

SUBSTITUTE FOR

HOUSE BILL NO. 5254

A bill to amend 1984 PA 233, entitled "Prudent purchaser act," (MCL 550.51 to 550.63) by adding sections 3c and 3d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 3C. AN ORGANIZATION THAT ESTABLISHES A PROVIDER PANEL OF
2 PHARMACY PROVIDERS SHALL NOT DO ANY OF THE FOLLOWING:
3 (A) REQUIRE A PHARMACY PROVIDER TO PARTICIPATE IN A NETWORK,
4 CONTRACT, OR ARRANGEMENT FOR PHARMACY BENEFIT SERVICES AS A
5 CONDITION FOR PARTICIPATION IN ANY OTHER NETWORK, CONTRACT, OR
6 ARRANGEMENT FOR THE PROVISION OF PHARMACY BENEFIT SERVICES.
7 (B) PROHIBIT A PHARMACY PROVIDER FROM PARTICIPATING IN A
8 NETWORK, CONTRACT, OR ARRANGEMENT FOR PHARMACY BENEFIT SERVICES
9 BECAUSE THE PHARMACY PROVIDER PARTICIPATES IN ANY OTHER NETWORK,

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1 CONTRACT, OR ARRANGEMENT FOR THE PROVISION OF PHARMACY BENEFIT
2 SERVICES. THIS SUBDIVISION DOES NOT APPLY TO AN ORGANIZATION THAT
3 IS A HEALTH CARE CORPORATION OPERATING PURSUANT TO THE NONPROFIT
4 HEALTH CARE CORPORATION REFORM ACT, 1980 PA 350, MCL 550.1101 TO
5 550.1704.

6 (C) TERMINATE ANY PANEL PHARMACY PROVIDER'S CONTRACT FOR
7 PHARMACY BENEFIT SERVICES OR WITHHOLD COMPENSATION DUE A PANEL
8 PHARMACY PROVIDER SOLELY BECAUSE THE PROVIDER HAS COMMUNICATED WITH
9 OR ADVOCATED ON BEHALF OF 1 OR MORE PROSPECTIVE, CURRENT, OR FORMER
10 PANEL PATIENTS CONCERNING THE TERMS OF A PAYER'S HEALTH BENEFIT
11 PLAN THAT RELATE TO THE PATIENT'S NEEDS OR THE METHOD BY WHICH THE
12 PROVIDER IS COMPENSATED FOR SERVICES PROVIDED.

13 SEC. 3D. (1) AN ORGANIZATION THAT ESTABLISHES A PROVIDER PANEL
14 OF PHARMACY PROVIDERS SHALL NOT TERMINATE ANY PANEL PHARMACY
15 PROVIDER'S CONTRACT FOR PHARMACY BENEFIT SERVICES WITHOUT DOING ALL
16 OF THE FOLLOWING:

17 (A) ESTABLISHING REASONABLE CAUSE.

18 (B) AFFORDING THE PHARMACY PROVIDER A RIGHT TO APPEAL THE
19 DECISION TO AN INDEPENDENT HEARING OFFICER OR A QUALIFIED THIRD
20 PARTY ARBITRATOR.

21 (C) PROVIDING WRITTEN NOTICE OF THE REASONS FOR TERMINATION
22 NOT LESS THAN 60 DAYS BEFORE THE EFFECTIVE TERMINATION DATE UNLESS
23 THE TERMINATION IS BASED ON THE LOSS OF THE PHARMACY'S LICENSE TO
24 PRACTICE PHARMACY, LOSS OF PROFESSIONAL LIABILITY INSURANCE, OR
25 CONVICTION OF FRAUD.

26 (2) TERMINATION OF A CONTRACT BETWEEN AN ORGANIZATION AND A
27 PHARMACY PROVIDER DOES NOT RELEASE THE ORGANIZATION FROM THE

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1 OBLIGATION TO MAKE ANY PAYMENT DUE AND OWING TO THE PHARMACY FOR
2 SERVICES RENDERED PURSUANT TO THE CONTRACT.