

**SENATE BILL NO. 679**

June 17, 1999, Introduced by Senator BYRUM and referred to the  
Committee on Health Policy.

A bill to amend 1978 PA 368, entitled  
"Public health code,"  
(MCL 333.1101 to 333.25211) by amending the title, as amended by  
1998 PA 332, and by adding part 211.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 TITLE

2 An act to protect and promote the public health; to codify,  
3 revise, consolidate, classify, and add to the laws relating to  
4 public health; to provide for the prevention and control of dis-  
5 eases and disabilities; to provide for the classification, admin-  
6 istration, regulation, financing, and maintenance of personal,  
7 environmental, and other health services and activities; to  
8 create or continue, and prescribe the powers and duties of,  
9 departments, boards, commissions, councils, committees, task  
10 forces, and other agencies; to prescribe the powers and duties of

1 governmental entities and officials; to regulate occupations,  
 2 facilities, and agencies affecting the public health; to regulate  
 3 health maintenance organizations, MANAGED CARE PLANS, and certain  
 4 third party administrators and insurers; to provide for the im-  
 5 position of a regulatory fee; to promote the efficient and economi-  
 6 cal delivery of health care services, to provide for the appro-  
 7 priate utilization of health care facilities and services, and to  
 8 provide for the closure of hospitals or consolidation of hospi-  
 9 tals or services; to provide for the collection and use of data  
 10 and information; to provide for the transfer of property; to pro-  
 11 vide certain immunity from liability; to regulate and prohibit  
 12 the sale and offering for sale of drug paraphernalia under cer-  
 13 tain circumstances; to provide for the implementation of federal  
 14 law; to provide for penalties and remedies; to provide for sanc-  
 15 tions for violations of this act and local ordinances; AND to  
 16 repeal ~~certain~~ acts and parts of acts. ~~to repeal certain~~  
 17 ~~parts of this act; and to repeal certain parts of this act on~~  
 18 ~~specific dates.~~

19                               PART 211.   MANAGED CARE PLAN REPORTS

20               SEC. 21101.   AS USED IN THIS PART:

21               (A) "ENROLLEE" MEANS AN INDIVIDUAL WHO IS ENTITLED TO  
 22 RECEIVE HEALTH SERVICES UNDER A MANAGED CARE PLAN.

23               (B) "MANAGED CARE PLAN" MEANS A HEALTH PLAN OFFERED BY A  
 24 HEALTH MAINTENANCE ORGANIZATION LICENSED UNDER PART 210 OR A  
 25 POLICY, CERTIFICATE, OR CONTRACT OFFERED BY A HEALTH INSURER OR  
 26 HEALTH CARE CORPORATION UNDER WHICH COVERED INDIVIDUALS ELECT TO

1 OBTAIN HEALTH CARE SERVICES FROM HEALTH CARE PROVIDERS WHO HAVE  
2 ENTERED INTO PRUDENT PURCHASER AGREEMENTS.

3 SEC. 21103. (1) THE DEPARTMENT SHALL DEVELOP A PERFORMANCE  
4 AND OUTCOME MEASUREMENT SYSTEM FOR MONITORING THE QUALITY OF CARE  
5 PROVIDED TO MANAGED CARE PLAN ENROLLEES. THE DATA COLLECTED  
6 THROUGH THIS SYSTEM SHALL BE USED BY THE DEPARTMENT TO DO ALL OF  
7 THE FOLLOWING:

8 (A) ASSIST MANAGED CARE PLANS AND THEIR PROVIDERS IN QUALITY  
9 IMPROVEMENT EFFORTS.

10 (B) PROVIDE INFORMATION ON THE PERFORMANCE OF MANAGED CARE  
11 PLANS FOR REGULATORY OVERSIGHT.

12 (C) SUBJECT TO SECTION 21105, INFORM THE LEGISLATURE AND  
13 CONSUMERS THROUGH A USER-FRIENDLY ANNUAL REPORT ABOUT INDIVIDUAL  
14 MANAGED CARE PLAN PERFORMANCES.

15 (D) PROMOTE THE STANDARDIZATION OF DATA REPORTING BY MANAGED  
16 CARE PLANS AND PROVIDERS.

17 (2) THE PERFORMANCE AND OUTCOME MEASURES SHALL INCLUDE  
18 POPULATION-BASED AND PATIENT-CENTERED INDICATORS OF QUALITY OF  
19 CARE, APPROPRIATENESS, ACCESS, UTILIZATION, AND SATISFACTION. TO  
20 MINIMIZE COSTS TO MANAGED CARE PLANS, PROVIDERS, AND THE DEPART-  
21 MENT, PERFORMANCE MEASURES WILL INCORPORATE, WHEN POSSIBLE, DATA  
22 ROUTINELY COLLECTED OR AVAILABLE TO THE DEPARTMENT FROM OTHER  
23 SOURCES. THE DEPARTMENT SHALL TAKE ALL NECESSARY MEASURES TO  
24 REDUCE DUPLICATIVE REPORTING OF INFORMATION TO STATE AGENCIES.  
25 SOURCES OF DATA FOR THESE PERFORMANCE MEASURES MAY INCLUDE BUT  
26 ARE NOT LIMITED TO ALL OF THE FOLLOWING:

1 (A) INDICATOR DATA COLLECTED BY MANAGED CARE PLANS FROM  
2 CHART REVIEWS AND ADMINISTRATIVE DATA BASES.

3 (B) MEMBER AND PATIENT SATISFACTION SURVEYS.

4 (C) PROVIDER SURVEYS.

