

*Services'' shall include only the general and usual services rendered and care administered by doctors of dental surgery as defined in the Dental Practice Act.*

Section 2. Section five hundred ten of the act, amended April eighteen, one thousand nine hundred forty-nine (Pamphlet Laws 583), and May twelve, one thousand nine hundred forty-nine (Pamphlet Laws 1274), is amended to read:

Section 510, act of May 5, 1933, P. L. 289, amended April 18, 1949, P. L. 583, and May 12, 1949, P. L. 1274, further amended.

Section 510. Board of Directors of Nonprofit Medical, Dental and Osteopathic Service Corporations.—The business of every nonprofit medical, dental and osteopathic service corporation, *except nonprofit dental service corporations, incorporated under the provisions of section two hundred twenty of this act*, shall be managed by at least nine natural persons of full age and of either sex, all of whom shall be residents of the Commonwealth and citizens of the United States: Provided, however, That a majority of said persons shall at all times be doctors of medicine. *Nonprofit dental service corporations, incorporated under section two hundred twenty of this act, shall be managed by at least twenty-five natural persons of full age and of either sex, all of whom shall be residents of the Commonwealth and citizens of the United States, a majority of whom shall at all times be doctors of dental surgery.*

Section 3. Except as otherwise specifically provided in sections two hundred twenty and five hundred ten of the act to which this is an amendment, nonprofit dental service corporations, incorporated under the provisions of section two hundred twenty, shall be subject to and comply with all the requirements and enjoy all the privileges of corporations incorporated under section two hundred nineteen of the act to which this is an amendment.

Section 4. This act shall take effect immediately.

Act effective immediately.

APPROVED—The 9th day of December, A. D. 1955.

GEORGE M. LEADER

No. 239

AN ACT

Providing for the regulation and supervision of nonprofit dental service corporations organized to provide dental services to subscribers of low income by the Department of Health and the Insurance Department and defining the functions of such departments with respect thereto; authorizing certain departments, commissions, officers and other agencies of the State and its political subdivisions to subscribe under certain circumstances to the dental service plan of such corporations on behalf of persons of low income; prescribing legal investments for the

funds of such corporations and the rights of doctors of dental surgery to register with such corporations; conferring authority on the Department of Health and on the Insurance Commissioner, each within its own sphere of lawful activity, to regulate and supervise such corporations; conferring certain rights, powers, duties and immunities upon such corporations and their officers and members; prescribing the conditions on which such corporations may exercise their powers; exempting such corporations from taxation; prohibiting any person, copartnership, association, common law trust or corporation, except a nonprofit dental service corporation from providing dental services on a nonprofit plan in return for prepayment, periodical or lump sum payments; providing penalties for the violation of and mandatory and injunctive relief for the enforcement of the provisions of this act.

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

Nonprofit Dental  
Service Corpora-  
tion Act.

Section 1. Short Title.—This act shall be known and may be cited as the “Nonprofit Dental Service Corporation Act.”

Definitions.

Section 2. Definitions.—As used in this act:

(1) “Dental services” include the general and usual services rendered and care administered by doctors of dental surgery as defined in the Dental Practice Act.

(2) “Nonprofit dental service corporation” includes a corporation organized and operated under the provisions of the act of May five, one thousand nine hundred thirty-three (Pamphlet Laws 289), known as the “Nonprofit Corporation Law.”

(3) “Income” includes net income from gains, profits and net income derived from professions, vocations, trades, businesses, commerce or sales or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property, also from interest, rent, dividends, securities or the transaction of any business carried on for gain or profit or gains or profits and income derived from any source whatever and income derived from salaries, wages or compensation for personal service of whatever kind and in whatever form paid.

(4) “Low income” includes income as set forth in section 8 hereof.

(5) “Over-income” includes income as set forth in section 8 hereof.

(6) “Subscribers of low income” includes persons of low income who subscribe to a nonprofit dental service corporation plan.

(7) “Subscribers of over-income” includes persons of over-income who subscribe to a nonprofit dental service corporation plan.

(8) “Department of Health” means Department of Health of the Commonwealth.

(9) "Court" means the court of common pleas of the county where the principal office of the nonprofit dental corporation is or is to be located.

