



SENATE BILL No. 568

April 20, 1993, Introduced by Senator WARTNER and referred to the Committee on Commerce.

A bill to amend section 207 of Act No. 350 of the Public Acts of 1980, entitled as amended

"The nonprofit health care corporation reform act," as amended by Act No. 260 of the Public Acts of 1989, being section 550.1207 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 207 of Act No. 350 of the Public Acts of
2 1980, as amended by Act No. 260 of the Public Acts of 1989, being
3 section 550.1207 of the Michigan Compiled Laws, is amended to
4 read as follows:

5 Sec. 207. (1) A health care corporation, subject to any
6 limitation provided in this act, in any other statute of this
7 state, or in its articles of incorporation, may do any or all of
8 the following:

1 (a) Contract to provide computer services and other
2 administrative consulting services to 1 or more providers or
3 groups of providers, if the services are primarily designed to
4 result in cost savings to subscribers.

5 (b) Engage in experimental health care projects to explore
6 more efficient and economical means of implementing the
7 corporation's programs, or the corporation's goals as prescribed
8 in section 504 and the purposes of this act, to develop incen-
9 tives to promote alternative methods and alternative providers,
10 including nurse midwives, nurse anesthetists, and nurse practi-
11 tioners, for delivering health care, including preventive care
12 and home health care.

13 (c) For the purpose of providing health care services to
14 employees of this state, the United States, or an agency, instru-
15 mentality, or political subdivision of this state or the United
16 States, or for the purpose of providing all or part of the costs
17 of health care services to disabled, aged, or needy persons, con-
18 tract with this state, the United States, or an agency, instru-
19 mentality, or political subdivision of this state or the United
20 States.

21 (d) For the purpose of administering any publicly supported
22 health benefit plan, accept and administer funds, directly or
23 indirectly, made available by a contract authorized under subdi-
24 vision (c), or made available by or received from any private
25 entity.

26 (e) For the purpose of administering any publicly supported
27 health benefit plan, subcontract with any organization ~~which~~

1 THAT has contracted with this state, the United States, or an
 2 agency, instrumentality, or political subdivision of this state
 3 or the United States, for the administration or furnishing of
 4 health services or any publicly supported health benefit plan.

5 (f) Provide administrative services only and cost-plus
 6 arrangements for the federal medicare program established by
 7 parts A and B of title XVIII of the social security act, CHAPTER
 8 531, 49 STAT. 620, 42 U.S.C. 1395c to ~~1395w~~ 1395i, 1395i-2 TO
 9 1395i-4, 1395j TO 1395t, 1395u TO 1395w-2, AND 1395w-4; for the
 10 federal medicaid program established under title XIX of the
 11 social security act, CHAPTER 531, 49 STAT. 620, 42 U.S.C. 1396 to
 12 ~~1396k~~ 1396f AND 1396i TO 1396u; for ~~the child health act of~~
 13 ~~1967, 42 U.S.C. 701 to 716~~ TITLE V OF THE SOCIAL SECURITY ACT,
 14 CHAPTER 531, 49 STAT. 620, 42 U.S.C. 701 TO 703, 704, AND 705 TO
 15 709; for the program of medical and dental care established by
 16 the military medical benefits amendments of 1966, Public Law
 17 85-861, 80 Stat. 862; for the Detroit maternity and infant
 18 care--preschool, school, and adolescent project; and for any
 19 other health benefit program established under state or federal
 20 law.

21 (g) Provide administrative services only and cost-plus
 22 arrangements for any health benefit plan established by a sub-
 23 scriber group, subject to the requirements of section 211.

24 (h) Establish, own, and operate a health maintenance organi-
 25 zation, subject to the requirements of the public health code,
 26 Act No. 368 of the Public Acts of 1978, as amended, being
 27 sections 333.1101 to 333.25211 of the Michigan Compiled Laws.

1 (i) Guarantee loans for the education of persons who are
2 planning to enter or have entered a profession that is licensed,
3 ~~or~~ certified, or registered under parts 161 to 182 of Act
4 No. 368 of the Public Acts of 1978, as amended, being sections
5 333.16101 to 333.18237 of the Michigan Compiled Laws, and has
6 been identified by the commissioner, with the consultation of the
7 office of health and medical affairs in the department of manage-
8 ment and budget, as a profession whose practitioners are in
9 insufficient supply in this state or specified areas of this
10 state and who agree, as a condition of receiving a guarantee of a
11 loan, to work in this state, or an area of this state specified
12 in a listing of shortage areas for the profession issued by the
13 commissioner, for a period of time determined by the
14 commissioner.

15 (j) Receive donations to assist or enable the corporation to
16 carry out its purposes, as provided in this act.

17 (k) Bring an action against an officer or director of the
18 corporation.

19 (l) Designate and maintain a registered office and a resi-
20 dent agent in that office upon whom service of process may be
21 made.

22 (m) Sue and be sued in all courts and participate in actions
23 and proceedings, judicial, administrative, arbitrative, or other-
24 wise, in the same cases as natural persons.

