

**SUBSTITUTE FOR  
SENATE BILL NO. 691**

A bill to amend 1980 PA 350, entitled  
"The nonprofit health care corporation reform act,"  
by amending sections 502 and 502a (MCL 550.1502 and 550.1502a), as  
amended by 2009 PA 225.

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

1       Sec. 502. (1) A health care corporation may enter into  
2 participating contracts for reimbursement with professional health  
3 care providers practicing legally in this state for health care  
4 services or with health practitioners practicing legally in any  
5 other jurisdiction for health care services that the professional  
6 health care providers or practitioners may legally perform. A  
7 participating contract may cover all members or may be a separate  
8 and individual contract on a per claim basis, as set forth in the  
9 provider class plan, if, in entering into a separate and individual

1 contract on a per claim basis, the participating provider certifies  
2 **ALL OF THE FOLLOWING** to the health care corporation:

3 (a) That the provider will accept payment from the corporation  
4 as payment in full for services rendered for the specified claim  
5 for the member indicated.

6 (b) That the provider will accept payment from the corporation  
7 as payment in full for all cases involving the procedure specified,  
8 for the duration of the calendar year. As used in this subdivision,  
9 provider does not include a person licensed as a dentist under part  
10 166 of the public health code, 1978 PA 368, MCL 333.16601 to  
11 333.16648.

12 (c) That the provider will not determine whether to  
13 participate on a claim on the basis of the race, color, creed,  
14 marital status, sex, national origin, residence, age, disability,  
15 or lawful occupation of the member entitled to health care  
16 benefits.

17 (2) A contract entered into ~~pursuant to~~ **UNDER** subsection (1)  
18 shall provide that the private provider-patient relationship shall  
19 be maintained to the extent provided for by law. A health care  
20 corporation shall continue to offer a reimbursement arrangement to  
21 any class of providers with which it has contracted ~~prior to~~ **BEFORE**  
22 August 27, 1985 and that continues to meet the standards set by the  
23 corporation for that class of providers.

24 (3) A health care corporation shall not restrict the methods  
25 of diagnosis or treatment of professional health care providers who  
26 treat members. Except as otherwise provided in section 502a, each  
27 member of the health care corporation shall at all times have a

1 choice of professional health care providers. This subsection does  
2 not apply to limitations in benefits contained in certificates, to  
3 the reimbursement provisions of a provider contract or  
4 reimbursement arrangement, or to standards set by the corporation  
5 for all contracting providers. A health care corporation may refuse  
6 to reimburse a health care provider for health care services that  
7 are overutilized, including those services rendered, ordered, or  
8 prescribed to an extent that is greater than reasonably necessary.

9 (4) A health care corporation may provide to a member, upon  
10 request, a list of providers with whom the corporation contracts,  
11 for the purpose of assisting a member in obtaining a type of health  
12 care service. However, except as otherwise provided in section  
13 502a, an employee, agent, or officer of the corporation, or an  
14 individual on the board of directors of the corporation, shall not  
15 make recommendations on behalf of the corporation with respect to  
16 the choice of a specific health care provider. Except as otherwise  
17 provided in section 502a, an employee, agent, or officer of the  
18 corporation, or a person on the board of directors of the  
19 corporation who influences or attempts to influence a person in the  
20 choice or selection of a specific professional health care provider  
21 on behalf of the corporation, is guilty of a misdemeanor.

22 (5) A health care corporation shall provide a symbol of  
23 participation, which can be publicly displayed, to providers who  
24 participate on all claims for covered health care services rendered  
25 to subscribers.

26 (6) This section does not impede the lawful operation of, or  
27 lawful promotion of, a health maintenance organization owned by a

1 health care corporation.

2 (7) Contracts entered into under this section with  
3 professional health care providers licensed in this state are  
4 subject to ~~the provisions of~~ sections 504 to 518.

