

No. 168

AN ACT

To amend sections three, four, nine and nineteen of the act, approved the twenty-seventh day of June, one thousand nine hundred and thirty-nine (Pamphlet Laws, one thousand one hundred twenty-five), entitled "An act providing for the regulation and supervision of nonprofit medical service corporations organized to provide medical services to subscribers of low income by the Department of Health and the Insurance Department, and defining the functions of such departments with respect thereto; authorizing certain departments, commissions, officers, and other agencies of the State and its political subdivisions to subscribe, under certain circumstances, to the medical service plan of such corporations on behalf of persons of low income; prescribing legal investments for the funds of such corporations, and the rights of doctors of medicine to register with such corporations; conferring authority on the Department of Health and on the Insurance Commissioner, each within its own sphere of lawful activity, to regulate and supervise such corporations; conferring certain rights, powers, duties, and immunities upon such corporations and their officers and members; prescribing the conditions on which such corporations may exercise their powers; exempting such corporations from taxation; prohibiting any person, copartnership, association, common law trust or corporation, except a nonprofit medical service corporation, from providing medical services on a nonprofit plan in return for prepayment, periodical, or lump sum payments; providing penalties for the violation of, and mandatory and injunctive relief for the enforcement of, the provisions of this act," by authorizing nonprofit medical service corporations to provide medical service benefits to subscribers of over-income, as herein defined.

"Nonprofit
Medical Service
Corporation
Act."

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Sections three, four, nine and nineteen of the act, approved the twenty-seventh day of June, one thousand nine hundred and thirty-nine (Pamphlet Laws, one thousand one hundred twenty-five), entitled "An act providing for the regulation and supervision of nonprofit medical service corporations organized to provide medical services to subscribers of low income by the Department of Health and the Insurance Department, and defining the functions of such departments with respect thereto; authorizing certain departments, commissions, officers, and other agencies of the State and its political subdivisions to subscribe, under certain circumstances, to the medical service plan of such corporations on behalf of persons of low income; prescribing legal investments for the funds of such corporations, and the rights of doctors of medicine to register with such corporations; conferring authority on the Department of Health and on the Insurance Commissioner, each within its own sphere of lawful activity, to regulate and supervise such corporations; conferring certain rights, powers, duties, and immunities upon such cor-

porations and their officers and members; prescribing the conditions on which such corporations may exercise their powers; exempting such corporations from taxation; prohibiting any person, copartnership, association, common law trust or corporation, except a nonprofit medical service corporation, from providing medical services on a nonprofit plan in return for prepayment, periodical, or lump sum payments; providing penalties for the violation of, and mandatory and injunctive relief for the enforcement of, the provisions of this act," are hereby amended to read as follows:

Section 3. Definitions.—For the purposes of this act, the terms stated below have the meanings assigned to them, respectively, unless the context otherwise requires.

"Nonprofit medical service corporation" means a corporation organized and operated under the provisions of the "Nonprofit Corporation Law," approved the fifth day of May, one thousand nine hundred thirty-three (Pamphlet Laws, two hundred eighty-nine), and its amendments.

"Income" means net income from gains, profits and net income derived from professions, vocations, trades, businesses, commerce or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property, also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, or gains or profits and income derived from any source whatever and income derived from salaries, wages or compensation for personal service of whatever kind and in whatever form paid.

"Low income" means income as set forth in section nine hereof.

"*Over-income*" means income as set forth in section nine hereof.

"Subscribers of low income" means persons of low income who subscribe to a nonprofit medical service corporation plan.

"*Subscribers of over-income*" means persons of over-income who subscribe to a nonprofit medical service corporation plan.

"Medical services" means the general and usual services rendered and care administered by doctors of medicine.

"Department of Health" means Department of Health of the Commonwealth.

"Court" means the court of common pleas of the county where the principal office of the nonprofit medical corporation is or is to be located.

"Person with dependents" means any person who furnishes other persons with their chief support, whether or not such dependent person is related to or living with him.

Section 4. Unauthorized Nonprofit Medical Service for Prepayment, Periodical, or Lump Sum Payments, Forbidden.—It shall be unlawful for any person, copartnership, association, common law trust, or corporation, except when especially organized under the provisions of the Nonprofit Corporation Law, and its amendments, for the purpose, to establish, maintain, or operate a nonprofit medical service plan whereby medical services may be provided to persons of low income *and over-income*, as herein defined, for prepayment, periodical, or lump sum payments; but this shall not be construed as preventing a person, copartnership, association, common law trust, or corporation from furnishing medical services for the prevention of disease among its or his employes or from furnishing such medical services as is required under the Workmen's Compensation Act, and related legislation, when the employe is not charged for such service; nor shall any provision in this act be construed to apply to beneficial, benevolent, fraternal, and fraternal benefit societies, having a lodge system and a representative form of government. Nor shall this act limit or repeal any provision of the Nonprofit Hospital Acts of one thousand nine hundred thirty-seven, Pamphlet Laws, one thousand nine hundred forty-eight, and one thousand nine hundred thirty-seven, Pamphlet Laws, one thousand nine hundred eighty.

