

SENATE BILL No. 970

November 5, 2009, Introduced by Senator JACOBS and referred to the Committee on Economic Development and Regulatory Reform.

A bill to amend 1984 PA 233, entitled
"Prudent purchaser act,"
by amending section 3 (MCL 550.53), as amended by 1996 PA 518.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) An organization may enter into a prudent purchaser
2 agreement with 1 or more health care providers of a specific
3 service to control health care costs, assure appropriate
4 utilization of health care services, and maintain quality of health
5 care. The organization may limit the number of prudent purchaser
6 agreements entered into pursuant to this section if the number of
7 agreements is sufficient to assure reasonable levels of access to
8 health care services for recipients of those services. The number
9 of prudent purchaser agreements authorized by this section that are
10 necessary to assure reasonable levels of access to health care

1 services for recipients shall be determined by the organization.
2 However, the organization shall offer a prudent purchaser
3 agreement, comparable to those agreements with other members of the
4 provider panel, to at least 1 health care provider that provides
5 the applicable health care services and is located within a
6 reasonable distance from the recipients of those health care
7 services, if a health care provider that provides the applicable
8 health care services is located within that reasonable distance.

9 (2) An organization shall give all health care providers that
10 provide the applicable health care services and are located in the
11 geographic area served by the organization an opportunity to apply
12 to the organization for membership on the provider panel.

13 (3) A prudent purchaser agreement shall be based upon the
14 following written standards which shall be filed by the
15 organization with the commissioner on a form and in a manner that
16 is uniformly developed and applied by the commissioner before the
17 initial provider panel is formed:

18 (a) Standards for maintaining quality health care.

19 (b) Standards for controlling health care costs.

20 (c) Standards for assuring appropriate utilization of health
21 care services.

22 (d) Standards for assuring reasonable levels of access to
23 health care services.

24 (e) Other standards considered appropriate by the
25 organization.

26 (4) An organization shall develop and institute procedures
27 that are designed to notify health care providers located in the

1 geographic area served by the organization of the acceptance of
2 applications for a provider panel. The procedures shall include the
3 giving of notice to providers of the service upon request and shall
4 include publication in a newspaper with general circulation in the
5 geographic area served by the organization at least 30 days before
6 the initial provider application period. An organization shall
7 provide for an initial 60-day provider application period during
8 which providers of the service may apply to the organization for
9 membership on the provider panel. An organization that has entered
10 into a prudent purchaser agreement concerning a particular health
11 care service shall provide, at least once every 4 years, for a 60-
12 day provider application period during which providers of that
13 service may apply to the organization for membership on the
14 provider panel. Notice of this provider application period shall be
15 given to providers of the service upon request and shall be
16 published in a newspaper with general circulation in the geographic
17 area served by the organization at least 30 days before the
18 commencement of the provider application period. The initial 60-day
19 provider application period and procedures and the 4-year 60-day
20 provider application periods and procedures required under this
21 subsection do not apply to organizations whose provider panels are
22 open to application for membership at any time. Upon receipt of a
23 request by a health care provider, the organization shall provide
24 the written standards described in subsection (3) to the health
25 care provider. Within 90 days after the close of a provider
26 application period, or within 30 days following the completion of
27 the applicable physician credentialing process, whichever is later,

1 an organization shall notify an applicant in writing as to whether
2 the applicant has been accepted or rejected for membership on the
3 provider panel. If an applicant has been rejected, the organization
4 shall state in writing the reasons for rejection, citing 1 or more
5 of the standards.

6 (5) A health care provider whose membership on an
7 organization's provider panel is terminated shall be provided upon
8 request with a written explanation by the organization of the
9 reasons for the termination.

10 (6) An organization that enters into a prudent purchaser
11 agreement shall institute a program for the professional review of
12 the quality of health care, performance of health care personnel,
13 and utilization of services and facilities under the prudent
14 purchaser agreement. At least every 2 years, the organization shall
15 provide for an evaluation of its professional review program by a
16 professionally recognized independent third party.

17 (7) If 2 or more classes of health care providers may legally
18 provide the same health care service, the organization shall offer
19 each class of health care providers the opportunity to apply to the
20 organization for membership on the provider panel.

21 (8) Each prudent purchaser agreement shall state that the
22 health care provider may be removed from the provider panel before
23 the expiration of the agreement if the provider does not comply
24 with the requirements of the contract.

25 (9) This act does not preclude a health care provider or
26 health care facility from being a member of more than 1 provider
27 panel.

1 (10) A provider panel may include health care providers and
2 facilities outside Michigan if necessary to assure reasonable
3 levels of access to health care services under coverage authorized
4 by this act.

5 (11) When coverage authorized by this act is offered to a
6 person, the organization shall give or cause to be given to the
7 person the following information:

8 (a) The identity of the organization contracting with the
9 provider panel.

10 (b) The identity of the party sponsoring the coverage
11 including, but not limited to, the employer.

12 (c) The identity of the collective bargaining agent if the
13 coverage is offered pursuant to a collective bargaining agreement.

14 (12) If a person who has coverage authorized by this act is
15 entitled to receive a health care service when rendered by a health
16 care provider who is a member of the provider panel, the person is
17 entitled to receive the health care service from a health care
18 provider who is not a member of the provider panel for an emergency
19 episode of illness or injury that requires immediate treatment
20 before it can be obtained from a health care provider who is on the
21 provider panel.

22 (13) Subsections (2) to (12) do not limit the authority of
23 organizations to limit the number of prudent purchaser agreements.

24 (14) If coverage under a prudent purchaser agreement provides
25 for benefits for services that are within the scope of practice of
26 optometry, this act does not require that coverage or reimbursement
27 be provided for a practice of optometric service unless that

1 service was included in the definition of practice of optometry
2 under section 17401 of the public health code, ~~Act No. 368 of the~~
3 ~~Public Acts of 1978, being section 333.17401 of the Michigan~~
4 ~~Compiled Laws 1978 PA 368, MCL 333.17401~~, as of May 20, 1992.

5 (15) IF COVERAGE UNDER A PRUDENT PURCHASER AGREEMENT PROVIDES
6 FOR BENEFITS FOR SERVICES THAT ARE WITHIN THE SCOPE OF PRACTICE OF
7 CHIROPRACTIC, THIS ACT DOES NOT REQUIRE THAT COVERAGE OR
8 REIMBURSEMENT BE PROVIDED FOR A PRACTICE OF CHIROPRACTIC SERVICE
9 UNLESS THAT SERVICE WAS INCLUDED IN THE DEFINITION OF PRACTICE OF
10 CHIROPRACTIC UNDER SECTION 16401 OF THE PUBLIC HEALTH CODE, 1978 PA
11 368, MCL 333.16401, AS OF JANUARY 1, 2009.