

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4481**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding section 3406o.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 SEC. 3406o. AN INSURER THAT DELIVERS, ISSUES FOR DELIVERY,
2 OR RENEWS IN THIS STATE AN EXPENSE-INCURRED HOSPITAL, MEDICAL, OR
3 SURGICAL POLICY OR CERTIFICATE THAT PROVIDES COVERAGE FOR PRE-
4 SCRIPTON DRUGS AND LIMITS THOSE BENEFITS TO DRUGS INCLUDED IN A
5 FORMULARY SHALL DO ALL OF THE FOLLOWING:
- 6 (A) PROVIDE FOR PARTICIPATION OF PARTICIPATING PHYSICIANS,
7 DENTISTS, AND PHARMACISTS IN THE DEVELOPMENT OF THE FORMULARY.
- 8 (B) DISCLOSE TO HEALTH CARE PROVIDERS AND UPON REQUEST TO
9 INSURED THE NATURE OF THE FORMULARY RESTRICTIONS.
- 10 (C) PROVIDE FOR EXCEPTIONS FROM THE FORMULARY LIMITATION
11 WHEN A NONFORMULARY ALTERNATIVE IS A MEDICALLY NECESSARY AND

HB 4481, As Passed Senate, October 21, 1999

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1 APPROPRIATE ALTERNATIVE. THIS SUBDIVISION DOES NOT PREVENT AN
2 INSURER FROM ESTABLISHING PRIOR AUTHORIZATION REQUIREMENTS OR
3 ANOTHER PROCESS FOR CONSIDERATION OF COVERAGE OR HIGHER
4 COST-SHARING FOR NONFORMULARY ALTERNATIVES. NOTICE AS TO WHETHER
5 OR NOT AN EXCEPTION UNDER THIS SUBDIVISION HAS BEEN GRANTED SHALL
6 BE GIVEN BY THE INSURER WITHIN 24 HOURS AFTER RECEIVING ALL
7 INFORMATION NECESSARY TO DETERMINE WHETHER THE EXCEPTION SHOULD
8 BE GRANTED.