
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1898

Session of
1987

INTRODUCED BY RYBAK, DOMBROWSKI, STUBAN, HOWLETT, HALUSKA,
BELFANTI, HECKLER, JOHNSON, BATTISTO, TIGUE, PISTELLA,
KOSINSKI, ACOSTA, BLAUM, LaGROTTA, JAROLIN, CARLSON,
YANDRISEVITS, DIETTERICK, FISCHER, GRUPPO, RITTER, DeLUCA,
J. TAYLOR, SAURMAN, BELARDI, TRELLO, GAMBLE, DURHAM, HUGHES,
E. Z. TAYLOR, FOX, ARTY, VEON, TELEK, BUNT AND MICHLOVIC,
OCTOBER 28, 1987

REFERRED TO COMMITTEE ON HEALTH AND WELFARE, OCTOBER 28, 1987

AN ACT

1 Establishing the Catastrophic Illness in Children Relief Fund
2 and the Catastrophic Illness in Children Relief Fund
3 Commission; prescribing the membership and powers of the
4 commission; providing certain insurance surcharges; and
5 making an appropriation.

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

8 Section 1. Legislative findings and declaration.

9 The General Assembly finds and declares that:

10 (1) Although the majority of Americans are covered by
11 some form of health insurance, families nevertheless lack
12 protection against the high cost of chronic or single
13 episodes of serious illness that may destroy their resources.
14 An illness resulting in this potentially devastating
15 financial consequence is referred to as a catastrophic
16 illness.

17 (2) Catastrophic illnesses often threaten to push some

1 families into bankruptcy and others toward seeking inferior
2 medical care or postponing prompt treatment and present a
3 major problem for this nation's health care system in that
4 catastrophic illnesses account for over 20% of this nation's
5 health expenditures.

6 (3) The impact of catastrophic illnesses on the family
7 is especially acute in that children have the highest average
8 medical costs among the population as a whole.

9 (4) It is the public policy of this Commonwealth that
10 each child of this Commonwealth should have access to quality
11 health care and adequate protection against the
12 extraordinarily high costs of health care services which are
13 determined to be catastrophic and which severely impact upon
14 a child and his family.

15 (5) To this end, it is incumbent upon the Commonwealth
16 to provide assistance to children and their families whose
17 medical expenses extend beyond the families' available
18 resources.

19 Section 2. Definitions.

20 The following words and phrases when used in this act shall
21 have the meanings given to them in this section unless the
22 context clearly indicates otherwise:

23 "Catastrophic illness." Any illness or condition the
24 necessary medical expenses of which are not covered by any other
25 State, Federal or other governmental program or any insurance
26 contract and which exceed 30% of the income of a family whose
27 income is \$100,000 or less per year or 40% of the income of a
28 family whose income is over \$100,000 per year.

29 "Child." A person under 18 years of age.

30 "Commission." The Catastrophic Illness in Children Relief

1 Fund Commission.

2 "Family." A child and the child's parent, parents or legal
3 guardian, as the case may be, who is legally responsible for the
4 child's medical expenses.

5 "Fund." The Catastrophic Illness in Children Relief Fund.

6 "Income." All income, from whatever source derived, actually
7 received by a family.

8 "Resident." A person legally domiciled within this
9 Commonwealth for a period of six months immediately preceding
10 the onset of the illness or accident. Mere seasonal or temporary
11 residence within this Commonwealth, of whatever duration, does
12 not constitute domicile. Absence from this Commonwealth for a
13 period of 12 months or more is prima facie evidence of
14 abandonment of domicile. The burden of establishing legal
15 domicile within this Commonwealth is upon the parent or legal
16 guardian of a child.

17 Section 3. Catastrophic Illness in Children Relief Fund.

18 (a) Fund established.--The Catastrophic Illness in Children
19 Relief Fund is established as a nonlapsing, revolving fund. The
20 fund shall be administered by the commission and shall be
21 credited with moneys received pursuant to section 8.

