

HOUSE BILL No. 5896

May 28, 1998, Introduced by Rep. Anthony and referred to the Committee on Health Policy.

A bill to amend 1987 PA 230, entitled
"Municipal health facilities corporations act,"
by amending section 209 (MCL 331.1209), as amended by 1994 PA
398.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 209. (1) Each board of trustees of a corporation and
2 EACH subsidiary board OF TRUSTEES of a subsidiary corporation
3 shall consist of not fewer than 5 or more than 15 trustees. The
4 exact number of trustees and the length of their terms of office
5 shall be as specified in the articles of incorporation or as pro-
6 vided in section 203(1). Except for the initial appointments to
7 boards of trustees and subsidiary boards OF TRUSTEES of newly
8 incorporated corporations and NEWLY INCORPORATED subsidiary
9 corporations, terms of office begin on January 1. The term of
10 office of a trustee appointed to fill a vacancy on a board of

1 trustees or subsidiary board OF TRUSTEES of a corporation or
2 subsidiary corporation established by a county begins upon
3 appointment and ~~shall continue~~ CONTINUES for the remainder of
4 the term of the former trustee whose position became vacant.
5 Terms of office shall be staggered so that an approximately equal
6 number of terms expire at the end of each year or each 2 years,
7 except that terms may be fixed so that the shortest terms do not
8 expire until the end of the second year following the incorpora-
9 tion of a corporation or a subsidiary corporation.
10 Notwithstanding any other provision of this subsection, ~~all~~
11 ~~trustees~~ EACH TRUSTEE shall serve until ~~their successors are~~
12 HIS OR HER SUCCESSOR IS appointed. In the case of corporations
13 governed by ~~Act No. 350 of the Public Acts of 1913, being~~
14 ~~sections 331.151 to 331.169 of the Michigan Compiled Laws 1913~~
15 PA 350, MCL 331.151 TO 331.169, on February 27, 1988, the chief
16 executive of the corporation shall serve as a member of the board
17 of trustees until and unless the duly adopted articles of incor-
18 poration provide otherwise, and in other cases the chief execu-
19 tive officer of a corporation or subsidiary corporation estab-
20 lished by a county is eligible to serve on the board of trustees
21 or ON a subsidiary board OF TRUSTEES, either by appointment or,
22 if provided in the articles of incorporation, ex officio.

23 (2) Upon incorporation of a corporation by a county pursuant
24 to this act, the county board of commissioners shall appoint
25 trustees to all positions on the board of trustees. Adoption of
26 articles of incorporation for a corporation succeeding a county
27 public hospital organized and existing under ~~Act No. 350 of the~~

1 ~~Public Acts of 1913 or under Act No. 109 of the Public Acts of~~
2 ~~1945, being sections 331.201 to 331.213 of the Michigan Compiled~~
3 ~~Laws—~~ 1913 PA 350, MCL 331.151 TO 331.169, OR UNDER 1945 PA 109,
4 MCL 331.201 TO 331.213, on February 27, 1988 does not constitute
5 incorporation of a corporation for purposes of this subsection.
6 The terms of office of trustees serving on the board of such a
7 county public hospital shall not be diminished, except that the
8 adopted articles may prospectively establish new lengths of terms
9 of office for the board of trustees, and may prospectively alter
10 the board size. ~~Nominations—~~ EXCEPT AS OTHERWISE PROVIDED IN
11 SUBSECTION (3), NOMINATIONS for a position on a board of trustees
12 or subsidiary board OF TRUSTEES of a corporation or OF A subsid-
13 iary corporation established by a county, other than an ex offi-
14 cio position filled by a chief executive officer, shall be made
15 by THE BOARD OF TRUSTEES OR SUBSIDIARY BOARD OF TRUSTEES submit-
16 ting the names of 3 qualified nominees to the county board of
17 commissioners. During the September immediately preceding the
18 expiration of a term of office on the board of trustees or sub-
19 sidiary board OF TRUSTEES of a corporation or OF A subsidiary
20 corporation established by a county, that board of trustees or
21 subsidiary board OF TRUSTEES shall make nominations for each
22 position for which the term of office is about to expire. Upon
23 creation of a vacancy on the board of trustees or subsidiary
24 board OF TRUSTEES of a corporation or OF A subsidiary corporation
25 established by a county, that board of trustees or subsidiary
26 board shall make nominations for the vacant position. ~~Upon—~~
27 EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), UPON

