



House Health Reported Substitute for HB477

A BILL

TO BE ENTITLED

AN ACT

Relating to health benefits offered by a nonprofit organization; to authorize a nonprofit agricultural organization to offer health benefits to its members and their families under certain conditions; to include required benefits; to provide for a complaint system; to specify that the nonprofit agricultural organization would not be engaged in the business of health insurance; to provide for the imposition of a tax on premiums; and to require the Department of Insurance to enforce this act.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. For purposes of this act, the following words have the following meanings:

(1) HEALTH BENEFITS. Health benefits that meet all of the following conditions:

a. Are sponsored by a nonprofit agricultural organization or an affiliate of the organization.

b. Are offered only to either of the following:

1. Members of the nonprofit agricultural organization.

2. Family members of members of the nonprofit agricultural organization.



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c. Are not provided through an insurance policy or other product the offering or issuance of which is regulated as the business of insurance in this state.

d. Are deemed by the nonprofit agricultural organization to be important in assisting its members to live long and productive lives.

(2) NONPROFIT AGRICULTURAL ORGANIZATION. An organization that meets all of the following:

a. Is exempt from federal income taxation under 26 U.S.C. § 501(a), as an organization described by 26 U.S.C. § 501(c)(5).

b. Is domiciled in this state.

c. Was in existence prior to the year 1940.

d. Is composed of members who are residents of at least 98 percent of the counties in this state.

e. Collects annual dues from its members.

f. Was created to promote and develop the most profitable and desirable system of agriculture and the most wholesome and satisfactory conditions of rural life in accordance with its articles of organization and bylaws.

Section 2. (a) A nonprofit agricultural organization or an affiliate of the organization may offer in this state health benefits.

(b) Health benefits offered under this act shall include coverage for all of the following:

(1) Ambulatory patient services.

(2) Hospitalization.

(3) Emergency services.



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(4) Laboratory services.

(5) Mental health and substance abuse disorder services including behavioral health treatment.

(6) Prescription drugs.

(c) Health benefits offered under this act may only be sold by an insurance producer who is licensed to sell or solicit accident and health insurance in the State of Alabama and who is one of the following:

(1) An employee of the nonprofit agricultural organization or its affiliates.

(2) An agent who is employed by or is independently exclusive of an organization authorized to sell insurance products that may only be sold to members of a nonprofit agricultural organization.

(3) An employee or agent of a nonprofit agricultural organization of another state which is substantially similar to the nonprofit agricultural organization as defined in this act who is under contract with the nonprofit agricultural organization as defined in this act to underwrite or service the health benefits offered pursuant to this act.

(d) Health benefits may not be sold by a broker, agent, benefits coordinator, or another individual who is not described in subdivisions (c)(1) through (3).

Section 3. (a) A nonprofit agricultural organization that offers health benefits shall provide to an individual applying for health benefits written notice that the benefits are not provided through an insurance policy or other product the offering or issuance of which is regulated as the business



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of insurance in this state.

(b) An individual shall be required to sign and return to the nonprofit agricultural organization the notice described in subsection (a) before the individual may enroll in health benefits. The nonprofit agricultural organization shall do both of the following:

(1) Maintain a copy of the signed written notice for the duration of the term during which the health benefits are provided to the individual.

(2) At the request of the individual, provide a copy of the written notice to the individual.

Section 4. Notwithstanding any provision of Title 27 or Article 6 of Chapter 20 of Title 10A of the Code of Alabama 1975, for the purposes of offering health benefits, a nonprofit agricultural organization that acts in accordance with this act is not a health insurer and is not engaging in the business of health insurance in this state.

Section 5. (a) Health benefits contracts provided under this act shall not be subject to individual post-claim medical underwriting while coverage remains in effect, and no member covered under a health benefits contract provided under this act shall be subject to cancellation, nonrenewal, modification, or increase in premium for reason of a medical event.

(b) In order to purchase health benefits offered by a nonprofit agricultural organization under this act, an individual shall certify that he or she does not have the option to participate in an employer-sponsored health plan, or

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113 that he or she has the option to participate in an
114 employer-sponsored health plan but the cost to the individual
115 is more than nine percent of his or her household income.

