

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**HOUSE BILL**  
**No. 2286** Session of  
1976

INTRODUCED BY BERLIN, IRVIS, TOLL, A. P. KELLY, MILLIRON,  
GALLAGHER AND MANDERINO, MARCH 31, 1976

REFERRED TO COMMITTEE ON HEALTH AND WELFARE, MARCH 31, 1976

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," providing for the  
4 prepayment of contracted medical services.

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

7 Section 1. The act of June 13, 1967 (P.L.31, No.21), known  
8 as the "Public Welfare Code," is amended by adding a section to  
9 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. Profit and non-profit insurers  
17 must be approved under applicable State laws. Prepaid capitation  
18 or premium payments made under such contracts shall not exceed  
19 payments made to other third party payers for comparable

1 services and similar benefit conditions. Capitation payments  
2 charged for anticipated medical assistance eligible persons  
3 under a contract may be prepaid by the Commonwealth subject to  
4 monthly, quarterly, and annual adjustment by the department  
5 based on actual enrollment and fixed capitation rates.

6       Section 2. This act shall take effect immediately.