

AMENDMENTS TO HOUSE BILL NO. 857

Sponsor: SENATOR WHITE

Printer's No. 1046

1 Amend Bill, page 1, line 11, by inserting after "laws," "
2 in casualty insurance, providing for emergency service system
3 billing; in automobile insurance issuance, renewal,
4 cancellation and refusal, providing for coverage obligations
5 of loaner vehicles; and,

6 Amend Bill, page 1, lines 15 through 19; page 2, line 1; by
7 striking out all of said lines on said pages and inserting

8 Section 1. The act of May 17, 1921 (P.L.682, No.284), known
9 as The Insurance Company Law of 1921, is amended by adding
10 sections to read:

11 Section 635.7. Billing.--(a) When an EMS agency is
12 dispatched by a public safety answering point as defined in 35
13 Pa.C.S. § 5302 (relating to definitions) or an EMS agency
14 dispatch center under 35 Pa.C.S. § 8129(i) (relating to
15 emergency medical services agencies) for an emergency and
16 provides medically necessary emergency medical services, a
17 payment made by an insurer for a claim covered under and in
18 accordance with a health insurance policy for an emergency
19 medical service performed by the EMS agency during the call
20 shall be paid directly to the EMS agency.

21 (b) An insurer must reimburse a nonnetwork EMS agency under
22 the following:

23 (1) The EMS agency has submitted a completed standardized
24 form to the department requesting nonnetwork direct
25 reimbursement from an insurer an EMS agency has identified. The
26 form must be submitted to the department annually by October 15.
27 The form shall declare the EMS agency's intention to receive
28 direct payment from an insurer identified on the form for the
29 next calendar year. The department shall develop a standardized
30 form, using an EMS agency's assigned license number, to be used
31 by an EMS agency that meets the conditions established under
32 this section. The department shall develop and maintain a
33 publicly accessible electronic registry that indicates which EMS
34 agency has requested nonnetwork direct reimbursement from an
35 insurer identified on the form.

36 (2) An EMS agency has provided notification to the insurer
37 upon submitting a claim for reimbursement that the EMS agency is

1 registered with the department to receive direct reimbursement
2 as provided for under this section.

3 (c) An EMS agency may be subject to periodic audits by an
4 insurer to examine claims for direct reimbursement under this
5 section. If, through the audit, the insurer identifies an
6 improper payment, the insurer may deduct the improper payment
7 from future reimbursements.

8 (d) Where an insurer has reimbursed a nonnetwork EMS agency
9 at the same rate it has established for a network EMS agency,
10 the EMS agency may not bill the insured directly or indirectly
11 or otherwise attempt to collect from the insured for the service
12 provided, except for a billing to recover a copayment,
13 coinsurance or deductible as specified in the health insurance
14 policy.

15 (e) An EMS agency that submits a form under this section may
16 solicit donations, memberships or conduct fundraising, except
17 that an EMS agency may not promise, suggest or infer to donors
18 that a donation will result in the donor not being billed
19 directly for any payment as provided under this section.
20 Notwithstanding this paragraph, an EMS agency may bill in
21 accordance with subsection (d). A violation of this section
22 shall be considered a violation of the act of December 17, 1968
23 (P.L.1224, No.387), known as the "Unfair Trade Practices and
24 Consumer Protection Law."

25 (f) Claims paid under this section shall be subject to
26 section 2166.

27 (g) This section shall apply only to an EMS agency that is a
28 nonnetwork provider and provides emergency medical services,
29 unless preempted by Federal law.

30 (h) The following words and phrases when used in this
31 section shall have the meanings given to them in this subsection
32 unless the context clearly indicates otherwise:

33 "Department." Department of Health of the Commonwealth.

34 "EMS agency." As defined in 35 Pa.C.S. § 8103 (relating to
35 definitions).

36 "Emergency medical services." As defined in 35 Pa.C.S. §
37 8103 (relating to definitions).

38 "Insurer." As follows:

39 (1) An entity that is responsible for providing or paying
40 for all or part of the cost of emergency medical services
41 covered by an insurance policy, contract or plan. The term
42 includes an entity subject to:

43 (i) section 630, Article XXIV or any other provision of this
44 act;

45 (ii) the act of December 29, 1972 (P.L.1701, No.364), known
46 as the Health Maintenance Organization Act; or

47 (iii) 40 Pa.C.S. Ch. 61 (relating to hospital plan
48 corporations) or 63 (relating to professional health services
49 plan corporations).

50 (2) The term does not include an entity that is responsible
51 for providing or paying under an insurance policy, contract or

1 plan which meets any of the following:
2 (i) Is a homeowner's insurance policy.
3 (ii) Provides any of the following types of insurance:
4 (A) Accident only.
5 (B) Fixed indemnity.
6 (C) Limited benefit.
7 (D) Credit.
8 (E) Dental.
9 (F) Vision.
10 (G) Specified disease.
11 (H) Medicare supplement.
12 (I) Civilian Health and Medical Program of the Uniformed
13 Services (CHAMPUS) supplement.
14 (J) Long-term care.
15 (K) Disability income.
16 (L) Workers' compensation.
17 (M) Automobile medical payment insurance.
18 Section 2007.1. Coverage obligations of loaner vehicles.--
19 (a) An insurance company authorized to write private passenger
20 automobile insurance within this Commonwealth shall provide,
21 where purchased and within the limits of the insured's policy,
22 primary liability coverage for third-party bodily injury and
23 primary first-party physical damage coverage for a motor vehicle
24 provided by a motor vehicle dealer, when an insured has custody
25 of or is operating that motor vehicle, while a motor vehicle
26 specifically listed or covered under the insured's motor vehicle
27 insurance policy is being transported, serviced, repaired or
28 inspected by the motor vehicle dealer.
29 (b) An insurance company authorized to do business in this
30 Commonwealth shall provide to a motor vehicle dealer or an agent
31 thereof with custody of or operating a customer's motor vehicle
32 for the purpose of transporting, servicing, repairing or
33 inspecting the vehicle, primary liability coverage for third-
34 party bodily injury and primary first-party physical damage
35 coverage in the amounts set forth in the customer's private
36 passenger automobile insurance policy.
37 (c) This section shall apply only to the loan of a motor
38 vehicle by a motor vehicle dealer that occurs without financial
39 remuneration in the form of a fee, rental or lease charge paid
40 directly by the insured operating the motor vehicle. Payments
41 made by a third party to a motor vehicle dealer or similar
42 reimbursements shall not be considered payments directly from
43 the insured operating the motor vehicle.
44 (d) A change in the coverage of a private passenger
45 automobile insurance policy resulting from this section shall
46 not impact the validity of a waiver, selection of benefits or
47 amount of benefits in that policy, beyond the coverage change as
48 a result of this section. An insurer shall file with the
49 Insurance Department any forms or rates revised as a result of
50 this section, along with certification that the revisions are
51 limited to the compliance with this section. The revisions shall

1 be effective 10 days after filing.

2 (e) As used in this section, the term "motor vehicle dealer"
3 shall have the same meaning as "dealer" as defined in section 2
4 of the act of December 22, 1983 (P.L.306, No.84), known as the
5 "Board of Vehicles Act."

6 Section 2. Article XXIII of the act is repealed:

7 [ARTICLE XXIII.

8 CHILDREN'S HEALTH CARE.

9 (a) General Provisions.

