



HOUSE BILL No. 4868

HOUSE BILL No. 4868

June 17, 1993, Introduced by Rep. Martin and referred to the Committee on Insurance.

A bill to amend the title and section 603 of Act No. 350 of the Public Acts of 1980, entitled as amended "The nonprofit health care corporation reform act," being section 550.1603 of the Michigan Compiled Laws; and to add section 603a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and section 603 of Act No. 350 of the
2 Public Acts of 1980, being section 550.1603 of the Michigan
3 Compiled Laws, are amended and section 603a is added to read as
4 follows:

TITLE

5
6 An act to provide for the incorporation of nonprofit health
7 care corporations; to provide their rights, powers, and
8 immunities; to prescribe the powers and duties of certain state
9 officers relative to the exercise of those rights, powers, and

1 immunities; to prescribe certain conditions for the transaction
2 of business by those corporations in this state; to define the
3 relationship of health care providers to nonprofit health care
4 corporations and to specify their rights, powers, and immunities
5 with respect thereto; to provide for a Michigan caring program;
6 to provide for the regulation and supervision of nonprofit health
7 care corporations by the commissioner of insurance; to prescribe
8 powers and duties of certain other state officers with respect to
9 the regulation and supervision of nonprofit health care corpora-
10 tions; TO PROVIDE FOR THE IMPOSITION OF A REGULATORY FEE; to reg-
11 ulate the merger or consolidation of certain corporations; to
12 prescribe an expeditious and effective procedure for the mainte-
13 nance and conduct of certain administrative appeals relative to
14 provider class plans; to provide for certain administrative hear-
15 ings relative to rates for health care benefits; to provide for
16 certain causes of action; to prescribe penalties and to provide
17 civil fines for violations of this act; and to repeal certain
18 acts and parts of acts.

19 Sec. 603. (1) The commissioner ~~shall have the power of~~
20 ~~visitation~~ MAY VISIT and ~~examination into~~ EXAMINE the affairs
21 of a health care corporation. The corporation shall in every way
22 facilitate an examination or visitation.

23 (2) The power of examination shall include free access to
24 all of the books, papers, and documents that relate to the busi-
25 ness of the corporation, except as provided in section
26 304(2)(d). Free access shall include the right to copy and
27 reproduce at the place of business of the health care corporation

1 and to require delivery of any materials to the office of the
2 commissioner in Lansing within 5 working days after the request
3 is made. If the corporation is unable to respond to the request
4 within 5 working days, the corporation shall specify a date cer-
5 tain by which the corporation will respond. However, the date
6 certain shall not be later than 15 working days after the request
7 is made unless the commissioner agrees to a longer period of
8 time. Witnesses may be summoned and qualified under oath, and
9 examination may be made of the corporation's officers, agents, or
10 employees or of other persons having knowledge of the affairs,
11 transactions, and conditions of the corporation. ~~The~~ EXCEPT AS
12 PROVIDED IN SECTION 603A, THE per diem, traveling, reproduction,
13 and other necessary expenses in connection with visitation and
14 examination shall be paid by the corporation ~~—~~ and shall be
15 credited to the general fund of the state.

16 (3) Information provided to the commissioner ~~which~~ THAT is
17 disclosable only to the commissioner under section 304(2) shall
18 not be disclosed by the commissioner to other persons until such
19 time as the minutes pertaining to that information may be dis-
20 closed under section 304(3).

21 (4) If it appears from any examination or report that this
22 act or any other law of this state has been violated, the commis-
23 sioner immediately shall report the violation to the attorney
24 general in writing. The attorney general shall then take action
25 on the alleged violation, as the facts warrant. Unless the
26 public health, safety, or welfare otherwise clearly requires,
27 before commencement of a proceeding against a health care

1 corporation resulting from a report, the corporation shall be
2 furnished a copy of the examination report and shall be given an
3 informal opportunity to show compliance with THE law.

4 (5) Upon the request of the commissioner, the attorney gen-
5 eral may petition for, and the circuit court may issue, an ex
6 parte order from the circuit court directing a corporation to
7 comply with this section. The corporation shall be entitled to
8 an expedited hearing to challenge the ex parte order.

9 SEC. 603A. A HEALTH CARE CORPORATION IS SUBJECT TO
10 SECTIONS 224(4), (5), (6), (7), (8), (9), AND (11) AND 225 OF THE
11 INSURANCE CODE OF 1956, ACT NO. 218 OF THE PUBLIC ACTS OF 1956,
12 BEING SECTIONS 500.224 AND 500.225 OF THE MICHIGAN COMPILED LAWS,
13 INSTEAD OF THE COSTS AND EXPENSES THAT MAY BE IMPOSED BY THE COM-
14 MISSIONER PURSUANT TO SECTION 603.