

HOUSE BILL No. 5228

November 8, 2017, Introduced by Reps. Rendon and Whiteford and referred to the Committee on Health Policy.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 3529 (MCL 500.3529), as amended by 2005 PA 306.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3529. (1) A health maintenance organization may contract
2 with or employ health professionals on the basis of cost, quality,
3 availability of services to the membership, conformity to the
4 administrative procedures of the health maintenance organization,
5 and other factors relevant to delivery of economical, quality care,
6 but shall not discriminate solely on the basis of the class of
7 health professionals to which the health professional belongs.

8 (2) A health maintenance organization shall enter into
9 contracts with providers through which health care services are
10 usually provided to enrollees under the health maintenance

1 organization plan.

2 (3) An affiliated provider contract ~~shall~~**MUST** prohibit the
3 provider from seeking payment from the enrollee for services
4 provided ~~pursuant to~~**UNDER** the provider contract, except that the
5 contract may allow affiliated providers to collect copayments,
6 coinsurances, and deductibles directly from enrollees.

7 (4) An affiliated provider contract ~~shall~~**MUST** contain
8 provisions assuring all of the following:

9 (a) The provider meets applicable licensure or certification
10 requirements.

11 (b) Appropriate access by the health maintenance organization
12 to records or reports concerning services to its enrollees.

13 (c) The provider cooperates with the health maintenance
14 organization's quality assurance activities.

15 **(D) FOR A PROVIDER THAT IS A PHARMACY OR PHARMACIST, THAT THE**
16 **PROVIDER WILL DISCLOSE THE CURRENT SELLING PRICE OF A DRUG AS**
17 **PROVIDED IN SECTION 17757 OF THE PUBLIC HEALTH CODE, 1978 PA 368,**
18 **MCL 333.17757.**

19 (5) The ~~commissioner~~**DIRECTOR** may waive the contract
20 requirement under subsection (2) if a health maintenance
21 organization has demonstrated that it is unable to obtain a
22 contract and accessibility to patient care would not be
23 compromised. ~~When~~**IF** 10% or more of a health maintenance
24 organization's elective inpatient admissions, or projected
25 admissions for a new health maintenance organization, occur in
26 hospitals with which the health maintenance organization does not
27 have contracts or agreements that protect enrollees from liability

1 for authorized admissions and services, the health maintenance
2 organization may be required to maintain a hospital reserve fund
3 equal to 3 months' projected claims from such hospitals.

4 (6) A health maintenance organization shall submit to the
5 ~~commissioner~~**DIRECTOR** for approval standard contract formats
6 proposed for use with its affiliated providers and any substantive
7 changes to those contracts. The contract format or change is
8 considered approved 30 days after filing unless approved or
9 disapproved within the 30 days. As used in this subsection,
10 "substantive changes to contract formats" means a change to a
11 provider contract that alters the method of payment to a provider,
12 alters the risk assumed by each party to the contract, or affects a
13 provision required by law.

14 (7) A health maintenance organization or applicant shall
15 provide evidence that it has employed, or has executed affiliation
16 contracts with, a sufficient number of providers to enable it to
17 deliver the health maintenance services it proposes to offer.