

MUNICIPAL HEALTH FACILITIES CORPORATIONS ACT (EXCERPT)
Act 230 of 1987
Chapter 3

331.1301 Corporation and subsidiary corporation; powers generally.

Sec. 301.

Each corporation and subsidiary corporation governed by this act shall possess all of the powers necessary to carry out the purposes of its incorporation and those incident thereto. Such powers shall be vested in and exercised by its board of trustees or subsidiary board. The enumeration of any powers in this act shall not be considered as a limitation upon the general powers of the corporation or subsidiary corporation.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1302 Bylaws.

Sec. 302.

Each corporation, and each subsidiary corporation with the approval of its parent corporation, may adopt and amend 1 or more sets of bylaws consistent with the applicable provisions of this act, the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws, its articles of incorporation, and other applicable law providing for conduct of its affairs and operation of its activities and health care facilities, which may include, but shall not be limited to, provisions with respect to the following:

- (a) The frequency, call, and conduct of meetings of the board of trustees or subsidiary board.
- (b) The powers and responsibilities of officers, including the chief executive officer.
- (c) The size, manner of appointment, and term of committees, which, except as otherwise provided in the bylaws, may include persons who are not trustees, and the purposes and powers of such committees. Responsibility may be assigned to committees for monitoring implementation of policies adopted by the board of trustees or subsidiary board and for the formulation of budgets, plans, and policies and the development of other recommendations for adoption by the board of trustees or subsidiary board. Committees shall not be empowered to exercise governmental or proprietary authority or to perform a governmental or proprietary function.
- (d) Procedures for appointment, removal, and discipline of medical staff or other direct providers of health care and for delineation of their clinical privileges, together with provisions for the organization of such staff for the purpose of reviewing and improving the health services provided, and for administrative and other purposes.
- (e) The purposes, organization, and control of auxiliaries and other voluntary organizations supporting the work of the corporation or subsidiary corporation.

History: 1987, Act 230, Eff. Feb. 27, 1988

331.1303 Board of trustees and subsidiary board; powers generally.

Sec. 303.

Without limiting the powers described in section 301 and elsewhere in this act, each board of trustees and subsidiary board, in furtherance of its purposes and consistent with the provisions of its articles of incorporation, but subject to applicable licensing and other regulatory requirements, may do any or all of the following:

- (a) Establish, modify, discontinue, operate, and manage health services, either alone or in conjunction with other entities.
- (b) Select physicians and such other direct providers of health care as it may determine for membership on its medical staff, delineate the clinical privileges of direct providers of health care within its health care facilities, and provide for the termination, suspension, or restriction of medical staff membership and clinical privileges. In making

appointments and reappointments to the medical staff and in granting or withdrawing clinical privileges, the board of trustees or subsidiary board shall consider training, experience, and other professional qualifications, and may also consider health status, professional liability coverage, the character and capacity of the health care facilities, the needs of the community served by the health care facility, and such other factors as such board of trustees or subsidiary board reasonably considers to be appropriate.

(c) Provide for the organization of physicians and such other direct providers of health care as it may determine into a medical staff and establish additional procedures for review of the professional practices in its health care facilities pursuant to the public health code, Act No. 368 of the Public Acts of 1978, being sections 333.1101 to 333.25211 of the Michigan Compiled Laws, and other applicable law.

(d) Establish reasonable rules and regulations for the provision of health services in its health care facilities, for the use of its health care facilities by patients, visitors, and others, and for management of its business and affairs.

(e) Employ a chief executive officer and such other employees as may be required to carry out its purposes; establish policies with respect to the duties, qualifications, compensation, benefits, and other terms of employment of its employees; provide for participation by its employees in retirement or pension plans of the local governmental unit, establish its own retirement or pension plans, or participate in other public programs for the provision of retirement or pension benefits; establish rules for a system of civil service; and enter into collective bargaining and other agreements with respect to these matters. Each corporation and subsidiary corporation shall be considered to be a public employer separate from the local governmental unit.

(f) Establish reasonable fees and charges for the use of its health care facilities and for the health services it provides, and provide policies for the care of those unable to pay fully for their care at reduced rates or without charge.