22 (b) Custodian of fund.--The State Treasurer is the custodian
23 of the fund, and all disbursements from the fund shall be made
24 by the State Treasurer upon vouchers signed by the chairman of
25 the commission. The moneys in the fund shall be invested and
26 reinvested by the State Treasurer as are other trust funds in
27 the custody of the State Treasurer in the manner provided by
28 law. Interest received on the moneys in the fund shall be
29 credited to the fund.

30 Section 4. Catastrophic Illness in Children Relief Fund

1 Commission.

2 (a) Commission established.--There is hereby created an
3 independent administrative commission which shall be known as
4 the Catastrophic Illness in Children Relief Fund Commission. The
5 commission shall consist of the Secretary of Health, the
6 Secretary of Public Welfare, the Insurance Commissioner and the
7 State Treasurer, who shall be members ex officio, and five
8 public members who are residents of this Commonwealth, appointed
9 by the Governor with the advice and consent of a majority of the
10 members elected to the Senate for terms of five years, one of
11 whom is appointed upon the recommendation of the President pro
12 tempore of the Senate and is a provider of health care services
13 to children in this Commonwealth and one of whom is appointed
14 upon the recommendation of the Speaker of the House of
15 Representatives and is a provider of health care services to
16 children in this Commonwealth. The five public members first
17 appointed by the Governor shall serve for terms of one, two,
18 three, four and five years, respectively. Each member shall hold
19 office for the term of his appointment and until his successor
20 has been appointed and qualified. A member of the commission is
21 eligible for reappointment. Each ex officio member of the
22 commission may designate an officer employee of his department
23 to represent him at meetings of the commission, and each
24 designee may lawfully vote and otherwise act on behalf of the
25 member for whom he constitutes the designee. Any designation
26 shall be in writing, delivered to the commission, and filed with
27 the office of the Secretary of the Commonwealth and shall
28 continue in effect until revoked or amended in the same manner
29 as provided for designation.

30 (b) Removal.--Each member of the commission may be removed

1 from office by the Governor, for cause, after a public hearing
2 and may be suspended by the Governor pending the completion of
3 the hearing. Each member of the commission, before entering upon
4 his duties, shall take and subscribe an oath to perform the
5 duties of his office faithfully, impartially and justly to the
6 best of his ability. A record of the oaths shall be filed in the
7 office of the Secretary of the Commonwealth.

8 (c) Vacancies.--Any vacancies in the membership of the
9 commission occurring other than by the expiration of a term
10 shall be filled in the same manner as the original appointment,
11 but for the unexpired term only.

12 (d) Chairman and officers.--The Secretary of Health shall be
13 chairman and chief executive officer of the commission. The
14 members shall elect a secretary and a treasurer who need not be
15 members of the commission, and the same person may be elected to
16 serve both as secretary and treasurer.

17 (e) Quorum.--The powers of the commission are vested in the
18 members thereof in office from time to time, and six members of
19 the commission shall constitute a quorum at any meeting of the
20 commission. Action may be taken and motions and resolutions
21 adopted by the commission at any meeting by the affirmative vote
22 of at least six members of the commission. A vacancy in the
23 membership of the commission shall not impair the right of a
24 quorum to exercise all the powers and perform all the duties of
25 the commission.

26 (f) Expenses.--The members of the commission shall serve
27 without compensation, but the commission shall reimburse its
28 members for the reasonable expenses incurred in the performance
29 of their duties based upon the moneys available in the fund.

30 (g) Appointment.--The commission shall be appointed within

1 three months after the effective date of this act and shall
2 organize as soon as may be practicable after the appointment of
3 its members.

4 Section 5. Powers and duties of the commission.

5 The commission shall have, but not be limited to, the
6 following powers and duties:

7 (1) To establish, in cooperation with the Department of
8 Health, a program for the purposes of this act, administer
9 the fund and authorize the payment or reimbursement of the
10 medical expenses of children with catastrophic illnesses.

11 (2) To establish procedures for enrollment in the
12 program, determine the eligibility for the payment or
13 reimbursement of medical expenses for each child, process
14 claim disputes and establish procedures to provide that, in
15 the case of an illness or condition for which the family,
16 after receiving assistance pursuant to this act, recovers
17 damages for the child's medical expenses pursuant to a
18 settlement or judgment in a legal action, the family shall
19 reimburse the fund for the amount of assistance received, or
20 that portion thereof covered by the amount of the damages
21 less the expense of recovery.

