

SENATE No. 1873

The Commonwealth of Massachusetts

SENATE, May 9, 1979.

The committee on Insurance, to whom was referred the petition (accompanied by bill, Senate, No. 626) of Daniel J. Foley, Raymond M. LaFontaine and John F. Cusack for legislation to modernize the organizational structure of medical service corporations, reports the accompanying new draft (Senate, No. 1873).

For the Committee,

ALLAN R. MCKINNON

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-nine.

AN ACT TO MODERNIZE THE ORGANIZATIONAL STRUCTURE OF MEDICAL SERVICE CORPORATIONS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of Chapter 176B of the General Laws
2 as most recently amended by Section 1 of Chapter 574 of the
3 Acts of 1978, is hereby amended by striking out the fourth
4 subparagraph and inserting in place thereof the following: —
5 “Medical service”, the medical services ordinarily provided
6 by registered physicians in accordance with accepted prac-
7 tices in the community where the services are rendered.

1 SECTION 2. The first paragraph of section 3 of said Chapter
2 176B, added to the General Laws by Chapter 306 of the Acts
3 of 1941, is hereby amended by striking out the first sentence,
4 and inserting in place thereof the following: —
5 The bylaws of a medical service corporation may contain
6 any lawful provisions approved by the commissioner and
7 shall provide that a majority of the incorporators or members
8 of the corporation and a majority of the directors shall at all
9 times be persons who are not providers of health services li-
10 censed under the laws of the Commonwealth and that a ma-
11 jority of the directors shall at all times be persons who are
12 or agree to become subscribers to the nonprofit medical serv-
13 ice plan.

1 SECTION 3. Upon the effective date of this act, the mem-
2 bers of the corporation of an existing medical service cor-
3 poration formed under section two of Chapter one hundred
4 seventy-six B of the General Laws shall be those persons then
5 holding office as directors of the corporation. Such members
6 shall have the power to adopt bylaws determining the future
7 disposition and powers of the corporation.