(g) Enter into contracts and participate in programs with federal and state government, insurers, health care corporations, health maintenance organizations, prudent purchaser arrangements, alternative health care delivery and financing systems, employers, individuals, and other public and private entities, for the provision of health services and for the payment for health services furnished on any basis considered appropriate by the board of trustees and subsidiary board, including, but not limited to, payment prospectively or retrospectively determined based upon its full or discounted rates and charges or costs, or based upon fixed rates per individual, group, visit, procedure, or other unit of service. As used in this subdivision, "health care corporation" means a health care corporation incorporated under the nonprofit health care corporation reform act, Act No. 350 of the Public Acts of 1980, being sections 550.1101 to 550.1704 of the Michigan Compiled Laws.

(h) Make and execute contracts, leases, and all other agreements or instruments necessary or convenient to fulfill its purposes, including but not limited to, exclusive and nonexclusive contracts or leases with direct providers of health care for the provision of health services to patients or the operation of health care facilities or departments of health care facilities on its behalf and contracts, leases, agreements, and other instruments relating to the joint conduct of health services and the operation of programs for sharing of goods, services, or facilities with other direct providers of health care.

(i) Appoint 1 or more attorneys to serve as legal advisors and representatives.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1304 Board of trustees and subsidiary board; additional powers.

Sec. 304.

Without limiting the powers described in section 301 and elsewhere in this act, each board of trustees and subsidiary board, in furtherance of its purposes and consistent with its articles of incorporation, but subject to applicable licensing and other regulatory requirements, may do any or all of the following:

(a) Establish sites for its health care facilities inside or outside the local governmental unit and relocate its health care facilities in the same municipality or elsewhere.

(b) Acquire by purchase, gift, devise, lease, sublease, installment purchase agreement, land contract, option, or by any other means, hold, and own in its own name health care facilities and interests therein and other real and personal property, including, but not limited to, interests in condominiums, and property subject to mortgages, security interests, or other liens, necessary or convenient to fulfill its purposes; and, for the purpose of condemnation, proceed under the uniform condemnation procedures act, Act No. 87 of the Public Acts of 1980, being sections 213.51 to 213.77 of the Michigan Compiled Laws, or other applicable statute.

(c) Construct, add to, repair, remodel, renovate, equip, and re-equip health care facilities and establish rules, regulations, or policies conforming with applicable law with respect to requirements for competitive bidding,

advertising, advertising for bids and letting contracts. However, in all cases, the right to reject any and all bids shall be reserved.

(d) Dispose of its real and personal property by sale, lease, sublease, installment sale agreement, land contract, or other lawful means.

(e) Purchase, contract for, or acquire administrative, management, and other services necessary or convenient to the fulfillment of its purposes from the local governmental unit and from other sources and sell these services to the local governmental unit and to other public and private persons.

(f) Apply for, negotiate, receive, and accept gifts or grants of money, property, services, or other aid offered or made available to it, and comply, subject to the provisions of this act and other applicable law, with the terms of such gifts, grants, or other aid.

(g) Provide insurance, reinsurance, obtain indemnification or establish programs or trusts for self-insurance against loss in connection with its assets or any liability in connection with its activities. The insurance, reinsurance, indemnification, or self-insurance shall be in such forms and amounts, and from such sources, as it considers appropriate.

(h) Invest funds not immediately required for its purposes, funds accumulated to provide retirement or pension benefits, endowment funds created for charitable or educational purposes, and other funds in any manner in which a local governmental unit may then lawfully invest such property and loan its funds in furtherance of its purposes.

(i) Borrow money from the local governmental unit in accordance with section 305(e) and enter into agreements for the repayment of the loans.

(j) Grant mortgages, security interests, and other liens in its real and personal property, sell and lease back its real and personal property, and pledge its property or revenues in furtherance of its purposes.

(k) Guarantee, in whole or in part, bonds, notes, and other obligations of the local governmental unit undertaken for its benefit and grant mortgages, security interests, and other liens in its real and personal property and pledge its property or revenues to secure obligations of the local governmental unit undertaken for its benefit, with or without guaranteeing such obligations.

(l) Transfer real or personal property to subsidiary corporations or parent corporations in furtherance of its purposes or the purposes of the subsidiary or parent corporations, with or without monetary consideration, and transfer money and other real and personal property not required to carry out its purposes to the local governmental unit.

(m) Guarantee, in whole or in part, corporation obligations, bonds, notes, and other obligations of a subsidiary corporation or a parent corporation.

(n) Grant mortgages, security interests, or other liens in its real and personal property and pledge its property or revenues to secure corporation obligations, bonds, notes, or other obligations of 1 or more of its subsidiary corporations or its parent corporation, with or without guaranteeing such obligations.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989

331.1305 Powers of local governmental unit generally.

Sec. 305.

