

No. 1978-211

AN ACT

HB 1762

Amending Title 40 (Insurance) of the Pennsylvania Consolidated Statutes, changing certain requirements for incorporators and directors of general medical service corporations and further providing for the election of directors of such corporations.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 6328 of Title 40, act of November 25, 1970 (P.L.707, No.230), known as the Pennsylvania Consolidated Statutes, is amended to read:

§ 6328. Board of directors.

(a) Professional health service corporations generally.—The business of every professional health service corporation, *except a general medical service corporation*, shall be managed by a board of directors of at least nine persons, all of whom shall be residents of this Commonwealth **[and citizens of the United States]** and a majority of whom shall at all times be:

(1) Doctors of dental surgery, in the case of a dental service corporation.

(2) Doctors of optometry, in the case of an optometric service corporation.

[(3) Doctors of medicine, in the case of a]

(b) General medical service corporation.—

(1) A general medical service corporation shall be managed by a board of not less than 21, nor more than 36 members, all of whom shall be residents of this Commonwealth, and at no time shall the board be less than 50% subscribers who have coverage under a contract issued by the corporation, and who are generally representative of broad segments of subscribers covered under contracts issued by such corporation, whose background and experience indicate that they are qualified to act in the interests of such subscribers and who or whose spouse does not derive substantial income from the delivery or administration of health care.

(2) The bylaws of every general medical service corporation shall provide appropriate procedures for the nomination and election or appointment of the directors of the corporation and the nomination and election or appointment of committees of the board in such a manner that the interests of the subscribers of the corporation will be justly and reasonably represented.

(3) All directors of the corporation shall be members of the corporation.

(4) A health service doctor, who provides professional health services for the corporation's subscribers, may be a director but in no event shall be counted among the directors who represent subscribers.

(5) Every general medical service corporation shall within six months of the effective date of this act submit for review by the Insurance Commissioner and the Secretary of Health bylaws meeting the standards of this section. Whenever a general medical service corporation changes its bylaws, said change shall be submitted within 30 days to the commissioner and secretary for their review to determine whether such changes meet statutory standards of this section.

(6) In the event that the Insurance Commissioner or the Secretary of Health find, after notice to the corporation and hearing, that a general medical service corporation has not met the requirements of this section, the commissioner or secretary shall notify the corporation of the findings and order the corporation, in specific terms, to meet the requirements of this section. Such findings and order shall be subject to judicial review in the manner and within the time provided by law.

Section 2. This act shall take effect immediately.

APPROVED—The 4th day of October, A. D. 1978.

MILTON J. SHAPP