

HOUSE BILL 847

By Matlock

AN ACT to amend Tennessee Code Annotated, Title 56, Chapter 29, relative to nonprofit hospital service corporations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-29-105(a), is amended by deleting the word "Any" and substituting the language "Except as provided in subdivisions (b)(2), (c)(2), and (c)(3), any".

SECTION 2. Tennessee Code Annotated, Section 56-29-105(b), is amended by deleting the subsection and substituting the following:

(b)

(1) As the terms of board members of corporations organized prior to July 1, 1981, and governed by this chapter terminate, the positions shall be refilled in the manner enumerated in subdivision (c)(1), and any corporation organized on or after July 1, 1981, and governed by this chapter shall likewise comply with the composition of board members provided in subdivision (c)(1).

(2) As the terms of board members of corporations organized prior to July 1, 1981, and governed by this chapter expire on or after July 1, 2015, the positions shall be refilled in the manner enumerated in subdivision (c)(2).

SECTION 3. Tennessee Code Annotated, Section 56-29-105(c), is amended by deleting the subsection and substituting the following:

(c)

(1) The board of directors of the corporations as described in subdivision (b)(1) shall be composed of the following:

(A) Administrators of hospitals that have contracted with the corporation to render hospital service to the subscribers;

(B) Physicians, exclusive of those persons appointed pursuant to subdivision (c)(1)(A); and

(C) The general public, exclusive of those persons appointed pursuant to subdivisions (c)(1)(A) and (B); provided, that in all cases over fifty percent (50%) of the board members shall be composed of persons appointed pursuant to this subdivision (c)(1)(C), and the remaining board members shall be divided equally between persons appointed pursuant to subdivisions (c)(1)(A) and (B).

(2) The board of directors of the corporations as described in subdivision (b)(2) shall be composed of the following:

(A) Three (3) members of the Tennessee Chamber of Commerce, each of whom has either:

(i) More than one thousand (1,000) employees; or

(ii) More than one thousand (1,000) subscribers who have contracted with the corporation to render hospital service to the subscribers;

(B) Three (3) members of the Tennessee National Federation of Independent Business, each of whom has fewer than one thousand (1,000) employees or subscribers; and

(C) Three (3) members from the Tennessee Farm Bureau or other insurance agency that sells individual policies.

(3) In all cases the board members shall be divided equally among members appointed pursuant to subdivision (c)(2).

SECTION 4. Tennessee Code Annotated, Title 56, Chapter 29, Part 1, is amended by adding the following as a new section:

Any corporation organized and governed by this chapter shall spend at least ninety-two percent (92%) of its premium payments on reimbursement of medical services and shall spend not more than eight percent (8%) of its gross revenue on overhead expenses.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.