Section 9. Determination of Income Status; Rights of Persons of Low Income.—(a) The following shall be a person or persons of low income *and a person or persons of over-income* eligible for the benefits of and under this act:

Persons of low income—

(1) In the case of persons without dependents:

Any person in receipt of an income, for the preceding twenty-five weeks, averaging not more than thirty dollars weekly.

(2) In the case of persons with one dependent:

Any person in receipt of an income that, together with the income of the dependent, averaged, during the preceding twenty-five weeks, not more than forty-five dollars weekly.

(3) In the case of persons with more than one dependent:

Any person in receipt of an income that, together with the incomes of all his income earning dependents, averaged, during the preceding twenty-five weeks, not more than sixty dollars weekly.

Persons of over-income—

(1) *All persons not persons of low income shall be persons of over-income.*

(b) The nonprofit medical service corporation shall

determine whether an applicant for subscription is in receipt of a low income *or over-income* within the meaning of this act, and after the application has been approved, the subscriber shall be deemed to be of low income *or over-income* until it has been redetermined by the corporation which redetermination may be made at any time.

(c) The nonprofit medical service corporation, in determining the income status of any person, may, through its officers and agents, examine under oath any applicant claiming a low income status and any other person consenting thereto who is believed to have material knowledge concerning the status of the applicant. Its determination shall be final.

(d) Every person of low income *and every person of over-income*, residing in the area served by a nonprofit medical service corporation, shall be entitled, upon complying with regulations adopted by that corporation and the payment of such initiation and other fees as authorized by the Insurance Department, to the services of any doctor of medicine registered with the corporation, under such terms and conditions as are customary in medical services in the community, but only within the limits of services for which such doctors of medicine are registered: Provided, however, That a nonprofit medical service corporation may for cause refuse to enter into contractual relations with an applicant and may, for cause, after due notice and hearing, rescind any contract that it has entered into with any subscriber and refund any unearned portion of any fees paid and may, on default in payment of the agreed dues, fees, payments or any charges by subscriber or someone on his behalf, discontinue service without notice and hearing, after having notified a subscriber of his default, and having allowed him two days to procure such services: *Provided further, however, That persons of over-income shall be liable to doctors of medicine registered with the corporation rendering services to such persons of over-income, for the full amount of the usual fees and charges for such services made by such doctors of medicine, and any payment made by the corporation to doctors of medicine for services rendered to subscribers of over-income shall be a payment to the extent agreed upon between the corporation and the doctors of medicine on account of the full sum due the doctors of medicine for rendering such services.*

(e) No contract by or on behalf of any nonprofit medical service corporation shall provide for the payment of any cash or other material benefit by that corporation to a subscriber on account of illness or injury, nor be in any way related to the payment of any such benefit by any other agency.

Section 19. Constitutional Construction and Severability.—It is hereby declared to be the purpose and intent of this act and the policy of the Legislature to authorize qualified persons to provide adequate medical services for residents of this State who are unable to provide such services for themselves or their dependents at their own cost without depriving themselves or their dependents of such necessities of life as food, clothing and shelter, [.] *and provide persons of over-income with the limited medical service benefits hereinbefore set forth.* At the same time it is the purpose and intent of this act and the policy of the Legislature to maintain the standing and promote the progress of the science and art of medicine in this State. The courts of this State are hereby directed to construe this act liberally, in order to accomplish those ends.

The provisions of this act shall be severable, and if any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the constitutionality of the remainder of the act and the applicability thereof to other persons and circumstances shall not be affected thereby. It is hereby declared as the legislative intent that this act would have been adopted had such unconstitutional provision not been included therein.

Act effective immediately.

Section 2. The provisions of this act shall become effective immediately upon its final enactment.

APPROVED—The 21st day of May, A. D. 1943.

EDWARD MARTIN

No. 169

AN ACT

To reenact and further amend section seventeen of the act, approved the twenty-ninth day of May, one thousand nine hundred thirty-one (Pamphlet Laws, two hundred eighty), entitled "An act relating to delinquent taxes on seated lands, and prescribing interest charges on nonpayment thereof; requiring the receivers and collectors of county, city, borough, town, township, school district and poor district taxes to make a return to the county commissioners of such unpaid taxes, and providing for the lien thereof; authorizing the county treasurers to collect such taxes, and to sell seated lands at public sale for taxes heretofore or hereafter returned as unpaid; and authorizing the county commissioners to purchase such lands and resell the same under certain circumstances," making the sale of land purchased at treasurer's sale discretionary; providing for the readvertisement of such sales heretofore advertised, but not held; authorizing the sale of such property on court