

**SENATE BILL NO. 676**

June 17, 1999, Introduced by Senator BYRUM and referred to the  
Committee on Health Policy.

A bill to amend 1980 PA 350, entitled  
"The nonprofit health care corporation reform act,"  
(MCL 550.1101 to 550.1704) by adding section 402c.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1        SEC. 402C. (1) AS USED IN THIS SECTION:

2        (A) "UTILIZATION REVIEW" MEANS A SYSTEM FOR PROSPECTIVE AND  
3 CONCURRENT REVIEW OF THE MEDICAL NECESSITY AND APPROPRIATENESS IN  
4 THE ALLOCATION OF HEALTH CARE RESOURCES AND SERVICES GIVEN OR  
5 PROPOSED TO BE GIVEN TO A MEMBER IN A HEALTH CARE CORPORATION  
6 CERTIFICATE. UTILIZATION REVIEW DOES NOT INCLUDE ELECTIVE  
7 REQUESTS FOR CLARIFICATION OF COVERAGE.

8        (B) "UTILIZATION REVIEW ACCREDITATION COMMISSION" MEANS THE  
9 AMERICAN ACCREDITATION HEALTHCARE COMMISSION/UTILIZATION REVIEW  
10 ACCREDITATION COMMISSION.

1 (2) A HEALTH CARE CORPORATION SHALL ESTABLISH A POLICY  
2 GOVERNING TERMINATION OF PARTICIPATING PROVIDERS. THE POLICY  
3 SHALL INCLUDE, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING:

4 (A) NOTICE TO THE PROVIDER OF THE TERMINATION IN THE TIME  
5 AND MANNER SPECIFIED IN THE PROVIDER'S CONTRACT.

6 (B) METHODS BY WHICH THE TERMINATION POLICY WILL BE MADE  
7 KNOWN TO PROVIDERS AND MEMBERS AT THE TIME OF ENROLLMENT AND ON A  
8 PERIODIC BASIS.

9 (C) WRITTEN NOTIFICATION TO EACH MEMBER AT LEAST 30 BUSINESS  
10 DAYS PRIOR TO THE TERMINATION OR WITHDRAWAL FROM THE HEALTH CARE  
11 CORPORATION'S PROVIDER NETWORK OF A MEMBER'S PRIMARY CARE PRO-  
12 VIDER AND ANY OTHER PROVIDER FROM WHICH THE MEMBER IS CURRENTLY  
13 RECEIVING A COURSE OF TREATMENT. THE 30-DAY PRIOR NOTICE TO MEM-  
14 BERS MAY BE WAIVED IN CASES OF IMMEDIATE TERMINATION OF A PRO-  
15 VIDER WHERE IT WAS NECESSARY FOR THE PROTECTION OF THE HEALTH,  
16 SAFETY, AND WELFARE OF MEMBERS.

17 (3) A HEALTH CARE CORPORATION SHALL NOT TERMINATE A PARTICI-  
18 PATING PROVIDER'S CONTRACT WITH THE HEALTH CARE CORPORATION  
19 BECAUSE OF THE UTILIZATION OF SERVICES CAUSED BY 1 OR MORE HIGH  
20 UTILIZATION MEMBERS.

21 (4) A HEALTH CARE CORPORATION THAT WISHES TO PERFORM UTILI-  
22 ZATION REVIEW IN-HOUSE SHALL DO SO ONLY UNDER EITHER OF THE FOL-  
23 LOWING CIRCUMSTANCES:

24 (A) IF THE UTILIZATION REVIEW STANDARDS TO BE USED HAVE BEEN  
25 APPROVED OR ACCREDITED BY THE UTILIZATION REVIEW ACCREDITATION  
26 COMMISSION.

1 (B) THE PLAN HAS DEMONSTRATED TO THE INSURANCE COMMISSIONER  
2 THAT IT ADHERES TO UTILIZATION REVIEW STANDARDS THAT ARE  
3 SUBSTANTIALLY SIMILAR TO STANDARDS APPROVED OR ACCREDITED BY THE  
4 UTILIZATION REVIEW ACCREDITATION COMMISSION AND THE STANDARDS  
5 PROVIDE THE SAME OR GREATER PROTECTION TO THE RIGHTS OF MEMBERS  
6 WHOSE CARE IS REVIEWED.

7 (5) A HEALTH CARE CORPORATION SHALL ONLY CONTRACT WITH A  
8 UTILIZATION REVIEW COMPANY FOR THE PERFORMANCE OF UTILIZATION  
9 REVIEW SERVICES IF THE UTILIZATION REVIEW COMPANY SHOWS EITHER OF  
10 THE FOLLOWING:

11 (A) THE UTILIZATION REVIEW COMPANY HAS BEEN APPROVED OR  
12 ACCREDITED BY THE UTILIZATION REVIEW ACCREDITATION COMMISSION.

13 (B) THE UTILIZATION REVIEW COMPANY HAS DEMONSTRATED TO THE  
14 INSURANCE COMMISSIONER THAT IT ADHERES TO UTILIZATION REVIEW  
15 STANDARDS THAT ARE SUBSTANTIALLY SIMILAR TO STANDARDS APPROVED OR  
16 ACCREDITED BY THE UTILIZATION REVIEW ACCREDITATION COMMISSION AND  
17 THE STANDARDS PROVIDE THE SAME OR GREATER PROTECTION TO THE  
18 RIGHTS OF MEMBERS WHOSE CARE IS REVIEWED.

19 Enacting section 1. This amendatory act takes effect  
20 January 1, 2000.