

14-115.

(b) This section applies to a nonprofit health service plan that is:

(1) issued a certificate of authority in the State[, whether or not]; AND

(2) organized under the laws of [this] THE State.

(c) (1) The business and affairs of a nonprofit health service plan shall be managed under the direction of a board of directors.

(2) (I) The board and its individual members are fiduciaries and shall act:

[(i)] 1. in good faith;

[(ii)] 2. in a manner that is reasonably believed to be in the best interests of the corporation and its controlled affiliates or subsidiaries that offer health benefit plans;

[(iii)] 3. ~~[in a manner that is reasonably believed to be in furtherance of the corporation's nonprofit mission]~~ IN A MANNER THAT IS CONSISTENT WITH THE MISSION OF REASONABLY BELIEVED TO BE IN FURTHERANCE OF THE MISSION OF THE CORPORATION AS A NONPROFIT HEALTH SERVICE PLAN AS REQUIRED UNDER § 14-102(C) OF THIS SUBTITLE; and

[(iv)] 4. with the care that an ordinarily prudent person in a like position would use under similar circumstances.

(II) ~~EXCEPT IN CONFORMITY WITH THIS SECTION,~~ THE BOARD AND ITS INDIVIDUAL MEMBERS MAY NOT USE BOARD MEMBERSHIP FOR PERSONAL OR FINANCIAL ENRICHMENT TO THE DETRIMENT OF THE NONPROFIT HEALTH SERVICE PLAN OR THE MISSION OF THE NONPROFIT HEALTH SERVICE PLAN.

(3) The principal functions of the board shall include:

(i) ensuring that the corporation effectively carries out the nonprofit mission established under § 14-102(c) of this subtitle;

(ii) selecting corporate management and evaluating its performance;

(iii) ensuring to the extent practicable that human resources and other resources are sufficient to meet corporate objectives;

(iv) subject to the provisions of subsection (d) of this section, nominating and selecting suitable candidates for the board; ~~[and]~~

(v) establishing a system of governance at the board level, including an annual evaluation of board performance; AND

(VI) BEFORE CONSIDERING ANY BID OR OFFER TO ACQUIRE THE NONPROFIT HEALTH SERVICE PLAN AND TO CONVERT TO A FOR-PROFIT ENTITY