

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1353 Session of
1995

INTRODUCED BY MICHLOVIC, TRELLO AND GAMBLE, APRIL 19, 1995

REFERRED TO COMMITTEE ON HEALTH AND HUMAN SERVICES,
APRIL 19, 1995

AN ACT

1 Providing for the involvement of counties in the implementation
2 of managed health care; providing for the creation of local
3 managed health care entities to provide services to certain
4 persons; and providing for powers and duties of counties, the
5 Department of Public Welfare and the Department of Health
6 regarding managed health care entities.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Local Managed
11 Health Care Act.

12 Section 2. Legislative findings and intent.

13 (a) Legislative findings.--The General Assembly finds as
14 follows:

15 (1) There is a need to recognize the importance of
16 integrating health and human services to address the
17 significant revenue deficit for the provision of medical
18 assistance/Medicaid services for eligible persons with
19 problems of physical health, mental illness, chemical
20 dependency, mental retardation and at-risk children with

1 special needs that now threaten the Commonwealth with a major
2 financial crisis.

3 (2) The Commonwealth, through its Department of Public
4 Welfare, is searching for appropriate solutions, including
5 the privatization of managed health care services for
6 Medicaid-eligible citizens through private, proprietary
7 insurance companies and their various subsidiaries in order
8 to address the revenue deficit and unrestrained entitlement.

9 (3) For nearly half a century the Commonwealth has
10 established, recognized, utilized and praised the
11 responsiveness, cost-efficiency and cost-effectiveness of
12 various county-managed human service efforts, including those
13 provided to address problems of mental health, mental
14 retardation, children and youth, aging, drug and alcohol
15 abuse, public health and homelessness, provided under various
16 enabling legislation enacted by the General Assembly.

17 (4) The Commonwealth has funded and will continue to
18 fund long-term care for the elderly, persons with mental
19 illness and persons with mental retardation, including the
20 maintenance of Commonwealth hospitals and centers.

21 (5) Historically, counties have responded to the needs
22 of those residents with chronic illnesses and/or disabilities
23 who require long-term care by providing community-based
24 residential mental health, mental retardation, drug and
25 alcohol facilities and nursing homes. These residential
26 services will continue to be provided by the county through
27 county linkage and partnerships with the local managed care
28 entity.

29 (6) There is a need to recognize that acute care and
30 identified human services will become part of the local

1 managed care benefit package for eligible persons, while the
2 responsibility for long-term care will remain with the
3 Commonwealth. As these services are related, there is a need
4 for the centralized management of these services.

5 (7) The Commonwealth recognizes the significant role
6 that counties play in the area of human services while also
7 recognizing the need to integrate the provision of health
8 care and human services provided by local managed health care
9 agencies in the areas of mental health, mental retardation,
10 children and youth, aging, drug and alcohol abuse, physical
11 health and homelessness and to integrate the categorical
12 funding and provision of services by management and
13 coordination at the local level to provide for collaboration
14 of services in response to unique local needs.

15 (b) Legislative intent.--It is the intent of the General
16 Assembly that:

17 (1) All medical assistance/Medicaid eligible residents
18 of this Commonwealth shall have access to quality health
19 care.

20 (2) Counties or county-designated organizations may
21 elect to assume total responsibility in identifying, managing
22 and assuring services for the health care needs of their
23 citizens.

24 (3) All counties or county-designated organizations
25 shall first be given the option set forth in paragraph (2) by
26 the Department of Public Welfare, before the department
27 assumes these responsibilities. Counties or county-designated
28 organizations shall also have the option of becoming a local
29 managed health care entity.

30 (4) The Department of Public Welfare, the Department of

1 Health and the counties shall assure that within this
2 Commonwealth there exists a system for accessible and
3 equitable provision of adequate physical health, mental
4 health, mental retardation and drug and alcohol abuse
5 treatment services for all persons in need, regardless of
6 religion, race, color, national origin, disability or
7 economic, social or current health care status.

8 (5) The Department of Public Welfare, the Department of
9 Health and the counties shall coordinate existing publicly
10 funded programs with the local managed health care entities
11 to assure appropriate care and prevent the shifting of costs
12 to other publicly funded long-term care and other service
13 delivery entities.

14 Section 3. Definitions.

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

18 "Department." The Department of Public Welfare or Department
19 of Health of the Commonwealth, as specified by the context of
20 the sentence or paragraph in which this term is included.

