THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL No. 640 Session of 2019

INTRODUCED BY DELUCA, CALTAGIRONE, MURT AND HILL-EVANS, MARCH 1, 2019

REFERRED TO COMMITTEE ON HEALTH, MARCH 1, 2019

AN ACT

1 2 3 4 5 6 7 8 9 10	Amending Titles 10 (Charities), 15 (Corporations and Unincorporated Associations) and 40 (Insurance) of the Pennsylvania Consolidated Statutes, in boards of directors, providing for scope of chapter, for definitions and for prohibition; in officers, directors and members, further providing for compensation of directors; in hospital plan corporations, further providing for definitions and providing for prohibition; and, in professional health services plan corporations, further providing for definitions and for board of directors.
11	The General Assembly of the Commonwealth of Pennsylvania
12	hereby enacts as follows:
13	Section 1. Title 10 of the Pennsylvania Consolidated
14	Statutes is amended by adding parts to read:
15	PART I
16	PRELIMINARY PROVISIONS
17	(Reserved)
18	PART II
19	NONPROFIT ORGANIZATIONS
20	Chapter
21	21. Preliminary Provisions (Reserved)
22	23. Boards of Directors

1	<u>CHAPTER 21</u>		
2	PRELIMINARY PROVISIONS		
3	(Reserved)		
4	<u>CHAPTER 23</u>		
5	BOARDS OF DIRECTORS		
6	Sec.		
7	2301. Scope of chapter.		
8	2302. Definitions.		
9	2303. Prohibition.		
10	<u>§ 2301. Scope of chapter.</u>		
11	This chapter relates to boards of directors of nonprofit		
12	organizations.		
13	<u>§ 2302. Definitions.</u>		
14	The following words and phrases when used in this chapter		
15	shall have the meanings given to them in this section unless the		
16	context clearly indicates otherwise:		
17	"Board of directors." The group of persons vested with the		
18	management of the business and affairs of a nonprofit		
19	organization irrespective of the name by which the group is		
20	designated. The term does not include another body.		
21	"Director." A person designated, elected or appointed, by		
22	that or any other name or title, to act as a director, and his		
23	successors. The term does not include a member of another body.		
24	"Nonprofit organization." An entity listed under section		
25	501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-		
26	<u>514, 26 U.S.C. § 501(c)(3)).</u>		
27	<u>§ 2303. Prohibition.</u>		
28	<u>A director may not receive compensation for services as a</u>		
29	<u>director of a nonprofit organization.</u>		
30	Section 2. Section 5730 of Title 15 is amended to read:		
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1 § 5730. Compensation of directors.

[Except as otherwise restricted in the bylaws, the board of 2 directors of a nonprofit corporation shall have the authority to 3 fix the compensation of directors for their services as 4 directors, and a director may be a salaried officer of the 5 corporation.] <u>A director may not receive compensation for</u> 6 7 services as a director. 8 Section 3. Section 6101 introductory paragraph of Title 40 is amended and the section is amended by adding definitions to 9 10 read: 11 § 6101. Definitions. 12 The following words and phrases when used in this chapter 13 shall have[, unless the context clearly indicates otherwise,] the meanings given to them in this section <u>unless the context</u> 14 clearly indicates otherwise: 15 16 "Compensation." Anything given or received as an equivalent for services. The term does not include reimbursement for costs 17 18 and expenses reasonably incurred by the independent officer, 19 director or trustee in the course and support of services. 20 * * * "Independent officer, director or trustee." An officer, 21 director or trustee of a hospital plan corporation who is not 22 23 serving as an employee, or the equivalent of an employee, of the hospital plan corporation. 24 25 * * * Section 4. Title 40 is amended by adding a section to read: 26 27 § 6128. Prohibition. 28 <u>A hospital plan corporation may not provide compensation to</u> 29 an independent officer, director or trustee for services as an independent officer, director or trustee. 30 20190HB0640PN0654 - 3 -

1	Section 5. Section 6302(a) introductory paragraph of Title
2	40 is amended and the subsection is amended by adding a
3	definition to read:
4	§ 6302. Definitions.
5	(a) General ruleThe following words and phrases when used
6	in this chapter shall have[, unless the context clearly
7	indicates otherwise,] the meanings given to them in this section
8	unless the context clearly indicates otherwise:
9	* * *
10	"Compensation." Anything given or received as an equivalent
11	for services. The term does not include reimbursement for costs
12	and expenses reasonably incurred by the independent officer,
13	director or trustee in the course and support of services.
14	* * *
15	Section 6. Section 6328(b) of Title 40 is amended by adding
16	a paragraph to read:
17	§ 6328. Board of directors.
18	* * *
19	(b) General medical service corporation
20	* * *
21	(7) A general medical service corporation may not
22	provide compensation to a director for services as a
23	<u>director.</u>
24	Section 7. This act shall take effect in 60 days.

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