

# HOUSE BILL No. 4283

February 22, 1989, Introduced by Reps. Miller, Gnodtke, Fitzgerald, Emmons, Johnson, Bandstra, Giese, Hunter, Bender, Dunaskiss, Hoekman, Ciaramitaro, DeMars, Saunders and London and referred to the Committee on Social Services and Youth.

A bill to amend section 111b of Act No. 280 of the Public Acts of 1939, entitled as amended

"The social welfare act,"

as amended by Act No. 227 of the Public Acts of 1986, being section 400.111b of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 111b of Act No. 280 of the Public Acts  
2 of 1939, as amended by Act No. 227 of the Public Acts of 1986,  
3 being section 400.111b of the Michigan Compiled Laws, is amended  
4 to read as follows:

5 Sec. 111b. (1) As a condition of participation, a provider  
6 shall meet all of the requirements specified in this section  
7 except as provided in subsections (25), (26), and (27).

8 (2) A provider shall comply with all licensing and  
9 registration laws of this state applicable to the provider's

1 practice or business. In the case of a facility that is  
2 periodically inspected by a licensing authority, maintenance of  
3 licensure shall constitute compliance.

4 (3) A provider shall be certified, if the provider is of the  
5 type for which certification is required by titles XVIII or XIX.

6 (4) A provider shall enter into an agreement of enrollment  
7 specified by the director.

8 (5) A provider who renders a reimbursable service described  
9 in section 109 to a medically indigent individual shall provide  
10 the individual service of the same scope and quality as would be  
11 provided to the general public.

12 (6) A provider shall maintain records necessary to document  
13 fully the extent and cost of services, supplies, or equipment  
14 provided to a medically indigent individual and to substantiate  
15 each claim and, in accordance with professionally accepted stan-  
16 dards, the medical necessity, appropriateness, and quality of  
17 service rendered for which a claim is made.

18 (7) A provider, upon request and at a reasonable time and  
19 place, shall make available any record required to be maintained  
20 by subsection (6) for examination and photocopying by authorized  
21 agents of the director, the department of attorney general, or  
22 federal authorities whose duties and functions are related to  
23 state programs of medical assistance under title XIX. When a  
24 provider releases records in response to a request by the direc-  
25 tor made pursuant to section 111a(13) or in compliance with this  
26 subsection, that provider shall not be civilly liable in damages

1 to a patient or to another provider to whom, respectively, the  
2 records relate solely, on account of the response or compliance.

3 (8) A provider shall retain each record required to be main-  
4 tained by subsection (6) for a period of 6 years after the date  
5 of service. A provider who no longer personally retains the  
6 records due to death, retirement, change in ownership, or other  
7 reason, shall insure that a suitable person retains the records  
8 and provides access to the records as required in subsection  
9 (7).

10 (9) A provider shall require, as a condition of any contract  
11 with a person, sole proprietorship, clinic, group, partnership,  
12 corporation, association, or other entity, for the purpose of  
13 generating billings in the name of the provider or on behalf of  
14 the provider to the state department, that the person, partner-  
15 ship, corporation, or other entity, its representative, succes-  
16 sor, or assignee, retain for not less than 6 years, copies of all  
17 documents used in the generation of billings, including the cer-  
18 tifications required by subsection (17), and, if applicable, com-  
19 puter billing tapes when returned by the state department.

20 (10) A provider shall submit all claims for services  
21 rendered under the program on a form or in a format and with the  
22 supporting documentation specified and required by the director  
23 under section 111a(7)(c). Submission of a claim or claims for  
24 services rendered under the program does not establish in the  
25 provider a right to receive payment from the program.

26 (11) A provider shall submit initial claims for services  
27 rendered within 12 months after the date of service, or within a

1 shorter period that the director may establish. The director  
2 shall not delegate the authority to establish a time period for  
3 submission of claims under this subsection. The director, with  
4 the appropriate consultation required by section 111a, may pre-  
5 scribe the conditions under which a provider may qualify for a  
6 waiver of the time period established pursuant to this subsection  
7 with respect to a particular submission of a claim. Liability  
8 shall not be imposed upon this state or the medically indigent  
9 individual for payment of claims submitted after the period  
10 established pursuant to this subsection.

11 (12) A provider shall not charge the state more for a serv-  
12 ice rendered to a medically indigent individual than the  
13 provider's customary charge to the general public or another  
14 third party payer for the same or similar service.

15 (13) A provider shall submit information on estimated costs,  
16 and charges on a form or in a format and at times that the direc-  
17 tor may specify and require pursuant to section 111a(16).

18 (14) Except for copayment authorized by the state department  
19 and in conformance with applicable state and federal law, a pro-  
20 vider shall accept payment from the state as payment in full by  
21 the medically indigent individual for services received. A pro-  
22 vider shall not seek payment from the medically indigent individ-  
23 ual, the family, or representative of the individual for either  
24 of the following:

25 (a) Authorized services provided and reimbursed under the  
26 program.