10 Section 2301. Short Title.--This article shall be known and
11 may be cited as the "Children's Health Care Act."

12 Section 2302. Legislative Findings and Intent.--The General
13 Assembly finds and declares as follows:

14 (1) Citizens of this Commonwealth should have access to
15 affordable and reasonably priced health care and to
16 nondiscriminatory treatment by health insurers and providers.

17 (2) The uninsured health care population of this
18 Commonwealth is estimated to be approximately one million
19 persons and many thousands more lack adequate insurance
20 coverage. It is also estimated that approximately two-thirds of
21 the uninsured are employed or dependents of employed persons.

22 (3) Approximately fifteen per centum (15%) of the uninsured
23 health care population are children. Uninsured children are of
24 particular concern because of their need for ongoing preventive
25 and primary care. Measures not taken to care for such children
26 now will result in higher human and financial costs later.

27 (4) Uninsured children lack access to timely and appropriate
28 primary and preventive care. As a result, health care is often
29 delayed or forgone, resulting in increased risk of developing
30 more severe conditions which in turn are more expensive to
31 treat. This tendency to delay care and to seek ambulatory care
32 in hospital-based settings also causes inefficiencies in the
33 health care system.

34 (5) Health care markets have been distorted through cost
35 shifts for the uncompensated health care costs of uninsured
36 citizens of this Commonwealth which has caused decreased
37 competitive capacity on the part of those health care providers
38 who serve the poor and increased costs of other health care
39 payors.

40 (6) No one sector can absorb the cost of providing health
41 care to citizens of this Commonwealth who cannot afford health
42 care on their own. The cost is too large for the public sector
43 alone to bear and instead requires the establishment of a public
44 and private partnership to share the costs in a manner
45 economically feasible for all interests. The magnitude of this
46 need also requires that it be done on a time-phased, cost-
47 managed and planned basis.

48 (7) Eligible uninsured children in this Commonwealth should
49 have access to cost-effective, comprehensive primary health
50 coverage if they are unable to afford coverage or obtain it.

51 (8) Care should be provided in appropriate settings by

1 efficient providers, consistent with high quality care and at an
2 appropriate stage, soon enough to avert the need for overly
3 expensive treatment.

4 (9) Equity should be assured among health providers and
5 payors by providing a mechanism for providers, employers, the
6 public sector and patients to share in financing indigent
7 children's health care.

8 Section 2303. Definitions.--As used in this article, the
9 following words and phrases shall have the meanings given to
10 them in this section:

11 "Child." A person under nineteen (19) years of age.

12 "Contractor." An insurer awarded a contract under
13 subdivision (b) to provide health care services under this
14 article. The term includes an entity and its subsidiary which is
15 established under 40 Pa.C.S. Ch. 61 (relating to hospital plan
16 corporations) or 63 (relating to professional health services
17 plan corporations); this act; or the act of December 29, 1972
18 (P.L.1701, No.364), known as the "Health Maintenance
19 Organization Act."

20 "Council." The Children's Health Advisory Council
21 established in section 2311(i).

22 "Department." The Insurance Department of the Commonwealth.

23 "EPSDT." Early and periodic screening, diagnosis and
24 treatment.

25 "Fund." The Children's Health Fund for health care for
26 indigent children established by section 1296 of the act of
27 March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of
28 1971."

29 "Group." A group for which a health insurance policy is
30 written in this Commonwealth.

31 "Health maintenance organization" or "HMO." An entity
32 organized and regulated under the act of December 29, 1972
33 (P.L.1701, No.364), known as the "Health Maintenance
34 Organization Act."

35 "Health service corporation." A professional health service
36 corporation as defined in 40 Pa.C.S. § 6302 (relating to
37 definitions).

38 "Healthy Beginnings Program." Medical assistance coverage
39 for services to children as required under Title XIX of the
40 Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.) for
41 the following:

42 (1) children from birth to age one (1) whose family income
43 is no greater than one hundred eighty-five per centum (185%) of
44 the Federal poverty level;

45 (2) children one (1) through five (5) years of age whose
46 family income is no greater than one hundred thirty-three per
47 centum (133%) of the Federal poverty level; and

48 (3) children six (6) through eighteen (18) years of age
49 whose family income is no greater than one hundred per centum
50 (100%) of the Federal poverty level.

51 "Hospital." An institution having an organized medical staff

1 which is engaged primarily in providing to inpatients, by or
2 under the supervision of physicians, diagnostic and therapeutic
3 services for the care of injured, disabled, pregnant, diseased
4 or sick or mentally ill persons. The term includes facilities
5 for the diagnosis and treatment of disorders within the scope of
6 specific medical specialties. The term does not include
7 facilities caring exclusively for the mentally ill.

8 "Hospital plan corporation." A hospital plan corporation as
9 defined in 40 Pa.C.S. § 6101 (relating to definitions).

10 "Insurer." A health insurance entity licensed in this
11 Commonwealth to issue any individual or group health, sickness
12 or accident policy or subscriber contract or certificate that
13 provides medical or health care coverage by a health care
14 facility or licensed health care provider that is offered or
15 governed under this act or any of the following:

16 (1) The act of December 29, 1972 (P.L.1701, No.364),
17 known as the "Health Maintenance Organization Act."

18 (2) The act of May 18, 1976 (P.L.123, No.54), known as
19 the "Individual Accident and Sickness Insurance Minimum
20 Standards Act."

21 (3) 40 Pa.C.S. Ch. 61 (relating to hospital plan
22 corporations) or 63 (relating to professional health services
23 plan corporations).

24 (4) Article XXIV.

25 "MAAC." The Medical Assistance Advisory Committee.

26 "Managed care organization." Health maintenance organization
27 organized and regulated under the act of December 29, 1972
28 (P.L.1701, No.364), known as the "Health Maintenance
29 Organization Act," or a risk-assuming preferred provider
30 organization or exclusive provider organization, organized and
31 regulated under this act.

32 "MCH." Maternal and Child Health.

33 "Medicaid." The Federal medical assistance program
34 established under Title XIX of the Social Security Act (49 Stat.
35 620, 42 U.S.C. § 1396 et seq.).

36 "Medical assistance." The State program of medical
37 assistance established under the act of June 13, 1967 (P.L.31,
38 No.21), known as the "Public Welfare Code."

39 "Mid-level health professional." A physician assistant,
40 certified registered nurse practitioner, nurse practitioner or a
41 certified nurse midwife.

42 "Parent." A natural parent, stepparent, adoptive parent,
43 guardian or custodian of a child.

44 "PPO." A preferred provider organization subject to the
45 provisions of section 630.

46 "Preexisting condition." A disease or physical condition for
47 which medical advice or treatment has been received prior to the
48 effective date of coverage.

49 "Premium assistance program." A component of a separate
50 child health program, approved under the State plan, under which
51 the Commonwealth pays part or all of the premium for an enrollee

1 or enrollee's group health insurance coverage or coverage under
2 a group health plan.

3 "Prescription drug." A controlled substance, other drug or
4 device for medication dispensed by order of an appropriately
5 licensed medical professional.

6 "Subgroup." An employer covered under a contract issued to a
7 multiple employer trust or to an association.

8 "Terminate." Includes cancellation, nonrenewal and
9 rescission.

10 "Waiting period." A period of time after the effective date
11 of enrollment during which an insurer excludes coverage for the
12 diagnosis or treatment of one or more medical conditions.

13 "WIC." The Federal Supplemental Food Program for Women,
14 Infants and Children.

15 (b) Primary Health Care Programs.

