

# SENATE BILL No. 973

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

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending sections 3405, 3475, and 3631 (MCL 500.3405, 500.3475,  
and 500.3631), sections 3405 and 3631 as amended by 1994 PA 438 and  
section 3475 as amended by 1984 PA 280.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3405. (1) For the purpose of doing business as an  
2 organization under the prudent purchaser act, ~~Act No. 233 of the~~  
3 ~~Public Acts of 1984, being sections 550.51 to 550.63 of the~~  
4 ~~Michigan Compiled Laws 1984 PA 233, MCL 550.51 TO 550.63,~~ an  
5 insurer authorized in this state to write disability insurance that  
6 provides coverage for hospital, nursing, medical, surgical, or  
7 sick-care benefits may enter into prudent purchaser agreements with  
8 providers of hospital, nursing, medical, surgical, or sick-care

1 services pursuant to this section and ~~Act No. 233 of the Public~~  
2 ~~Acts of 1984~~ **THE PRUDENT PURCHASER ACT, 1984 PA 233, MCL 550.51 TO**  
3 **550.63.**

4 (2) An insurer may offer disability insurance policies under  
5 which the insured persons shall be required, as a condition of  
6 coverage, to obtain hospital, nursing, medical, surgical, or sick-  
7 care services exclusively from health care providers who have  
8 entered into prudent purchaser agreements. A person to whom such a  
9 policy is offered shall also be offered a policy that:

10 (a) Does not, as a condition of coverage, require insured  
11 persons to obtain services exclusively from health care providers  
12 who have entered into prudent purchaser agreements.

13 (b) Does not give a financial advantage or other advantage to  
14 an insured person who elects to obtain services from health care  
15 providers who have entered into prudent purchaser agreements.

16 (3) An insurer may offer disability insurance policies under  
17 which insured persons who elect to obtain hospital, nursing,  
18 medical, surgical, or sick-care services from health care providers  
19 who have entered into prudent purchaser agreements shall realize a  
20 financial advantage or other advantage by selecting such providers.  
21 Policies offered pursuant to this subsection shall not, as a  
22 condition of coverage, require insured persons to obtain such  
23 services exclusively from health care providers who have entered  
24 into prudent purchaser agreements. A person to whom such a policy  
25 is offered shall also be offered a policy that:

26 (a) Does not, as a condition of coverage, require insured  
27 persons to obtain services exclusively from health care providers

1 who have entered into prudent purchaser agreements.

2 (b) Does not give a financial advantage or other advantage to  
3 an insured person who elects to obtain services from health care  
4 providers who have entered into prudent purchaser agreements.

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

11 (5) An insurer shall not discriminate against a class of  
12 health care providers when entering into prudent purchaser  
13 agreements with health care providers for its provider panel. This  
14 subsection does not:

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

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

24 (c) Require an organization that has uniformly applied the  
25 standards filed pursuant to section 3(3) of ~~Act No. 233 of the~~  
26 ~~Public Acts of 1984, being section 550.53 of the Michigan Compiled~~  
27 ~~Laws~~ **THE PRUDENT PURCHASER ACT, 1984 PA 233, MCL 550.53, to**

1 contract with any individual provider.

2 (6) Nothing in this 1984 amendatory act applies to any  
3 contract that is in existence before December 20, 1984, or the  
4 renewal of such contract.

5 (7) Notwithstanding any other provision of this act, if  
6 coverage under a prudent purchaser agreement provides for benefits  
7 for services that are within the scope of practice of optometry, an  
8 insurer is not required to provide coverage or reimburse for a  
9 practice of optometric service unless that service was included in  
10 the definition of practice of optometry under section 17401 of the  
11 public health code, ~~Act No. 368 of the Public Acts of 1978, being~~  
12 ~~section 333.17401 of the Michigan Compiled Laws 1978 PA 368, MCL~~  
13 **333.17401**, as of May 20, 1992.