(10) "Person with dependents" means any person who furnishes other persons with their chief support whether or not such dependent person is related to or living with him.

Section 3. Unauthorized Nonprofit Dental Service for Prepayment, Periodical or Lump Sum Payments Forbidden.—It shall be unlawful for any person, copartnership, association, common law trust or corporation, except when especially organized and authorized under the provisions of the Nonprofit Corporation Law for the purpose, to establish, maintain or operate a nonprofit dental service plan whereby dental services may be provided to persons of low income and over-income, as herein defined, for prepayment, periodical or lump sum payments but this shall not be construed as preventing a person, copartnership, association, common law trust or corporation from furnishing dental services among its or his employes or from furnishing dental services required under the Workmen's Compensation Act and related legislation when the employe is not charged for such service nor shall any provision in this act be construed to apply to beneficial, benevolent, fraternal and fraternal benefit societies having a lodge system and a representative form of government. Nor shall this act limit or repeal any provision of the act of June twenty-seven, one thousand nine hundred thirty-nine (Pamphlet Laws 1125), as reenacted and amended, known as the "Nonprofit Medical Osteopathic and Dental Service Corporation Act."

Section 4. Regulation and Supervision.—A nonprofit dental service corporation shall be subject to regulation and supervision by the Department of Health and the Insurance Department as provided for by this act. It shall not be subject to the laws of this State, now in force, relating to insurance and corporations engaged in the business of insurance nor to any law, hereafter enacted, relating to insurance and corporations engaged in the business of insurance, unless such law specifically and in exact terms applies to such nonprofit dental service corporation.

Section 5. Reserves to be Maintained.—A nonprofit dental service corporation shall, at all times while engaged in business, maintain reserves in such form and amount as the Insurance Commissioner may determine to insure its subscribers against loss through the failure of the corporation to furnish the services agreed to in its contracts.

Section 6. Scope of Service.—(a) A nonprofit dental service corporation shall, by its articles of incorporation and with the approval of the Department of Health, the Insurance Department and the approval of the court, define the limits of the area in which it will operate and the court shall be guided solely by public necessity and public interest and welfare in approving or disapproving the articles of incorporation.

(b) A nonprofit dental service corporation may, by its articles of incorporation or by its by-laws, limit the dental services that it will provide for its subscribers and may divide such dental services, as it elects to provide, into classes or kinds, and it may enter into contracts with its subscribers or groups of subscribers to secure dental services of any kind or class so named and delimited.

(c) A nonprofit dental service corporation shall not provide dental services for its subscribers otherwise than through doctors of dental surgery.

(d) A nonprofit dental service corporation shall provide dental services only to persons domiciled within the State. But if a subscriber regularly domiciled within the State and entitled to dental services or any of his dependents so entitled necessarily employs dental services within the meaning of this act while absent from the State, a dental service corporation to which he is a subscriber may, in its discretion and if satisfied as to the necessity for such services and satisfied that it was such as the subscriber would have been entitled to under similar circumstances in this State, pay to the doctors of dental surgery who rendered the services such fees and charges as would have been payable if the services had been rendered in this State: Provided, however, That a nonprofit dental service corporation, organized under the laws of this State and operating near its boundaries, may, with the consent of the proper officers of and as authorized by the law of the adjacent State, provide dental services therein, but all operations of any such corporation whether within or without this State shall remain at all times subject to the provisions of this act.

(e) All dental services provided by or on behalf of a nonprofit dental service corporation shall be in accordance with the best dental practice in the community at the time but the corporation providing such services shall not be liable for injuries resulting from negligence, misfeasance, malfeasance, nonfeasance or malpractice on the part of any officer or employe or on the part of any doctor of dental surgery in the course of rendering dental services to subscribers and the corporation may so provide in its contracts with subscribers.

Section 7. Rights of Doctors of Dental Surgery, etc.—(a) Every doctor of dental surgery practicing within the area covered by any nonprofit dental service corporation shall have the right on complying with such regulations as the corporation may make with the approval of the Department of Health to register with such corporation for general or special dental services as the case may be within that area but the corporation may, with the approval of the Department of Health, refuse to place the name of any doctor of dental surgery on its register. Any nonprofit dental service corporation may, with the approval of the Department of Health, remove from its register the name of any doctor of dental surgery after due notice and hearing for cause satisfactory to the corporation.

