



# SENATE BILL No. 1098

April 14, 1994, Introduced by Senators WELBORN, WARTNER,  
DI NELLO and PRIDNIA and referred to the Committee on  
Commerce

A bill to amend sections 102 and 201 of Act No 350 of the  
Public Acts of 1980, entitled as amended

"The nonprofit health care corporation reform act,"

being sections 550 1102 and 550 1201 of the Michigan Compiled  
Laws and to add section 205a

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Sections 102 and 201 of Act No 350 of the  
2 Public Acts of 1980, being sections 550 1102 and 550 1201 of the  
3 Michigan Compiled Laws, are amended and section 205a is added to  
4 to read as follows

5 Sec 102 (1) It is the purpose of and intent of this act,  
6 and the policy of the legislature, to promote an appropriate dis-  
7 tribution of health care services for all residents of this  
8 state, to promote the progress of the science and art of health  
9 care in this state, and to assure for nongroup and group

1 subscribers, reasonable access to, and reasonable cost and  
2 quality of, health care services, in recognition that the health  
3 care financing system is an essential part of the general health,  
4 safety, and welfare of the people of this state ~~Each corpora-~~  
5 ~~tion subject to this act is declared to be a charitable and~~  
6 ~~benevolent institution and its funds and property shall be exempt~~  
7 ~~from taxation by this state or any political subdivision of this~~  
8 ~~state—~~

9       (2) It is the intention of the legislature that this act  
10 shall be construed to provide for the regulation and supervision  
11 of nonprofit health care corporations by the commissioner of  
12 insurance so as to secure for all of the people of this state who  
13 apply for a certificate, the opportunity for access to health  
14 care services at a fair and reasonable price

15       (3) It is the public policy of this state that, in the  
16 interest of facilitating access to health care services at a fair  
17 and reasonable price, an alternate, expeditious, and effective  
18 procedure for the resolution of issues and the maintenance of  
19 administrative appeals relative to provider class plans be estab-  
20 lished and utilized, and to that end, the provisions of this act  
21 regarding administrative review of those provider class plans  
22 shall be construed so as to minimize uncertainty and delays

23       Sec 201   (1) A health care corporation shall not be incor-  
24 porated in this state except under this act

25       (2) Not less than 7 persons, all of whom shall be residents  
26 of this state, may form a health care corporation under this act  
27 for the purpose of providing 1 or more health care benefits at

1 the expense of the corporation to persons or groups of persons  
2 who become subscribers to the plan, under certificates ~~which~~  
3 THAT will entitle each subscriber to certain health care services  
4 by providers with which the corporation has contracted for that  
5 purpose

6 (3) A certificate shall not provide for the payment of cash  
7 or any other material benefit to a subscriber or the estate of a  
8 subscriber on account of death, illness, or injury except ~~where~~  
9 IF payment is made to a subscriber for health care services by a  
10 provider who has not entered into a participating contract with  
11 the corporation or to reimburse a subscriber who has made, or is  
12 obligated to make, payment directly to a provider

13 (4) A health care corporation shall not be subject to the  
14 laws of this state with respect to insurance corporations, except  
15 as provided in this act A health care corporation shall not be  
16 subject to the laws of this state with respect to corporations  
17 generally

18 ~~(5) A health care corporation subject to this act is~~  
19 ~~declared to be a charitable and benevolent institution, and its~~  
20 ~~funds and property shall be exempt from taxation by this state or~~  
21 ~~any political subdivision of this state~~

22 (5) ~~(6)~~ A person shall not act as a health care corpora-  
23 tion or issue a certificate except as authorized by and pursuant  
24 to a certificate of authority granted to the person by the com-  
25 missioner pursuant to this act

26 (6) ~~(7)~~ A health care corporation shall provide only the  
27 kinds of health care benefits and certificates authorized by this

1 act A health care corporation shall not make or issue a  
2 certificate relative to health care benefits except as approved  
3 or otherwise authorized under this act

4 SEC 205A NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT,  
5 A HEALTH CARE CORPORATION SHALL NOT DO BUSINESS IN THIS STATE  
6 UNLESS THE CORPORATION IS SAFE, RELIABLE, AND ENTITLED TO PUBLIC  
7 CONFIDENCE AS PROVIDED IN SECTION 403 OF THE INSURANCE CODE OF  
8 1956, ACT NO 218 OF THE PUBLIC ACTS OF 1956, BEING  
9 SECTION 500 403 OF THE MICHIGAN COMPILED LAWS, AND MEETS THE SAME  
10 SOLVENCY STANDARDS AS DISABILITY INSURERS UNDER ACT NO 218 OF  
11 THE PUBLIC ACTS OF 1956, BEING SECTIONS 500 100 TO 500 8302 OF  
12 THE MICHIGAN COMPILED LAWS