

## HB477 INTRODUCED



1 HB477

2 4U56W33-1

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10 RFD: Health

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SYNOPSIS:

Under existing law, a nonprofit organization is not authorized to offer health benefits to its members and their families under a law that specifies that the organization is not an insurer or in the business of insurance.

This bill would authorize a nonprofit agricultural organization to offer health benefits to its members and their families. The bill would also specify that the nonprofit agricultural organization would not be engaged in the business of health insurance, and would specify health care benefits that must be offered.

This bill would require a nonprofit agricultural organization to create a complaint system for members receiving health benefits.

This bill would also impose a tax measured by premiums received by a nonprofit agricultural organization.

A BILL  
TO BE ENTITLED  
AN ACT



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29 Relating to health benefits offered by a nonprofit  
30 organization; to authorize a nonprofit agricultural  
31 organization to offer health benefits to its members and their  
32 families under certain conditions; to include required  
33 benefits; to provide for a complaint system; to specify that  
34 the nonprofit agricultural organization would not be engaged  
35 in the business of health insurance; and to provide for the  
36 imposition of a tax on premiums.

37 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

44 b. Are offered only to either of the following:

45 1. Members of the nonprofit agricultural organization.

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

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

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

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

56 a. Is exempt from federal income taxation under 26



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57 U.S.C. § 501(a), as an organization described by 26 U.S.C. §  
58 501(c)(5).

59 b. Is domiciled in this state.

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

61 d. Is composed of members who are residents of at least  
62 98 percent of the counties in this state.

63 e. Collects annual dues from its members.

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

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

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

73 (1) Ambulatory patient services.

74 (2) Hospitalization.

75 (3) Emergency services.

76 (4) Laboratory services.

77 (c) Health benefits offered under this act may only be  
78 sold by the following:

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

81 (2) Agents who are employees or independently exclusive  
82 of an organization authorized to sell insurance products that  
83 may only be sold to members of a nonprofit agricultural  
84 organization.



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85 (3) Employees or agents of a nonprofit agricultural  
86 organization of another state which is substantially similar  
87 to the nonprofit agricultural organization as defined in this  
88 act who are under contract with the nonprofit agricultural  
89 organization as defined in this act to underwrite or service  
90 the health benefits offered pursuant to this act.

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

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

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

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

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

110 Section 4. Notwithstanding any provision of Title 27 or  
111 Article 6 of Chapter 20 of Title 10A of the Code of Alabama  
112 1975, for the purposes of offering health benefits, a



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113 nonprofit agricultural organization that acts in accordance  
114 with this act is not a health insurer and is not engaging in  
115 the business of health insurance in this state.

116           Section 5. In order to purchase health benefits offered  
117 by a nonprofit agricultural organization under this act, an  
118 individual shall certify that he or she does not have the  
119 option to participate in an employer-sponsored health plan, or  
120 that he or she has the option to participate in an  
121 employer-sponsored health plan but the cost to the individual  
122 is more than nine percent of his or her household income.

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

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

138           (b) The Department of Insurance shall have the  
139 authority to review and comment on any complaint received by  
140 the Department of Insurance from a member enrolled in health



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141 benefits, and the complaint shall be forwarded by the  
142 department to the ombudsman established under subsection (a).

143 Section 8. A nonprofit agricultural organization that  
144 offers health benefits under this act shall contract with an  
145 entity or entities authorized to engage in the business of  
146 insurance in this state that is not under common control with  
147 the nonprofit agricultural organization in order to transfer  
148 to the entity or entities all or a portion of the  
149 organization's risks arising from the health benefits offered  
150 under this act.

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

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

159 (1) The median in-network amount, as determined by the  
160 Department of Insurance, for the core-based statistical area  
161 in which the medical services were performed.

162 (2) For care delivered in a location outside of a  
163 core-based statistical area, the median in-network amount for  
164 the county as determined by the Department of Insurance.

165 (c) For nonemergency services, a nonprofit agricultural  
166 organization is solely liable for payment of fees to a  
167 nonparticipating provider of covered non-emergency services  
168 provided to an enrollee in accordance with the coverage terms



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169 of the health benefits, and the enrollee is not liable for  
170 payment of fees to a nonparticipating provider, other than  
171 applicable copayments, coinsurance, and deductibles for  
172 covered nonemergency services that are:

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

178 (2) Provided when the enrollee does not have the  
179 ability or opportunity to choose a health care professional  
180 participating in the nonprofit agricultural organization  
181 health benefits at the facility who is otherwise available to  
182 treat the enrollee.

183 Section 10. Any health benefits offered by a nonprofit  
184 agricultural organization shall ensure prompt payment for  
185 services rendered to enrollees. Notwithstanding Section 4, a  
186 nonprofit agricultural organization providing health benefits  
187 shall be subject to the provisions of Section 27-1-17, Code of  
188 Alabama 1975.

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





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197 (b) The tax described in subsection (a) is exclusive  
198 and shall be in lieu of all other taxes and licenses. No  
199 license or privilege tax may be imposed by a county or  
200 municipality on a nonprofit agricultural organization that is  
201 subject to the tax described in subsection (a), and a  
202 nonprofit agricultural organization and its affiliates that  
203 are subject to the tax described in subsection (a) shall be  
204 exempt from income taxes under Chapter 18 of Title 40, Code of  
205 Alabama 1975, or any other law levying income taxes.

206 (c) Taxes collected under this section shall be  
207 collected and administered by the Department of Revenue  
208 pursuant to rules adopted by the department for that purpose.

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

213 Section 12. This act shall become effective on June 1,  
214 2025.