

Chap. 333 AN ACT FURTHER REGULATING THE PREPARATION OF ENVELOPES TO CONTAIN ABSENT VOTER BALLOTS AND OTHER DOCUMENTS.

Be it enacted, etc., as follows:

G. L. (Ter. Ed.), 54, § 87, etc., amended.

Section eighty-seven of chapter fifty-four of the General Laws, as amended, is hereby further amended by striking out subsection (d), as appearing in the Tercentenary Edition, and inserting in place thereof the following subsection: —

Envelopes for absent voter ballots.

(d) Envelopes of size sufficient to contain the preceding, addressed to the clerks of the several cities and towns within the commonwealth, upon which shall be printed "Enclosed is the absent voter ballot of _____", and blank spaces for the name, address and voting place of the sender with the words "name as registered", "address where registered", "ward" and "precinct" appropriately printed thereon. Such blank spaces shall be filled in by the city or town clerk prior to the mailing of such envelopes.

Approved May 28, 1941.

Chap. 334 AN ACT PROVIDING FOR NON-PROFIT MEDICAL SERVICE PLANS.

Be it enacted, etc., as follows:

G. L., new chapter 176C, inserted.

The General Laws are hereby amended by inserting after chapter one hundred and seventy-six B the following new chapter: —

CHAPTER 176C.

NON-PROFIT MEDICAL SERVICE PLANS.

Definitions.

Section 1. In this chapter the following words and phrases shall have the following meanings:

"Medical service plan", any plan or arrangement whereby members of the public pay regular subscription amounts and are entitled in return therefor to medical services.

"Medical service corporation", any non-profit corporation which receives subscription payments from subscribing members and in return therefor makes available to subscribing members the benefits of any agreements which the corporation has with a medical organization for the rendering of care to its members.

"Medical organization", any medical society or partnership of physicians whose members are members of the Massachusetts Medical Society or other recognized association of physicians, or whose members are members of the staff of any hospital approved by the American College of Surgeons, and which agrees to provide medical services to the subscribing members of a medical service plan.

"Associated physician", any physician duly licensed to practice medicine in the commonwealth who complies with the qualifications, rules and regulations of a medical organization approved by the department of public health and

who agrees in writing with the medical organization to perform any of the medical services specified in the form of subscribing members' agreement issued by a medical service corporation, and who agrees to accept compensation therefor in the manner hereinafter set forth.

"Recognized association of physicians", an organized medical society or association, membership in which is contingent upon established professional qualifications and which is nationally recognized in the medical profession.

"Subscribing member", any member of the public who is accepted as a subscribing member, with or without dependents, by a medical service corporation and who pays regular subscription dues to such corporation.

Section 2. Any medical service plan, and any medical service corporation or medical organization operating in connection with a medical service plan, under the laws of the commonwealth, shall be governed by this chapter and shall, except as otherwise provided by this chapter, be exempt from all provisions of the insurance laws of the commonwealth. Any medical service corporation operating under this chapter shall not be deemed to be practising medicine and shall be exempt from the provisions of chapter one hundred and twelve relating to the practice of medicine.

Organizations, etc., governed by this chapter.

Section 3. Persons desiring to form a medical service corporation shall incorporate as provided in section three of chapter one hundred and eighty. Every certificate of organization of a medical service corporation formed under this chapter, before being filed under chapter one hundred and eighty, shall have endorsed thereon or attached thereto the consent of the department of public health and of the commissioner of public welfare. The board of directors of a medical service corporation shall number not less than nine, of whom at least three and not more than one third shall be subscribing members of such a medical service corporation and of whom at least three and not more than one third shall be physicians who are members of the Massachusetts Medical Society or other recognized association of physicians and who are not associated physicians of the medical service plan.

Medical service corporations.

Section 4. No medical service corporation shall, through its own agents or employees, provide any medical services, but any such corporation may enter into an agreement with one or more medical organizations whereby said medical organization or organizations agree to provide specified medical services for the subscribing members of the said medical service corporation; provided, that said agreement shall provide for the payment of a stipulated percentage or percentages of the subscriptions or other receipts, or both, of the medical service corporation to the medical organization and shall not provide for any specific amounts, whether or not based upon the number of services rendered to subscribing members. Any such agreement shall be subject to the approval of the department of public health.

Medical services, how provided.

Physicians may enter into agreements with medical service corporations.