16 Section 2311. Children's Health Care.--(a) Notwithstanding
17 any other provision of law, the department shall take such
18 actions as may be necessary to ensure the receipt of Federal
19 financial participation under Title XXI of the Social Security
20 Act (49 Stat. 620, 42 U.S.C. § 1397aa et seq.) for services
21 provided under this act and to qualify the benefit expansion
22 provided by subsection (c)(1.1) for available Federal financial
23 participation.

24 (b) (1) The fund shall be dedicated exclusively for
25 distribution by the department through contracts in order to
26 provide free and subsidized health care services under this
27 section, based on an actuarially sound and adequate review, and
28 to develop and implement outreach activities required under
29 section 2312.

30 (2) The fund, along with Federal, State and other money
31 available for the program, shall be used for health care
32 coverage for children as specified in this section. The
33 department shall assure that the program is implemented
34 Statewide. All contracts awarded under this section shall be
35 awarded through a competitive procurement process. The
36 department and the Department of Public Welfare shall use their
37 best efforts to ensure that eligible children across this
38 Commonwealth have access to health care services to be provided
39 under this article.

40 (3) No more than ten per centum (10%) of the amount of the
41 contract may be used for administrative expenses of the
42 contractor. If any contractor presents documented evidence that
43 administrative expenses for purposes of expanded outreach and
44 systems and operational changes are in excess of ten per centum
45 (10%) of the amount of the contract, the department shall make
46 an additional allotment of funds, not to exceed two per centum
47 (2%) of the amount of the contract, to the contractor to the
48 extent that the department finds the expenses reasonable and
49 necessary.

50 (4) No less than eighty-four per centum (84%) of the
51 contract shall be used to provide the health care services

1 provided under this article for children eligible for care under
2 this article.

3 (5) To ensure that inpatient hospital care is provided to
4 eligible children, each primary care provider furnishing primary
5 care services shall make necessary arrangements for admission to
6 the hospital and for necessary specialty care.

7 (c) (1) Any insurer receiving funds from the department to
8 provide coverage of health care services shall enroll, to the
9 extent that funds are available, any child who meets all of the
10 following:

11 (i) Is a resident of this Commonwealth.

12 (ii) Is not covered by a health insurance plan, a self-
13 insurance plan or a self-funded plan or is not eligible for or
14 covered by medical assistance, including the Healthy Beginnings
15 Program.

16 (iii) Is qualified based on income under subsection (d) or
17 (e).

18 (iv) Meets the citizenship requirements of Title XXI of the
19 Social Security Act (49 Stat. 620, 42 U.S.C. § 1397aa et seq.).

20 (1.1) Beginning January 1, 2007, and subject to the
21 provisions of section 2314, any insurer receiving funds from the
22 department to provide coverage of health care services under
23 this section shall enroll, to the extent that funds are
24 available, any child who meets all of the following:

25 (i) Is a resident of this Commonwealth.

26 (ii) Is not covered by a health insurance plan, a self-
27 insurance plan or a self-funded plan, or is not provided access
28 to health care coverage by court order, or is not eligible for
29 or covered by a medical assistance program administered by the
30 Department of Public Welfare, including the Healthy Beginnings
31 Program.

32 (iii) Is qualified based on income under subsection (d),
33 (e.1), (e.2), (e.3) or (e.4).

34 (iv) Meets the citizenship requirements of Title XXI of the
35 Social Security Act.

36 (2) Enrollment may not be denied on the basis of a
37 preexisting condition, nor may diagnosis or treatment for the
38 condition be excluded based on the condition's preexistence.

39 (d) The provision of health care insurance for eligible
40 children shall be free to a child whose family income is no
41 greater than two hundred per centum (200%) of the Federal
42 poverty level.

43 (e.1) The provision of health care insurance for an eligible
44 child whose family income is greater than two hundred per centum
45 (200%) of the Federal poverty level but no greater than two
46 hundred fifty per centum (250%) of the Federal poverty level may
47 be subsidized by the fund at a rate not to exceed seventy-five
48 per centum (75%) of the per member per month premium cost.

49 (e.2) The provision of health care insurance for an eligible
50 child whose family income is greater than two hundred fifty per
51 centum (250%) of the Federal poverty level but no greater than

1 two hundred seventy-five per centum (275%) of the Federal
2 poverty level may be subsidized by the fund at a rate not to
3 exceed sixty-five per centum (65%) of the per member per month
4 premium cost.

5 (e.3) The provision of health care insurance for an eligible
6 child whose family income is greater than two hundred seventy-
7 five per centum (275%) of the Federal poverty level but no
8 greater than three hundred per centum (300%) of the Federal
9 poverty level may be subsidized by the fund at a rate not to
10 exceed sixty per centum (60%) of the per member per month
11 premium cost.

12 (e.4) The following apply:

13 (1) For an eligible child whose family income is greater
14 than the maximum level established under subsection (o), the
15 family may purchase the minimum benefit package set forth in
16 subsection (1)(6) for that child at the per month per member
17 premium cost, which cost shall be derived separately from the
18 other eligibility categories in the program, as long as the
19 family demonstrates on an annual basis and in a manner
20 determined by the department either one of the following:

21 (i) The family is unable to afford individual or group
22 coverage because that coverage would exceed ten per centum (10%)
23 of the family income or because the total cost of coverage for
24 the child is one hundred fifty per centum (150%) of the greater
25 of:

26 (A) the premium cost established under this subsection for
27 that service area; or

28 (B) the premium cost established under the program for that
29 service area.

30 (ii) The family has been refused coverage by an insurer due
31 to the child or a member of that child's immediate family having
32 a preexisting condition and coverage is not available to the
33 child.

34 (2) For purposes of this subsection, "coverage" shall not
35 include coverage offered through accident only, fixed indemnity,
36 limited benefit, credit, dental, vision, specified disease,
37 Medicare supplement, Civilian Health and Medical Program of the
38 Uniformed Services (CHAMPUS) supplement, long-term care or
39 disability income, workers' compensation or automobile medical
40 payment insurance.

41 (f.1) (Reserved).

42 (f.2) For enrollees under subsections (e.1), (e.2), (e.3)
43 and (e.4), the following apply:

44 (1) The department shall have the authority to impose
45 copayments for the following services, except as otherwise
46 prohibited by law:

47 (i) Outpatient visits.

48 (ii) Emergency room visits.

49 (iii) Prescription medications.

50 (iv) Any other service defined by the department.

51 (2) The department shall have the authority to establish and

1 adjust the levels of these copayments in order to impose
2 reasonable cost sharing and to encourage appropriate utilization
3 of these services. In no event shall the premiums and copayments
4 for enrollees under subsections (e.1), (e.2) and (e.3) amount to
5 more than the per centum of total household income which is in
6 accord with the requirements of the Centers for Medicare and
7 Medicaid Services.

8 (g) The department shall:

9 (1) Administer the children's health care program pursuant
10 to this article.

11 (2) Review all bids and approve and execute all contracts
12 for the purpose of expanding access to health care services for
13 eligible children as provided for in this subdivision.

14 (3) Conduct monitoring and oversight of contracts entered
15 into.

16 (4) Issue an annual report to the Governor, the General
17 Assembly and the public for each calendar year no later than
18 March 1 outlining primary health services funded for the year,
19 detailing the outreach and enrollment efforts and reporting by
20 number of children by county and by per centum of the Federal
21 poverty level, the number of children receiving health care
22 services; by county and by per centum of the Federal poverty
23 level, the projected number of eligible children; and the number
24 of eligible children on waiting lists for enrollment in the
25 health insurance program established under this act by county
26 and by per centum of the Federal poverty level.