Subject to applicable licensing and other regulatory requirements, a local governmental unit may do any or all of the following:

(a) Acquire health care facilities by purchase, gift, devise, lease, sublease, installment purchase agreement, land contract, option, or other means; construct, add to, repair, remodel, renovate, equip, and reequip health care facilities for use, in whole or in part, by a corporation or a subsidiary corporation; borrow money and issue bonds in accordance with 1923 PA 118, MCL 141.61 to 141.66; enter into contracts of lease under 1948 (1st Ex Sess) PA 31, MCL 123.951 to 123.965; or enter into obligations under other applicable laws to acquire health care facilities. However, whether or not otherwise permitted by law, a local governmental unit shall not borrow funds, lease property, or acquire property pursuant to a lease purchase agreement with a local hospital authority incorporated under the hospital finance authority act, 1969 PA 38, MCL 331.31 to 331.84, nor shall a local governmental unit otherwise receive the proceeds of bonds issued by a local hospital authority, except as consideration for property transferred by the local governmental unit to a third party. Any bonding proposal requiring approval of the electors of a local governmental unit may be presented at the same election described in sections 201 and 202 or sections 251 and 252.

(b) Transfer or make available health care facilities and other real and personal property to a corporation or a subsidiary corporation by sale, lease, sublease, installment sale agreement, contract, or other means on terms, with

or without monetary consideration, approved by the county board of commissioners, city council, or village council. A health care facility owned and operated by a corporation or a subsidiary corporation is not considered to be owned or operated by the local governmental unit.

(c) Grant mortgages, security interests, and other liens in, pledge or sell and lease back its interests in health care facilities and other real and personal property to secure bonds, notes, or other obligations of a corporation or subsidiary corporation, upon terms approved by the county board of commissioners, city council, or village council. The amount of the bonds, notes, or other obligations must not be included in computing the net bonded indebtedness of the local governmental unit for the purposes of debt limitations imposed by any constitutional, statutory, or charter provision, unless the local governmental unit pledges full faith and credit to the payment of the bond, note, or other obligation.

(d) Guarantee any corporation obligation, bond, note, or other obligation of a corporation or a subsidiary corporation on terms approved by the county board of commissioners, city council, or village council, and pledge specified revenues or assets of the local governmental unit or the full faith and credit of the local governmental unit to the payment of the guaranty. The resolution of the county board of commissioners, city council, or village council approving any guaranty which pledges the full faith and credit of the local governmental unit must contain a proviso that the resolution must not become effective and binding upon the local governmental unit until it has been approved by a majority of the electors voting at a special or regular local governmental unit election. The election proceedings under this subdivision must be conducted in accordance with the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992. The amount of any bonds, notes, or other obligations secured by a guaranty that pledges the full faith and credit of the local governmental unit must be included in computing the net bonded indebtedness of the local governmental unit for the purposes of debt limitations imposed by any constitutional, statutory, or charter provision.

(e) Loan to a corporation or a subsidiary corporation money from the general fund of the local governmental unit or from funds not raised by taxation available to the local governmental unit for the acquisition of or improvements to health care facilities, operation of health services or for any other purpose of the corporation or subsidiary corporation, and enter into agreements with the borrowing corporation or subsidiary corporation for the repayment of those loans over a term not to exceed 30 years, with or without security.

(f) Appropriate money and transfer the money to 1 or more corporations or subsidiary corporations established by the local governmental unit for the acquisition of or improvements to health care facilities, operation of health services, or any other purpose of the corporations or subsidiary corporations. The total sums appropriated for those purposes each year from the general fund of the local governmental unit must be in addition to any taxes and appropriations to satisfy local governmental unit indebtedness under bonds, notes, or guaranties described in subdivisions (a) and (d). Money may be appropriated from funds not raised by taxation and available to the local governmental unit for those purposes without limitation.

(g) Notwithstanding subdivision (f), a county with a county public hospital organized and operated under 1945 PA 109, MCL 331.201 to 331.213, on February 27, 1988 may assess taxes not to exceed in any 1 year 1 mill on each dollar of assessed valuation of the county for the purpose of acquisition, construction, and operation of any health care facilities without a vote of county electors, and may appropriate money from its general fund for the acquisition, construction, and operation of any health care facilities without limitation.

(h) Enter into agreements or arrangements for a corporation or a subsidiary corporation to provide health services to local governmental unit employees, dependents of local governmental unit employees, indigents, or others, providing for payment for health services in any of the ways described in section 303(g).