1 (b) Services determined to be medically unnecessary in  
2 accordance with professionally accepted standards.

3 (15) A provider may seek payment from a medically indigent  
4 individual for services not covered nor reimbursed by the program  
5 if the individual elected to receive the services with the knowl-  
6 edge that the services would not be covered nor reimbursed under  
7 the program.

8 (16) A provider promptly shall notify the director of a pay-  
9 ment received by the provider to which the provider is not enti-  
10 tled or which exceeds the amount to which the provider is  
11 entitled. If the provider makes or should have made notification  
12 under this subsection or receives notification of overpayment  
13 under section 111a(17), the provider shall repay, return,  
14 restore, or reimburse, either directly or through adjustment of  
15 payments, the overpayment in the manner required by the  
16 director. Failure to repay, return, restore, or reimburse the  
17 overpayment or a consistent pattern of failure to notify the  
18 director shall constitute a conversion of the money by the  
19 provider.

20 (17) As a condition of payment for services rendered to a  
21 medically indigent individual, a provider shall certify that a  
22 claim for payment is true, accurate, prepared with the knowledge  
23 and consent of the provider, and does not contain untrue, mis-  
24 leading, or deceptive information. A provider shall be responsi-  
25 ble for the ongoing supervision of an agent, officer, or employee  
26 who prepares or submits the provider's claims. A provider's  
27 certification required under this subsection shall be prima facie

1 evidence that the provider knows that the claim or claims are  
2 true, accurate, prepared with his or her knowledge and consent,  
3 do not contain misleading or deceptive information, and are filed  
4 in compliance with the policies, procedures, and instructions,  
5 and on the forms established or developed pursuant to this act.  
6 Certification shall be made in the following manner:

7       (a) For an invoice or other prescribed form submitted  
8 directly to the state department by the provider in claim for  
9 payment for the provision of services, by an indelible mark made  
10 by hand, mechanical or electronic device, stamp, or other means  
11 by the provider, or an agent, officer, or employee of the  
12 provider.

13       (b) For an invoice or other form submitted in claim for pay-  
14 ment for the provision of services submitted indirectly by the  
15 provider to the state department through a person, sole proprie-  
16 torship, clinic, group, partnership, corporation, association, or  
17 other entity that generates and files claims on a provider's  
18 behalf, by the HANDWRITTEN indelible ~~written name~~ SIGNATURE of  
19 the provider on a certification form developed by the director  
20 for submission to the state department with each group of  
21 invoices or forms in claim for payment. ~~The certification form~~  
22 ~~shall indicate the name of the person, if other than the provid-~~  
23 ~~er, who signed the provider's name.~~

24       (c) For a warrant issued in payment of a claim submitted by  
25 a provider, by the handwritten indelible signature of the payee,  
26 if the payee is a natural person; by the handwritten indelible  
27 signature of an officer, if the payee is a corporation; or by

1 handwritten indelible signature of a partner, if the payee is a  
2 partnership.

3 (18) A provider shall comply with all requirements estab-  
4 lished under section 111a(1), (2), and (3).

5 (19) A provider shall file with the state department, on  
6 disclosure forms provided by the director, a complete and truth-  
7 ful statement of all of the following:

8 (a) The identity of each individual having, directly or  
9 indirectly, an ownership or beneficial interest in a partnership,  
10 corporation, organization, or other legal entity, except a com-  
11 pany registered pursuant to the securities exchange act of 1934,  
12 ~~15 U.S.C. 78a to 78kk~~ CHAPTER 404, 48 STAT. 881, through which  
13 the provider engages in practice or does business related to  
14 claims or charges against the program. This subdivision does not  
15 apply to a health facility or agency that is required to comply  
16 with and has complied with the disclosure requirements of section  
17 20142(3) of the public health code, Act No. 368 of the Public  
18 Acts of 1978, being section 333.20142 of the Michigan Compiled  
19 Laws. With respect to a company registered pursuant to the  
20 securities exchange act of 1934, ~~15 U.S.C. 78a to 78kk~~  
21 CHAPTER 404, 48 STAT. 881, a provider shall disclose the identity  
22 of each individual having, directly or indirectly, separately or  
23 in combination, a 5% or greater ownership or beneficial  
24 interest.

25 (b) The identity of each partnership, corporation, organi-  
26 zation, legal entity, or other affiliate whose practice or  
27 business is related to a claim or charge against the program in

1 which the provider has, directly or indirectly, an ownership or  
2 beneficial interest, trust agreement, or a general or perfected  
3 security interest. This subdivision does not apply to a health  
4 facility or agency that is required to comply with and has com-  
5 plied with the disclosure requirements of section 20142(4) of the  
6 public health code, Act No. 368 of the Public Acts of 1978, being  
7 section 333.20142 of the Michigan Compiled Laws.

