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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 640 Session of  
2019

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

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REFERRED TO COMMITTEE ON HEALTH, MARCH 1, 2019

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AN ACT

1 Amending Titles 10 (Charities), 15 (Corporations and  
2 Unincorporated Associations) and 40 (Insurance) of the  
3 Pennsylvania Consolidated Statutes, in boards of directors,  
4 providing for scope of chapter, for definitions and for  
5 prohibition; in officers, directors and members, further  
6 providing for compensation of directors; in hospital plan  
7 corporations, further providing for definitions and providing  
8 for prohibition; and, in professional health services plan  
9 corporations, further providing for definitions and for board  
10 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 § 5730. Compensation of directors.

2 [Except as otherwise restricted in the bylaws, the board of  
3 directors of a nonprofit corporation shall have the authority to  
4 fix the compensation of directors for their services as  
5 directors, and a director may be a salaried officer of the  
6 corporation.] A director may not receive compensation for  
7 services as a director.

8 Section 3. Section 6101 introductory paragraph of Title 40  
9 is amended and the section is amended by adding definitions to  
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,]  
14 the meanings given to them in this section unless the context  
15 clearly indicates otherwise:

16 "Compensation." Anything given or received as an equivalent  
17 for services. The term does not include reimbursement for costs  
18 and expenses reasonably incurred by the independent officer,  
19 director or trustee in the course and support of services.

20 \* \* \*

21 "Independent officer, director or trustee." An officer,  
22 director or trustee of a hospital plan corporation who is not  
23 serving as an employee, or the equivalent of an employee, of the  
24 hospital plan corporation.

25 \* \* \*

26 Section 4. Title 40 is amended by adding a section to read:

27 § 6128. Prohibition.

28 A hospital plan corporation may not provide compensation to  
29 an independent officer, director or trustee for services as an  
30 independent officer, director or trustee.

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 rule.--The 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 director.

24 Section 7. This act shall take effect in 60 days.