27 (5) In consultation with appropriate Commonwealth agencies,
28 coordinate the development and supervision of the outreach plan
29 required under section 2312.

30 (6) In consultation with appropriate Commonwealth agencies,
31 monitor, review and evaluate the adequacy, accessibility and
32 availability of services delivered to children who are enrolled
33 in the health insurance program established under this
34 subdivision.

35 (h) The department may promulgate regulations necessary for
36 the implementation and administration of this subdivision.

37 (i) The Children's Health Advisory Council is established
38 within the department as an advisory council. The following
39 shall apply:

40 (1) The council shall consist of fourteen voting members.
41 Members provided for in subparagraphs (iv), (v), (vi), (vii),
42 (viii), (x) and (xi) shall be appointed by the Insurance
43 Commissioner. The council shall be geographically balanced on a
44 Statewide basis and shall include:

45 (i) The Secretary of Health ex officio or a designee.

46 (ii) The Insurance Commissioner ex officio or a designee.

47 (iii) The Secretary of Public Welfare ex officio or a
48 designee.

49 (iv) A representative with experience in children's health
50 from a school of public health located in this Commonwealth.

51 (v) A physician with experience in children's health

1 appointed from a list of three qualified persons recommended by
2 the Pennsylvania Medical Society.

3 (vi) A representative of a children's hospital or a hospital
4 with a pediatric outpatient clinic appointed from a list of
5 three persons submitted by the Hospital Association of
6 Pennsylvania.

7 (vii) A parent of a child who receives primary health care
8 coverage from the fund.

9 (viii) A mid-level professional appointed from lists of
10 names recommended by Statewide associations representing mid-
11 level health professionals.

12 (ix) A senator appointed by the President pro tempore of the
13 Senate, a senator appointed by the minority leader of the
14 Senate, a representative appointed by the Speaker of the House
15 of Representatives and a representative appointed by the
16 minority leader of the House of Representatives.

17 (x) A representative from a private nonprofit foundation.

18 (xi) A representative of business who is not a contractor or
19 provider of primary health care insurance under this
20 subdivision.

21 (2) If any specified organization should cease to exist or
22 fail to make a recommendation within ninety (90) days of a
23 request to do so, the council shall specify a new equivalent
24 organization to fulfill the responsibilities of this section.

25 (3) The Insurance Commissioner shall chair the council. The
26 members of the council shall annually elect, by a majority vote
27 of the members, a vice chairperson from among the members of the
28 council.

29 (4) The presence of eight members shall constitute a quorum
30 for the transacting of any business. Any act by a majority of
31 the members present at any meeting at which there is a quorum
32 shall be deemed to be that of the council.

33 (5) All meetings of the council shall be conducted pursuant
34 to 65 Pa.C.S. Ch. 7 (relating to open meetings) unless otherwise
35 provided in this section. The council shall meet at least twice
36 per year and may provide for special meetings as it deems
37 necessary. Meeting dates shall be set by a majority vote of
38 members of the council or by call of the chairperson upon seven
39 (7) days' notice to all members. The council shall publish
40 notice of its meetings in the Pennsylvania Bulletin. Notice
41 shall specify the date, time and place of the meeting and shall
42 state that the council's meetings are open to the general
43 public. All action taken by the council shall be taken in open
44 public session and shall not be taken except upon a majority
45 vote of the members present at a meeting at which a quorum is
46 present.

47 (6) The members of the council shall not receive a salary or
48 per diem allowance for serving as members of the council but
49 shall be reimbursed for actual and necessary expenses incurred
50 in the performance of their duties.

51 (7) Terms of council members shall be as follows:

1 (i) The appointed members shall serve for a term of three
2 (3) years and shall continue to serve thereafter until their
3 successors are appointed.

4 (ii) An appointed member shall not be eligible to serve more
5 than two full consecutive terms of three (3) years. Vacancies
6 shall be filled in the same manner in which they were designated
7 within sixty (60) days of the vacancy.

8 (iii) An appointed member may be removed by the appointing
9 authority for just cause and by a vote of at least seven members
10 of the council.

11 (8) The council shall review outreach activities and may
12 make recommendations to the department.

13 (9) The council shall review and evaluate the accessibility
14 and availability of services delivered to children enrolled in
15 the program.

16 (j) The department shall solicit bids and award contracts
17 through a competitive procurement process pursuant to the
18 following:

19 (1) To the fullest extent practicable, contracts shall be
20 awarded to insurers that contract with providers to provide
21 primary care services for enrollees on a cost-effective basis.
22 The department shall require contractors to use appropriate
23 cost-management methods so that basic primary benefit services
24 can be provided to the maximum number of eligible children and,
25 whenever possible, to pursue and utilize available public and
26 private funds.

27 (2) To the fullest extent practicable, the department shall
28 require that any contractor comply with all procedures relating
29 to coordination of benefits as required by the department or the
30 Department of Public Welfare.

31 (3) Contracts may be for a term of up to three (3) years,
32 with the option to extend for two one-year periods.

33 (k) Upon receipt of a solicitation from the department, each
34 health service corporation and hospital plan corporation or
35 their entities doing business in this Commonwealth shall submit
36 a bid or proposal to the department to carry out the purposes of
37 this section in the area serviced by the corporation. All other
38 insurers may submit a bid or proposal to the department to carry
39 out the purposes of this section.

40 (l) A contractor with whom the department enters into a
41 contract shall do the following:

42 (1) Ensure to the maximum extent possible that eligible
43 children have access to primary health care physicians and nurse
44 practitioners within the contractor's service area.

45 (2) Contract with qualified, cost-effective providers, which
46 may include primary health care physicians, nurse practitioners,
47 clinics and health maintenance organizations, to provide primary
48 and preventive health care for enrollees on a basis best
49 calculated to manage the costs of the services, including, but
50 not limited to, using managed health care techniques and other
51 appropriate medical cost-management methods.

1 (3) Ensure that the family of a child who may be eligible
2 for medical assistance receives assistance in applying for
3 medical assistance.

4 (4) Maintain waiting lists of children financially eligible
5 for benefits who have applied for benefits but who were not
6 enrolled due to lack of funds.

7 (4.1) Notify families of children who are paying a premium
8 of any changes in such premium or copayment requirements.

9 (4.2) Collect such premiums or copayments from the family of
10 any child receiving benefits as may be required.

11 (4.3) Cancel policies for nonpayment of premium, in
12 accordance with all other applicable insurance laws.

13 (5) Strongly encourage all providers who provide primary
14 care to eligible children to participate in medical assistance
15 as qualified EPSDT providers and to continue to provide care to
16 children who become ineligible for coverage under the provisions
17 of this article but who qualify for medical assistance.

18 (6) Subject to any necessary Federal approval, provide the
19 following minimum benefit package for eligible children:

20 (i) Preventive care. This subparagraph includes well-child
21 care visits in accordance with the schedule established by the
22 American Academy of Pediatrics and the services related to those
23 visits, including, but not limited to, immunizations, health
24 education, tuberculosis testing and developmental screening in
25 accordance with routine schedule of well-child visits. Care
26 shall also include a comprehensive physical examination,
27 including X-rays if necessary, for any child exhibiting symptoms
28 of possible child abuse.

