

(VII) SIBLING'S SPOUSE.

(3) (5) "NONPROFIT HEALTH SERVICE PLAN" MEANS A CORPORATION INCORPORATED UNDER THE LAWS OF THIS STATE AND OPERATING UNDER A CERTIFICATE OF AUTHORITY ISSUED BY THE COMMISSIONER UNDER THIS SUBTITLE.

(B) (1) THE BUSINESS AND AFFAIRS OF A NONPROFIT HEALTH SERVICE PLAN SHALL BE MANAGED UNDER THE DIRECTION OF A BOARD OF DIRECTORS.

(2) THE BOARD SHALL CARRY OUT ITS FIDUCIARY DUTIES, WHETHER AS INDIVIDUAL DIRECTORS OR AS A WHOLE:

(I) IN GOOD FAITH;

(II) IN A MANNER THAT IS REASONABLY BELIEVED TO BE IN THE BEST INTERESTS OF THE CORPORATION; AND

(III) WITH THE CARE THAT AN ORDINARILY PRUDENT PERSON IN A LIKE POSITION WOULD USE UNDER SIMILAR CIRCUMSTANCES.

(3) AN OFFICER OR EMPLOYEE OF A NONPROFIT HEALTH SERVICE PLAN OR ANY OF ITS AFFILIATES OR SUBSIDIARIES MAY NOT BE APPOINTED OR ELECTED TO THE BOARD.

(4) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPHS (II) AND (III) OF THIS PARAGRAPH, A NONPROFIT HEALTH SERVICE PLAN MAY NOT CONTRACT OR COMMENCE BUSINESS WITH AN ENTITY:

1. IN WHICH A BOARD MEMBER, A BOARD MEMBER'S IMMEDIATE FAMILY MEMBER, OR A BOARD MEMBER IN COMBINATION WITH THE BOARD MEMBER'S IMMEDIATE FAMILY MEMBER OWNS A BENEFICIAL INTEREST; OR

2. FROM WHICH A BOARD MEMBER RECEIVES COMPENSATION.

(II) 1. CONTRACTS OR BUSINESS RELATIONSHIPS THAT ARE IN EXISTENCE ON OR BEFORE APRIL 1, 1993 THAT WOULD CONSTITUTE A BENEFICIAL INTEREST OF, OR A COMPENSATION ARRANGEMENT WITH, A BOARD MEMBER UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY REMAIN IN EXISTENCE UNTIL THE END OF THAT BOARD MEMBER'S EXISTING TERM.

2. IF A BOARD MEMBER IS REAPPOINTED TO A SUBSEQUENT TERM, A CONTRACT OR BUSINESS RELATIONSHIP EXEMPTED UNDER SUBPARAGRAPH (II)1 OF THIS PARAGRAPH MAY NOT BE CONTINUED.

3. A CONTRACT OR BUSINESS RELATIONSHIP EXEMPTED UNDER SUBPARAGRAPH (II)1 OF THIS PARAGRAPH MAY NOT BE AMENDED OR ALTERED WHILE THE BOARD MEMBER DESCRIBED UNDER THAT PARAGRAPH REMAINS ON THE BOARD.

(III) NOTHING IN THIS SECTION MAY BE CONSTRUED TO PROHIBIT A HOSPITAL OFFICER, DIRECTOR, OR ADMINISTRATOR, OR A HEALTH CARE PRACTITIONER LICENSED UNDER THE HEALTH OCCUPATIONS ARTICLE FROM SERVING ON THE BOARD.