21 "Local managed health care entity." A nonprofit corporation
22 or authority organized under the laws of this Commonwealth which
23 is designated by the board of county commissioners or boards of
24 county commissioners, where two or more counties unite to
25 perform the function, which contracts with health care plans or
26 employs health care providers whose purpose is to identify and
27 manage health care services to meet the health care needs of the
28 citizens of this Commonwealth.

29 Section 4. General powers and duties of the Commonwealth.

30 (a) Provision of model methodologies to counties.--Before

1 the Department of Public Welfare, the Department of Health, the
2 Insurance Department or any other Commonwealth department or
3 agency enters into any agreements for the provision of medical
4 assistance/Medicaid services with private, managed health care
5 insurance companies, the Commonwealth department or agency
6 desiring to do so shall provide the opportunity to the counties
7 to develop timely and appropriate locally managed model
8 methodologies. These shall include, but not be limited to, the
9 possible management of health care services by local
10 authorities, private nonprofit corporations or other local
11 managed health care entities, so as to enable the county or
12 counties to determine whether to become, or elect to designate,
13 a local managed health care entity for that county or counties.

14 (b) Meet all appropriate requirements.--If a county or
15 counties decide to construct their own model, based on the needs
16 and abilities of that particular county to manage the health
17 care needs of its citizens, the model shall meet State goals and
18 the Health Care Financing Administration requirements.

19 (c) Contracts with the local managed health care entity.--If
20 a county or counties meet the requirements set forth by the
21 Department of Public Welfare, the Department of Health and the
22 Insurance Department, the Commonwealth shall contract solely
23 with the local managed health care entity, designated by the
24 local authorities, as the only designated managed health care
25 entity.

26 (d) Report by Department of Public Welfare.--The Department
27 of Public Welfare shall report to the Health and Welfare
28 Committee of the House of Representatives within 90 days of the
29 effective date of this act and annually thereafter. The purpose
30 of the report shall be to document the efforts and results of

1 orientation and recruitment of counties or their nonprofit
2 surrogates or authorities to become managed health care
3 entities.

4 Section 5. General powers and duties of local authorities.

5 (a) Establishment of local managed health care entity.--The
6 board of county commissioners of each county, either separately
7 or in conjunction with other counties, may elect to establish a
8 local managed health care entity to contract with health care
9 plans or employ health care providers whose purpose is to
10 identify and manage services which will meet the health care
11 needs of the citizens of the county or counties for which it has
12 been designated.

13 (b) Appropriations by local authorities.--The local
14 authorities shall have the authority to make any appropriations
15 they deem necessary to manage the services described in
16 subsection (a).

17 Section 6. General powers and duties of local managed health
18 care entity.

19 (a) Limit of services.--Should a county or counties decide
20 to establish a local managed health care entity to manage the
21 health care needs of its citizens, the model described in this
22 section shall represent one option of management authority with
23 which the local managed health care entity shall be empowered.

24 (b) Manner of providing services.--The local managed health
25 care entity shall manage the services provided either through
26 contracts with competing health care plans or through contracts
27 with or employment of health care providers or a combination
28 thereof.

29 (c) Identified benefits package.--It shall be the duty of
30 the local managed health care entity, in cooperation with the

1 Department of Public Welfare, to provide an identified benefits
2 package that integrates, combines and coordinates the services
3 through managed care and meets the obligations imposed under the
4 act of August 24, 1951 (P.L.1304, No.315), known as the Local
5 Health Administration Law, the act of October 20, 1966 (3rd
6 Sp.Sess., P.L.96, No.6), known as the Mental Health and Mental
7 Retardation Act of 1966, the act of April 14, 1972 (P.L.221,
8 No.63), known as the Pennsylvania Drug and Alcohol Abuse Control
9 Act and the act of July 9, 1976 (P.L.817, No.143), known as the
10 Mental Health Procedures Act, and meets the minimum standards
11 required by the Health Care Financing Administration.

12 (d) Supplemental services.--The local managed health care
13 entity may provide any other services or programs designed to
14 prevent, treat or support health care for persons with physical
15 health, mental health, mental retardation or drug and alcohol
16 abuse problems. The services or programs may, at the discretion
17 of the local managed health care entity and to the extent that
18 Federal, State and private funds are available and applicable
19 regulations permit, exceed those services or programs typically
20 available for the treatment of physical illness, persons with
21 mental illness, persons with mental retardation or persons with
22 drug or alcohol abuse problems.

23 Section 7. Effective date.

24 This act shall take effect immediately.