29 (ii) Diagnosis and treatment of illness or injury, including
30 all medically necessary services related to the diagnosis and
31 treatment of sickness and injury and other conditions provided
32 on an ambulatory basis, such as laboratory tests, wound dressing
33 and casting to immobilize fractures.

34 (iii) Injections and medications provided at the time of the
35 office visit or therapy and outpatient surgery performed in the
36 office, a hospital or freestanding ambulatory service center,
37 including anesthesia provided in conjunction with such service
38 or during emergency medical service.

39 (iv) Emergency accident and emergency medical care.

40 (v) Prescription drugs.

41 (vi) Emergency, preventive and routine dental care. This
42 subparagraph does not include orthodontia or cosmetic surgery.

43 (vii) Emergency, preventive and routine vision care,
44 including the cost of corrective lenses and frames, not to
45 exceed two prescriptions per year.

46 (viii) Emergency, preventive and routine hearing care.

47 (ix) Inpatient hospitalization up to ninety (90) days per
48 year for eligible children.

49 (6.1) The department shall implement a premium assistance
50 program permitted under Federal regulations and as permitted
51 through Federal waiver or State plan amendment made pursuant to

1 this article. Notwithstanding any other law to the contrary, in
2 the event it is more cost effective to purchase health care from
3 a parent's employer-based program and the employer-based program
4 meets the minimum coverage requirements, employer-based coverage
5 may be purchased in place of enrollment in the health insurance
6 program established under this subdivision. An insurer shall
7 honor a request for enrollment and purchase of employee group
8 health insurance requested on behalf of an individual applying
9 for coverage under this article if that individual:

- 10 (i) is a resident of this Commonwealth;
- 11 (ii) is qualified based on income under section 2311(d),
12 (e.1), (e.2) or (e.3); and
- 13 (iii) meets the citizenship requirements of section 2311(c)
14 (1.1)(iv).

15 (6.2) The department shall have the authority to review,
16 audit and approve annual administrative expenses incurred by
17 contractors pursuant to this section.

18 (7) Except for children covered under paragraph (6.1), each
19 contractor shall provide an insurance identification card to
20 each eligible child covered under contracts executed under this
21 article. The card must not specifically identify the holder as
22 low income.

23 (m) The department may grant a waiver of the minimum benefit
24 package of subsection (1)(6) upon demonstration by the applicant
25 that it is providing health care services for eligible children
26 that meet the purposes and intent of this section.

27 (n) After the first year of operation and periodically
28 thereafter, the department in consultation with appropriate
29 Commonwealth agencies shall review enrollment patterns for both
30 the free insurance program and the subsidized insurance program.
31 The department shall consider the relationship, if any, among
32 enrollment, enrollment fees, income levels and family
33 composition. Based on the results of this study and the
34 availability of funds, the department is authorized to adjust
35 the maximum income ceiling for free insurance and the maximum
36 income ceiling for subsidized insurance by regulation. In no
37 event, however, shall the maximum income ceiling for free
38 insurance be raised above two hundred per centum (200%) of the
39 Federal poverty level.

40 (o) Notwithstanding subsection (n), beginning January 1,
41 2007, and thereafter, and subject to the provisions of section
42 2314, the maximum income ceiling for subsidized insurance shall
43 not be raised above three hundred per centum (300%) of the
44 Federal poverty level.

45 Section 2312. Outreach.--(a) The department, in
46 consultation with appropriate Commonwealth agencies, shall
47 coordinate the development of an outreach plan to inform
48 potential contractors, providers and enrollees regarding
49 eligibility and available benefits. The plan shall include
50 provisions for reaching special populations, including nonwhite
51 and non-English-speaking children and children with

1 disabilities; for reaching different geographic areas, including
2 rural and inner-city areas; and for assuring that special
3 efforts are coordinated within the overall outreach activities
4 throughout this Commonwealth.

5 (b) The council shall review the outreach activities and
6 recommend changes as it deems in the best interests of the
7 children to be served.

8 Section 2313. Payor of Last Resort; Insurance Coverage.--The
9 contractor shall not pay any claim on behalf of an enrolled
10 child unless all other Federal, State, local or private
11 resources available to the child or the child's family are
12 utilized first. The department, in cooperation with the
13 Department of Public Welfare, shall determine if any other
14 insurance coverage is available to the child through a custodial
15 or noncustodial parent on an employment-related or other group
16 basis. If such insurance coverage is available, the child's
17 eligibility under section 2311 shall be reevaluated, as shall
18 the most cost-effective means of providing coverage for that
19 child.

20 Section 2314. State Plan.--The department, in cooperation
21 with the Department of Public Welfare, shall amend the State
22 plan as deemed necessary to carry out the provisions of this
23 article. The repeal of section 2311(e) and (f) and the expansion
24 of financial eligibility under section 2311(e.1), (e.2) and
25 (e.3) shall be contingent upon Federal approval.

26 (c) (Reserved).

27 (d) (Reserved).

28 (e) (Reserved).

29 (f) (Reserved).

30 (g) Miscellaneous Provisions.

31 Section 2361. Limitation on Expenditure of Funds.--In no
32 case shall the total amount of annual contract awards authorized
33 in subdivision (b) exceed the amount of cigarette tax receipts
34 annually deposited into the fund pursuant to section 1296 of the
35 act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform
36 Code of 1971," and any other Federal or State funds received
37 through the fund. The provision of children's health care
38 through the fund shall in no way constitute an entitlement
39 derived from the Commonwealth or a claim on any other funds of
40 the Commonwealth.

41 Section 2362. Expiration.--This article shall expire
42 December 31, 2015.]

43 Section 3. The act is amended by adding an article to read:

44 ARTICLE XXIII-A

45 COMPREHENSIVE HEALTH CARE

46 FOR UNINSURED CHILDREN

47 Section 2301-A. Definitions.

48 The following words and phrases when used in this article
49 shall have the meanings given to them in this section unless the
50 context clearly indicates otherwise:

51 "Child." An individual under 19 years of age.

1 "Contractor." An insurer awarded a contract under section
2 2304-A to provide health care services under this article. The
3 term includes an entity and an entity's subsidiary which is
4 established under this act, 40 Pa.C.S. Ch. 61 (relating to
5 hospital plan corporations) or 63 (relating to professional
6 health services plan corporations), or the act of December 29,
7 1972 (P.L.1701, No.364), known as the Health Maintenance
8 Organization Act.

9 "Council." The Children's Health Advisory Council
10 established in section 2303-A .

11 "Department." The Department of Human Services of the
12 Commonwealth.

13 "EPSDT." Early and periodic screening, diagnosis and
14 treatment.

15 "Express lane eligibility." A process which permits the use
16 of findings for eligibility factors, including income and
17 household size from an express lane partner administering a
18 government program.

19 "Express lane partner." An agency determining eligibility
20 for assistance for any of the following programs:

21 (1) Supplemental Nutrition Assistance Program (SNAP).

22 (2) Child care provided under the Child Care and
23 Development Block Grant Act of 1990 (Public Law 101-508, 42
24 U.S.C. § 9858 et seq.).

25 "Fund." The Children's Health Fund.

26 "Group." A group for which a health insurance policy is
27 written in this Commonwealth.

28 "Health service corporation." A professional health service
29 corporation as defined in section 2302-A.

30 "Healthy Beginnings Program." Medical assistance coverage
31 for services to children as required under Title XIX for the
32 following:

33 (1) Children from birth to one year of age whose family
34 income is not greater than 185% of the Federal poverty level.