14 (8) Notwithstanding any other provision of this act, if  
15 coverage under a prudent purchaser agreement provides for benefits  
16 for services that are within the scope of practice of chiropractic,  
17 an insurer is not required to provide coverage or reimburse for ~~the~~  
18 ~~use of therapeutic sound or electricity, or both, for the reduction~~  
19 ~~or correction of spinal subluxations in a chiropractic service.~~  
20 ~~This subsection shall not take effect unless Senate Bill No. 493 of~~  
21 ~~the 87th Legislature is enacted into law~~ **A PRACTICE OF CHIROPRACTIC**  
22 **SERVICE UNLESS THAT SERVICE WAS INCLUDED IN THE DEFINITION OF**  
23 **PRACTICE OF CHIROPRACTIC UNDER SECTION 16401 OF THE PUBLIC HEALTH**  
24 **CODE, 1978 PA 368, MCL 333.16401, AS OF JANUARY 1, 2009.**

25 Sec. 3475. Notwithstanding any provision of any policy of  
26 insurance or certificate, if an insurance policy or certificate  
27 provides for reimbursement for any service which may be legally

1 performed by a person fully licensed as a psychologist under part  
2 182 of the public health code, ~~Act No. 368 of the Public Acts of~~  
3 ~~1978, being sections 333.18201 to 333.18237 of the Michigan~~  
4 ~~Compiled Laws 1978 PA 368, MCL 333.18201 TO 333.18237~~; by a  
5 podiatrist licensed under part 180 of the public health code, ~~Act~~  
6 ~~No. 368 of the Public Acts of 1978, being sections 333.18001 to~~  
7 ~~333.18033 of the Michigan Compiled Laws 1978 PA 368, MCL 333.18001~~  
8 ~~TO 333.18058~~; by a chiropractor licensed under part 164 of the  
9 public health code, ~~Act No. 368 of the Public Acts of 1978, being~~  
10 ~~sections 333.16401 to 333.16431 of the Michigan Compiled Laws 1978~~  
11 ~~PA 368, MCL 333.16401 TO 333.16431~~; reimbursement under the  
12 insurance policy or certificate shall not be denied if the service  
13 is rendered by a person fully licensed as a psychologist under part  
14 182 of the public health code, ~~Act No. 368 of the Public Acts of~~  
15 ~~1978 1978 PA 368, MCL 333.18201 TO 333.18237~~; by a podiatrist  
16 licensed under part 180 of the public health code, ~~Act No. 368 of~~  
17 ~~the Public Acts of 1978 1978 PA 368, MCL 333.18001 TO 333.18058~~; or  
18 by a chiropractor licensed under part 164 of the public health  
19 code, ~~Act No. 368 of the Public Acts of 1978 1978 PA 368, MCL~~  
20 ~~333.16401 TO 333.16431~~; within the statutory provisions provided in  
21 his or her individual practice act. This section ~~shall not be~~  
22 ~~construed as requiring the~~ **DOES NOT REQUIRE** coverage for a  
23 psychologist in any insurance policy **AND DOES NOT REQUIRE COVERAGE**  
24 **OR REIMBURSEMENT FOR A PRACTICE OF CHIROPRACTIC SERVICE UNLESS THAT**  
25 **SERVICE WAS INCLUDED IN THE DEFINITION OF PRACTICE OF CHIROPRACTIC**  
26 **UNDER SECTION 16401 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL**  
27 **333.16401, AS OF JANUARY 1, 2009.** This section shall not apply to a

1 policy or certificate written pursuant to section 3405 ~~OR 3631~~ ~~or 3709~~ involving a prudent purchaser agreement.

3 Sec. 3631. (1) For the purpose of doing business as an  
 4 organization under the prudent purchaser act, ~~Act No. 233 of the~~  
 5 ~~Public Acts of 1984, being sections 550.51 to 550.63 of the~~  
 6 ~~Michigan Compiled Laws 1984 PA 233, MCL 550.51 TO 550.63,~~ an  
 7 insurer authorized to write group disability insurance or family  
 8 expense insurance that provides coverage for hospital, nursing,  
 9 medical, surgical, or sick-care benefits may enter into prudent  
 10 purchaser agreements with providers of hospital, nursing, medical,  
 11 surgical, or sick-care services pursuant to this section and ~~Act~~  
 12 ~~No. 233 of the Public Acts of 1984~~ **THE PRUDENT PURCHASER ACT, 1984**  
 13 **PA 233, MCL 550.51 TO 550.63.**

14 (2) An insurer may offer group disability insurance policies  
 15 or family expense policies under which the insured persons shall be  
 16 required, as a condition of coverage, to obtain hospital, nursing,  
 17 medical, surgical, or sick-care services exclusively from health  
 18 care providers who have entered into prudent purchaser agreements.

