is providing the services  
13 under the group policy is limited by the organization to a spe-  
14 cific number pursuant to section 3(1) of ~~the~~ Act No. 233 of the  
15 Public Acts of 1984, being section 550.53 of the Michigan  
16 Compiled Laws.

17 (4) An insurer may offer health insurance policies under  
18 which insured persons who elect to obtain hospital, nursing, med-  
19 ical, surgical, or sick-care services from health care providers  
20 who have entered into prudent purchaser agreements shall realize  
21 a financial advantage or other advantage by selecting such  
22 providers. Policies offered pursuant to this subsection shall  
23 not, as a condition of coverage, require insured persons to  
24 obtain services exclusively from health care providers who have  
25 entered into prudent purchaser agreements.

26 (5) An individual who is a member of a group who is offered  
27 the option of being insured under a policy pursuant to subsection

1 (2) or (4) shall also be offered the option of being insured  
2 under a policy that:

3 (a) Does not, as a condition of coverage, require insured  
4 persons to obtain services exclusively from health care providers  
5 who have entered into prudent purchaser agreements.

6 (b) Does not give a financial advantage or other advantage  
7 to an insured person who elects to obtain services from health  
8 care providers who have entered into prudent purchaser  
9 agreements.

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

14 (7) The rates charged by an insurer for coverage under poli-  
15 cies issued under this section shall not be unreasonably lower  
16 than what is necessary to meet the expenses of the insurer for  
17 providing this coverage and shall not have an anticompetitive  
18 effect or result in predatory pricing in relation to prudent pur-  
19 chaser agreement coverages offered by other organizations.

20 (8) An insurer shall not discriminate against a class of  
21 health care providers when entering into prudent purchaser agree-  
22 ments with health care providers for its provider panel. This  
23 subsection does not:

24 (a) Prohibit the formation of a provider panel consisting of  
25 a single class of providers when a service provided for in the  
26 specifications of a purchaser may legally be provided only by a  
27 single class of providers.

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

6 (c) Require an organization that has uniformly applied the  
7 standards filed pursuant to section 3(3) of Act No. 233 of the  
8 Public Acts of 1984, being section 550.53 of the Michigan  
9 Compiled Laws, to contract with any individual provider.

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

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

22 (11) Notwithstanding any other provision of this act, if  
23 coverage under a prudent purchaser agreement provides for bene-  
24 fits for services that are within the scope of practice of chiro-  
25 practic, an insurer is not required to provide coverage or reim-  
26 burse for ~~the use of therapeutic sound or electricity, or both,~~  
27 ~~for the reduction or correction of spinal subluxations in a~~

1 chiropractic service UNLESS THAT SERVICE WAS INCLUDED IN THE  
2 DEFINITION OF PRACTICE OF CHIROPRACTIC UNDER SECTION 16401 OF ACT  
3 NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTION 333.16401 OF  
4 THE MICHIGAN COMPILED LAWS, AS OF MAY 20, 1992. ~~This subsection~~  
5 ~~shall not take effect unless Senate Bill No. 493 of the 87th~~  
6 ~~Legislature is enacted into law.~~