

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2876 Session of
1998

INTRODUCED BY COLAFELLA, M. N. WRIGHT, BLAUM, THOMAS, DALEY,
SCHRODER, PRESTON, M. COHEN, LUCYK, DeLUCA, LAUGHLIN, WALKO,
BELARDI, OLASZ, TIGUE, YOUNGBLOOD, ITKIN, BELFANTI, HARHAI,
TRAVAGLIO, CORRIGAN, SHANER, PETRONE, RAMOS AND BOSCOLA,
OCTOBER 7, 1998

REFERRED TO COMMITTEE ON HEALTH AND HUMAN SERVICES,
OCTOBER 7, 1998

AN ACT

1 Amending the act of June 13, 1967 (P.L.31, No.21), entitled "An
2 act to consolidate, editorially revise, and codify the public
3 welfare laws of the Commonwealth," further providing for
4 prepayment for contracted medical services.

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

7 Section 1. Section 443.5 of the act of June 13, 1967
8 (P.L.31, No.21), known as the Public Welfare Code, added July
9 15, 1976 (P.L.993, No.202), is amended to read:

10 Section 443.5. Prepayment for Contracted Medical Services.--
11 For categorically needy or medically needy persons eligible for
12 medical assistance, prepaid capitation payments or insurance
13 premiums for services under the medical assistance State plan
14 may be made on behalf of eligible persons through competitive
15 bidding with profit or non-profit contractors, insurers, or
16 health maintenance organizations. The contract resulting from
17 the bidding must prohibit the successful contractor, insurer or

1 health maintenance organization from subcontracting with a
2 benefits administrator that is affiliated with a provider of
3 services. Profit and non-profit insurers must be approved under
4 applicable State laws. Prepaid capitation or premium payments
5 made under such contracts shall not exceed payments made to
6 other third party payers for comparable services and similar
7 benefit conditions. Capitation payments charged for anticipated
8 medical assistance eligible persons under a contract may be
9 prepaid by the Commonwealth subject to monthly, quarterly, and
10 annual adjustment by the department based on actual enrollment
11 and fixed capitation rates.

12 Section 2. The amendment of section 443.5 of the act shall
13 apply to contracts entered into or renewed on or after the
14 effective date of this act.

15 Section 3. This act shall take effect in 60 days.