

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

Senate Bill 686 (as enrolled)
Sponsor: Senator Thaddeus G. McCotter
Committee: Health Policy

Date Completed: 3-6-02

RATIONALE

Public Act 270 of 1967 permits the release of confidential medical information to a "review entity", and establishes immunity for the release of that information. Under the Act, a person, organization, or entity may provide to a review entity information or data relating to the physical or psychological condition of a person; the necessity, appropriateness, or quality of health care rendered to a person, or the qualifications, competence, or performance of a health care provider. Release or publication of the findings and conclusions of a review entity must be for the purpose of advancing health care research or education; maintaining the standards of health care professionals; providing evidence relating to ethics or discipline of a health care provider; or carrying out other purposes provided in the Act.

The Act contains a list of governmental entities, associations, and organizations that are considered review entities. Public Act 59 of 1998 amended the 1967 Act to expand the list, by including an appointed peer review committee of a health care network, health care organization, or health care delivery system composed of licensed health professionals; and a health plan qualified under the program for medical assistance administered by the Department of Community Health under the Social Welfare Act. It was argued that expanding the list of review entities was necessary to reflect changes in health care delivery systems. Some people feel that certain groups of physicians who have formed partnerships also should be considered review entities.

CONTENT

The bill would amend Public Act 270 of 1967 to provide that a review entity would include

a professional corporation, limited liability partnership, or partnership consisting of 10 or more allopathic physicians, osteopathic physicians, or podiatric physicians and surgeons who regularly practice peer review consistent with the requirements of the Public Health Code.

MCL 331.531

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Review entities perform an important function in the health care system, by reviewing the appropriateness, necessity, and quality of health care rendered and the competence and performance of health care providers. In the past, the list of review entities has been enlarged to reflect the development of new types of health care delivery systems and their business structures, such as health care networks. Reportedly, the newer health care systems and modern medical groups felt that they could not do in-depth quality reviews of their systems under previous law, because they were not considered review entities. In order to improve the care provided by a variety of health care delivery systems, total candor is required so that individuals and organizations assigned a review function can address problems appropriately and implement procedures to reduce or eliminate the problems. The bill would recognize the changing medical marketplace by allowing certain partnerships of physicians who regularly practice peer review to be included as a review entity. This would allow these organizations to monitor quality standards

free from liability concerns and would make it easier for them to gather internal data and enhance quality control and provider competence.

Opposing Argument

Review entities are created to examine the quality of health care delivered by health care professionals and the systems within which they work, with the ultimate goals of saving lives and preventing injuries caused by inappropriate care. The Institute of Medicine's Committee on Quality of Health Care in America, in a recent study, claims that medical errors are one of the nation's leading causes of death and injuries. Among its recommendations, the Committee states that a critical component of a comprehensive strategy to improve patient safety would be to encourage organizations to identify errors, evaluate the causes of errors, and take appropriate action to improve performance. Some people feel that the entire system of health care professional peer review should be examined, and that expanding the list of review entities would be inappropriate prior to that examination.

Response: The bill does not attempt to address the vast issue of how the health care system should approach the problems of medical errors and their effect on public safety. The bill simply would add to the list of review entities allowed to examine and evaluate the performance of health professionals. Anything that can be done to improve and encourage peer review is a positive step for a health care system.

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Pratt

A0102\686a

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.