5 (D) QUARTERLY AND ANNUAL REPORTS SUBMITTED BY MANAGED CARE  
6 PLANS TO THE DEPARTMENT.

7 (E) COMPUTERIZED HEALTH CARE ENCOUNTER DATA.

8 (F) DATA COLLECTED BY THE DEPARTMENT FOR ADMINISTRATIVE,  
9 EPIDEMIOLOGICAL, AND OTHER PURPOSES.

10 (3) THE DEPARTMENT SHALL MAKE, WHEN APPROPRIATE, STATISTI-  
11 CALLY VALID ADJUSTMENTS IN ITS ANNUAL REPORT TO ACCOUNT FOR DEMO-  
12 GRAPHIC VARIATIONS AMONG MANAGED CARE PLANS.

13 SEC. 21105. THE ADMINISTRATOR OF EACH MANAGED CARE PLAN  
14 SHALL HAVE 30 DAYS TO COMMENT ON THE COMPILATION AND INTERPRETA-  
15 TION OF DATA GATHERED UNDER THIS PART BEFORE ITS RELEASE TO  
16 CONSUMERS.

17 SEC. 21107. (1) THE ADMINISTRATOR OF A MANAGED CARE PLAN  
18 SHALL SUBMIT TO THE DEPARTMENT PERFORMANCE AND OUTCOME DATA AS  
19 REQUESTED BY THE DEPARTMENT.

20 (2) THE ADMINISTRATOR OF A MANAGED CARE PLAN SHALL DISCLOSE  
21 UPON REQUEST HOW MUCH OF EACH PREMIUM DOLLAR IS SPENT ON ADMINIS-  
22 TRATIVE COSTS.

23 SEC. 21109. THE DEPARTMENT SHALL CONDUCT AUDITS AT LEAST  
24 ONCE EVERY 3 YEARS OF EACH MANAGED CARE PLAN'S PERFORMANCE AND  
25 OUTCOME DATA INCLUDING DESK AND ON-SITE AUDITS.

26 SEC. 21111. THE DEPARTMENT SHALL CONDUCT OR ARRANGE FOR  
27 PERIODIC ENROLLEE SATISFACTION SURVEYS. THE ADMINISTRATOR OF A

1 MANAGED CARE PLAN SHALL PROVIDE THE DEPARTMENT WITH THE ENROLLEE  
2 MAILING LIST, UPON REQUEST, TO BE USED TO SELECT SAMPLES OF THE  
3 MANAGED CARE PLANS MEMBERSHIP FOR THE SURVEYS.

4 SEC. 21113. THE DEPARTMENT SHALL ENSURE THE CONFIDENTIALITY  
5 OF PATIENT-SPECIFIC INFORMATION.

6 SEC. 21115. (1) THE DEPARTMENT SHALL ESTABLISH A HEALTH  
7 CARE DATA COMMITTEE TO ASSIST THE DEPARTMENT IN DEVELOPING A PER-  
8 FORMANCE MEASUREMENT AND ASSESSMENT SYSTEM FOR MONITORING THE  
9 QUALITY OF CARE PROVIDED TO MANAGED CARE PLAN ENROLLEES.

10 (2) THE HEALTH CARE DATA COMMITTEE SHALL BE COMPOSED OF NOT  
11 MORE THAN 12 AND NOT FEWER THAN 10 MEMBERS WHO ARE APPOINTED BY  
12 AND SERVE AT THE PLEASURE OF THE DIRECTOR AND THE INSURANCE  
13 COMMISSIONER. THE MEMBERS SHALL INCLUDE PROVIDERS, CONSUMERS,  
14 AND AT LEAST 3 MANAGED CARE PLAN REPRESENTATIVES. IN ADDITION,  
15 THE DIRECTOR AND THE INSURANCE COMMISSIONER SHALL SERVE AS NON-  
16 VOTING EX OFFICIO MEMBERS. THE HEALTH CARE DATA COMMITTEE SHALL  
17 BE CHAIRED BY THE DIRECTOR OR HIS OR HER DESIGNEE. ADDITIONAL  
18 EXPERTS MAY BE INVITED TO PARTICIPATE ON AN INVITATIONAL AD HOC  
19 BASIS AS NEEDED.

20 (3) THE HEALTH CARE DATA COMMITTEE SHALL ADVISE THE DIRECTOR  
21 AND THE INSURANCE COMMISSIONER ON THE DEVELOPMENT OF A UNIFORM  
22 DATA REPORTING SYSTEM TO OBTAIN RELIABLE, STANDARDIZED, AND COM-  
23 PARABLE INFORMATION FROM ALL MANAGED CARE PLANS. IN THE PROCESS  
24 OF DEVELOPING THIS SYSTEM, THE HEALTH CARE DATA COMMITTEE SHALL  
25 ADDRESS ALL OF THE FOLLOWING:

26 (A) THE RELEVANCE, VALIDITY, AND RELIABILITY OF EACH MEASURE  
27 SELECTED TO BE AN INDICATOR OF PERFORMANCE.

1 (B) PROTECTION OF CONFIDENTIALITY OF PATIENT-SPECIFIC  
2 INFORMATION.

3 (C) COST AND DIFFICULTY OF DATA COLLECTION AND EXISTING DATA  
4 COLLECTION REQUIREMENTS.

5 (D) MEASURES TO REDUCE DUPLICATIVE REPORTING OF INFORMATION  
6 TO STATE AGENCIES.

7 (E) PUBLIC RELEASE OF DATA IN FORMATS USEFUL TO PURCHASERS  
8 AND CONSUMERS.

9 Enacting section 1. This amendatory act takes effect  
10 January 1, 2000.