8 (c) If applicable to the provider, a copy of a disclosure  
9 form identifying ownership and controlling interests submitted to  
10 the United States department of health and human services in ful-  
11 fillment of a condition of participation in programs established  
12 pursuant to titles V, XVIII, XIX, and XX. To the extent that  
13 information disclosed on this form duplicates information  
14 required to be filed under subdivision (a) or (b), filing a copy  
15 of the form shall satisfy the requirements under those  
16 subdivisions.

17 (20) A provider, when requested by the director, shall pro-  
18 vide complete and truthful information as to his or her profes-  
19 sional qualifications and training, and his or her licensure in  
20 each jurisdiction in which the provider is licensed or authorized  
21 to practice.

22 (21) In the interest of review and control of utilization of  
23 services, a provider shall identify each attending, referring, or  
24 prescribing physician, dentist, or other practitioner by means of  
25 a program identification number on each claim or adjustment of a  
26 claim submitted to the state department.



1 (22) It shall be the obligation of a provider to assure that  
2 services, supplies, or equipment provided to, ordered, or  
3 prescribed on behalf of a medically indigent individual by that  
4 provider will meet professionally accepted standards for the med-  
5 ical necessity, appropriateness, and quality of health care.

6 (23) If any service, supply, or equipment provided directly  
7 by a provider, or any service, supply, or equipment prescribed or  
8 ordered by a provider and delivered by someone other than that  
9 provider, is determined not to be medically necessary, not appro-  
10 priate, or not otherwise in accordance with medical assistance  
11 program coverages, the provider who directly provided, ordered,  
12 or prescribed the service, supply, or equipment shall be respon-  
13 sible for direct and complete repayment of any program payment  
14 made to the provider or to any other person for that service,  
15 supply, or equipment. Services, supplies, or equipment provided  
16 by a consulting provider based upon his or her independent evalu-  
17 ation or assessment of the recipient's needs shall be the respon-  
18 sibility of the consulting provider. This subsection shall not  
19 apply ~~for~~ TO the repayment OF THE SERVICE BILLED BY AND REIM-  
20 BURSED TO A NURSING HOME OR HOSPITAL by a provider who has  
21 ordered a nursing home or hospital admission. ~~of the service~~  
22 ~~billed by and reimbursed to a nursing home or hospital.~~ Nor does  
23 it apply to a nursing home or hospital unless the nursing home or  
24 hospital acted on its own initiative in providing the service,  
25 supply, or equipment as opposed to following the order or pre-  
26 scription of another.

1       (24) A provider shall satisfy or make acceptable arrangement  
2 to satisfy all previous adjudicated program liabilities including  
3 those adjudicated pursuant to section 111c or established by  
4 agreement between the department and the provider, and restitu-  
5 tion ordered by a court. As used in this subsection, provider  
6 includes, but is not limited to, the provider, the provider's  
7 corporation, partnership, business associates, employees, clinic,  
8 laboratory, provider group, or successors and assignees. For a  
9 nursing home or hospital, "business associates", as used in this  
10 subsection, means those persons whose identity is required to be  
11 disclosed pursuant to section 20142(3) of the public health code,  
12 Act No. 368 of the Public Acts of 1978, being section 333.20142  
13 of the Michigan Compiled Laws.

14       (25) A provider who is a physician, dentist, or other indi-  
15 vidual practitioner shall file with the state department a com-  
16 plete and factual disclosure of the identity of each employer or  
17 contractor to whom the provider is required to submit, in whole  
18 or in part, payment for services provided to a medically indigent  
19 individual as a condition of the provider's agreement of employ-  
20 ment or other agreement. A provider who has properly disclosed  
21 the required information by filing a form or forms shall have 30  
22 business days in which to report changes in the list of identi-  
23 fied individuals and entities. The disclosure required by this  
24 subsection may serve as the provider's authorization for the  
25 department to make direct payments to the employer.

26       (26) As a condition of receiving payment for services  
27 rendered to a medically indigent individual, a provider may

1 enter, as an employee, into agreements of employment of the type  
2 described in subsection (25) only with an employer who has  
3 entered into an agreement as described in subsection (27).

4 (27) An employer described in subsection (25) shall enter  
5 into an agreement on a form prescribed by the department, in  
6 which the employer, as a condition of directly receiving payment  
7 for services provided by its employee provider to a medically  
8 indigent individual, agrees to all of the following:

9 (a) The employer, as a condition of employment, shall  
10 require the employee provider to submit, in whole or in part,  
11 payments received for services provided to medically indigent  
12 individuals.

13 (b) The employer shall advise the department within 30 days  
14 after any changes in the employment relationship.

15 (c) The employer shall comply with the conditions of partic-  
16 ipation established by subsections (6) to (19), (21), and (27).

17 (d) The employer shall agree to be jointly and severally  
18 responsible with the employee provider for any overpayments  
19 resulting from the department's direct payment under this  
20 section.

21 (e) The employer shall agree that disputed claims relative  
22 to overpayments shall be adjudicated in administrative proceed-  
23 ings convened pursuant to section 111c.