



HOUSE BILL No. 4949

June 13, 1995, Introduced by Reps. Green, Weeks, Kukuk, Rhead, Horton, Voorhees, Hill, Goschka, Whyman, Bush, Jaye, Baade, Randall, Nye, Munsell, Owen and Pitoniak and referred to the Committee on Insurance.

A bill to amend section 301 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. 45 of the Public Acts of 1988, being section 550.1301 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 301 of Act No. 350 of the Public Acts of
2 1980, as amended by Act No. 45 of the Public Acts of 1988, being
3 section 550.1301 of the Michigan Compiled Laws, is amended to
4 read as follows:

5 Sec. 301. (1) The property and lawful business of a health
6 care corporation existing and authorized to do business under
7 this act shall be held and managed by a board of directors to
8 consist of not more than 35 members. The board shall exercise
9 the powers and authority necessary to carry out the lawful

1 purposes of the corporation, as limited by this act and the
 2 CORPORATION'S articles of incorporation and ~~the~~ bylaws. ~~of~~
 3 ~~the corporation.~~

4 (2) Four voting members of the board shall be representa-
 5 tives of the public appointed by the governor by and with the
 6 advice and consent of the senate. Two of those members shall be
 7 retired individuals 62 years of age or older. The term of office
 8 of each PUBLIC representative ~~of the public~~ shall be 2 years
 9 ~~—~~ and until a successor is appointed and qualified. If a
 10 vacancy occurs before the conclusion of a 2-year term, the
 11 appointment of a representative to complete the term shall be
 12 made in the same manner as the original appointment.

13 (3) The board of directors shall consist of not more than
 14 25% provider directors. In addition to physician and hospital
 15 provider directors, not less than 1 provider director shall be a
 16 registered professional nurse who shall be representative of
 17 licensees under part 172 of the public health code, Act No. 368
 18 of the Public Acts of 1978, ~~as amended,~~ being sections
 19 333.17201 to 333.17242 of the Michigan Compiled Laws, NOT LESS
 20 THAN 1 PROVIDER DIRECTOR SHALL BE A LICENSED CHIROPRACTOR WHO
 21 SHALL BE REPRESENTATIVE OF LICENSEES UNDER PART 164 OF ACT
 22 NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SECTIONS 333.16401 TO
 23 333.16431 OF THE MICHIGAN COMPILED LAWS, and not less than 1 pro-
 24 vider director shall be representative of the provider whose
 25 services, in the 1984 calendar year ~~in the case of~~ FOR an
 26 existing health care corporation, or, in the calendar year
 27 immediately following incorporation ~~in the case of~~ FOR a

1 newly-formed health care corporation, generated the largest
2 number of benefit claims received by the corporation from its
3 subscribers. Other provider directors shall be as broadly repre-
4 sentative of provider classes as possible.

5 (4) The bylaws of a health care corporation may authorize
6 not more than 1 officer or employee of the corporation to serve
7 as a voting or nonvoting director.

8 (5) The remaining members of the board of directors shall
9 include representatives of large subscriber groups, medium sub-
10 scribe groups, small subscriber groups, and nongroup subscrib-
11 ers, in proportions ~~which~~ THAT fairly represent the total sub-
12 scribe population of the health care corporation. However, at
13 least 3 directors shall represent nongroup subscribers, at least
14 1 of whom shall be a retired individual 62 years of age or older,
15 and at least 3 directors shall represent small subscriber
16 groups. Large and medium subscriber groups shall be represented,
17 to the greatest extent possible, by an equal number of labor and
18 management representatives and shall be categorized as labor sub-
19 scribe representatives or management subscriber
20 representatives.

21 (6) The method of selection of the directors, other than the
22 directors who are representatives of the public, and additional
23 provisions and requirements for further refinement or specifica-
24 tion regarding the number of directors comprising each component
25 shall be specified in the bylaws. The terms of office of direc-
26 tors, other than the directors who are representatives of the
27 public, and the method for filling vacancies in those offices

1 shall be provided in the bylaws. However, if a term of office of
2 more than 1 year is prescribed by the bylaws, at least 1/3 of the
3 members of the board shall be selected each year.

4 (7) The method of selection of each category of subscribers
5 entitled to representation on the board under subsection (5)
6 shall maximize subscriber participation to the extent reasonably
7 practicable. This subsection ~~shall permit, but not require,~~
8 PERMITS the statewide election of a director or member of the
9 corporate body. The method of selection shall ~~neither~~ NOT
10 permit ~~nor~~ OR require nomination, endorsement, approval, or
11 confirmation of a candidate or director by the corporate body,
12 the board of directors, or the management of the health care cor-
13 poration, or any member or members of any of these. This subsec-
14 tion ~~shall~~ DOES not apply to the selection of an officer or
15 employee as a director pursuant to subsection (4). This subsec-
16 tion ~~shall~~ DOES not limit the rights of any director, member of
17 the corporate body, or employee or officer of the health care
18 corporation to participate in the selection process in his or her
19 capacity as a subscriber, to the same extent as any other sub-
20 scriber may participate.

21 (8) ~~For the purposes of~~ AS USED IN this section:

22 (a) "Health care provider" or "provider" includes:

23 (i) A person defined as a health care provider or provider
24 in section 105(4); a person employed by a health care facility,
25 as defined in section 105(3); or a director, officer, or trustee
26 of a health care provider, as defined in section 105(4), unless
27 the person serves in that capacity as a representative selected

1 by the same subscriber group or collective bargaining
2 representative ~~which~~ THAT the person represents on the board of
3 a health care corporation.

4 (ii) Except as provided in subdivision (b), a spouse, child,
5 or parent of a health care provider who resides in the same
6 household.

7 (iii) A person who receives more than 25% of his or her
8 annual income through the provision of goods or services to
9 health care providers, or who is an employee, officer, trustee,
10 or director of a firm or organization ~~which~~ THAT receives more
11 than 25% of its annual income through the provision of goods or
12 services to health care providers.

13 (b) For purposes of determining whether a director is a pro-
14 vider director, "health care provider" or "provider" does not
15 include a spouse, child, or parent of a health care provider who
16 resides in the same household if all of the following criteria
17 are met:

18 (i) Not more than 1/3 of the total annual household income
19 is earned by that health care provider.

20 (ii) The term of office of the director commences in the
21 1988 calendar year.

22 (iii) Not more than 2 directors qualify for the exemption
23 under this subdivision.

24 (9) A director shall not be an employee, agent, officer, or
25 director of an insurance company writing disability insurance
26 inside or outside this state.