



# SENATE BILL No. 1263

September 21, 1994, Introduced by Senators CISKY and  
GOUGEON and referred to the Committee on Commerce

A bill to amend section 401 of Act No 350 of the Public  
Acts of 1980, entitled as amended

"The nonprofit health care corporation reform act,"  
as amended by Act No 66 of the Public Acts of 1984, being  
section 550 1401 of the Michigan Compiled Laws

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 401 of Act No 350 of the Public Acts of  
2 1980, as amended by Act No 66 of the Public Acts of 1984, being  
3 section 550 1401 of the Michigan Compiled Laws, is amended to  
4 read as follows

5 Sec 401 (1) A health care corporation established, main-  
6 tained, or operating in this state shall offer health care bene-  
7 fits to all residents of this state, and may offer other health  
8 care benefits as the corporation specifies with the approval of  
9 the commissioner

1       (2) A health care corporation may limit the health care  
2 benefits that it will furnish, except as provided in this act,  
3 and may divide the health care benefits ~~which~~ THAT it elects to  
4 furnish into classes or kinds

5       (3) A health care corporation shall not do any of the  
6 following

7       (a) Refuse to issue or continue a certificate to 1 or more  
8 residents of this state, except while the individual, based on a  
9 transaction or occurrence involving a health care corporation, is  
10 serving a sentence arising out of a charge of fraud, is satisfy-  
11 ing a civil judgment, or is making restitution pursuant to a vol-  
12 untary payment agreement between the corporation and the  
13 individual

14       (b) Refuse to continue in effect a certificate with 1 or  
15 more residents of this state, other than for failure to pay  
16 amounts due for a certificate, except as allowed for refusal to  
17 issue a certificate under subdivision (a)

18       (c) Limit the coverage available under a certificate, with-  
19 out the prior approval of the commissioner, unless the limitation  
20 is as a result of an agreement with the person paying for the  
21 coverage an agreement with the individual designated by the per-  
22 sons paying for or contracting for the coverage or a collective  
23 bargaining agreement

24       (D) CANCEL BENEFITS OR REFUSE TO PROVIDE BENEFITS OR RATE A  
25 CERTIFICATE OR REFUSE TO ISSUE OR CONTINUE A CERTIFICATE BECAUSE  
26 A SUBSCRIBER OR APPLICANT IS OR HAS BEEN A VICTIM OF DOMESTIC  
27 ASSAULT

1       (4) ~~Nothing in subsection (3) shall~~ SUBSECTION (3) DOES  
2 NOT prevent a health care corporation from denying to a resident  
3 of this state coverage under a certificate for any of the follow-  
4 ing grounds

5       (a) That the individual was not a member of a group ~~which~~  
6 THAT had contracted for coverage under this certificate

7       (b) That the individual is not a member of a group with a  
8 size greater than a minimum size established for a certificate  
9 pursuant to sound underwriting requirements

10       (c) That the individual does not meet requirements for cov-  
11 erage contained in a certificate

12       (5) A certificate may provide for the coordination of bene-  
13 fits, subrogation, and the nonduplication of benefits   Savings  
14 realized by the coordination of benefits, subrogation, and nondu-  
15 plication of benefits shall be reflected in the rates for those  
16 certificates   If a group certificate issued by the corporation  
17 contains a coordination of benefits provision, the benefits shall  
18 be payable pursuant to the coordination of benefits act

19       (6) A health care corporation shall have the right to status  
20 as a party in interest, whether by intervention or otherwise, in  
21 any judicial, quasi-judicial, or administrative agency proceeding  
22 in this state for the purpose of enforcing any rights it may have  
23 for reimbursement of payments made or advanced for health care  
24 services on behalf of 1 or more of its subscribers or members

25       (7) A health care corporation shall not directly reimburse a  
26 provider in this state who has not entered into a participating  
27 contract with the corporation

1       (8) A health care corporation shall not limit or deny  
2 coverage to a subscriber or limit or deny reimbursement to a pro-  
3 vider on the ground that services were rendered while the sub-  
4 scriber was in a health care facility operated by this state or a  
5 political subdivision of this state   A health care corporation  
6 shall not limit or deny participation status to a health care  
7 facility on the ground that the health care facility is operated  
8 by this state or a political subdivision of this state, if the  
9 facility meets the standards set by the corporation for all other  
10 facilities of that type, government-operated or otherwise   To  
11 qualify for participation and reimbursement, a facility shall, at  
12 a minimum, meet all of the following requirements, which shall  
13 apply to all similar facilities

14       (a) Be accredited by the joint commission on accreditation  
15 of hospitals

16       (b) Meet the certification standards of the medicare program  
17 and the medicaid program

18       (c) Meet all statutory requirements for certificate of  
19 need

20       (d) Follow generally accepted accounting principles and  
21 practices

22       (e) Have a community advisory board

23       (f) Have a program of utilization and peer review to assure  
24 that patient care is appropriate and at an acute level

25       (g) Designate that portion of the facility ~~which~~ THAT is  
26 to be used for acute care