116 Section 6. A nonprofit agricultural organization that
117 offers health benefits shall annually file with the Department
118 of Insurance a written, signed opinion of a qualified actuary
119 that certifies that the plan reserves of the nonprofit
120 agricultural organization and its affiliates are adequate and
121 conform to the appropriate actuarial standards of practice
122 that govern health benefits.

123 Section 7. (a) In consultation with the Department of
124 Insurance, a nonprofit agricultural organization that offers
125 health benefits shall designate an individual to serve as an
126 ombudsman to respond to concerns from nonprofit agricultural
127 organization members pursuant to a complaint procedure to be
128 established by the nonprofit agricultural organization which
129 is substantially similar to the customer complaint procedure
130 under the Department of Insurance.

131 (b) The Department of Insurance shall have the
132 authority to review and comment on any complaint received by
133 the Department of Insurance from a member enrolled in health
134 benefits, and the complaint shall be forwarded by the
135 department to the ombudsman established under subsection (a).

136 Section 8. A nonprofit agricultural organization that
137 offers health benefits under this act shall contract with an
138 entity or entities authorized to engage in the business of
139 insurance in this state that is not under common control with
140 the nonprofit agricultural organization in order to transfer



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to the entity or entities all or a portion of the organization's risks arising from the health benefits offered under this act.

Section 9. (a) A nonprofit agricultural organization providing health benefits shall ensure that all covered services are provided by in-network providers whenever possible.

(b) In emergency situations where an out-of-network provider delivers emergency care, the nonprofit agricultural organization shall pay the out-of-network provider one of the following, less the enrollee's in-network cost sharing amount:

(1) The median amount of the nonprofit agricultural organization's in-network rate for a covered service; or

(2) Eighty percent of the maximum allowable charge for any service not covered by the nonprofit agricultural organization.

(c) For nonemergency services, a nonprofit agricultural organization is solely liable for payment of fees to a nonparticipating provider of covered non-emergency services provided to an enrollee in accordance with the coverage terms of the health benefits, and the enrollee is not liable for payment of fees to a nonparticipating provider, other than applicable copayments, coinsurance, and deductibles for covered nonemergency services that are:

(1) Provided in a facility that has a contract for the nonemergency services with the nonprofit agricultural organization providing health benefits which the facility would otherwise be obligated to provide under that contract;



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169 and

170 (2) Provided when the enrollee does not have the
171 ability or opportunity to choose a health care professional
172 participating in the nonprofit agricultural organization
173 health benefits at the facility who is otherwise available to
174 treat the enrollee.

175 Section 10. Any health benefits offered by a nonprofit
176 agricultural organization shall ensure prompt payment for
177 services rendered to enrollees. Notwithstanding Section 4, a
178 nonprofit agricultural organization providing health benefits
179 shall be subject to the provisions of Section 27-1-17, Code of
180 Alabama 1975.

181 Section 11. (a) Premiums collected under this act shall
182 be taxed at the rate of 1.3 percent per annum based on the
183 premiums collected by the nonprofit agricultural organization.
184 The return and payment of the tax shall be due to the
185 Department of Insurance on a biannual basis and shall be
186 remitted to the department on or before the 20th day of the
187 month following the preceding six months for premiums
188 collected.

189 (b) The tax described in subsection (a) is exclusive
190 and shall be in lieu of all other taxes and licenses. No
191 license or privilege tax may be imposed by a county or
192 municipality on a nonprofit agricultural organization that is
193 subject to the tax described in subsection (a), and a
194 nonprofit agricultural organization and its affiliates that
195 are subject to the tax described in subsection (a) shall be
196 exempt from income taxes under Chapter 18 of Title 40, Code of

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197 Alabama 1975, or any other law levying income taxes.

198 (c) Taxes collected under this section shall be
199 collected and administered by the Department of Insurance
200 pursuant to rules adopted by the department for that purpose.

201 (d) Taxes collected under this section, less the costs
202 of administration by the department not to exceed two percent
203 of collections, shall be deposited in the State Treasury and
204 credited to the State General Fund.

205 (e) The costs of administration shall be deposited in
206 the State Treasury and credited to the Insurance Department
207 Fund.

208 Section 12. The Department of Insurance shall enforce
209 this act.

210 Section 13. This act shall become effective on June 1,
211 2025.