(b) A nonprofit dental service corporation shall impose no restrictions on the doctors of dental surgery who administer to its subscribers as to methods of diagnosis or treatment. The relation between a subscriber or any of his dependents and the doctor of dental surgery shall be identical with the relation that ordinarily exists in the community between a doctor of dental surgery and his patient. No person shall be permitted to interfere with a patient's choice or selection of his doctor of dental surgery after that choice or selection has been made by an adult of sound mind.

(c) All matters, disputes or controversies, relating to the dental services rendered by the doctors of dental surgery or any questions involving professional ethics, shall be considered, acted upon, disposed of and determined only by doctors of dental surgery as selected in a manner prescribed in the by-laws of the nonprofit dental service corporations.

Section 8. Determination of Income Status Rights of Persons of Low Income.—(a) The nonprofit dental service corporation shall, from time to time, by action of its members, fix the requisites for persons of low income eligible for the benefits of and under this act, such requisites to afford due consideration to the marital status and to the number of dependents of the persons involved. Any requisites thus fixed shall be subject to the approval of the Insurance Commissioner of the Commonwealth of Pennsylvania. All persons not meeting the requisites for persons of low income as thus fixed shall be persons of over-income.

(b) The nonprofit dental service corporation shall determine whether an applicant for subscription is in receipt of a low income or over-income within the meaning of this act and, after the application has been approved, the subscriber shall be deemed to be of low

income or over-income until it has been redetermined by the corporation which redetermination may be made at any time.

(c) The nonprofit dental service corporation in determining the income status of any person may, through its officers and agents, examine, under oath, any applicant claiming a low income status and any other person consenting thereto, who is believed to have material knowledge concerning the status of the applicant. Its determination shall be final.

(d) Every person of low income and every person of over-income residing in the area served by a nonprofit dental service corporation shall be entitled, upon complying with regulations adopted by that corporation and the payment of such initiation and other fees as authorized by the Insurance Department, to the services of any doctor of dental surgery, registered with the corporation, under such terms and conditions as are customary in dental services in the community, but only within the limits of services for which such doctors of dental surgery are registered: Provided, however, That a nonprofit dental service corporation may, for cause, refuse to enter into contractual relations with an applicant and may, for cause after due notice and hearing, rescind any contract that it has entered into with any subscriber and refund any unearned portion of any fees paid and may, on default in payment of the agreed dues, fees, payments or any charges by subscribers or someone on his behalf, discontinue service without notice and hearing after having notified a subscriber of his default and having allowed him two days to procure such services: Provided further, however, That persons of over-income shall be liable to doctors of dental surgery, registered with the corporations, rendering services to such persons of over-income for the full amount of the usual fees and charges for such services made by such doctors of dental surgery and any payment made by the corporation to doctors of dental surgery for services rendered to subscribers of over-income shall be a payment to the extent agreed upon between the corporation and the doctors of dental surgery on account of the full sum due the doctors of dental surgery for rendering such services.

(e) No contract by or on behalf of any nonprofit dental service corporation shall provide for the payment of any cash or other material benefit by that corporation to a subscriber on account of illness or injury nor be in any way related to the payment of any such benefit by any other agency.

Section 9. Limitation of Subscriber's Contract.—A nonprofit dental service corporation may, as a condition precedent to entering into a contract with an applicant or group of applicants for dental service:

(1) require a physical examination of the applicant and of each of his dependents, if any, and proof of his or their substantial freedom from any disease or condition requiring immediate dental service or likely to require it within the next twelve months before a contract becomes effective, or

(2) require a waiting period after a contract is entered into and before the subscriber is entitled to dental service, or

(3) require that the subscriber or someone on his behalf shall pay the stated fee or fees for dental services in the case of any given illness or injury or other condition requiring dental service before becoming entitled to treatment under the terms of the contract.

