

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4485 (Substitute H-3 as passed by the House)
House Bill 4486 (Substitute H-3 as passed by the House)
House Bill 4487 (Substitute H-3 as passed by the House)
Sponsor: Representative Sandra Caul (H.B. 4485)
Representative Randy Richardville (H.B. 4486)
Representative Gerald Law (H.B. 4487)

House Committee: Health Policy
Senate Committee: Health Policy

Date Completed: 10-11-99

CONTENT

The bills would amend three laws to provide for the continuation of health care under certain circumstances, in the event that participation between a health insurer and a primary care physician was terminated. House Bill 4485 (H-3) would amend the Nonprofit Health Care Corporation Reform Act, which regulates Blue Cross and Blue Shield of Michigan (BCBSM). House Bill 4486 (H-3) would amend the Public Health Code in regard to health maintenance organizations (HMOs). House Bill 4487 (H-3) would amend the Insurance Code, regarding private health insurers. The bills would take effect July 1, 2000. (A private insurer, BCBSM, and an HMO are referred to as an "insurer" below. An insured, enrollee, or member is referred to as an "insured".)

Under the bills, if participation between a primary care physician and an insurer terminated, the physician could provide written notice of the termination, within 15 days after he or she became aware of it, to each insured who had chosen the physician as his or her primary care physician. If an insured were in an ongoing course of treatment with any other physician who was participating with the insurer, and the participation between the physician and the insurer terminated, the physician could provide written notice of this termination to the insured within 15 days after the physician became aware of the termination. These notices also could describe the procedure for continuing care as provided under the bills.

If participation between an insured's current physician and an insurer terminated, the insurer would have to permit the insured to continue an ongoing course of treatment with that physician as follows:

- For 90 days from the date of notice to the insured by the physician of his or her termination with the insurer.
- If the insured were in her second or third trimester of pregnancy at the time of the physician's termination, through postpartum care directly related to the pregnancy.
- If the insured were determined to be terminally ill prior to a physician's termination and the physician were treating the terminal illness before that date, for the remainder of the insured's life for care directly related to the treatment of the terminal illness.

This requirement would apply only if the physician agreed to do all of the following:

- Continue to accept as payment in full, reimbursement from the insurer at the rates applicable before the termination.
- Adhere to the insurer's standards for maintaining quality health care and provide to the insurer necessary medical information related to the care.
- Otherwise adhere to the insurer's policies and procedures, including, but not limited to, those concerning utilization review, referrals, preauthorizations, and treatment plans.

In each participation agreement with a physician, an insurer would have to provide that if participation between the physician and the insurer terminated, the physician could notify the insureds under his or her care of the termination (if the physician did so within 15 days after becoming aware of the termination), and include in the notice a description of the procedures for continuing care.

The bills specify that they would not create an obligation for an insurer to provide to an insured coverage beyond the maximum coverage limits permitted by the insurer's contract or certificate with the insured.

Under the bills, "termination" would include the nonrenewal, expiration, or ending for any reason of a participation agreement between a physician and an insurer, but would not include a termination by the insurer for failure to meet applicable quality standards or for fraud.

Proposed MCL 550.402c (H.B. 4485)
Proposed MCL 333.21052b (H.B. 4486)
Proposed MCL 500.2212b (H.B. 4487)

Legislative Analyst: G. Towne

FISCAL IMPACT

The bills would have no fiscal impact on State or local government. As this "continuation" would be predicated on the continuation of a health plan's existing procedures and payment levels, neither the plan nor its enrollee should experience increased cost. The terminating practitioner could experience some costs of notifying his or her existing patients if the practitioner decided to do so.

Fiscal Analyst: J. Walker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.