5 (8) A health care corporation shall not deny participation to  
6 a freestanding surgical outpatient facility on the basis of  
7 ownership if the facility meets the reasonable standards set by the  
8 health care corporation for similar facilities, is licensed under  
9 part 208 of the public health code, 1978 PA 368, MCL 333.20801 to  
10 333.20821, and complies with part 222 of the public health code,  
11 1978 PA 368, MCL 333.22201 to 333.22260.

12 (9) Notwithstanding any other provision of this act, if a  
13 certificate provides for benefits for services that are within the  
14 scope of practice of optometry, a health care corporation is not  
15 required to provide benefits or reimburse for a practice of  
16 ~~optometric~~ **OPTOMETRY** service unless that service was included in  
17 the definition of practice of optometry under section 17401 of the  
18 public health code, 1978 PA 368, MCL 333.17401, as of May 20, 1992.

19 (10) Notwithstanding any other provision of this act, a health  
20 care corporation is not required to reimburse for services  
21 otherwise covered under a certificate if the services were  
22 performed by a member of a health care profession, which health  
23 care profession was not licensed or registered by this state on or  
24 before January 1, 1998 but that becomes a health care profession  
25 licensed or registered by this state after January 1, 1998. This  
26 subsection does not change the status of a health care profession  
27 that was licensed or registered by this state on or before January

1 1, 1998.

2 (11) Notwithstanding any other provision of this act,  
3 ~~including subsections (1) to (10),~~ if a certificate provides for  
4 benefits for services that are within the scope of practice of  
5 chiropractic, a health care corporation is not required to provide  
6 benefits or reimburse for a practice of chiropractic service unless  
7 that service was included in the definition of practice of  
8 chiropractic under section 16401 of the public health code, 1978 PA  
9 368, MCL 333.16401, as of January 1, 2009.

10 (12) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, IF A  
11 CERTIFICATE PROVIDES FOR BENEFITS FOR SERVICES THAT ARE PROVIDED BY  
12 A LICENSED PHYSICAL THERAPIST OR PHYSICAL THERAPIST ASSISTANT UNDER  
13 THE SUPERVISION OF A LICENSED PHYSICAL THERAPIST, A HEALTH CARE  
14 CORPORATION IS NOT REQUIRED TO PROVIDE BENEFITS OR REIMBURSE FOR  
15 SERVICES PROVIDED BY A PHYSICAL THERAPIST OR PHYSICAL THERAPIST  
16 ASSISTANT UNLESS THAT SERVICE WAS PROVIDED BY A LICENSED PHYSICAL  
17 THERAPIST OR PHYSICAL THERAPIST ASSISTANT UNDER THE SUPERVISION OF  
18 A LICENSED PHYSICAL THERAPIST PURSUANT TO A PRESCRIPTION FROM A  
19 HEALTH CARE PROFESSIONAL AS PROVIDED IN SECTION 17820 OF THE PUBLIC  
20 HEALTH CODE, 1978 PA 368, MCL 333.17820.

21 Sec. 502a. (1) For the purpose of doing business as an  
22 organization under the prudent purchaser act, 1984 PA 233, MCL  
23 550.51 to 550.63, a health care corporation may enter into prudent  
24 purchaser agreements with health care providers pursuant to this  
25 section and the prudent purchaser act, 1984 PA 233, MCL 550.51 to  
26 550.63.

27 (2) A health care corporation may offer group contracts under

1 which subscribers shall be required, as a condition of coverage, to  
 2 obtain services exclusively from health care providers who have  
 3 entered into prudent purchaser agreements.

4 (3) An individual who is a member of a group who is offered  
 5 the option of being a subscriber under a contract ~~pursuant to~~ **UNDER**  
 6 subsection (2) shall also be offered the option of being a  
 7 subscriber under a contract ~~pursuant to~~ **UNDER** subsection (4). This  
 8 subsection applies only if the group in which the individual is a  
 9 member has 25 or more members or if the provider panel that is  
 10 providing the services under the contract is limited by the  
 11 organization to a specific number ~~pursuant to~~ **UNDER** section 3(1) of  
 12 the prudent purchaser act, 1984 PA 233, MCL 550.53.

