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## FINANCIAL INTEREST IN HEALTH FACILITY: PERMIT PATIENT REFERRALS

**House Bill 5269**  
**Sponsor: Rep. Sharon Gire**  
**Committee: Health Policy**

**Complete to 9-21-98**

### **A SUMMARY OF HOUSE BILL 5269 AS INTRODUCED 10-14-97**

Under the Public Health Code, a health professional is prohibited from (and subject to licensing sanctions for) referring a patient to a facility or business in which he or she holds a financial interest. The bill would make an exception to this prohibition. It would allow a health professional who was licensed or registered under the code to refer a patient to another person, place, facility, or business in which the licensee or registrant had a financial interest for a treatment, procedure, or service under one or both of the following circumstances:

1) If a licensee or registrant referred the patient to a place, facility, or business, and the licensee or registrant directly provided the treatment, procedure, or service.

2) If all of the following requirements were met:

\* The health care professional disclosed his or her financial interest to the patient at the time the referral was made.

\* The health care professional provided the patient with alternative places, facilities, or businesses where the same or similar treatment, procedure, or service could be obtained.

\* The patient was informed that he or she had the choice of where to obtain the treatment, procedure, or service and was assured that he or she would not be treated differently by the referring health care professional if the patient did not choose to go to the place where the health professional had a financial interest.

\* The place, facility, or business was opened to individuals other than referring licensed or registered health professionals.

\* The opportunity to invest and terms of investment were not related to the volume of referrals or other business generated by the investors.

\* An investor was not required to make referrals to the place, facility, or business or otherwise generate business as a condition of maintaining his or her financial interest.

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\* The return on the investment was tied to the investor's equity in the place, facility, or business and not on the volume of referrals.

\* The place, facility, or business did not loan money to or guarantee a loan for a health professional who was able to refer patients there.

\* The health care professional was not prevented by terms of the investment contract from investing in other similar businesses.

\* The financial interest of a health care professional was disclosed to third party payers upon request.

\* An internal utilization review program was established by the business to ensure that health care investors did not exploit their patients in any way such as by inappropriate or unnecessary utilization.

\* Each referral of a patient by the licensee or registrant to the place, facility, or business was in the patient's best interest.

"Financial interest" would not include ownership of securities issued by a corporation, the shares of which were traded on a national exchange or the over-the-counter market, or an employment contract with a university, hospital, or other health facility or agency licensed under the code if the contract did not provide for compensation based upon the volume of patient referrals.

MCL 333.16221 and 333.16225

Analyst: S. Stutzky

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.