

**SENATE BILL NO. 677**

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 adding section 21052b.

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

1 SEC. 21052B. (1) AS USED IN THIS SECTION:

2 (A) "UTILIZATION REVIEW" MEANS A SYSTEM FOR PROSPECTIVE AND  
3 CONCURRENT REVIEW OF THE MEDICAL NECESSITY AND APPROPRIATENESS IN  
4 THE ALLOCATION OF HEALTH CARE RESOURCES AND SERVICES GIVEN OR  
5 PROPOSED TO BE GIVEN TO AN ENROLLEE UNDER A HEALTH MAINTENANCE  
6 ORGANIZATION CONTRACT. UTILIZATION REVIEW DOES NOT INCLUDE ELEC-  
7 TIVE REQUESTS FOR CLARIFICATION OF COVERAGE.

8 (B) "UTILIZATION REVIEW ACCREDITATION COMMISSION" MEANS THE  
9 AMERICAN ACCREDITATION HEALTHCARE COMMISSION/UTILIZATION REVIEW  
10 ACCREDITATION COMMISSION.

1           (2) EACH HEALTH MAINTENANCE ORGANIZATION SHALL ESTABLISH A  
2 POLICY GOVERNING TERMINATION OF AFFILIATED PROVIDERS. THE POLICY  
3 SHALL INCLUDE, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING:

4           (A) NOTICE TO THE PROVIDER OF THE TERMINATION IN THE TIME  
5 AND MANNER SPECIFIED IN THE PROVIDER'S CONTRACT.

6           (B) METHODS BY WHICH THE TERMINATION POLICY WILL BE MADE  
7 KNOWN TO PROVIDERS AND ENROLLEES AT THE TIME OF ENROLLMENT AND ON  
8 A PERIODIC BASIS.

9           (C) WRITTEN NOTIFICATION TO EACH ENROLLEE AT LEAST 30 BUSI-  
10 NESS DAYS PRIOR TO THE TERMINATION OR WITHDRAWAL FROM THE HEALTH  
11 MAINTENANCE ORGANIZATION OR THE HEALTH MAINTENANCE ORGANIZATION'S  
12 PROVIDER NETWORK OF AN ENROLLEE'S PRIMARY CARE PROVIDER AND ANY  
13 OTHER PROVIDER FROM WHICH THE ENROLLEE IS CURRENTLY RECEIVING A  
14 COURSE OF TREATMENT. THE 30-DAY PRIOR NOTICE TO ENROLLEES MAY BE  
15 WAIVED IN CASES OF IMMEDIATE TERMINATION OF A PROVIDER WHERE IT  
16 WAS NECESSARY FOR THE PROTECTION OF THE HEALTH, SAFETY, AND WEL-  
17 FARE OF ENROLLEES.

18           (3) A HEALTH MAINTENANCE ORGANIZATION SHALL NOT TERMINATE AN  
19 AFFILIATED PROVIDER'S CONTRACT WITH THE HEALTH MAINTENANCE ORGAN-  
20 IZATION BECAUSE OF THE UTILIZATION OF SERVICES CAUSED BY 1 OR  
21 MORE HIGH UTILIZATION ENROLLEES.

22           (4) A HEALTH MAINTENANCE ORGANIZATION THAT WISHES TO PERFORM  
23 UTILIZATION REVIEW IN-HOUSE SHALL DO SO ONLY UNDER EITHER OF THE  
24 FOLLOWING CIRCUMSTANCES:

25           (A) IF THE UTILIZATION REVIEW STANDARDS TO BE USED HAVE BEEN  
26 APPROVED OR ACCREDITED BY THE UTILIZATION REVIEW ACCREDITATION  
27 COMMISSION.

1 (B) THE HEALTH MAINTENANCE ORGANIZATION HAS DEMONSTRATED TO  
2 THE INSURANCE COMMISSIONER THAT IT ADHERES TO UTILIZATION REVIEW  
3 STANDARDS THAT ARE SUBSTANTIALLY SIMILAR TO STANDARDS APPROVED OR  
4 ACCREDITED BY THE UTILIZATION REVIEW ACCREDITATION COMMISSION AND  
5 THE STANDARDS PROVIDE THE SAME OR GREATER PROTECTION TO THE  
6 RIGHTS OF ENROLLEES WHOSE CARE IS REVIEWED.

7 (5) A HEALTH MAINTENANCE ORGANIZATION SHALL ONLY CONTRACT  
8 WITH A UTILIZATION REVIEW COMPANY FOR THE PERFORMANCE OF UTILIZA-  
9 TION REVIEW SERVICES IF THE UTILIZATION REVIEW COMPANY SHOWS  
10 EITHER OF THE FOLLOWING:

11 (A) THE UTILIZATION REVIEW COMPANY HAS BEEN APPROVED OR  
12 ACCREDITED BY THE UTILIZATION REVIEW ACCREDITATION COMMISSION.

13 (B) THE UTILIZATION REVIEW COMPANY HAS DEMONSTRATED TO THE  
14 INSURANCE COMMISSIONER THAT IT ADHERES TO UTILIZATION REVIEW  
15 STANDARDS THAT ARE SUBSTANTIALLY SIMILAR TO STANDARDS APPROVED OR  
16 ACCREDITED BY THE UTILIZATION REVIEW ACCREDITATION COMMISSION AND  
17 THE STANDARDS PROVIDE THE SAME OR GREATER PROTECTION TO THE  
18 RIGHTS OF ENROLLEES WHOSE CARE IS REVIEWED.

19 Enacting section 1. This amendatory act takes effect  
20 January 1, 2000.