(i) Sell, contract, or make available to corporations or subsidiary corporations established by the local governmental unit, administrative, management, and other services necessary or convenient to fulfill the purposes of the corporation or subsidiary corporation, and purchase the services from a corporation or subsidiary corporation that may be required for any local governmental unit purpose.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 497, Imd. Eff. Dec. 29, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 2002, Act 484, Imd. Eff. June 27, 2002 ;-- Am. 2018, Act 312, Imd. Eff. June 29, 2018

331.1305a Restructure of corporation or subsidiary corporation as nonprofit.

Sec. 305a.

(1) Subject to applicable licensing and other regulatory requirements, the requirements of the nonprofit act, and the requirements of this section, the board of trustees or the subsidiary board may restructure a corporation or subsidiary corporation as a nonprofit corporation subject to the nonprofit act if all of the following are met:

(a) The corporation or subsidiary corporation is located in a county that had a population of more than 5,000 and less than 7,500 as of the most recent federal decennial census.

(b) The restructuring is completed before June 30, 2025.

(2) A board of trustees or subsidiary board proposing to restructure a corporation or subsidiary corporation under this section must adopt a restructuring plan that includes all of the following:

(a) The terms and conditions of the proposed restructuring.

(b) The proposed articles of incorporation and bylaws that are to govern the restructured corporation or restructured subsidiary corporation. The articles and bylaws must comply with the requirements of the nonprofit act.

(3) If a restructuring plan described in subsection (2) is approved under this section, the corporation or subsidiary corporation shall file the articles of incorporation described in subsection (2)(b) with the administrator, in the manner provided in the nonprofit act.

(4) The effective date of a restructuring under this section is the effective date of the articles of incorporation under the nonprofit act. All of the following apply when a restructuring under this section takes effect:

(a) The restructured corporation or restructured subsidiary corporation is considered a continuation of the restructuring corporation or subsidiary corporation.

(b) The restructured corporation or restructured subsidiary corporation has all of the liabilities of the restructuring corporation or subsidiary corporation and the restructuring does not affect any obligations or liabilities of the corporation or subsidiary corporation incurred before the restructuring or the personal liability of any person incurred before the restructuring.

(c) The title to all real estate and other property and rights owned by the corporation or subsidiary corporation remain vested in the restructured corporation or restructured subsidiary corporation without reversion or impairment.

(d) The rights, privileges, powers, and interests in property of the corporation or subsidiary corporation, as well as the debts, liabilities, and duties of the corporation or subsidiary corporation, must not be considered, as a consequence of the restructuring, to have been transferred to the restructured corporation or restructured subsidiary corporation for any purpose of the laws of this state.

(e) A proceeding pending against the corporation or subsidiary corporation may be continued as if the restructuring had not occurred, or the restructured corporation or restructured subsidiary corporation may be substituted in the proceeding for the corporation or subsidiary corporation.

(f) The restructured corporation or restructured subsidiary corporation is considered to be the same entity that existed before the restructuring and is considered to be incorporated on the date that the corporation or subsidiary corporation was originally incorporated.

(g) The restructured corporation or restructured subsidiary corporation is subject to the nonprofit act and, except as otherwise provided in this act, is subject to this act.

(h) The articles of incorporation of the corporation or the subsidiary corporation filed with the county clerk under section 207 or the city clerk or village clerk under section 256 are considered terminated and the articles of incorporation filed under the nonprofit act apply to the corporation or subsidiary corporation. The corporation or subsidiary corporation shall deliver a copy of the articles of incorporation of the restructured corporation or restructured subsidiary corporation to that county clerk, city clerk, or village clerk, and the county clerk, city clerk, or village clerk will indicate in the county clerk's, city clerk's, or village clerk's records that the corporation or subsidiary corporation has restructured under this section and that the articles of incorporation previously filed with the county clerk, city clerk, or village clerk under section 207 or 256 are no longer in effect.

(i) The corporation or subsidiary corporation shall deliver a copy of the articles of incorporation of the restructured corporation or restructured subsidiary corporation to the secretary of state and notify the secretary of state that the articles of incorporation previously filed with the secretary of state by the county clerk, city clerk, or village clerk under section 207 or 256 are no longer in effect.

(5) A subsidiary board may not restructure a subsidiary corporation as a nonprofit corporation under this section without the prior approval of the board of trustees of its parent corporation to the restructuring.

(6) A board of trustees or subsidiary board may not restructure a corporation or subsidiary corporation under this section without the prior majority approval of the county board of commissioners, city council, or village council, as applicable.

