

# SENATE BILL No. 1154

March 15, 2006, Introduced by Senator OLSHOVE 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, and 3631 (MCL 500.2243, 500.3405,  
and 500.3631), 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 that  
5 is within the lawful scope of practice of a duly licensed  
6 optometrist, a subscriber to such group accident, group health, or  
7 group accident and group health insurance policy or contract shall  
8 be entitled to reimbursement for such service, whether the service

1 is performed by a physician or a duly licensed optometrist. Unless  
2 the policy or contract of group accident, group health, or group  
3 accident and health insurance otherwise provides, there shall be no  
4 reimbursement for ophthalmic materials, lenses, spectacles,  
5 eyeglasses, or appurtenances.

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

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

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

1   **550.63.**

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

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

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

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

27          (b) Does not give a financial advantage or other advantage to

1 an insured person who elects to obtain services from health care  
2 providers who have entered into prudent purchaser agreements.

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

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

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

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

22 (c) Require an organization that has uniformly applied the  
23 standards filed pursuant to section 3(3) of ~~Act No. 233 of the~~  
24 ~~Public Acts of 1984, being section 550.53 of the Michigan Compiled~~  
25 ~~Laws~~ **THE PRUDENT PURCHASER ACT, 1984 PA 233, MCL 550.53**, to  
26 contract with any individual provider.

27 (6) Nothing in this 1984 amendatory act applies to any

1 contract that is in existence before December 20, 1984, or the  
2 renewal of such contract.

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

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

20 Sec. 3631. (1) For the purpose of doing business as an  
21 organization under the prudent purchaser act, ~~Act No. 233 of the~~  
22 ~~Public Acts of 1984, being sections 550.51 to 550.63 of the~~  
23 ~~Michigan Compiled Laws— 1984 PA 233, MCL 550.51 TO 550.63,~~ an  
24 insurer authorized to write group disability insurance or family  
25 expense insurance that provides coverage for hospital, nursing,  
26 medical, surgical, or sick-care benefits may enter into prudent  
27 purchaser agreements with providers of hospital, nursing, medical,

1 surgical, or sick-care services pursuant to this section and ~~Act~~  
2 ~~No. 233 of the Public Acts of 1984~~ **THE PRUDENT PURCHASER ACT, 1984**  
3 **PA 233, MCL 550.51 TO 550.63.**

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

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

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

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

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

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

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

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

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

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

1 single class of providers.

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

7 (c) Require an organization that has uniformly applied the  
8 standards filed pursuant to section 3(3) of ~~Act No. 233 of the~~  
9 ~~Public Acts of 1984, being section 550.53 of the Michigan Compiled~~  
10 ~~Laws~~ **THE PRUDENT PURCHASER ACT, 1984 PA 233, MCL 550.53,** to  
11 contract with any individual provider.

12 (9) Nothing in this 1984 amendatory act applies to any  
13 contract that is in existence before December 20, 1984, or the  
14 renewal of such contract.

15 ~~—— (10) Notwithstanding any other provision of this act, if~~  
16 ~~coverage under a prudent purchaser agreement provides for benefits~~  
17 ~~for services that are within the scope of practice of optometry, an~~  
18 ~~insurer is not required to provide coverage or reimburse for a~~  
19 ~~practice of optometric service unless that service was included in~~  
20 ~~the definition of practice of optometry under section 17401 of the~~  
21 ~~public health code, Act No. 368 of the Public Acts of 1978, being~~  
22 ~~section 333.17401 of the Michigan Compiled Laws, as of May 20,~~  
23 ~~1992.~~

24 ~~—— (11) Notwithstanding any other provision of this act, if~~  
25 ~~coverage under a prudent purchaser agreement provides for benefits~~  
26 ~~for services that are within the scope of practice of chiropractic,~~  
27 ~~an insurer is not required to provide coverage or reimburse for the~~



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

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