25 (n) Have a corporate seal, alter the seal, and use it by
26 causing the seal or a facsimile to be affixed, impressed, or
27 reproduced in any other manner.

1 (o) Invest and reinvest its funds and, for investment
2 purposes only, purchase, take, receive, subscribe for, or other-
3 wise acquire, own, hold, vote, employ, sell, lend, lease,
4 exchange, transfer, or otherwise dispose of, mortgage, pledge,
5 use, and otherwise deal in and with, bonds and other obligations,
6 shares, or other securities or interests issued by entities other
7 than domestic, foreign, or alien insurers, as defined in sections
8 106 and 110 of the insurance code of 1956, Act No. 218 of the
9 Public Acts of 1956, being sections 500.106 and 500.110 of the
10 Michigan Compiled Laws, whether engaged in a similar or different
11 business, or governmental or other activity, including banking
12 corporations or trust companies. NOTWITHSTANDING THIS SUBDIVI-
13 SION OR ANY OTHER PROVISION OF THIS ACT, A HEALTH CARE CORPORA-
14 TION MAY FORM A DOMESTIC STOCK INSURANCE COMPANY FOR THE PURPOSE
15 OF ACQUIRING, OWNING, AND OPERATING THE STATE ACCIDENT FUND PUR-
16 SUANT TO CHAPTER 51 OF THE INSURANCE CODE OF 1956, ACT NO. 218 OF
17 THE PUBLIC ACTS OF 1956, BEING SECTIONS 500.5100 TO 500.5114 OF
18 THE MICHIGAN COMPILED LAWS. However, a health care corporation
19 may purchase, take, receive, subscribe for, or otherwise acquire,
20 own, hold, vote, employ, sell, lend, lease, exchange, transfer,
21 or otherwise dispose of bonds or other obligations, shares, or
22 other securities or interests issued by a domestic, foreign, or
23 alien insurer, so long as the activity meets all of the
24 following:

25 (i) Is determined by the attorney general to be lawful under
26 section 202.

1 (ii) Is approved in writing by the commissioner as being in
2 the best interests of the health care corporation and its
3 subscribers.

4 (iii) Will not result in the health care corporation owning
5 or controlling 10% or more of the voting securities of the
6 insurer. Nothing in this subdivision shall be interpreted as
7 expanding the lawful purposes of a health care corporation under
8 this act. Except where expressly authorized by statute, a health
9 care corporation shall not indirectly engage in any investment
10 activity ~~which~~ THAT it may not engage in directly. A health
11 care corporation shall not guarantee or become surety upon a bond
12 or other undertaking securing the deposit of public money.

13 (p) Purchase, receive, take by grant, gift, devise, bequest
14 or otherwise, lease, or otherwise acquire, own, hold, improve,
15 employ, use and otherwise deal in and with, real or personal
16 property, or an interest therein, wherever situated.

17 (q) Sell, convey, lease, exchange, transfer or otherwise
18 dispose of, or mortgage or pledge, or create a security interest
19 in, any of its property, or an interest therein, wherever
20 situated.

21 (r) Borrow money and issue its promissory note or bond for
22 the repayment of the borrowed money with interest.

23 (s) Make donations for the public welfare, including hospi-
24 tal, charitable, or educational contributions ~~which~~ THAT do not
25 significantly affect rates charged to subscribers.

1 (t) Participate with others in any joint venture with
2 respect to any transaction ~~which~~ THAT the health care
3 corporation would have the power to conduct by itself.

4 (u) Cease its activities and dissolve, subject to the
5 commissioner's authority under section 606(2).

6 (v) Make contracts, transact business, carry on its opera-
7 tions, have offices, and exercise the powers granted by this act
8 in any jurisdiction, to the extent necessary to carry out its
9 purposes under this act.

10 (w) Have and exercise all powers necessary or convenient to
11 effect any purpose for which the corporation was formed.

12 (2) In order to ascertain the interests of senior citizens
13 regarding the provision of medicare supplemental coverage, as
14 described in section 202(1)(d)(v), and to ascertain the interests
15 of senior citizens regarding the administration of the federal
16 medicare program when acting as fiscal intermediary in this
17 state, as described in section 202(1)(d)(vi), a health care cor-
18 poration shall consult with the office of services to the aging
19 and with senior citizens' organizations in this state.

20 (3) An act of a health care corporation, otherwise lawful,
21 is not invalid because the corporation was without capacity or
22 power to do the act. However, the lack of capacity or power may
23 be asserted:

24 (a) In an action by a director or a member of the corporate
25 body against the corporation to enjoin the doing of an act.

26 (b) In an action by or in the right of the corporation to
27 procure a judgment in its favor against an incumbent or former

1 officer or director of the corporation for loss or damage due to
2 an unauthorized act of that officer or director.

3 (c) In an action or special proceeding by the attorney gen-
4 eral to enjoin the corporation from the transacting of unautho-
5 rized business, to set aside an unauthorized transaction, or to
6 obtain other equitable relief.

7 Section 2. This amendatory act shall not take effect unless
8 Senate Bill No. 346 of the 87th Legislature is enacted into law.