1 incorporation of a subsidiary corporation by a county, the board
2 of trustees of the parent corporation shall make nominations for
3 each position on the new subsidiary board OF TRUSTEES. The
4 county board of commissioners, at a meeting in that MONTH or IN
5 the following month, shall consider the nominations MADE UNDER
6 THIS SUBSECTION OR SUBSECTION (3) and shall make appointments to
7 the board of trustees or subsidiary board OF TRUSTEES from among
8 the persons nominated, as considered appropriate by the county
9 board of commissioners. The county board of commissioners is not
10 required to fill a position with 1 of the 3 persons nominated,
11 but if it declines to do so, ~~it~~ THE COUNTY BOARD OF
12 COMMISSIONERS shall consider nominees and request additional nom-
13 inees in the manner provided in this subsection OR SUBSECTION (3)
14 until the position is filled.

15 (3) IN A COUNTY WITH A POPULATION OF FEWER THAN 100,000, THE
16 COUNTY BOARD OF COMMISSIONERS MAY SOLICIT QUALIFIED NOMINEES FOR
17 APPOINTMENT TO THE BOARD OF TRUSTEES OR SUBSIDIARY BOARD OF
18 TRUSTEES OF A CORPORATION OR OF A SUBSIDIARY CORPORATION FROM ANY
19 SOURCE CONSIDERED APPROPRIATE BY THE COUNTY BOARD OF
20 COMMISSIONERS.

21 (4) ~~-(3) All trustees~~ EACH TRUSTEE of ~~corporations and~~
22 ~~subsidiary corporations~~ A CORPORATION OR A SUBSIDIARY
23 CORPORATION established by a county shall be chosen with refer-
24 ence to ~~their~~ HIS OR HER fitness for the office, but not more
25 than 1/3 of the trustees serving at any 1 time shall be direct
26 providers of health care. ~~Trustees~~ EACH TRUSTEE shall be
27 ~~citizens~~ A CITIZEN of the county CHOOSING THE TRUSTEE, unless

1 the articles of incorporation permit ~~individuals~~ AN INDIVIDUAL
2 who ~~are~~ IS not ~~citizens~~ A CITIZEN of the county to be
3 ~~trustees~~ A TRUSTEE. ~~Trustees~~ A TRUSTEE of the parent corpo-
4 ration, the chief executive officer of the parent corporation,
5 and the chief executive officer of a subsidiary corporation are
6 eligible for appointment to a subsidiary board OF TRUSTEES and a
7 trustee or chief executive officer of a parent corporation ~~are~~
8 IS eligible for appointment as chief executive officer of a sub-
9 sidiary corporation, and these offices are not incompatible.

10 ~~Trustees are~~ A TRUSTEE IS eligible for reappointment.

11 (5) ~~(4)~~ Before the tenth day after commencement of ~~their~~
12 HIS OR HER term of office, ~~trustees~~ EACH TRUSTEE shall qualify
13 by taking the oath provided by section 1 of article XI of the
14 state constitution of 1963.

15 (6) ~~(5) Any~~ A trustee of a corporation established by a
16 county may be removed from office for cause either by vote of a
17 majority of the members then serving on the county board of com-
18 missioners or by vote of a majority of the members then serving
19 on the board of trustees of the corporation. ~~Any trustees~~ A
20 TRUSTEE of a subsidiary corporation incorporated by a county may
21 be removed from office for cause either by vote of a majority of
22 the members then serving on the county board of commissioners or
23 by vote of a majority of the members then serving on the board of
24 trustees of the parent corporation. As used in this subsection,
25 "cause" includes, but is not limited to, incompetency to properly
26 exercise duties; official misconduct; or habitual or willful
27 neglect of duty, including but not limited to, failure to attend

1 meetings, including committee meetings, in accordance with
2 standards determined from time to time by the board of trustees
3 of the corporation or subsidiary board OF TRUSTEES OF A SUBSID-
4 IARY CORPORATION.

5 (7) ~~—(6)—~~ A trustee shall not be removed from office UNDER
6 SUBSECTION (6) on grounds of misconduct or neglect unless the
7 trustee is served with a notice of hearing and a copy of the
8 asserted ground for removal, and is given full opportunity to be
9 heard, either in person or by counsel, before a vote is taken on
10 the question of removal from office.