

HOUSE BILL No. 5234

October 16, 2001, Introduced by Reps. Zelenko, Raczkowski, Bovin, Schauer, Jacobs, Rivet, Basham, Bernero, Sheltroun, Whitmer, Rich Brown, Neumann, Frank, Mans, Kolb, Spade, Minore, Bogardus, Hardman and DeWeese and referred to the Committee on Health Policy.

A bill to amend 1980 PA 350, entitled
"The nonprofit health care corporation reform act,"
by amending section 605 (MCL 550.1605).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 605. (1) Upon due notice and an opportunity for an
2 evidentiary hearing pursuant to the administrative procedures
3 act, the commissioner may suspend or limit the certificate of
4 authority of a health care corporation if the commissioner deter-
5 mines that any of the following circumstances exist:

6 (a) The health care corporation does not meet the require-
7 ments of this act respecting the adequacy of its reserves.

8 (b) The health care corporation is using methods or prac-
9 tices in the conduct of its business ~~which~~ THAT render further
10 transactions hazardous or injurious to subscribers of the
11 corporation or TO the public.

1 (c) The health care corporation refuses or fails to comply
2 with this act or with a lawful order of the commissioner.

3 (D) THE HEALTH CARE CORPORATION REFUSES OR FAILS TO COMPLY
4 WITH THE HEALTH CARE INFORMATION PROTECTION AND PRIVACY ACT.

5 (2) If the commissioner finds that the public health,
6 safety, or welfare requires emergency action and incorporates
7 this finding into an order, a summary suspension or limitation of
8 a certificate of authority may be ordered. The SUMMARY suspen-
9 sion or limitation shall be effective on the date specified in
10 the order or upon service of a certified copy of the order on the
11 health care corporation, whichever is later, and shall be effec-
12 tive during the proceedings. The corporation shall have the
13 right to an administrative hearing within 5 days to show why the
14 summary suspension or limitation should be terminated.

15 (3) An order of limitation may restrict the solicitation of
16 certificates, the renewal of business in force, and the sollicita-
17 tion, offer, or acceptance of contracts, and may impose other
18 conditions to continued authorization as are reasonably necessary
19 to protect the subscribers of the corporation or the public. The
20 commissioner shall terminate an order of limitation when the cir-
21 cumstance giving rise to the order ceases to exist.

22 (4) Upon suspension or limitation of a corporation's certifi-
23 cate of authority, if the commissioner considers it necessary or
24 desirable for the protection of the subscribers of the corpora-
25 tion or OF the public, the commissioner may publish notice of the
26 suspension or limitation in 1 or more newspapers of general
27 circulation in the state.

1 (5) An emergency order by the commissioner ~~which~~ THAT
2 suspends or limits a corporation's certificate of authority shall
3 be for a period not to exceed 1 year and, after NOTICE AND AN
4 opportunity ~~of~~ FOR A hearing, the commissioner for good cause
5 may extend the period of suspension or limitation for additional
6 periods not to exceed 1 year.

7 Enacting section 1. This amendatory act does not take
8 effect unless House Bill No. 4936 of the 91st Legislature is
9 enacted into law.