35 (2) Children one through five years of age whose family
36 income is not greater than 133% of the Federal poverty level.

37 (3) Children 6 through 18 years of age whose family
38 income is not greater than 133% of the Federal poverty level.

39 "HMO." An entity organized and regulated under the Health
40 Maintenance Organization Act.

41 "Hospital." An institution having an organized medical staff
42 which is engaged primarily in providing to inpatients, by or
43 under the supervision of physicians, diagnostic and therapeutic
44 services for the care of injured, disabled, pregnant, diseased
45 or sick or mentally ill individuals. The term includes
46 facilities for the diagnosis and treatment of disorders within
47 the scope of specific medical specialties. The term does not
48 include facilities caring exclusively for the mentally ill.

49 "Hospital plan corporation." A hospital plan corporation as
50 defined in 40 Pa.C.S. § 6101 (relating to definitions).

51 "Insurer." A health insurance entity licensed in this

1 Commonwealth to issue any individual or group health, sickness
2 or accident policy or subscriber contract or certificate that
3 provides medical or health care coverage by a health care
4 facility or licensed health care provider that is offered or
5 governed under any of the following:

6 (1) This act.

7 (2) The Health Maintenance Organization Act.

8 (3) The act of May 18, 1976 (P.L.123, No.54), known as
9 the Individual Accident and Sickness Insurance Minimum
10 Standards Act.

11 (4) 40 Pa.C.S. Ch. 61 (relating to hospital plan
12 corporations) or 63 (relating to professional health services
13 plan corporations).

14 "Medicaid." The Federal medical assistance program
15 established under Title XIX.

16 "Medical assistance." The State program of medical
17 assistance established under the act of June 13, 1967 (P.L.31,
18 No.21), known as the Public Welfare Code.

19 "Mid-level health professional." A physician assistant,
20 certified registered nurse practitioner, nurse practitioner or
21 certified nurse midwife.

22 "Parent." A natural parent, stepparent, adoptive parent,
23 guardian or custodian of a child.

24 "Premium assistance program." A component of a separate
25 child health program, approved under the State plan, under which
26 the Commonwealth pays part or all of the premium for an enrollee
27 or enrollee's group health insurance coverage or coverage under
28 a group health plan.

29 "Prescription drug." A controlled substance, other drug or
30 device for medication dispensed by order of an appropriately
31 licensed medical professional.

32 "Secretary." The Secretary of Human Services of the
33 Commonwealth.

34 "Terminate." The term includes cancellation, nonrenewal and
35 rescission.

36 "Title XIX." Title XIX of the Social Security Act (49 Stat.
37 620, 42 U.S.C. § 301 et seq.).

38 "Title XXI." Title XXI of the Social Security Act.
39 Section 2302-A. Children's health care.

40 (a) Federal funds.--Notwithstanding any other provision of
41 law, the department shall ensure the receipt of Federal
42 financial participation under Title XXI for services provided
43 under this chapter.

44 (b) General care.--To ensure that inpatient hospital care is
45 provided to eligible children, each primary care provider
46 furnishing primary care services shall make necessary
47 arrangements for admission to the hospital and for necessary
48 specialty care.

49 (c) Enrollment.--Subject to the provisions of section 2304-
50 A, an insurer receiving funds from the department to provide
51 coverage of health care services under this section shall

1 enroll, to the extent that funds are available, any child who
2 meets all of the following:

3 (1) Is a resident of this Commonwealth.

4 (2) Is not:

5 (i) Covered by a health insurance plan.

6 (ii) Covered by a self-insurance plan.

7 (iii) Covered by a self-funded plan.

8 (iv) Provided access to health care coverage by
9 court order.

10 (v) Eligible for or covered by a medical assistance
11 program administered by the department, including the
12 Healthy Beginnings Program.

13 (3) Is qualified based on income under subsections (d)
14 and (e).

15 (4) Meets the citizenship requirements of Title XXI.

16 (d) Income levels.--The provision of health care insurance
17 for eligible children shall be in accordance with the following:

18 (1) Free to a child whose family income is no greater
19 than 200% of the Federal poverty level.

20 (2) May be subsidized by the fund at a rate not to
21 exceed 75% of the per member per month premium cost for a
22 child whose family income is greater than 200% of the Federal
23 poverty level but not greater than 250% of the Federal
24 poverty level.

25 (3) May be subsidized by the fund at a rate not to
26 exceed 65% of the per member per month premium cost for a
27 child whose family income is greater than 250% of the Federal
28 poverty level but not greater than 275% of the Federal
29 poverty level.

30 (4) May be subsidized by the fund at a rate not to
31 exceed 60% of the per member per month premium for a child
32 whose family income is greater than 275% of the Federal
33 poverty level but not greater than 300% of the Federal
34 poverty level.

35 (5) Notwithstanding paragraphs (1), (2), (3) and (4),
36 for purposes of determining cost sharing obligations of a
37 family with income levels specified under paragraphs (2), (3)
38 and (4), the per member per month premium shall exclude the
39 cost related to an assessment imposed on a contractor
40 relating to managed care organization assessments under the
41 act of June 13, 1967 (P.L.31, No.21), known as the Public
42 Welfare Code.

43 (e) Income exceeding limits.--The following apply:

44 (1) For an eligible child whose family income is greater
45 than the maximum level established under section 2304-A(h),
46 the family may purchase the minimum coverage package under
47 2304-A(e)(9) for that child at the per member per month
48 premium cost. The cost shall be derived separately from the
49 other eligibility categories in the program. The family may
50 purchase the minimum coverage package if the family
51 demonstrates on an annual basis and in a manner determined by

1 the department that the family is unable to afford individual
2 or group coverage because of one of the following reasons:

3 (i) The coverage would exceed 10% of the family
4 income.

5 (ii) The total cost of coverage for the child is
6 150% of the greater of:

7 (A) the premium cost established under this
8 subsection for that service area; or

9 (B) the premium cost established under the
10 program for that service area.

11 (2) For purposes of this subsection, the per member per
12 month premium cost shall exclude the cost related to the
13 managed care organization assessment imposed on a contractor
14 under the Public Welfare Code.

15 (3) For purposes of this subsection, the term "coverage"
16 may not include coverage offered through accident only, fixed
17 indemnity, limited benefit, credit, dental, vision, specified
18 disease, Medicare supplement, Civilian Health and Medical
19 Program of the Uniformed Services (CHAMPUS) supplement, long-
20 term care or disability income, workers' compensation or
21 automobile medical payment insurance.

22 (f) Powers and duties.--

23 (1) For enrollees under subsection (d) (2), (3) or (4) or
24 (e), the following apply:

25 (i) The department may impose copayments for the
26 following services, except as otherwise prohibited by
27 law:

28 (A) Outpatient visits.

29 (B) Emergency room visits.

30 (C) Prescription medications.

31 (D) Any other service defined by the department.

32 (ii) The department may establish and adjust the
33 levels of these copayments in order to impose reasonable
34 cost sharing and to encourage appropriate utilization of
35 these services. The premiums and copayments for enrollees
36 under subsection (d) (2), (3) or (4) may not amount to
37 more than the percent of total household income which is
38 in accordance with the requirements of the Centers for
39 Medicare and Medicaid Services.

40 (2) The department shall:

41 (i) Administer the children's health insurance
42 program in accordance with this chapter.

43 (ii) Review all bids and approve and execute all
44 contracts for the purpose of expanding access to health
45 care services for eligible children as provided for in
46 this article.