22 (3) To establish the amount of reimbursement for the
23 medical expenses of each eligible child using a formula based
24 on a family's ability to pay for medical expenses which takes
25 into account family size, family income and available assets
26 and family medical expenses and to adjust the financial
27 eligibility criteria established in the definition of
28 "catastrophic illness" in section 2, based upon the moneys
29 available in the fund.

30 (4) To disseminate information on the fund and the

1 program to the public.

2 (5) To adopt bylaws for the regulation of its affairs
3 and the conduct of its business, adopt an official seal and
4 alter the same at pleasure, maintain an office at the place
5 within this Commonwealth as it may designate, and sue and be
6 sued in its own name.

7 (6) To employ professional and clerical assistance
8 necessary to perform its duties, and as may be within the
9 limits of funds appropriated or otherwise made available to
10 it for its purposes.

11 (7) To maintain confidential records on each child who
12 applies for assistance under the fund.

13 (8) To do all other acts and things necessary or
14 convenient to carry out the purposes of this act.

15 (9) To adopt rules and regulations in the manner
16 provided in the act of July 31, 1968 (P.L.769, No.240),
17 referred to as the Commonwealth Documents Law, necessary to
18 effectuate the purposes of this act.

19 Section 6. Enrollment in program.

20 A child who is a resident of this Commonwealth shall be
21 eligible, through his parent or legal guardian, to enroll in the
22 program established pursuant to section 5(1).

23 Section 7. Eligibility.

24 Whenever a child has a catastrophic illness and is enrolled
25 in the program, the child, through his parent or legal guardian,
26 shall be eligible for financial assistance from moneys in the
27 fund, subject to the rules and regulations established by the
28 commission and the availability of moneys in the fund. The
29 financial assistance shall include, but not be limited to,
30 payments or reimbursements for the cost of medical treatment,

1 hospital care, drugs, nursing care, rehabilitative services and
2 physician services.

3 Section 8. Funding.

4 For the purpose of providing the moneys necessary to
5 establish and meet the purposes of the fund, the commission
6 shall establish a \$1 annual surcharge per person upon all
7 individual and group health insurance policies written in this
8 Commonwealth. The \$1 surcharge also shall be applied to every
9 enrollee in a health maintenance organization authorized to
10 operate in this Commonwealth. The surcharge shall be collected
11 by the commission and paid over to the State Treasurer for
12 deposit in the fund annually as provided by the commission. The
13 surcharge is a separate charge to the insured or enrollee in
14 addition to the premium to be paid and shall be reflected as
15 such in the policy or evidence of coverage, and commissions
16 shall not be payable thereon. The insurer or health maintenance
17 organization is prohibited from absorbing the surcharge as an
18 inducement for insurance or enrollment or for any other reason.
19 In the case of self-insured groups of ten or more persons, an
20 annual contribution of \$1 per person shall be required, and
21 shall be collected by the commission and paid over to the State
22 Treasurer for deposit in the fund.

23 Section 9. Rules for collection of surcharge.

24 The State Treasurer shall adopt rules and regulations in the
25 manner provided in the act of July 31, 1968 (P.L.769, No.240),
26 referred to as the Commonwealth Documents Law, establishing
27 procedures for the collection of the surcharge and contribution.

28 Section 10. Reports.

29 The commission shall report annually to the Governor, the
30 Health and Welfare Committee of the House of Representatives and

1 the Public Health and Welfare Committee of the Senate on the
2 status of the program. The report shall include information
3 about the number of participants in the program, average
4 expenditures per participant, the nature and type of
5 catastrophic illnesses for which the fund provided financial
6 assistance, and the average income and expenditures of families
7 who received financial assistance under the program. The
8 commission also may make recommendations for changes in the law
9 and regulations governing the fund.

10 Section 11. Appropriation.

11 The sum of \$300,000 is hereby appropriated to the
12 Catastrophic Illness in Children Relief Fund Commission for
13 administrative and other costs in establishing the program
14 provided for by this act.

15 Section 12. Effective date.

16 This act shall take effect in 60 days.