Section 5. Any medical organization shall consist of not less than five physicians who are duly registered to practice in the commonwealth and who are members of the Massachusetts Medical Society or other recognized association of physicians, or are members of the staff of any hospital approved by the American College of Surgeons. Any medical organization may enter into an agreement with any duly registered physician whereby such associated physician agrees to furnish medical services to the subscribing members of a medical service corporation with which the medical organization has an agreement and whereby such associated physician agrees to accept as payment for said services a proportion of the funds received by the said medical organization from the said medical service corporation. Such agreement to accept payment for services shall provide for payment according to units of funds received by the said medical organization and shall not provide for specified amounts, whether according to the services rendered by the said physician or otherwise. Nothing herein shall change the normal relations between patient and physician nor prohibit any medical organization from employing a medical director and assistants, or nurses, or establishing a clinic for the rendering of medical services. Any such agreement between a medical organization and its associated physicians shall be subject to the approval of the department of public health.

Who may become associated physicians of medical organizations.

Section 6. Every registered physician who complies with the qualifications, rules and regulations of a medical organization doing business in the community where such physician resides or practices, approved by the department of public health, shall have the right to become an associated physician of said medical organization. A medical organization may terminate its agreement with any associated physician for rendering any fraudulent or improper claim for payment or for failure reasonably to observe the approved rules and regulations of such medical organization including those governing the reports of services and the keeping of accounts and records or for failure to comply with the professional code of ethics as accepted by organized medicine.

Who may become subscribing members.

Section 7. Any person residing in the commonwealth who meets the qualifications specified in the by-laws of a medical service corporation shall have the right to become a subscribing member of the corporation. No officer, agent or employee of a medical service corporation shall influence or attempt to influence a subscribing member, or his dependent, in his choice of an associated physician. Any medical service corporation may, at its discretion, deny the right of membership to any person who makes any fraudulent claim or representation to the medical service corporation or associated physician or who has failed after a reasonable period of grace, to pay dues or other charges as provided in the subscription agreement, or for any other cause which may be approved by the department of public health.

Section 8. A subscription agreement in a form approved by the department of public health shall be issued to each subscribing member of a medical service corporation. Such agreement shall include a full and accurate statement of the benefits of membership, the medical services excluded if any, and the terms of duration, cancellation and termination. The by-laws, rules and regulations of a medical service corporation may by reference be incorporated in the subscription agreement; provided, that a full and complete copy of said by-laws, rules and regulations shall be available to any subscriber.

Subscription agreement, approval by department of public health.

Section 9. Every medical service corporation shall annually on or before the first day of March file in the office of the commissioner of insurance a statement verified by at least two of the principal officers of said corporation showing its condition as of the thirty-first day of December next preceding. Said statement shall be in such form and shall contain such other matters as the commissioner of insurance shall prescribe. A corporation neglecting to make and file its annual statement in the form and within the time herein specified shall forfeit one hundred dollars for each day during which such neglect continues after notification by said commissioner of such neglect, and thirty days after said notice said commissioner may terminate its authority to do new business while such default continues.

Annual statement.

Section 10. The commissioner of insurance or any deputy or other person whom the said commissioner shall designate shall, at least once in three years and whenever he deems it to be prudent, visit any such medical service corporation and examine into its affairs, shall have free access to all of the books, papers and documents of the corporation that relate to its business and may summon as witnesses and examine under oath its officers, agents or employees or other persons in relation to its affairs, transactions and condition. The commissioner of insurance shall require every such corporation to keep its books, records, accounts and vouchers in such manner that he or his authorized representatives may readily verify its annual statements and ascertain whether the corporation has complied with the law. The commissioner of insurance is authorized and directed on request of the commissioner of public health to advise him on any financial, accounting, bookkeeping or other similar question arising out of the operation of any medical service plan.

Examination by insurance department.

Section 11. The funds of any corporation subject to this chapter shall be kept only in banks in which funds of the commonwealth are authorized to be deposited.

Funds.

Section 12. Any dispute arising between a medical service corporation and any medical organization with which such corporation has an agreement as provided by this chapter may be submitted to the department of public health for its decision with respect thereto. All decisions and find-

Settlement of disputes.

ings of any state department or officer made under any provision of this chapter may be revised by proper proceedings in the superior court.

