## **HOUSE BILL No. 6410**

September 9, 2008, Introduced by Rep. Hune and referred to the Committee on Health Policy.

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
  - of prudent purchaser agreements authorized by this section that are

- 1 necessary to assure reasonable levels of access to health care
- 2 services for recipients shall be determined by the organization.
- 3 However, the organization shall offer a prudent purchaser
- 4 agreement, comparable to those agreements with other members of the
- 5 provider panel, to at least 1 health care provider that provides
- 6 the applicable health care services and is located within a
- 7 reasonable distance from the recipients of those health care
- 8 services, if a health care provider that provides the applicable
- 9 health care services is located within that reasonable distance.
- 10 (2) An organization shall give all health care providers that
- 11 provide the applicable health care services and are located in the
- 12 geographic area served by the organization an opportunity to apply
- 13 to the organization for membership on the provider panel.
- 14 (3) A prudent purchaser agreement shall be based upon the
- 15 following written standards which shall be filed by the
- 16 organization with the commissioner on a form and in a manner that
- 17 is uniformly developed and applied by the commissioner before the
- 18 initial provider panel is formed:
- (a) Standards for maintaining quality health care.
- 20 (b) Standards for controlling health care costs.
- 21 (c) Standards for assuring appropriate utilization of health
- 22 care services.
- 23 (d) Standards for assuring reasonable levels of access to
- 24 health care services.
- 25 (e) Other standards considered appropriate by the
- 26 organization.
- 27 (4) An organization shall develop and institute procedures

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

- 1 the applicable physician credentialing process, whichever is later,
- 2 an organization shall notify an applicant in writing as to whether
- 3 the applicant has been accepted or rejected for membership on the
- 4 provider panel. If an applicant has been rejected, the organization
- 5 shall state in writing the reasons for rejection, citing 1 or more
- 6 of the standards.
- 7 (5) A health care provider whose membership on an
- 8 organization's provider panel is terminated shall be provided upon
- 9 request with a written explanation by the organization of the
- 10 reasons for the termination.
- 11 (6) An organization that enters into a prudent purchaser
- 12 agreement shall institute a program for the professional review of
- 13 the quality of health care, performance of health care personnel,
- 14 and utilization of services and facilities under the prudent
- 15 purchaser agreement. At least every 2 years, the organization shall
- 16 provide for an evaluation of its professional review program by a
- 17 professionally recognized independent third party.
- 18 (7) If 2 or more classes of health care providers may legally
- 19 provide the same health care service, the organization shall offer
- 20 each class of health care providers the opportunity to apply to the
- 21 organization for membership on the provider panel.
- 22 (8) Each prudent purchaser agreement shall state that the
- 23 health care provider may be removed from the provider panel before
- 24 the expiration of the agreement if the provider does not comply
- 25 with the requirements of the contract.
- 26 (9) This act does not preclude a health care provider or
- 27 health care facility from being a member of more than 1 provider

- 1 panel.
- 2 (10) A provider panel may include health care providers and
- 3 facilities outside Michigan if necessary to assure reasonable
- 4 levels of access to health care services under coverage authorized
- 5 by this act.
- 6 (11) When coverage authorized by this act is offered to a
- 7 person, the organization shall give or cause to be given to the
- 8 person the following information:
- 9 (a) The identity of the organization contracting with the
- 10 provider panel.
- 11 (b) The identity of the party sponsoring the coverage
- 12 including, but not limited to, the employer.
- 13 (c) The identity of the collective bargaining agent if the
- 14 coverage is offered pursuant to a collective bargaining agreement.
- 15 (12) If a person who has coverage authorized by this act is
- 16 entitled to receive a health care service when rendered by a health
- 17 care provider who is a member of the provider panel, the person is
- 18 entitled to receive the health care service from a health care
- 19 provider who is not a member of the provider panel for an emergency
- 20 episode of illness or injury that requires immediate treatment
- 21 before it can be obtained from a health care provider who is on the
- 22 provider panel.
- 23 (13) Subsections (2) to (12) do not limit the authority of
- 24 organizations to limit the number of prudent purchaser agreements.
- 25 (14) If coverage under a prudent purchaser agreement provides
- 26 for benefits for services that are within the scope of practice of
- 27 optometry, this act does not require that coverage or reimbursement

- 1 be provided for a practice of optometric service unless that
- 2 service was included in the definition of practice of optometry
- 3 under section 17401 of the public health code, Act No. 368 of the
- 4 Public Acts of 1978, being section 333.17401 of the Michigan
- 5 Compiled Laws 1978 PA 368, MCL 333.17401, as of May 20, 1992.
- 6 (15) IF COVERAGE UNDER A PRUDENT PURCHASER AGREEMENT PROVIDES
- 7 FOR BENEFITS FOR SERVICES THAT ARE WITHIN THE SCOPE OF PRACTICE OF
- 8 CHIROPRACTIC, THIS ACT DOES NOT REQUIRE THAT COVERAGE OR
- 9 REIMBURSEMENT BE PROVIDED FOR A PRACTICE OF CHIROPRACTIC SERVICE
- 10 UNLESS THAT SERVICE WAS INCLUDED IN THE DEFINITION OF PRACTICE OF
- 11 CHIROPRACTIC UNDER SECTION 16401 OF THE PUBLIC HEALTH CODE, 1978 PA
- 12 368, MCL 333.16401, AS OF JANUARY 1, 2008.