(7) A board of trustees or subsidiary board may not restructure a corporation or subsidiary corporation under this section if the restructuring in any manner impairs the obligation of the corporation or subsidiary corporation with respect to any outstanding obligation, bond, note, or contract of that corporation.

(8) As used in this section:

(a) "Administrator" means that term as defined in section 105 of the nonprofit act, MCL 450.2105.

(b) "Nonprofit act" means the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192.

(c) "Nonprofit corporation" means a domestic corporation, as that term is defined in section 106 of the nonprofit act, MCL 450.2106.

History: Add. 2010, Act 331, Imd. Eff. Dec. 21, 2010 ;-- Am. 2016, Act 45, Imd. Eff. Mar. 15, 2016 ;-- Am. 2017, Act 148, Imd. Eff. Nov. 2, 2017 ;-- Am. 2023, Act 319, Imd. Eff. Dec. 14, 2023

331.1306 Board of trustees or subsidiary board; sale or transfer of ownership or operation; terms; acceptance of notes, bonds, or obligations; discrimination prohibited; approval of transfer; transfer not to impair corporate obligation, bond, note, or contract.

Sec. 306.

(1) Subject to applicable licensing and other regulatory requirements, and subject to the requirements of this section, a board of trustees or a subsidiary board may enter into and carry out agreements for the sale or transfer of the ownership of a corporation or subsidiary corporation, or the sale or transfer of ownership or operation of some or all of the health care facilities and related assets or health services of the corporation or subsidiary corporation, to a nonprofit health care organization or to a public authority on behalf of a nonprofit health care organization by sale, installment sales agreement, land contract, lease, lease with an option to purchase, sublease, contract, option, or by any other means.

(2) In establishing the terms of a sale or transfer described in subsection (1), the board of trustees or subsidiary board may take into account, in addition to the monetary consideration for the sale or transfer, if any, 1 or more of the following:

(a) The ability and willingness of the nonprofit health care organization to continue to provide health services to residents of the local governmental unit.

(b) The assumption by the nonprofit health care organization of liabilities, obligations, and risks associated with ownership or operation of the corporation, subsidiary corporation, or health care facilities and health services sold or transferred, including those associated with outstanding bonds, notes and obligations, pension, retirement, and other benefits for employees and employees and conditions attached to public or private grants.

(c) The willingness and ability of the nonprofit health care organization to provide services to those unable to pay fully for their care.

(d) The elimination of or reduction in support required for the corporation, subsidiary corporation, or health care facilities or health services from tax revenues or other public sources.

(e) The ability and willingness of the nonprofit health care corporation to expand or improve the corporation, subsidiary corporation, or health care facilities or health services being sold or transferred.

(f) Any other factors bearing on the health and welfare of the residents of the local governmental unit that the board of trustees or subsidiary board considers appropriate.

(3) A board of trustees or subsidiary board may accept secured or unsecured notes, bonds, or obligations given by or on behalf of a nonprofit health care organization or any other forms of payment that it considers appropriate in full or partial satisfaction of any monetary consideration provided under an agreement for a sale or transfer described in subsection (1).

(4) Any board of trustees or subsidiary board that sells or transfers a corporation, subsidiary corporation, or health facilities under this section shall require, for a term of not less than 30 years, that use of the health care facilities owned by the sold or transferred corporation or subsidiary corporation or the sold or transferred health care facilities shall be open to all regardless of race, religion, color, national origin, sex, age, disability, marital status, sexual preference, or source of payment, and that the nonprofit health care organization acquiring those health care facilities or that corporation or subsidiary corporation shall provide an equal opportunity for employment, without discrimination as to race, religion, color, national origin, sex, age, disability, marital status, or sexual preference.

(5) Any transfer made by a subsidiary board in reliance on this section shall be made only with the prior approval of the board of trustees of its parent corporation.

(6) Any sale or transfer of ownership of a corporation or subsidiary corporation under this section shall be made only with the prior approval of the county board of commissioners, city council, or village council. Any sale or transfer of ownership or operation of health care facilities or health services by a corporation or a subsidiary corporation under this section shall be made only with the prior approval of the county board of commissioners, city council, or village council, if either of the following applies:

(a) The health care facilities or health services to be transferred provided more than 10% of the gross revenues of the corporation or subsidiary corporation making the transfer, determined in accordance with generally accepted accounting principles, in either of the 2 full fiscal years of the corporation or subsidiary corporation completed immediately preceding the date of the transfer.