Section 10. Relief Officers May Subscribe for Service.—Every department, commission, officer and other agency of the State or of any political subdivision thereof, who is charged by law with the duty of providing dental services within the meaning of this act for persons unable to provide it at their own expense or to procure it through persons to whose support and assistance they are by law entitled, is hereby empowered in the exercise of his authority to provide such service if, in his judgment, it is in the public interest so to do through a subscription or subscriptions paid for from any lawfully available public funds with any nonprofit dental service corporation on behalf of any person or persons entitled to such relief.

Section 11. Contracts Subject to Supervision of Insurance Department.—All rates charged subscribers or groups of subscribers by any dental service corporation, incorporated under the provisions of this act, and the form and content of all contracts between any such corporation and its subscribers or groups of subscribers, all methods and rates of payment by such corporation to doctors of dental surgery serving its subscribers, all acquisition costs in procuring subscribers, the reserves to be maintained by such corporation and all contracts entered into by any such corporation and extending over a period of more than twelve months or calling for the expenditure by the corporation of any amount in excess of twenty per cent of its reserves, shall be approved by the Insurance Department before they become effective.

Application for such approval shall be made to the Insurance Department in such form and shall contain such information as the department requires. Within

thirty days after the filing of such application, the department shall notify the applicant, in writing, whether the application has been approved or rejected by notice served on the president, secretary or some other responsible officer of the corporation or addressed to the corporation at its principal place of business, by registered mail with return receipt requested. Within thirty days after the receipt of a notice rejecting any such application, the corporation may petition the court for a rule to show cause why the action of the department should not be set aside and the application approved. The court is hereby given jurisdiction and authority to entertain and determine any such proceeding.

Section 12. Financial Report.—Every nonprofit dental service corporation shall, on or before the first day of March of every year, file with the Insurance Department a statement verified by at least two of the principal officers of the corporation summarizing its financial activities during the calendar year immediately preceding and showing its financial condition at the close of business on the thirty-first day of December of that year. Such statement shall be in such form and shall contain such matter as the Insurance Department prescribes. The financial affairs and status of every such corporation shall be examined by the Insurance Commissioner and his agents not less frequently than once in every three years and, for that purpose, the Insurance Commissioner and his agents shall be entitled to the aid and cooperation of the officers and employes of the corporation and shall have convenient access to all books, records, papers and documents that relate to the business of the corporation. They shall have authority to examine the officers, agents, employes and subscribers for the dental services of the corporation and all cooperating doctors of dental surgery, registered with the corporation, and all other persons having or having had substantial part in the work of the corporation in relation to its affairs, transactions and financial condition. Such examinations shall be made at such times and with such frequency as the Insurance Commissioner may determine. The Insurance Commissioner may, at any time without making such examination, call on any such corporation for a written report, authenticated by at least two of its principal officers, concerning the financial affairs and status of the corporation.

Section 13. Investment.—Any law to the contrary notwithstanding, funds of any nonprofit dental service corporation equal to its reserves shall be invested in compliance with the requirements of law for the investment of the capital reserves of life insurance companies.



The funds of any such corporation equal to its surplus shall be invested in compliance with the requirements of law for the investment of the surplus of life insurance companies.

Section 14. Exemption from Taxation.—Every nonprofit dental service corporation is hereby declared to be a charitable and benevolent institution and all its income, funds, investments and property shall be exempt from all taxation of the State or its political subdivisions.

Section 15. Dental Service Report.—Every nonprofit dental service corporation shall, on or before the first day of March of every year, file with the Department of Health a report of its activities other than its financial activities during the calendar year immediately preceding. Every such report shall be authenticated by at least two of the principal officers of the corporation and shall be in such form and contain such matter as the Department of Health prescribes. The Department of Health is hereby authorized to inquire into the activities of the nonprofit dental service corporations and to determine whether the corporation is providing adequate dental services to its subscribers in accordance with the best dental practice in the community. The Secretary of Health and his agents shall be entitled to the aid and cooperation of the officers and employes of the corporation and shall have convenient access to all books, records, papers and documents that relate to the business of the corporation. They shall have authority to examine the officers, agents, employes and subscribers for the service of the corporation and all doctors of dental surgery, registered with the corporation, and all other persons having or having had substantial part in the work of the corporation in relation to the affairs, transactions and condition of the corporation other than financial. Examinations may be made at such times and with such frequency as the Secretary of Health may determine. The Secretary of Health may, at any time without making any such examination, call on any such corporation for a written report, authenticated by at least two of its principal officers, concerning the affairs of the corporation other than its financial affairs. In the event, the Secretary of Health finds that the nonprofit dental service corporation does not provide adequate dental services to its subscribers in accordance with the best dental practice in the community, the Secretary of Health may notify the corporation of his findings and order the corporation, in specific terms, to extend or improve the dental services furnished by the corporation. Within thirty days after receipt of