13 (4) A health care corporation may offer group contracts under  
 14 which subscribers who elect to obtain services from health care  
 15 providers who have entered into prudent purchaser agreements ~~shall~~  
 16 realize a financial advantage or other advantage by selecting ~~such~~  
 17 providers **WHO HAVE ENTERED INTO PRUDENT PURCHASER AGREEMENTS.**  
 18 ~~Contracts offered pursuant to~~ **A HEALTH CARE CORPORATION SHALL NOT**  
 19 **OFFER A GROUP CONTRACT UNDER** this subsection ~~shall not, THAT,~~ as a  
 20 condition of coverage, ~~require~~ **REQUIRES** subscribers to obtain  
 21 services exclusively from health care providers who have entered  
 22 into prudent purchaser agreements.

23 (5) ~~An~~ **SUBJECT TO SUBSECTION (6), AN** individual who is a  
 24 member of a group who is offered the option of being a subscriber  
 25 under a contract ~~pursuant to~~ **UNDER** subsection (2) or (4) shall also  
 26 be offered the option of being a subscriber under a contract that  
 27 **DOES NOT DO ANY OF THE FOLLOWING:**

1           (a) ~~Does not, as~~ **AS** a condition of coverage, require  
 2 subscribers to obtain services exclusively from health care  
 3 providers who have entered into prudent purchaser agreements.

4           (b) ~~Does not give~~ **GIVE** a financial advantage or other  
 5 advantage to a subscriber who elects to obtain services from health  
 6 care providers who have entered into prudent purchaser agreements.

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

11           (7) A health care corporation may offer individual contracts  
 12 under which subscribers ~~shall be~~ **ARE** required, as a condition of  
 13 coverage, to obtain services exclusively from health care providers  
 14 who have entered into prudent purchaser agreements. A person to  
 15 whom ~~such a~~ contract **DESCRIBED IN THIS SUBSECTION** is offered shall  
 16 also be offered a contract that **DOES NOT DO ANY OF THE FOLLOWING:**

17           (a) ~~Does not, as~~ **AS** a condition of coverage, require  
 18 subscribers to obtain services exclusively from health care  
 19 providers who have entered into prudent purchaser agreements.

20           (b) ~~Does not give~~ **GIVE** a financial advantage or other  
 21 advantage to a subscriber who elects to obtain services from health  
 22 care providers who have entered into prudent purchaser agreements.

23           (8) A health care corporation may offer individual contracts  
 24 under which subscribers who elect to obtain services from health  
 25 care providers who have entered into prudent purchaser agreements  
 26 ~~shall~~ realize a financial advantage or other advantage by selecting  
 27 ~~such~~ providers **WHO HAVE ENTERED INTO PRUDENT PURCHASER AGREEMENTS.**

~~Contracts offered pursuant to~~ **A HEALTH CARE CORPORATION SHALL NOT**  
**OFFER AN INDIVIDUAL CONTRACT UNDER** this subsection ~~shall not, THAT,~~  
as a condition of coverage, ~~require~~ **REQUIRES** subscribers to obtain  
services exclusively from health care providers who have entered  
into prudent purchaser agreements. A person to whom ~~such a~~ contract  
**DESCRIBED IN THIS SUBSECTION** is offered shall also be offered a  
contract that **DOES NOT DO ANY OF THE FOLLOWING:**

(a) ~~Does not, as~~ **AS** a condition of coverage, require  
subscribers to obtain services exclusively from health care  
providers who have entered into prudent purchaser agreements.

(b) ~~Does not give~~ **GIVE** a financial advantage or other  
advantage to a subscriber who elects to obtain services from health  
care providers who have entered into prudent purchaser agreements.

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

(10) Contracts entered into under this section are not subject  
to ~~the provisions of~~ sections 504 to 518.

