

**SENATE BILL NO. 698**

September 21, 1999, Introduced by Senator SCHUETTE and referred to the Committee on Health Policy.

A bill to amend 1978 PA 368, entitled "Public health code," (MCL 333.1101 to 333.25211) by adding sections 21095 and 21095a.

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

1 SEC. 21095. SECTION 2006A OF THE INSURANCE CODE OF 1956,  
2 1956 PA 218, MCL 500.2006A, APPLIES TO A HEALTH MAINTENANCE  
3 ORGANIZATION.

4 SEC. 21095A. (1) AS USED IN THIS SECTION:

5 (A) "CAPITATION" MEANS A FIXED AMOUNT PER ASSIGNED ENROLLEE  
6 PAYABLE TO A HEALTH CARE PROVIDER ON A PERIODIC BASIS FOR PROVID-  
7 ING, OR ARRANGING FOR OTHERS TO PROVIDE, SOME OR ALL OF THE SERV-  
8 ICES COVERED UNDER A HEALTH MAINTENANCE ORGANIZATION'S CONTRACT  
9 COVERING THE ENROLLEE.

10 (B) "ASSIGNED" MEANS THE ASSIGNMENT OF AN ENROLLEE TO A  
11 HEALTH CARE PROVIDER BY A HEALTH MAINTENANCE ORGANIZATION OR THE

1 SELECTION OF A HEALTH CARE PROVIDER BY AN ENROLLEE, BY WHICH THE  
2 HEALTH CARE PROVIDER IS RESPONSIBLE TO PROVIDE, OR TO ARRANGE FOR  
3 THE PROVISION OF, SOME OR ALL OF THE SERVICES COVERED UNDER A  
4 HEALTH MAINTENANCE ORGANIZATION CONTRACT COVERING THE ENROLLEE.

5 (2) IF A HEALTH MAINTENANCE ORGANIZATION PAYS A HEALTH CARE  
6 PROVIDER, IN WHOLE OR IN PART, ON THE BASIS OF CAPITATION, ALL OF  
7 THE FOLLOWING APPLY:

8 (A) CAPITATION PAYMENTS SHALL BEGIN NO LATER THAN 30 DAYS  
9 AFTER AN ENROLLEE IS FIRST ASSIGNED TO A HEALTH CARE PROVIDER.  
10 THEREAFTER, CAPITATION PAYMENTS SHALL BE MADE AT LEAST ONCE EVERY  
11 30 DAYS WHILE AN ENROLLEE REMAINS ASSIGNED TO A HEALTH CARE  
12 PROVIDER.

13 (B) A HEALTH MAINTENANCE ORGANIZATION SHALL FURNISH EACH  
14 HEALTH CARE PROVIDER PAID ON A CAPITATION BASIS WITH WRITTEN  
15 NOTICE OF EACH ENROLLEE ASSIGNED TO THE HEALTH CARE PROVIDER.  
16 THE WRITTEN NOTICE SHALL BE FURNISHED AT LEAST ONCE EVERY 30  
17 DAYS.

18 (3) IF A HEALTH MAINTENANCE ORGANIZATION VIOLATES THIS SEC-  
19 TION, SECTION 2006A(7) THROUGH (13) OF THE INSURANCE CODE OF  
20 1956, 1956 PA 218, MCL 500.2006A, APPLIES.

21 Enacting section 1. This amendatory act takes effect on  
22 January 1, 2000 and applies to all health care claims submitted  
23 for payment on and after January 1, 2000.

24 Enacting section 2. This amendatory act does not take  
25 effect unless Senate Bill No. 694

26 of the 90th Legislature is enacted into  
27 law.