Section 13. If the department of public health is satisfied as to any corporation subject to this chapter that:

1. It has failed to comply with the provisions of its charter, or
2. It is being operated for profit, or
3. It is fraudulently conducted, or
4. Its condition is such as to render its further transaction of business hazardous to the public or to its subscribers, or
5. Its officers and agents have refused to submit to an examination under section ten, or
6. It has exceeded its powers, or
7. It has violated any provision of law,

it may apply to the supreme judicial court for an injunction restraining such corporation from further proceeding with its business. The court may forthwith issue a temporary injunction restraining the transaction of any business, and it may after a full hearing make the injunction permanent and appoint one or more receivers to take possession of the books, papers, monies and other assets of the corporation, settle its affairs, and distribute its funds to those entitled thereto, subject to such rules and orders as the court may prescribe.

Section 14. Every corporation subject to this chapter is hereby declared to be a charitable and benevolent corporation and, except as hereinafter provided, its property shall be exempt from state, county, district and municipal taxes. No such corporation nor any medical organization shall be liable for injuries resulting from negligence or malpractice on the part of any associated physician or any of its employees.

Section 15. Every corporation subject to this chapter shall annually on or before March first, make a return to the commissioner of corporations and taxation, signed and sworn to by a majority of its board of directors, of the total amount of subscription dues paid by subscribing members during the preceding calendar year, and shall pay to said commissioner an excise of one per cent upon the amount of such dues. If said corporation neglects to make such return, it shall forfeit fifty dollars for each day such neglect continues.

Section 16. No corporation subject to this chapter shall pay any salary, compensation or emolument to any officer, trustee or director thereof, nor shall any such corporation pay any salary, compensation or emolument, amounting in any year to more than five thousand dollars, to any person, unless such payment be first authorized by a vote of its board of directors. No corporation subject to this chapter shall make any agreement with any of its officers, trustees or employees whereby it agrees that for any services rendered or to be rendered he shall receive any salary, com-

Corporation may be enjoined from doing business, when.

Corporation to be deemed a charitable and benevolent corporation.

Annual return to department of corporations and taxation.

Payment of salaries, etc., regulated.

pensation or emolument for a period of more than three years from the date of such agreement.

Section 17. Nothing herein shall be construed to prohibit the providing of medical services by an educational or other charitable institution to the persons whom it serves, nor to prohibit any business organization from providing medical services for its employees, nor to prohibit an insurance company, or other corporation or society which is subject to the supervision of the commissioner of insurance, from operating in accordance with the laws governing insurance companies or such corporations or societies. *Approved May 28, 1941.*

Application of chapter limited.

AN ACT AUTHORIZING CERTAIN EMPLOYEES OF COUNTIES OR HOSPITAL DISTRICTS TO BECOME MEMBERS OF THE CONTRIBUTORY RETIREMENT SYSTEMS OF THEIR RESPECTIVE COUNTIES, AND REGULATING THEIR CREDIT UNDER SUCH SYSTEMS FOR PRIOR SERVICE.

Chap. 335

Be it enacted, etc., as follows:

Section twenty-one of chapter thirty-two of the General Laws, as amended, is hereby further amended by striking out paragraph (2), as appearing in section one of chapter four hundred of the acts of nineteen hundred and thirty-six, and inserting in place thereof the following paragraph: —

G. L. (Ter. Ed.), 32, § 21, etc., amended.

(2) An employee of a county or hospital district under age seventy on the date of application, whose membership in the system is contingent on his electing to become a member, and who has elected not to become a member, may thereafter apply for and be admitted to membership; provided, that he shall not be entitled to credit for prior service unless he shall pay into the annuity savings fund of the system, in one sum, or by instalments, an amount equal to that which he would have paid had he joined the system at the earliest opportunity, with interest at three per cent; and provided, further, that all payments by instalments hereunder shall be made before said member attains age sixty.

Employees under seventy.

Approved May 28, 1941.

AN ACT DEFINING MORE SPECIFICALLY CERTAIN POWERS AND DUTIES OF CERTAIN FRATERNAL BENEFIT SOCIETIES.

Chap. 336

Be it enacted, etc., as follows:

SECTION 1. Section three of chapter one hundred and seventy-six of the General Laws, as appearing in the Tercentenary Edition, is hereby amended by inserting after the word "years" in the eleventh line, the following: —, and that a complete stenographic record of the proceedings of each such meeting, so far as it relates to matters within the jurisdiction of the commissioner of insurance, shall be filed in the home office of the society within thirty days after the adjournment of such meeting, — so as to read as follows: — *Section 3.* Any such society shall be deemed to have a representative form of government when it shall provide in

G. L. (Ter. Ed.), 176, § 3, amended.

Representative form of government defined.