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Replace line 14 on page 1 with the following:

the reorganization to the Department of Insurance; to

Replace line 16 on page 1 with the following:

corporation and the nonprofit holding corporation;
and to add SectionG 10A-20-6.18 to the Code of Alabama
1975, to establish a permanent oversight board over the
nonprofit holding corporation.

Replace line 18 on page 1 with the following:

Section 1. Sections 10A-20-6.17 and 10A-20-6.18 are
added to the Code of

Replace line 73 on page 3 with the following:

liabilities, shall not exceed the lesser of two
hundred million dollars (\$200,000,000) or 20 percent of
the health care

Replace lines 225 through 226 on page 9 with the
following:



25 to Chapter 21A of Title 27.

26 (m) (1) Eighty percent of all profits accruing to the
27 nonprofit holding corporation shall be returned to
28 reserves for the purpose of funding any rebate to
29 subscriber contracts issued by the health care service
30 corporation to offset any increase in premium rates.

31 (2) Any investment of more than 10 percent of the
32 assets held by the nonprofit holding corporation shall
33 require the approval of at least three of the five
34 members of the Health Care Nonprofit Holding Corporation
35 Oversight Board established by Section 10A-20-6.18.

36 (3) Any increase in premium rates charged by the
37 health care service corporation may not exceed the most
38 recent annual medical care core inflation rate as
39 published by the U.S. Bureau of Labor Statistics.

40 (n) Notwithstanding anything to the contrary, nothing

41

42 Replace line 234 on page 9 with the following:

43 (o) Following the reorganization, if a transaction

44

45 Replace line 246 on page 9 with the following:

46 disapproves the transaction within the 30-day comment
47 period.

48 §10A-20-6.18



49 (a) There is established a permanent Health Care
50 Nonprofit Holding Corporation Oversight Board for the
51 purposes of: (i) ensuring compliance by any health care
52 service corporation that reorganizes pursuant to Section
53 10A-20-6.17 with the requirements of that section; and
54 (ii) monitoring the practices of any nonprofit holding
55 corporation or health care service corporation after
56 reorganization.

57 (b) The membership of the oversight board shall be
58 comprised of all of the following:

59 (1) An individual knowledgeable in the area of health
60 care delivery, health care insurance, or corporate
61 structuring, appointed by the Governor.

62 (2) An individual knowledgeable in the area of health
63 care delivery, health care insurance, or corporate
64 structuring, appointed by the President Pro Tempore of
65 the Senate.

66 (3) An individual knowledgeable in the area of health
67 care delivery, health care insurance, or corporate
68 structuring, appointed by the Speaker of the House of
69 Representatives.

70 (4) A representative of the largest public entity
71 that is insured by a health care service corporation as
72 measured by the total number of individuals covered,



73 appointed by the chief executive director of that entity.

74 (5) A representative of the largest private entity
75 that is insured by a health care service corporation as
76 measured by the total number of individuals covered,
77 appointed by the chief executive officer of that entity.

78 (c) The appointing authorities shall coordinate their
79 appointments to ensure the membership is inclusive and
80 reflects the racial, gender, geographic, urban, rural,
81 and economic diversity of the state.

82 (d) Members appointed to the oversight board shall
83 serve a three-year term and may not be reappointed to
84 succeed themselves. Any vacancy occurring other than by
85 expiration of term shall be filled by appointment of the
86 respective appointing authority to serve for the
87 remainder of the term.

88 (e) The oversight board shall meet at least twice in
89 a calendar year and hold other meetings as necessary, at
90 the call of the chair. At the initial meeting, to be
91 called by the Governor's appointee, the members shall
92 elect a chair and a vice chair. Members may participate
93 by telephone, video conference, or similar communication
94 equipment so that all individuals participating in the
95 meeting may hear each other simultaneously. Remote
96 participation shall constitute presence for purpose of a



97 quorum. A majority of members shall constitute a quorum.

98 (f) The members of the oversight board shall be
99 reimbursed through the Department of Insurance of the
100 State of Alabama for expenses incurred in the performance
101 of their duties for the oversight board and at the same
102 per diem and the same travel allowance as is provided for
103 state employees for each day actively engaged in board
104 duties.

105 (g) In accordance with Section 36-1-12, the members
106 of the board shall be immune from liability while acting
107 within the scope of their duty as board members.

108 (h) The Attorney General shall provide legal services
109 to the oversight board as may be necessary to carry out
110 the purposes of this section and Section 10A-20-6.17.