47 (iii) Conduct monitoring and oversight of contracts.

48 (iv) Issue an annual report to the Governor, the
49 General Assembly and the public for each calendar year no
50 later than March 1 of each year providing for the
51 following:

1 (A) The primary health services funded for the
2 year.

3 (B) The outreach and enrollment efforts and the
4 number of children by county and by percent of the
5 Federal poverty level who are receiving health care
6 services.

7 (C) The projected number of eligible children by
8 county and by percent of the Federal poverty level.

9 (D) The number of eligible children on waiting
10 lists for enrollment in the children's health
11 insurance program established under this article by
12 county and by percent of the Federal poverty level.

13 (E) The details of the department's efforts on
14 the implementation of express lane eligibility.

15 (v) In consultation with appropriate Commonwealth
16 agencies, coordinate the development and supervision of
17 the outreach plan required under section 2305-A.

18 (vi) In consultation with appropriate Commonwealth
19 agencies, monitor, review and evaluate the adequacy,
20 accessibility and availability of services delivered to
21 children who are enrolled in the children's health
22 insurance program established under this article.

23 (vii) Enter into arrangements, including memoranda
24 of understanding, with the Insurance Department and other
25 appropriate Federal or State agencies, as may be
26 necessary to carry out the department's duties under this
27 article.

28 (3) The department may promulgate regulations necessary
29 for the implementation and administration of this article.

30 Section 2303-A. Children's Health Advisory Council.

31 The Children's Health Advisory Council is established within
32 the department as an advisory council. The following apply:

33 (1) The council shall consist of 16 voting members.
34 Members provided for in subparagraphs (iv), (v), (vi), (vii),
35 (viii), (xiii), (xiv), (xv) and (xvi) shall be appointed by
36 the secretary. The council shall be geographically balanced
37 on a Statewide basis and shall include:

38 (i) The Secretary of Health ex officio or a
39 designee.

40 (ii) The Insurance Commissioner ex officio or a
41 designee.

42 (iii) The secretary ex officio or a designee.

43 (iv) A representative with experience in children's
44 health from a school of public health located in this
45 Commonwealth.

46 (v) A physician with experience in children's health
47 appointed from a list of three qualified persons
48 recommended by the Pennsylvania Medical Society.

49 (vi) A representative of a children's hospital or a
50 hospital with a pediatric outpatient clinic appointed
51 from a list of three persons submitted by the Hospital

1 Association of Pennsylvania.

2 (vii) A parent of a child who receives primary
3 health care coverage from the fund.

4 (viii) A mid-level professional appointed from lists
5 of names recommended by Statewide associations
6 representing mid-level health professionals.

7 (ix) A senator appointed by the President pro
8 tempore of the Senate.

9 (x) A senator appointed by the Minority Leader of
10 the Senate.

11 (xi) A representative appointed by the Speaker of
12 the House of Representatives.

13 (xii) A representative appointed by the Minority
14 Leader of the House of Representatives.

15 (xiii) A representative from a private nonprofit
16 foundation.

17 (xiv) A representative of business who is not a
18 contractor or provider of primary health care insurance
19 under this article.

20 (xv) A representative of a nonprofit business who is
21 a contractor or provider of primary health insurance
22 under this article.

23 (xvi) A representative of a for profit business who
24 is a contractor or provider of primary health insurance
25 under this article.

26 (2) If a specified organization ceases to exist or fails
27 to make a recommendation within 90 days of a request, the
28 council shall specify a new equivalent organization to
29 fulfill the responsibilities of this section.

30 (3) The secretary shall serve as chairperson of the
31 council. The members of the council shall annually elect, by
32 a majority vote of the members, a vice chairperson from among
33 the members of the council.

34 (4) The presence of nine members shall constitute a
35 quorum for the transacting of any business. An act by a
36 majority of the members present at a meeting at which there
37 is a quorum shall be deemed to be that of the council.

38 (5) All meetings of the council shall be conducted in
39 accordance with 65 Pa.C.S. Ch. 7 (relating to open meetings),
40 except as provided in this section. Meetings must be in
41 accordance with the following:

42 (i) The council shall meet at least twice per year
43 and may provide for special meetings as the council deems
44 necessary.

45 (ii) Meeting dates shall be set by a majority vote
46 of members of the council or by call of the chairperson
47 upon seven days' notice to all members.

48 (iii) The council shall publish notice of the
49 council's meetings in the Pennsylvania Bulletin. The
50 notice must specify the date, time and place of the
51 meeting and shall state that the council's meetings are

1 open to the general public.

2 (iv) All action taken by the council shall be taken
3 in open public session and may not be taken except upon a
4 majority vote of the members present at a meeting at
5 which a quorum is present.

6 (6) The members of the council may not receive a salary
7 or per diem allowance for serving as members of the council
8 but shall be reimbursed for actual and necessary expenses
9 incurred in the performance of the members' duties.

10 (7) Terms of council members shall be as follows:

11 (i) The appointed members shall serve for a term of
12 three years and shall continue to serve until a successor
13 is appointed.

14 (ii) An appointed member may not be eligible to
15 serve more than two full consecutive terms of three
16 years. Vacancies shall be filled in the same manner as
17 the original appointment within 60 days of the vacancy.

18 (iii) An appointed member may be removed by the
19 appointing authority for just cause and by a vote of at
20 least seven members of the council.

21 (8) The council shall review outreach activities and may
22 make recommendations to the department.

23 (9) The council shall review and evaluate the
24 accessibility and availability of services delivered to
25 children enrolled in the program.

26 Section 2304-A. Contracts and coverage packages.

27 (a) Paid from fund.--In addition to any other requirements
28 provided by law, the fund shall be operated in accordance with
29 the following:

30 (1) The fund must be dedicated exclusively for
31 distribution by the department through contracts in order to
32 provide free and subsidized health care services under this
33 article, based on an actuarially sound and adequate review,
34 and to develop and implement outreach activities required
35 under section 2305-A.

36 (2) The fund, along with Federal, State and other funds
37 available for the program, must be used for health care
38 coverage for children as specified in this article. The
39 department shall ensure that the program is implemented
40 Statewide.

41 (3) The department must award contracts paid from the
42 fund in accordance with the following:

43 (i) All contracts awarded under this subsection must
44 be awarded through a competitive procurement process. The
45 department and the Insurance Department must use their
46 best efforts to ensure that eligible children across this
47 Commonwealth have access to health care services to be
48 provided under this article.

49 (ii) No more than 10% of the amount of the contract
50 may be used for administrative expenses of the
51 contractor. If a contractor presents documented evidence

1 that administrative expenses for purposes of expanded
2 outreach and systems and operational changes are in
3 excess of 10% of the amount of the contract, the
4 department shall make an additional allotment of funds,
5 not to exceed 2% of the amount of the contract, to the
6 contractor to the extent that the department finds the
7 expenses reasonable and necessary.

8 (iii) At least 84% of the amount of the contract
9 shall be used to provide health care services for
10 children eligible for care under this article.

11 (iv) In determining the amount of the contract which
12 may be used for the purposes specified in subparagraphs
13 (ii) and (iii), any Federal and State taxes that would be
14 deducted from premium revenue in determining an issuer's
15 medical loss ratio under 45 CFR 158.221 (relating to
16 formula for calculating an issuer's medical loss ratio),
17 including a managed care organization assessment imposed
18 on a contractor under the act of June 13, 1967 (P.L.31,
19 No.21), known as the Public Welfare Code, shall be
20 excluded.

