

HOUSE BILL No. 4714

April 26, 1989, Introduced by Reps. Saunders, DeMars, Stallworth, Kilpatrick, Kosteva, Wallace, Watkins, Joe Young, Sr. and Gubow and referred to the Committee on Insurance.

A bill to amend section 414a of Act No. 350 of the Public Acts of 1980, entitled
"The nonprofit health care corporation reform act,"
as amended by Act No. 345 of the Public Acts of 1988, being section 550.1414a of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 414a of Act No. 350 of the Public Acts
2 of 1980, as amended by Act No. 345 of the Public Acts of 1988,
3 being section 550.1414a of the Michigan Compiled Laws, is amended
4 to read as follows:

5 Sec. 414a. (1) A health care corporation shall offer bene-
6 fits for the inpatient treatment of substance abuse by a licensed
7 allopathic physician or a licensed osteopathic physician in a
8 health care facility operated by this state or approved by the

1 department of public health for the hospitalization for, or
2 treatment of, substance abuse.

3 (2) Subject to subsections (3), (5), and (7), a health care
4 corporation may enter into contracts with providers for the
5 rendering of inpatient substance abuse treatment by those
6 providers.

7 (3) A contracting provider rendering inpatient substance
8 abuse treatment for patients other than adolescent patients shall
9 be a licensed hospital or a substance abuse service program
10 licensed under article 6 of the public health code, Act No. 368
11 of the Public Acts of 1978, being sections 333.6101 to 333.6523
12 of the Michigan Compiled Laws, and shall meet the standards set
13 by the corporation for contracting health care facilities.

14 (4) A health care corporation shall provide coverage for
15 intermediate and outpatient care for substance abuse, upon issu-
16 ance or renewal, in all group and nongroup certificates other
17 than service-specific certificates, such as certificates provid-
18 ing coverage solely for 1 of the following: dental care; hearing
19 care; vision care; prescription drugs; or another type of health
20 care benefit. Subject to subsections (5) and (7), a health care
21 corporation may enter into contracts with providers for the
22 rendering of intermediate care, outpatient care, or both types of
23 care, for the treatment of substance abuse.

24 (5) A health care corporation shall enter into and maintain
25 5-year contracts with not less than 5 providers in this state, as
26 demonstration projects pursuant to section 207(1)(b), for the
27 rendering of inpatient, intermediate, and outpatient care to

1 adolescent substance abuse patients. A provider who contracts
2 with a health care corporation for the rendering of inpatient,
3 intermediate, and outpatient care to adolescent substance abuse
4 patients shall meet all of the following requirements:

5 (a) Is accredited by the joint commission on accreditation
6 of hospitals, the council on accreditation for families and chil-
7 dren, the commission on accreditation of rehabilitation facili-
8 ties, or the American osteopathic association.

9 (b) If applicable, has obtained a certificate of need under
10 part ~~221~~ 222 of the public health code, Act No. 368 of the
11 Public Acts of 1978, being sections ~~333.22101 to 333.22101~~
12 333.22201 TO 333.22260 of the Michigan Compiled Laws.

13 (c) Is licensed by the office of substance abuse services
14 under article 6 of the public health code, Act No. 368 of the
15 Public Acts of 1978.

16 (d) Is licensed by the department of social services as a
17 child caring institution under Act No. 116 of the Public Acts of
18 1973, being sections 722.111 to 722.128 of the Michigan Compiled
19 Laws.

20 (e) Agrees to follow generally accepted accounting princi-
21 ples and practices.

22 (f) Agrees to supply all data required to fulfill the objec-
23 tives of the demonstration program.

24 (g) Agrees to work with the substance abuse advisory commit-
25 tee and the health care corporation in conducting the evaluation
26 of the demonstration program.

1 (6) The substance abuse advisory committee is established,
2 with the cooperation of the office of substance abuse services,
3 under the direction of the office of health and medical affairs.
4 The committee shall consist of 7 members to include the director
5 of the office of health and medical affairs or his or her desig-
6 nee, the administrator of the office of substance abuse services
7 or his or her designee, a representative of the department of
8 public health, 2 designees of the chief executive officer of a
9 health care corporation contracting for a demonstration project
10 under subsection (5), a member of the family of an adolescent
11 substance abuser to be appointed by the office of health and med-
12 ical affairs, and a service provider of an adolescent substance
13 abuse treatment program to be appointed by the office of health
14 and medical affairs. The substance abuse advisory committee
15 shall evaluate each demonstration project and shall report at the
16 conclusion of each demonstration project to the senate and house
17 standing committees responsible for public health issues. A
18 final report of all the demonstration projects shall be issued by
19 not later than December 31, 1994, and shall include evaluations
20 of and recommendations concerning all of the following:

21 (a) The cost of specialized adolescent substance abuse
22 treatment compared with the effectiveness of adolescent substance
23 abuse treatment.