such notice from the Secretary of Health, the corporation may petition the court to show cause why the action of the Secretary of Health should not be set aside or modified. The court is given jurisdiction and authority to entertain and determine any such proceeding and controversy.

Section 16. Agents Performance of Functions.—Any nonprofit dental service corporation may select any person, copartnership, association, common law trust or corporation to act as its agent in the performance of any of its functions.

Section 17. Penalties.—Any doctor of dental surgery and any other person, copartnership, association, common law trust or corporation who violates any provision of this act or of any order of the Department of Health or of the Insurance Department made pursuant thereto or that either prevents the Department of Health or the Insurance Department to discharge any duties imposed upon it by this act or fraudulently procures or attempts to procure any benefits under this act or that wilfully makes any false statement in any proceeding or report under the provisions of this act shall be guilty of a misdemeanor, and, on conviction thereof, shall be sentenced to pay a fine of not more than one thousand dollars (\$1000), or to be imprisoned for not more than six months, or both. Any act or default by any corporation, association or common law trust in violation of any provisions of the act or of any order of the department made pursuant thereto shall be deemed to be the act or default of its officers or directors who participated in authorizing or effecting such act or default or who knowingly permitted it.

Section 18. Enforcement.—When necessary to effect the purposes of this act, in addition to all other remedies in law or equity, the Insurance Commissioner and the Secretary of Health, either or both of them, may be and are hereby authorized to petition the court for a mandamus or injunction to prevent any violation of the provisions of this act or the continuance of any such violation or to enforce compliance herewith. The court is hereby vested with authority to entertain jurisdiction on any such petition to determine the cause and to issue such process as may be necessary to accomplish the purposes of this act.

Section 19. Constitutional Construction and Severability.—It is hereby declared to be the purpose and intent of this act and the policy of the Legislature to authorize qualified persons to provide adequate dental services for residents of this State, who are unable to

provide such services for themselves or their dependents at their own cost without depriving themselves or their dependents of such necessities of life as food, clothing and shelter and provide persons of over-income with the limited dental service benefits hereinbefore set forth. At the same time, it is the purpose and intent of this act and the policy of the Legislature to maintain the standing and promote the progress of the science and art of dental surgery in this State. The courts of this State are hereby directed to construe this act liberally in order to \*accomplish those ends.

The provisions of this act shall be severable and, if any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the constitutionality of the remainder of the act and the applicability thereof to other persons and circumstances shall not be affected thereby. It is hereby declared as the legislative intent that this act would have been adopted had such unconstitutional provision not been included therein.

Section 20. **Effective Date.**—This act shall take effect immediately.

Act effective immediately.

APPROVED—The 9th day of December, A. D. 1955.

GEORGE M. LEADER

No. 240

AN ACT

Authorizing the commitment to the Department of Public Welfare in any city of the first class persons convicted of crimes and sentences by courts situate within such city to a city or county penal institution, where such Department has established a correctional, diagnostic and classification service, and authorizing the transfer of prisoners between such institutions by the Department.

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

Section 1. Every person hereafter sentenced by any court to any city or county penal institution situate in a city of the first class, shall be committed to the custody of the Department of Public Welfare of such city, where such Department has established a correctional, diagnostic and classification service for persons convicted of any crime.

In a city of the first class, persons sentenced by a court to be committed to the Department of Public Welfare of the city wherein there is a correctional, diagnostic and classification service.

Section 2. Every person committed to the custody of such Department of Public Welfare shall be confined, diagnosed and classified by the said Department. Upon the completion of such diagnosis and classification, such person shall be placed in the city or county penal insti-

Such persons upon diagnosis and classification to be placed in appropriate city or county penal institution.

\*accomplish in original.