

# HOUSE BILL No. 5858

April 24, 2018, Introduced by Reps. Whiteford, Rendon, Lucido, Victory, Sheppard, Canfield, Hoadley, Barrett, Kahle, Alexander and Rabhi and referred to the Committee on Health Policy.

A bill to amend 1984 PA 218, entitled  
"Third party administrator act,"  
by amending section 2 (MCL 550.902) and by adding section 27.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 2. As used in this act:

2       (a) "Administrative services manager" or "manager" means an  
3 individual responsible for conducting the daily operations of a  
4 third party administrator.

5       (b) "Benefit plan" or "plan" means a medical, surgical,  
6 dental, vision, or health care benefit plan and may include  
7 coverage under a policy or certificate issued by a carrier.

8       (c) "Board" means the TPA advisory board created under section  
9 19.

10       (d) "Carrier" means ~~any of the following:~~

~~(i) An **AN** insurer, which is **INCLUDING A HEALTH MAINTENANCE ORGANIZATION**, regulated pursuant to **UNDER** the insurance code of 1956, Act No. 218 of the Public Acts of 1956, being sections **1956 PA 218, MCL** 500.100 to 500.8302, of the Michigan Compiled Laws.~~

~~(ii) A medical care corporation regulated pursuant to Act No. 108 of the Public Acts of 1939, being sections 550.301 to 550.316 of the Michigan Compiled Laws.~~

~~(iii) A hospital service corporation regulated pursuant to Act No. 109 of the Public Acts of 1939, being sections 550.501 to 550.517 of the Michigan Compiled Laws.~~

~~(iv) A health care corporation regulated pursuant to the nonprofit health care corporation reform act, Act No. 350 of the Public Acts of 1980, being sections 550.1101 to 550.1704 of the Michigan Compiled Laws.~~

~~(v) A health maintenance organization regulated under part 210 of the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.21001 to 333.21099 of the Michigan Compiled Laws.~~

~~(vi) A **OR A** dental care corporation regulated pursuant to Act No. 125 of the Public Acts of 1963, being sections **UNDER 1963 PA 125, MCL** 550.351 to 550.373. of the Michigan Compiled Laws.~~

~~(e) "Commissioner" means the commissioner of insurance of this state.~~**DIRECTOR.**

**(F) "DEPARTMENT" MEANS THE DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES.**

**(G) "DIRECTOR" MEANS THE DIRECTOR OF THE DEPARTMENT.**

~~(f)~~**(H) "ERISA" means the employee retirement income security**

1 act of 1974, ~~as amended, Public Law 93-406. , 88 Stat. 829.~~

2 (I) ~~(g)~~ "Person" means an individual, sole proprietorship,  
3 partnership, corporation, association, or any other legal entity.

4 (J) ~~(h)~~ "Personal data" means any record or information  
5 pertaining to the diagnosis, treatment, or health of an individual  
6 covered by a plan.

7 (K) "PHARMACY" MEANS THAT TERM AS DEFINED IN SECTION 17707 OF  
8 THE PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.17707.

9 (L) "PHARMACY BENEFIT MANAGER" MEANS A PERSON THAT CONTRACTS  
10 WITH A PHARMACY ON BEHALF OF A BENEFIT PLAN FOR THE PHARMACY TO  
11 PROVIDE PHARMACY SERVICES TO INDIVIDUALS COVERED BY THE PLAN AND  
12 THAT DETERMINES REIMBURSEMENT TO THE PHARMACY FOR THE PHARMACY  
13 SERVICES PROVIDED TO INDIVIDUALS COVERED BY THE PLAN. PHARMACY  
14 BENEFIT MANAGER DOES NOT INCLUDE A CARRIER OR AN EMPLOYER  
15 SPONSORING A PLAN.

16 (M) ~~(i)~~ "Processes claims" means the administrative services  
17 performed in connection with a claim for benefits under a plan.

18 (N) ~~(j)~~ "Service contract" means the written agreement for the  
19 provision of administrative services between the TPA and a plan, a  
20 sponsor of a plan, or a carrier.

21 (O) ~~(k)~~ "Third party administrator" or "TPA" means a person  
22 ~~who~~ **THAT** processes claims pursuant to a service contract and ~~who~~  
23 **THAT** may also provide 1 or more other administrative services  
24 pursuant to a service contract, other than under a worker's  
25 compensation self-insurance program pursuant to section 611 of the  
26 worker's disability compensation act of 1969, ~~Act No. 317 of the~~  
27 ~~Public Acts of 1969, being section 1969 PA 317, MCL 418.611. of the~~

1 ~~Michigan Compiled Laws.~~ **THIRD PARTY ADMINISTRATOR INCLUDES A**  
2 **PHARMACY BENEFIT MANAGER.** Third party administrator does not  
3 include a carrier or employer sponsoring a plan.

4       **SEC. 27. A CONTRACT BETWEEN A PHARMACY BENEFIT MANAGER AND A**  
5 **PHARMACY MUST PROVIDE THAT THE PHARMACY MAY DISCLOSE THE CURRENT**  
6 **SELLING PRICE OF A DRUG AS PROVIDED IN SECTION 17757 OF THE PUBLIC**  
7 **HEALTH CODE, 1978 PA 368, MCL 333.17757. THIS SECTION APPLIES TO A**  
8 **CONTRACT DESCRIBED IN THIS SECTION EXECUTED, EXTENDED, OR RENEWED**  
9 **ON OR AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED**  
10 **THIS SECTION.**