19 (3) An individual who is a member of a group who is offered  
 20 the option of being under a policy pursuant to subsection (2) shall  
 21 also be offered the option of being insured under a policy pursuant  
 22 to subsection (4). This subsection applies only if the group in  
 23 which the individual is a member has 25 or more members or if the  
 24 provider panel that is providing the services under the group  
 25 policy is limited by the organization to a specific number pursuant  
 26 to section 3(1) of ~~Act No. 233 of the Public Acts of 1984, being~~  
 27 ~~section 550.53 of the Michigan Compiled Laws~~ **THE PRUDENT PURCHASER**

1   **ACT, 1984 PA 233, MCL 550.53.**

2           (4) An insurer may offer group disability insurance policies  
3 or family expense policies under which insured persons who elect to  
4 obtain hospital, nursing, medical, surgical, or sick-care services  
5 from health care providers who have entered into prudent purchaser  
6 agreements shall realize a financial advantage or other advantage  
7 by selecting such a provider. Policies offered pursuant to this  
8 subsection shall not, as a condition of coverage, require insured  
9 persons to obtain such services exclusively from health care  
10 providers who have entered into prudent purchaser agreements.

11           (5) An individual who is a member of a group who is offered  
12 the option of being insured under a policy pursuant to subsection  
13 (2) or (4) shall also be offered the option of being insured under  
14 a policy that:

15           (a) Does not, as a condition of coverage, require insured  
16 persons to obtain services exclusively from health care providers  
17 who have entered into prudent purchaser agreements.

18           (b) Does not give a financial advantage or other advantage to  
19 an insured person who elects to obtain services from health care  
20 providers who have entered into prudent purchaser agreements.

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

25           (7) The rates charged by an insurer for coverage under  
26 policies issued under this section shall not be unreasonably lower  
27 than what is necessary to meet the expenses of the insurer for

1 providing this coverage and shall not have an anticompetitive  
2 effect or result in predatory pricing in relation to prudent  
3 purchaser agreement coverages offered by other organizations.

4 (8) An insurer shall not discriminate against a class of  
5 health care providers when entering into prudent purchaser  
6 agreements with health care providers for its provider panel. This  
7 subsection does not:

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

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

17 (c) Require an organization that has uniformly applied the  
18 standards filed pursuant to section 3(3) of ~~Act No. 233 of the~~  
19 ~~Public Acts of 1984, being section 550.53 of the Michigan Compiled~~  
20 ~~Laws~~ **THE PRUDENT PURCHASER ACT, 1984 PA 233, MCL 550.53**, to  
21 contract with any individual provider.

22 (9) Nothing in this 1984 amendatory act applies to any  
23 contract that is in existence before December 20, 1984, or the  
24 renewal of such contract.

25 (10) Notwithstanding any other provision of this act, if  
26 coverage under a prudent purchaser agreement provides for benefits  
27 for services that are within the scope of practice of optometry, an



Senate Bill No. 973 as amended December 9, 2009

insurer is not required to provide coverage or reimburse for a practice of optometric service unless that service was included in the definition of practice of optometry under section 17401 of the public health code, ~~Act No. 368 of the Public Acts of 1978 , being section 333.17401 of the Michigan Compiled Laws 1978 PA 368, MCL 333.17401,~~ as of May 20, 1992.

(11) 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, an insurer is not required to provide coverage or reimburse for ~~the use of therapeutic sound or electricity, or both, for the reduction or correction of spinal subluxations in a chiropractic service.~~ This subsection shall not take effect unless Senate Bill No. 493 of the 87th Legislature is enacted into law **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.**

[Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 95th Legislature are enacted into law:

- (a) Senate Bill No. 968.
- (b) Senate Bill No. 970.
- (c) Senate Bill No. 971.
- (d) Senate Bill No. 972.
- (e) House Bill No. 5091.
- (f) House Bill No. 5105.]