

HOUSE BILL No. 5548

December 21, 2001, Introduced by Reps. Hardman, Garza, Reeves, Daniels, Kolb, Lockwood, Tabor, Vander Roest, Bogardus, Waters, Hale, Gielegheem, McConico, Quarles, Rivet, O'Neil, Plakas, Murphy, Schauer, Phillips and Lemmons and referred to the Committee on Health Policy.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 2243, 3405, 3631, and 3709 (MCL 500.2243,
500.3405, 500.3631, and 500.3709), as amended by 1994 PA 438; and
to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2243. (1) Notwithstanding any provision of a policy or
2 contract of group accident, group health, or group accident and
3 health insurance, executed after July 23, 1965, if the policy or
4 contract provides for reimbursement for any optometric service
5 that is within the lawful scope of practice of a duly licensed
6 optometrist, a subscriber to such group accident, group health,
7 or group accident and group health insurance policy or contract
8 shall be entitled to reimbursement for such service, whether the
9 service is performed by a physician or a duly licensed

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1 optometrist. Unless the policy or contract of group accident,
2 group health, or group accident and health insurance otherwise
3 provides, there shall be no reimbursement for ophthalmic materi-
4 als, lenses, spectacles, eyeglasses, or appurtenances.

5 (2) If a subscriber contract provides for and offers opto-
6 metric services, the subscriber shall have freedom of choice to
7 select either a physician or an optometrist to render the
8 services. Unless the subscriber contract otherwise provides,
9 there shall be no reimbursement for ophthalmic materials, lenses,
10 spectacles, eyeglasses, or appurtenances.

11 ~~(3) This section does not require coverage or reimbursement~~
12 ~~for a practice of optometric service unless that service was~~
13 ~~included in the definition of practice of optometry under~~
14 ~~section 17401 of the public health code, Act No. 368 of the~~
15 ~~Public Acts of 1978, being section 333.17401 of the Michigan~~
16 ~~Compiled Laws, as of May 20, 1992.~~

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

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 THOSE providers. Policies offered pursuant to this subsection
20 shall 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~~

~~1 Compiled Laws~~ THE PRUDENT PURCHASER ACT, 1984 PA 233, MCL
2 550.53, to contract with any individual provider.

3 (6) Nothing in ~~this~~ THE 1984 amendatory act THAT ADDED
4 THIS SUBSECTION applies to any contract that is in existence
5 before December 20, 1984, or the renewal of ~~such~~ THAT
6 contract.

7 ~~-(7)-~~ 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 optom-
10 etry, an insurer is not required to provide coverage or reimburse
11 for a practice of optometric service unless that service was
12 included in the definition of practice of optometry under
13 section 17401 of the public health code, Act No. 368 of the
14 Public Acts of 1978, being section 333.17401 of the Michigan
15 Compiled Laws, as of May 20, 1992.

16 (7) ~~-(8)-~~ Notwithstanding any other provision of this act,
17 if coverage under a prudent purchaser agreement provides for ben-
18 efits for services that are within the scope of practice of chi-
19 ropractic, an insurer is not required to provide coverage or
20 reimburse for the use of therapeutic sound or electricity, or
21 both, for the reduction or correction of spinal subluxations in a
22 chiropractic service. This subsection shall not take effect
23 unless Senate Bill No. 493 of the 87th Legislature is enacted
24 into law.

25 Sec. 3631. (1) For the purpose of doing business as an
26 organization under the prudent purchaser act, ~~Act No. 233 of the~~
27 ~~Public Acts of 1984, being sections 550.51 to 550.63 of the~~

~~1 Michigan Compiled Laws~~ 1984 PA 233, MCL 550.51 TO 550.63, an
2 insurer authorized to write group disability insurance or family
3 expense insurance that provides coverage for hospital, nursing,
4 medical, surgical, or sick-care benefits may enter into prudent
5 purchaser agreements with providers of hospital, nursing, medi-
6 cal, surgical, or sick-care services pursuant to this section and
7 ~~Act No. 233 of the Public Acts of 1984~~ THE PRUDENT PURCHASER
8 ACT, 1984 PA 233, MCL 550.51 TO 550.63.

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

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

25 (4) An insurer may offer group disability insurance policies
26 or family expense policies under which insured persons who elect
27 to obtain hospital, nursing, medical, surgical, or sick-care

1 services from health care providers who have entered into prudent
2 purchaser agreements shall realize a financial advantage or other
3 advantage by selecting ~~such a provider~~ THOSE PROVIDERS.

4 Policies offered pursuant to this subsection shall not, as a con-
5 dition of coverage, require insured persons to obtain ~~such~~
6 services exclusively from health care providers who have entered
7 into prudent purchaser agreements.

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

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

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

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

23 (7) The rates charged by an insurer for coverage under poli-
24 cies issued under this section shall not be unreasonably lower
25 than what is necessary to meet the expenses of the insurer for
26 providing this coverage and shall not have an anticompetitive

1 effect or result in predatory pricing in relation to prudent
2 purchaser agreement coverages offered by other organizations.

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

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

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

16 (c) Require an organization that has uniformly applied the
17 standards filed pursuant to section 3(3) of ~~Act No. 233 of the~~
18 ~~Public Acts of 1984, being section 550.53 of the Michigan~~
19 ~~Compiled Laws~~ THE PRUDENT PURCHASER ACT, 1984 PA 233, MCL
20 550.53, to contract with any individual provider.

21 (9) Nothing in ~~this~~ THE 1984 amendatory act THAT ADDED
22 THIS SUBSECTION applies to any contract that is in existence
23 before December 20, 1984, or the renewal of ~~such~~ THAT
24 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 optometric service unless that serv-~~
3 ~~ice was included in the definition of practice of optometry under~~
4 ~~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 (10) ~~-(11)-~~ Notwithstanding any other provision of this act,
8 if coverage under a prudent purchaser agreement provides for ben-
9 efits for services that are within the scope of practice of chi-
10 ropractic, an insurer is not required to provide coverage or
11 reimburse for the use of therapeutic sound or electricity, or
12 both, for the reduction or correction of spinal subluxations in a
13 chiropractic service. This subsection shall not take effect
14 unless Senate Bill No. 493 of the 87th Legislature is enacted
15 into law.

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

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~~ PRUDENT PURCHASER ACT, 1984 PA 233, MCL 550.53.

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 THOSE providers. Policies offered pursuant to this subsection
23 shall 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~~ THE PRUDENT PURCHASER ACT, 1984 PA 233, MCL
10 550.53, to contract with any individual provider.

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

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

23 (10) ~~(11)~~ Notwithstanding any other provision of this act,
24 if coverage under a prudent purchaser agreement provides for ben-
25 efits for services that are within the scope of practice of chi-
26 ropactic, an insurer is not required to provide coverage or
27 reimburse for the use of therapeutic sound or electricity, or

1 both, for the reduction or correction of spinal subluxations in a
2 chiropractic service. This subsection shall not take effect
3 unless Senate Bill No. 493 of the 87th Legislature is enacted
4 into law.

5 Enacting section 1. Section 3107b of the insurance code of
6 1956, 1956 PA 218, MCL 500.3107b, is repealed.

7 Enacting section 2. This amendatory act does not take
8 effect unless all of the following bills of the 91st Legislature
9 are enacted into law:

10 (a) Senate Bill No. _____ or House Bill No. 5550 (request
11 no. 04170'01 **).

12 (b) Senate Bill No. _____ or House Bill No. 5551 (request
13 no. 04171'01 **).

14 (c) Senate Bill No. _____ or House Bill No. 5549 (request
15 no. 04172'01 **).