(b) A majority of the governing body of the nonprofit health care organization acquiring the health care facilities

or health services is composed of persons who are also serving as trustees of the corporation or the subsidiary corporation making the transfer.

(7) Notwithstanding any other provision of this section, no sale or transfer under this section shall be made in such a way as to impair the obligation of the corporation or the subsidiary corporation with respect to any outstanding corporation obligation, bond, note, or contract.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 1998, Act 62, Imd. Eff. Apr. 20, 1998 ;-- Am. 2010, Act 331, Imd. Eff. Dec. 21, 2010

331.1307 Definitions; retention of employees; continuation of collective bargaining agreements; bargaining representative; standing of employee to commence action; rescission of transactions; continued participation in federal old age, survivors, and disability insurance benefits program.

Sec. 307.

(1) As used in this section:

(a) "Contractor" means an entity which enters into a contract or other agreement with a local governmental unit, corporation, or subsidiary corporation for the purpose of providing health services or for the management, administration, or operation of a health care facility or department of a health care facility, pursuant to section 303(h), 304(d), 304(e), 304(l), 305(b), 305(i), or 306. Contractor includes a local governmental unit, corporation, or subsidiary corporation.

(b) "Transferee" means an entity which receives, accepts, or comes into possession or an ownership or leasehold interest in a health care facility, department of a health care facility, or other real or personal assets of a health care facility pursuant to section 303(h), 304(d), 304(e), 304(l), 305(b), 305(i), or 306. Transferee includes a corporation, county, or subsidiary corporation.

(c) "Affected health care facility" means a health care facility or part or department of a health care facility regularly employing 5 or more persons on a full-time basis or the equivalent which is the subject of any transaction made pursuant to section 303(h), 304(d), 304(e), 304(l), 305(b), 305(i), or 306.

(2) A local governmental unit, corporation, or subsidiary corporation shall not enter into a contract, lease, agreement, transfer, or other arrangement authorized in section 303(h), 304(d), 304(e), 304(l), 305(b), 305(i), or 306 with a contractor or transferee under which the contractor or transferee agrees or can reasonably be expected to continue the operation of the affected health care facility for the purpose of providing health services unless the local governmental unit, corporation, or subsidiary corporation agrees to retain the employees of the affected health care facility and continue all collective bargaining agreements covering such employees or unless the contractor or transferee agrees to all of the following:

(a) That all collective bargaining agreements in effect and covering employees of the affected health care facility shall be continued in full force and effect by the contractor or transferee.

(b) That employees of the affected health care facility shall be employed by the contractor or transferee and shall not be replaced with new employees, except in accordance with applicable collective bargaining agreements and with policies applicable to the affected health care facility existing on the date of such contract, lease, agreement, transfer, or other arrangement.

(c) That the contractor or transferee shall continue the terms and conditions of employment of employees of the affected health care facility.

(d) That the contractor or transferee shall grant recognition to each collective bargaining agent of employees of the affected health care facility which had representation rights on the date of the contract, agreement, or other arrangement. However, a contract, lease, agreement, transfer, or other arrangement may permit such modifications of the obligations of the contractor or transferee as may be required to conform to an order of the national labor relations board in appropriate proceedings.

(3) This section does not limit employees' rights, under applicable law, to assert that their bargaining representative is no longer representative of the employee.

(4) If a local governmental unit, corporation, or subsidiary corporation enters into an agreement providing for a transaction that is subject to subsection (2), an employee of the affected health care facility or the collective bargaining agent of such an employee shall have standing to commence an action in the circuit court for the county to determine if the transaction is in compliance with subsection (2), if the action is commenced within 90 days after written notice by the local governmental unit, corporation, or subsidiary corporation to the employees and collective bargaining agent of the affected health care facility of the execution of such agreement. If the court determines that the agreement is not in compliance with subsection (2), and if the local governmental unit,

corporation, or the subsidiary corporation and the contractor or transferee do not agree to amendments making the agreement in compliance with subsection (2), the court shall declare the agreement void and of no effect and provide for rescission of the transactions provided for under the agreement.

(5) An employee of a county public hospital, city public hospital, village public hospital, or other health care facility who, on the effective date of this act, participates in the federal old age, survivors, and disability insurance benefits program through a voluntary agreement made pursuant to section 218 of title II of the social security act, 42 U.S.C. 418, shall continue to participate in the program if the individual is employed by a corporation or subsidiary corporation pursuant to this act.

History: 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989