(11) A **HEALTH CARE** corporation shall not discriminate against  
a class of health care providers when entering into prudent  
purchaser agreements with health care providers for its provider  
panel. This subsection does not **DO ANY OF THE FOLLOWING:**

(a) Prohibit the formation of a provider panel consisting of a  
single class of providers ~~when~~ **IF** a service provided for in the

1 specifications of a purchaser may be legally provided only by a  
2 single class of providers.

3 (b) Prohibit the formation of a provider panel that conforms  
4 to the specifications of a purchaser of the coverage authorized by  
5 this section ~~so long as~~ **IF** the specifications do not exclude any  
6 class of health care providers who may legally perform the services  
7 included in the coverage.

8 (c) Require an organization that has uniformly applied the  
9 standards filed ~~pursuant to~~ **UNDER** section 3(3) of the prudent  
10 purchaser act, 1984 PA 233, MCL 550.53, to contract with any  
11 individual provider.

12 (12) Nothing in ~~the 1984 amendatory act that added this~~  
13 ~~section~~ **PA 230** applies to any contract that was in existence before  
14 December 20, 1984, or the renewal of ~~such~~ **THAT** contract.

15 (13) Notwithstanding any other provision of this act, if  
16 coverage under a prudent purchaser agreement provides for benefits  
17 for services that are within the scope of practice of optometry, a  
18 health care corporation is not required to provide benefits or  
19 reimburse for a practice of ~~optometric~~ **OPTOMETRY** service unless  
20 that service was included in the definition of practice of  
21 optometry under section 17401 of the public health code, 1978 PA  
22 368, MCL 333.17401, as of May 20, 1992.

23 (14) Notwithstanding any other provision of this act, a health  
24 care corporation offering coverage under a prudent purchaser  
25 agreement is not required to reimburse for services otherwise  
26 covered if the services were performed by a member of a health care  
27 profession, which health care profession was not licensed or

1 registered by this state on or before January 1, 1998 but that  
2 becomes a health care profession licensed or registered by this  
3 state after January 1, 1998. This subsection does not change the  
4 status of a health care profession that was licensed or registered  
5 by this state on or before January 1, 1998.

6 (15) Notwithstanding any other provision of this act,  
7 ~~including subsections (1) to (14), if a certificate~~ **IF COVERAGE**  
8 **UNDER A PRUDENT PURCHASER AGREEMENT** provides for benefits for  
9 services that are within the scope of practice of chiropractic, a  
10 health care corporation is not required to provide benefits or  
11 reimburse for a practice of chiropractic service unless that  
12 service was included in the definition of practice of chiropractic  
13 under section 16401 of the public health code, 1978 PA 368, MCL  
14 333.16401, as of January 1, 2009.

15 (16) **NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, IF**  
16 **COVERAGE UNDER A PRUDENT PURCHASER AGREEMENT PROVIDES FOR BENEFITS**  
17 **FOR SERVICES THAT ARE PROVIDED BY A LICENSED PHYSICAL THERAPIST OR**  
18 **PHYSICAL THERAPIST ASSISTANT UNDER THE SUPERVISION OF A LICENSED**  
19 **PHYSICAL THERAPIST, A HEALTH CARE CORPORATION IS NOT REQUIRED TO**  
20 **PROVIDE BENEFITS OR REIMBURSE FOR SERVICES PROVIDED BY A PHYSICAL**  
21 **THERAPIST OR PHYSICAL THERAPIST ASSISTANT UNLESS THAT SERVICE WAS**  
22 **PROVIDED BY A LICENSED PHYSICAL THERAPIST OR PHYSICAL THERAPIST**  
23 **ASSISTANT UNDER THE SUPERVISION OF A LICENSED PHYSICAL THERAPIST**  
24 **PURSUANT TO A PRESCRIPTION FROM A HEALTH CARE PROFESSIONAL AS**  
25 **PROVIDED IN SECTION 17820 OF THE PUBLIC HEALTH CODE, 1978 PA 368,**  
26 **MCL 333.17820.**

27 Enacting section 1. This amendatory act does not take effect

1 unless Senate Bill No. 690 of the 97th Legislature is enacted into  
2 law.