

Act No. 547
Public Acts of 1996
Approved by the Governor
January 15, 1997
Filed with the Secretary of State
January 15, 1997

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Senator Miller

ENROLLED SENATE BILL No. 1166

AN ACT to amend section 21027 of Act No. 368 of the Public Acts of 1978, entitled as amended "An act to protect and promote the public health; to codify, revise, consolidate, classify, and add to the laws relating to public health; to provide for the prevention and control of diseases and disabilities; to provide for the classification, administration, regulation, financing, and maintenance of personal, environmental, and other health services and activities; to create or continue, and prescribe the powers and duties of, departments, boards, commissions, councils, committees, task forces, and other agencies; to prescribe the powers and duties of governmental entities and officials; to regulate occupations, facilities, and agencies affecting the public health; to regulate health maintenance organizations and certain third party administrators and insurers; to provide for the imposition of a regulatory fee; to promote the efficient and economical delivery of health care services, to provide for the appropriate utilization of health care facilities and services, and to provide for the closure of hospitals or consolidation of hospitals or services; to provide for the collection and use of data and information; to provide for the transfer of property; to provide certain immunity from liability; to regulate and prohibit the sale and offering for sale of drug paraphernalia under certain circumstances; to provide for penalties and remedies; to provide for sanctions for violations of this act and local ordinances; to repeal certain acts and parts of acts; to repeal certain parts of this act; and to repeal certain parts of this act on specific dates," as amended by Act No. 354 of the Public Acts of 1982, being section 333.21027 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 21027 of Act No. 368 of the Public Acts of 1978, as amended by Act No. 354 of the Public Acts of 1982, being section 333.21027 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 21027. (1) The department, with the concurrence of the insurance bureau, after a hearing held in accordance with the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws, may deny, limit, suspend, or revoke a license upon determination that 1 or more of the following exist:

(a) A health maintenance organization is not operating in compliance with this part or the rules promulgated under this part.

(b) The organization is not able to provide, as promptly as appropriate, health maintenance services required under this part in a manner that assures continuity or imparts quality health care under conditions the department considers to be in the public interest.

(c) The existing contracts and the rates therefor, including any nominal payments between the organization and its subscribers, are not fair and reasonable in relation to the services available or the procedures offering and terminating contracts are unfairly discriminatory.

(d) The organization is unable to fulfill its obligations under outstanding health maintenance contracts.

(e) The organization is not being operated on a sound financial basis.

(2) The department shall prescribe fees for licenses, surveys, evaluations, and investigations.

(3) For purposes of supervision, rehabilitation, liquidation, or receivership, a health maintenance organization shall be treated in the same manner as an insurer under chapter 81 of the insurance code of 1956, Act No. 218 of the Public Acts of 1956, being sections 500.8101 to 500.8160 of the Michigan Compiled Laws. The commissioner has the same authority to act regarding a health maintenance organization as the commissioner has to act regarding a domestic insurance corporation under chapter 81 of Act No. 218 of the Public Acts of 1956.

This act is ordered to take immediate effect.

Secretary of the Senate.

Clerk of the House of Representatives.

Approved -----

Governor.

