

**THE NONPROFIT HEALTH CARE CORPORATION REFORM ACT (EXCERPT)**  
**Act 350 of 1980**

**550.1502a Prudent purchaser agreements; group contracts; option; group contracts under which financial or other advantage realized; additional option; applicability of subsection (5); individual contracts; rates; contracts subject to MCL 550.1504 to 550.1518; discrimination against class of health care providers; provisions inapplicable to certain contracts or renewals; optometry, chiropractic, and physical therapist or physical therapist assistant services.**

Sec. 502a.

(1) For the purpose of doing business as an organization under the prudent purchaser act, 1984 PA 233, MCL 550.51 to 550.63, a health care corporation may enter into prudent purchaser agreements with health care providers pursuant to this section and the prudent purchaser act, 1984 PA 233, MCL 550.51 to 550.63.

(2) A health care corporation may offer group contracts under which subscribers shall be required, as a condition of coverage, to obtain services exclusively from health care providers who have entered into prudent purchaser agreements.

(3) An individual who is a member of a group who is offered the option of being a subscriber under a contract under subsection (2) shall also be offered the option of being a subscriber under a contract under subsection (4). This subsection applies only if the group in which the individual is a member has 25 or more members or if the provider panel that is providing the services under the contract is limited by the organization to a specific number under section 3(1) of the prudent purchaser act, 1984 PA 233, MCL 550.53.

(4) A health care corporation may offer group contracts under which subscribers who elect to obtain services from health care providers who have entered into prudent purchaser agreements realize a financial advantage or other advantage by selecting providers who have entered into prudent purchaser agreements. A health care corporation shall not offer a group contract under this subsection that, as a condition of coverage, requires subscribers to obtain services exclusively from health care providers who have entered into prudent purchaser agreements.

(5) Subject to subsection (6), an individual who is a member of a group who is offered the option of being a subscriber under a contract under subsection (2) or (4) shall also be offered the option of being a subscriber under a contract that does not do any of the following:

(a) As a condition of coverage, require subscribers to obtain services exclusively from health care providers who have entered into prudent purchaser agreements.

(b) Give a financial advantage or other advantage to a subscriber who elects to obtain services from health care providers who have entered into prudent purchaser agreements.

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

(7) A health care corporation may offer individual contracts under which subscribers are required, as a condition of coverage, to obtain services exclusively from health care providers who have entered into prudent purchaser agreements. A person to whom a contract described in this subsection is offered shall also be offered a contract that does not do any of the following:

(a) As a condition of coverage, require subscribers to obtain services exclusively from health care providers who have entered into prudent purchaser agreements.

(b) Give a financial advantage or other advantage to a subscriber who elects to obtain services from health care providers who have entered into prudent purchaser agreements.

(8) A health care corporation may offer individual contracts under which subscribers who elect to obtain services from health care providers who have entered into prudent purchaser agreements realize a financial advantage or other advantage by selecting providers who have entered into prudent purchaser agreements. A health care corporation shall not offer an individual contract under this subsection that, as a condition of coverage, requires subscribers to obtain services exclusively from health care providers who have entered into prudent purchaser agreements. A person to whom a contract described in this subsection is offered shall also be offered a contract that does not do any of the following:

(a) As a condition of coverage, require subscribers to obtain services exclusively from health care providers who have entered into prudent purchaser agreements.

(b) Give a financial advantage or other advantage to a subscriber who elects to obtain services from health care providers who have entered into prudent purchaser agreements.

(9) The rates charged by a corporation for coverage under contracts issued under this section shall not be unreasonably lower than what is necessary to meet the expenses of the corporation for providing this coverage and shall not have an anticompetitive effect or result in predatory pricing in relation to prudent purchaser agreement coverages offered by other organizations.

(10) Contracts entered into under this section are not subject to sections 504 to 518.

(11) A health care corporation shall not discriminate against a class of health care providers when entering into prudent purchaser agreements with health care providers for its provider panel. This subsection does not do any of the following:

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

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

(c) Require an organization that has uniformly applied the standards filed under section 3(3) of the prudent purchaser act, 1984 PA 233, MCL 550.53, to contract with any individual provider.

(12) Nothing in 1984 PA 230 applies to any contract that was in existence before December 20, 1984, or the renewal of that contract.

(13) Notwithstanding any other provision of this act, if coverage under a prudent purchaser agreement provides for benefits for services that are within the scope of practice of optometry, a health care corporation is not required to provide benefits or reimburse for a practice of optometry service unless that service was included in the definition of practice of optometry under section 17401 of the public health code, 1978 PA 368, MCL 333.17401, as of May 20, 1992.

(14) Notwithstanding any other provision of this act, a health care corporation offering coverage under a prudent purchaser agreement is not required to reimburse for services otherwise covered if the services were performed by a member of a health care profession, which health care profession was not licensed or registered by this state on or before January 1, 1998 but that becomes a health care profession licensed or registered by this state after January 1, 1998. This subsection does not change the status of a health care profession that was licensed or registered by this state on or before January 1, 1998.

(15) Notwithstanding any other provision of this act, if coverage under a prudent purchaser agreement provides for benefits for services that are within the scope of practice of chiropractic, a health care corporation is not required to provide benefits or reimburse for a practice of chiropractic service unless that service was included in the definition of practice of chiropractic under section 16401 of the public health code, 1978 PA 368, MCL 333.16401, as of January 1, 2009.

(16) Notwithstanding any other provision of this act, if coverage under a prudent purchaser agreement provides for benefits for services that are provided by a licensed physical therapist or physical therapist assistant under the supervision of a licensed physical therapist, a health care corporation is not required to provide benefits or reimburse for services provided by a physical therapist or physical therapist assistant unless that service was provided by a licensed physical therapist or physical therapist assistant under the supervision of a licensed physical therapist pursuant to a prescription from a health care professional who holds a license issued under part 166, 170, 175, or 180 of the public health code, 1978 PA 368, MCL 333.16601 to 333.16648, 333.17001 to 333.17084, 333.17501 to 333.17556, and 333.18001 to 333.18058, or the equivalent license issued by another state.

**History:** Add. 1984, Act 230, Eff. Dec. 20, 1984 ;-- Am. 1988, Act 283, Imd. Eff. July 27, 1988 ;-- Am. 1994, Act 440, Eff. Mar 30, 1995 ;-- Am. 1998, Act 446, Imd. Eff. Dec. 30, 1998 ;-- Am. 2009, Act 225, Imd. Eff. Jan. 5, 2010 ;-- Am. 2014, Act 261, Imd. Eff. July 1, 2014

**Compiler's Notes:** Neither Senate Bill No. 493 nor House Bill No. 4494 was enacted into law by the 87th Legislature.

**Popular Name:** Blue Cross-Blue Shield

**Popular Name:** Act 350