24 (b) The cost and effectiveness of the different levels of
25 adolescent substance abuse treatment, including inpatient, inter-
26 mediate, and outpatient care and aftercare programs.

1 (7) Based on the final report submitted pursuant to
2 subsection (6), beginning December 31, 1994, a health care
3 corporation shall continue to enter into and maintain contracts
4 with not less than 5 providers in this state, and may enter into
5 additional contracts for the rendering of inpatient, intermedi-
6 ate, and outpatient care to adolescent substance abuse patients
7 if the provider meets the requirements of subsection (5)(a) to
8 (e). Contracts entered into under this subsection shall be based
9 upon the recommendations of the final report submitted pursuant
10 to subsection (6).

11 (8) A health care corporation shall reimburse providers for
12 the rendering of inpatient, intermediate, and outpatient care to
13 adolescent substance abuse patients at a rate that shall be com-
14 mensurate with reimbursement rates for other similar providers
15 rendering inpatient, intermediate, and outpatient care to adoles-
16 cent substance abuse patients.

17 (9) ~~In the case of~~ FOR group certificates, if the amount
18 due for a group certificate would be increased by 3% or more
19 because of the provision of the coverage required under subsec-
20 tion (4), the master policyholder shall have the option to
21 decline the coverage required to be provided under subsection
22 (4). ~~In the case of~~ FOR nongroup certificates, if the total
23 amount due for all nongroup certificates of the health care cor-
24 poration would be increased by 3% or more because of the provi-
25 sion of the coverage required under subsection (4), the sub-
26 scribe for each ~~such~~ certificate shall have the option to

1 decline the coverage required to be provided under subsection
2 (4).

3 (10) Charges, terms, and conditions for the coverage for
4 intermediate and outpatient care for substance abuse required to
5 be provided under subsection (4) shall not be less favorable than
6 the maximum prescribed for any other comparable service.

7 (11) The coverage for intermediate and outpatient care for
8 substance abuse required to be provided under subsection (4)
9 shall not be reduced by terms or conditions which apply to other
10 items of coverage in a certificate, group or nongroup. This sub-
11 section shall not be construed to prohibit certificates that pro-
12 vide for deductibles and copayment provisions for coverage for
13 intermediate and outpatient care for substance abuse, as approved
14 by the commissioner.

15 (12) The coverage for intermediate and outpatient care for
16 substance abuse required to be provided under subsection (4)
17 shall, at a minimum, provide for up to \$1,500.00 in health care
18 benefits for intermediate and outpatient care for substance abuse
19 per member per year. This minimum COVERAGE shall be adjusted by
20 March 31, 1982 and by March 31 each year thereafter in accordance
21 with the annual average percentage increase or decrease in the
22 United States consumer price index for the 12-month period ending
23 the preceding December 31.

24 (13) As used in this section:

25 (a) "Adolescent" means an individual who is less than 18
26 years of age, but more than 11 years of age.

1 (b) "Intermediate care" means the use, in a full 24-hour
2 residential therapy setting, or in a partial, less than 24-hour,
3 residential therapy setting, of any or all of the following ther-
4 apeutic techniques, as identified in a treatment plan for indi-
5 viduals physiologically or psychologically dependent upon or
6 abusing alcohol or drugs:

7 (i) Chemotherapy.

8 (ii) Counseling, INCLUDING FAMILY COUNSELING AND
9 INTERVENTION.

10 (iii) Detoxification services.

11 (iv) Other ancillary services, such as medical testing,
12 diagnostic evaluation, and referral to other services identified
13 in a treatment plan.

14 (c) "Outpatient care" means the use, on both a scheduled and
15 a nonscheduled basis, of any or all of the following therapeutic
16 techniques, as identified in a treatment plan for individuals
17 physiologically or psychologically dependent upon or abusing
18 alcohol or drugs:

19 (i) Chemotherapy.

20 (ii) Counseling, INCLUDING FAMILY COUNSELING AND
21 INTERVENTION.

22 (iii) Detoxification services.

23 (iv) Other ancillary services, such as medical testing,
24 diagnostic evaluation, and referral to other services identified
25 in a treatment plan.

1 (d) "Substance abuse" means that term as defined in section
2 6107 of the public health code, Act No. 368 of the Public Acts of
3 1978, being section 333.6107 of the Michigan Compiled Laws.

4 Section 2. This amendatory act shall not take effect unless
5 Senate Bill No. _____ or House Bill No. 4715 (request
6 no. 02424'89) of the 85th Legislature is enacted into law.