



# SENATE BILL No. 1166

September 18, 1996, Introduced by Senator MILLER and referred to the Committee on Financial Services.

A bill to amend section 21027 of Act No. 368 of the Public Acts of 1978, entitled as amended

"Public health code,"

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:**

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

5 Sec. 21027. (1) The department, with the concurrence of the  
6 insurance bureau, after a hearing held in accordance with THE  
7 ADMINISTRATIVE PROCEDURES ACT OF 1969, Act No. 306 of the Public  
8 Acts of 1969, being sections 24.201 to ~~24.315~~ 24.328 of the  
9 Michigan Compiled Laws, may deny, limit, suspend, or revoke a

1 license upon determination that 1 or more of the following  
2 exist:

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

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

11 (c) The existing contracts and the rates therefor, including  
12 any nominal payments between the organization and its subscrib-  
13 ers, are not fair and reasonable in relation to the services  
14 available or the procedures offering and terminating contracts  
15 are unfairly discriminatory.

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

18 (e) The organization is not being operated on a sound finan-  
19 cial basis.

20 (2) The department shall prescribe fees for licenses, sur-  
21 veys, evaluations, and investigations.

22 (3) For purposes of SUPERVISION, REHABILITATION,  
23 liquidation, or receivership, a health maintenance organization  
24 shall be treated in the same manner as an insurer under chapter  
25 ~~78~~ 81 of the insurance code of 1956, Act No. 218 of the Public  
26 Acts of 1956, being sections ~~500.7800 to 500.7860~~ 500.8101 TO  
27 500.8160 of the Michigan Compiled Laws. The commissioner has the

1 same authority to act ~~as a custodian or receiver of~~ REGARDING a  
2 health maintenance organization as the commissioner has to act  
3 regarding a domestic insurance corporation under chapter ~~78~~ 81  
4 of ~~the insurance code of 1956,~~ Act No. 218 of the Public Acts  
5 of 1956.