

REPRINT

**SUBSTITUTE FOR
SENATE BILL NO. 589**

(As Passed the Senate October 27, 1999)

A bill to amend 1980 PA 350, entitled
"The nonprofit health care corporation reform act,"
by amending section 401 (MCL 550.1401), as amended by 1998
PA 135.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

6 (2) A health care corporation may limit the health care ben-
7 efits that it will furnish, except as provided in this act, and
8 may divide the health care benefits that it elects to furnish
9 into classes or kinds.

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1 (3) A health care corporation shall not do any of the
2 following:

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

10 (b) Refuse to continue in effect a certificate with 1 or
11 more residents of this state, other than for failure to pay
12 amounts due for a certificate, except as allowed for refusal to
13 issue a certificate under subdivision (a).

14 (c) Limit the coverage available under a certificate, with-
15 out the prior approval of the commissioner, unless the limitation
16 is as a result of: an agreement with the person paying for the
17 coverage; an agreement with the individual designated by the per-
18 sons paying for or contracting for the coverage; or a collective
19 bargaining agreement.

20 (d) Rate, cancel benefits on, refuse to provide benefits
21 for, or refuse to issue or continue a certificate solely because
22 a subscriber or applicant is or has been a victim of domestic
23 violence. A health care corporation shall not be held civilly
24 liable for any cause of action that may result from compliance
25 with this subdivision. This subdivision applies to all health
26 care corporation certificates issued or renewed on or after
27 June 1, 1998. As used in this subdivision, "domestic violence"

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1 means inflicting bodily injury, causing serious emotional injury
2 or psychological trauma, or placing in fear of imminent physical
3 harm by threat or force a person who is a spouse or former spouse
4 of, has or has had a dating relationship with, resides or has
5 resided with, or has a child in common with the person committing
6 the violence.

7 (E) REQUIRE A MEMBER OR HIS OR HER DEPENDENT OR AN APPLICANT
8 FOR COVERAGE OR HIS OR HER DEPENDENT TO DO EITHER OF THE
9 FOLLOWING:

10 (i) UNDERGO GENETIC TESTING BEFORE ISSUING, RENEWING, OR
11 CONTINUING A HEALTH CARE CORPORATION CERTIFICATE.

12 (ii) DISCLOSE WHETHER GENETIC TESTING HAS BEEN CONDUCTED OR
13 THE RESULTS OF GENETIC TESTING OR GENETIC INFORMATION.

14 (4) Subsection (3) does not prevent a health care corpora-
15 tion from denying to a resident of this state coverage under a
16 certificate for any of the following grounds:

17 (a) That the individual was not a member of a group that had
18 contracted for coverage under this certificate.

19 (b) That the individual is not a member of a group with a
20 size greater than a minimum size established for a certificate
21 pursuant to sound underwriting requirements.

22 (c) That the individual does not meet requirements for cov-
23 erage contained in a certificate.

24 (5) A certificate may provide for the coordination of bene-
25 fits, subrogation, and the nonduplication of benefits. Savings
26 realized by the coordination of benefits, subrogation, and
27 nonduplication of benefits shall be reflected in the rates for

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1 those certificates. If a group certificate issued by the
2 corporation contains a coordination of benefits provision, the
3 benefits shall be payable pursuant to the coordination of bene-
4 fits act, 1984 PA 64, MCL 550.251 TO 550.255.

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

11 (7) A health care corporation shall not directly reimburse a
12 provider in this state who has not entered into a participating
13 contract with the corporation.

14 (8) A health care corporation shall not limit or deny cover-
15 age to a subscriber or limit or deny reimbursement to a provider
16 on the ground that services were rendered while the subscriber
17 was in a health care facility operated by this state or a politi-
18 cal subdivision of this state. A health care corporation shall
19 not limit or deny participation status to a health care facility
20 on the ground that the health care facility is operated by this
21 state or a political subdivision of this state, if the facility
22 meets the standards set by the corporation for all other facili-
23 ties of that type, government-operated or otherwise. To qualify
24 for participation and reimbursement, a facility shall, at a mini-
25 mum, meet all of the following requirements, which shall apply to
26 all similar facilities:

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1 (a) Be accredited by the joint commission on accreditation
2 of hospitals.

3 (b) Meet the certification standards of the medicare program
4 and the medicaid program.

5 (c) Meet all statutory requirements for certificate of
6 need.

7 (d) Follow generally accepted accounting principles and
8 practices.

9 (e) Have a community advisory board.

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

12 (g) Designate that portion of the facility that is to be
13 used for acute care.

14 (9) AS USED IN THIS SECTION:

15 (A) "CLINICAL PURPOSES" INCLUDES ALL OF THE FOLLOWING:

16 (i) PREDICTED RISK OF DISEASES.

17 (ii) IDENTIFYING CARRIERS FOR SINGLE-GENE DISORDERS.

18 (iii) ESTABLISHING PRENATAL AND CLINICAL DIAGNOSIS OR
19 PROGNOSIS.

20 (iv) PRENATAL, NEWBORN, AND OTHER CARRIER SCREENING, AS WELL
21 AS TESTING IN HIGH-RISK FAMILIES.

22 (v) TESTS FOR METABOLITES IF UNDERTAKEN WITH HIGH PROBABIL-
23 ITY THAT AN EXCESS OR DEFICIENCY OF THE METABOLITE INDICATES OR
24 SUGGESTS THE PRESENCE OF HERITABLE MUTATIONS IN SINGLE GENES.

25 (vi) OTHER TESTS IF THEIR INTENDED PURPOSE IS DIAGNOSIS OF A
26 PRESYMPTOMATIC GENETIC CONDITION.

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1 (B) "GENETIC INFORMATION" MEANS INFORMATION ABOUT A GENE,
2 GENE PRODUCT, OR INHERITED CHARACTERISTIC DERIVED FROM A GENETIC
3 TEST.

4 (C) "GENETIC TEST" MEANS THE ANALYSIS OF HUMAN DNA, RNA,
5 CHROMOSOMES, AND THOSE PROTEINS AND METABOLITES USED TO DETECT
6 HERITABLE OR SOMATIC DISEASE-RELATED GENOTYPES OR KARYOTYPES FOR
7 CLINICAL PURPOSES. A GENETIC TEST MUST BE GENERALLY ACCEPTED IN
8 THE SCIENTIFIC AND MEDICAL COMMUNITIES AS BEING SPECIFICALLY
9 DETERMINATIVE FOR THE PRESENCE, ABSENCE, OR MUTATION OF A GENE OR
10 CHROMOSOME IN ORDER TO QUALIFY UNDER THIS DEFINITION. GENETIC
11 TEST DOES NOT INCLUDE A ROUTINE PHYSICAL EXAMINATION OR A ROUTINE
12 ANALYSIS, INCLUDING, BUT NOT LIMITED TO, A CHEMICAL ANALYSIS, OF
13 BODY FLUIDS, UNLESS CONDUCTED SPECIFICALLY TO DETERMINE THE PRES-
14 ENCE, ABSENCE, OR MUTATION OF A GENE OR CHROMOSOME.