

**HB477 ENGROSSED**



1 HB477

2 EJ1LV92-2

3 By Representatives Faulkner, Stadthagen, Colvin, Butler,  
4 Easterbrook, Hammett, Shirey, Mooney, Harrison, Treadaway,  
5 Lamb, Stubbs, Robertson, Standridge, Sells, Brown, Wood (D),  
6 Bolton, Ingram, Lawrence, Smith, Starnes, Jackson, DuBose,  
7 Crawford, Gidley, Baker, Estes, Hurst, Yarbrough, Bedsole,  
8 Hassell, Whorton, Hulsey, Kiel, Moore (P), Oliver, Stringer,  
9 Rehm, Fidler

10 RFD: Health

11 First Read: 20-Mar-25



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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; and to provide for the imposition of a tax on premiums.

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.
- c. Are not provided through an insurance policy or



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29 other product the offering or issuance of which is regulated  
30 as the business of insurance in this state.

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

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

36 a. Is exempt from federal income taxation under 26  
37 U.S.C. § 501(a), as an organization described by 26 U.S.C. §  
38 501(c)(5).

39 b. Is domiciled in this state.

40 c. Was in existence prior to the year 1940.

41 d. Is composed of members who are residents of at least  
42 98 percent of the counties in this state.

43 e. Collects annual dues from its members.

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

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

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

53 (1) Ambulatory patient services.

54 (2) Hospitalization.

55 (3) Emergency services.

56 (4) Laboratory services.



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

59 (6) Prescription drugs.

60 (c) The aggregate value of benefits or services covered  
61 under a health benefits plan under this act shall not be  
62 subject to an annual limit of less than two million dollars  
63 (\$2,000,000) per year per enrollee.

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

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

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

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

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

83 Section 3. (a) A nonprofit agricultural organization  
84 that offers health benefits shall provide to an individual



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85 applying for health benefits written notice that the benefits  
86 are not provided through an insurance policy or other product  
87 the offering or issuance of which is regulated as the business  
88 of insurance in this state.

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

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

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

99 Section 4. Notwithstanding any provision of Title 27 or  
100 Article 6 of Chapter 20 of Title 10A of the Code of Alabama  
101 1975, for the purposes of offering health benefits, a  
102 nonprofit agricultural organization that acts in accordance  
103 with this act is not a health insurer and is not engaging in  
104 the business of health insurance in this state.

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

112 (b) In order to purchase health benefits offered by a



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113 nonprofit agricultural organization under this act, an  
114 individual shall certify that he or she does not have the  
115 option to participate in an employer-sponsored health plan, or  
116 that he or she has the option to participate in an  
117 employer-sponsored health plan but the cost to the individual  
118 is more than nine percent of his or her household income.

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

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

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

139 Section 8. A nonprofit agricultural organization that  
140 offers health benefits under this act shall contract with an



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141 entity or entities authorized to engage in the business of  
142 insurance in this state that is not under common control with  
143 the nonprofit agricultural organization in order to transfer  
144 to the entity or entities all or a portion of the  
145 organization's risks arising from the health benefits offered  
146 under this act.

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

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

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

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

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

168           (1) Provided in a facility that has a contract for the



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169 nonemergency services with the nonprofit agricultural  
170 organization providing health benefits which the facility  
171 would otherwise be obligated to provide under that contract;  
172 and

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

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

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

192 (b) The tax described in subsection (a) is exclusive  
193 and shall be in lieu of all other taxes and licenses. No  
194 license or privilege tax may be imposed by a county or  
195 municipality on a nonprofit agricultural organization that is  
196 subject to the tax described in subsection (a), and a





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197 nonprofit agricultural organization and its affiliates that  
198 are subject to the tax described in subsection (a) shall be  
199 exempt from income taxes under Chapter 18 of Title 40, Code of  
200 Alabama 1975, or any other law levying income taxes.

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

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

208 (e) The costs of administration shall be deposited in  
209 the State Treasury and credited to the Insurance Department  
210 Fund.

211 Section 12. This act shall become effective on June 1,  
212 2025.



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## House of Representatives

216 Read for the first time and referred .....20-Mar-25  
217 to the House of Representatives  
218 committee on Health  
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220 Read for the second time and placed .....08-Apr-25  
221 on the calendar:  
222 6 amendments  
223  
224 Read for the third time and passed .....10-Apr-25  
225 as amended  
226 Yeas 98  
227 Nays 1  
228 Abstains 2  
229  
230

John Treadwell  
Clerk

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