21 (b) Solicitation of contracts.--The department must solicit
22 bids and award contracts through a competitive procurement
23 process in accordance with the following:

24 (1) To the fullest extent practicable, contracts shall
25 be awarded to insurers that contract with providers to
26 provide primary care services for enrollees on a cost-
27 effective basis. The department shall require contractors to
28 use appropriate cost-management methods so that basic primary
29 coverage services can be provided to the maximum number of
30 eligible children and, if possible, to pursue and utilize
31 available public and private funds.

32 (2) To the fullest extent practicable, the department
33 must require that a contractor comply with all procedures
34 relating to coordination of health care services as required
35 by the department or the Insurance Department.

36 (3) Contracts may be for a term of up to three years,
37 with the option to extend for two one-year periods.

38 (c) Bidding.--Upon receipt of a solicitation from the
39 department, each health service corporation and hospital plan
40 corporation or their entities doing business in this
41 Commonwealth shall submit a bid or proposal to the department to
42 carry out the purposes of this article in the area serviced by
43 the corporation.

44 (d) Bidding by other insurers.--All other insurers may
45 submit a bid or proposal to the department to carry out the
46 purposes of this article.

47 (e) Duties of contractor.--A contractor with whom the
48 department enters into a contract shall do the following:

49 (1) Ensure to the maximum extent possible that eligible
50 children have access to primary health care physicians and
51 nurse practitioners within the contractor's service area.

1 (2) Contract with qualified, cost-effective providers,
2 which may include primary health care physicians, nurse
3 practitioners, clinics and HMOs, to provide primary and
4 preventive health care for enrollees on a basis best
5 calculated to manage the costs of the services, including,
6 but not limited to, using managed health care techniques and
7 other appropriate medical cost-management methods.

8 (3) Ensure that the family of a child who may be
9 eligible for medical assistance receives assistance in
10 applying for medical assistance.

11 (4) Maintain waiting lists of children financially
12 eligible for coverage who have applied for coverage but who
13 were not enrolled due to lack of funds.

14 (5) Notify families of children who are paying a premium
15 of any changes in such premium or copayment requirements.

16 (6) Collect premiums or copayments from the family of a
17 child receiving coverage as may be required.

18 (7) Cancel coverage for nonpayment of premium, in
19 accordance with all applicable insurance laws.

20 (8) Strongly encourage all providers who provide primary
21 care to eligible children to participate in medical
22 assistance as qualified EPSDT providers and to continue to
23 provide care to children who become ineligible for coverage
24 under the provisions of this article but who qualify for
25 medical assistance.

26 (9) Subject to any necessary Federal approval, provide
27 the following minimum coverage package, which may not
28 conflict with Federal law, regulation or guidance, for
29 eligible children:

30 (i) Preventive care. This subparagraph shall
31 include:

32 (A) Well-child care visits in accordance with
33 the schedule established by the American Academy of
34 Pediatrics and the services related to the visits,
35 including immunizations, health education,
36 tuberculosis testing and developmental screening in
37 accordance with the routine schedule of well-child
38 care visits.

39 (B) A comprehensive physical examination,
40 including X-rays if necessary, for any child
41 exhibiting symptoms of possible child abuse.

42 (ii) Diagnosis and treatment of illness or injury,
43 including all medically necessary services related to the
44 diagnosis and treatment of sickness and injury and other
45 conditions provided on an ambulatory basis, such as
46 laboratory tests, wound dressing and casting to
47 immobilize fractures.

48 (iii) Injections and medications provided at the
49 time of the office visit or therapy and outpatient
50 surgery performed in the office, a hospital or
51 freestanding ambulatory service center, including

1 anesthesia provided in conjunction with such service or
2 during emergency medical service.

3 (iv) Emergency accident and emergency medical care.

4 (v) Prescription drugs.

5 (vi) Emergency, preventive and routine dental care.

6 This subparagraph does not include orthodontia or
7 cosmetic surgery.

8 (vii) Emergency, preventive and routine vision care,
9 including the cost of corrective lenses and frames, not
10 to exceed two prescriptions per year.

11 (viii) Emergency, preventive and routine hearing
12 care.

13 (ix) Inpatient hospitalization.

14 (10) The department may implement a premium assistance
15 program permitted under Federal regulations and as permitted
16 through Federal waiver or State plan amendment made pursuant
17 to this article. Notwithstanding any other law to the
18 contrary, if it is more cost effective to purchase health
19 care from a parent's employer-based program and the employer-
20 based program meets the minimum coverage requirements,
21 employer-based coverage may be purchased in place of
22 enrollment in the children's health insurance program
23 established under this article. An insurer must honor a
24 request for enrollment and purchase of employee group health
25 insurance requested on behalf of an individual applying for
26 coverage under this chapter if the individual:

27 (i) is a resident of this Commonwealth;

28 (ii) is qualified based on income under section
29 2302-A; and

30 (iii) meets the citizenship requirements of section
31 2302-A(c)(1)(iv).

32 (11) The department shall have the authority to review,
33 audit and approve annual administrative expenses incurred by
34 contractors under this section.

35 (12) Except for children covered under paragraph (10),
36 each contractor shall provide a coverage identification card
37 to each eligible child covered under contracts executed under
38 this article. The card must not specifically identify the
39 holder as low income.

40 (f) Waiver of minimum.--The department may grant a waiver of
41 the minimum coverage package of subsection (e)(9) upon
42 demonstration by the applicant that the applicant is providing
43 health care services for eligible children that meet the
44 purposes and intent of this article.

45 (g) Review.--

46 (1) The department, in consultation with appropriate
47 Commonwealth agencies, shall review enrollment patterns for
48 both the free coverage program and the subsidized coverage
49 program. The department shall consider the relationship, if
50 any, among enrollment, enrollment fees, income levels and
51 family composition.

1 (2) Based on the results of this study and the
2 availability of funds, the department may adjust the maximum
3 income ceiling for free coverage and the maximum income
4 ceiling for subsidized coverage by regulation. The maximum
5 income ceiling for free coverage may not be raised above 200%
6 of the Federal poverty level.

7 (h) Limit.--Notwithstanding subsection (g) and subject to
8 section 2307-A, the maximum income ceiling for subsidized
9 coverage under section 2302-A(d) (2), (3) or (4) may not be
10 raised above 300% of the Federal poverty level.
11 Section 2305-A. Outreach.

12 (a) Plan.--The department, in consultation with appropriate
13 Commonwealth agencies, must coordinate the development of an
14 outreach plan to inform potential contractors, providers and
15 enrollees regarding eligibility and available coverage. The plan
16 must include provisions for all of the following:

17 (1) Reaching special populations, including nonwhite and
18 non-English-speaking children and children with disabilities.

19 (2) Reaching different geographic areas, including rural
20 and inner-city areas.

21 (3) Ensuring that special efforts are coordinated within
22 the overall outreach activities throughout this Commonwealth.

23 (4) Comparing children enrolled in child care provided
24 under the Child Care and Development Block Grant Act of 1990
25 (Public law 101-508, 42 U.S.C. § 9858 et seq.) or enrolled in
26 the Supplemental Nutrition Assistance Program in the
27 determination of a child's eligibility for coverage under
28 this article and implement express lane eligibility as
29 appropriate. The department is authorized to expand the
30 agencies identified as express lane partners by the issuance
31 of a statement of policy.

32 (5) Notice of the existence of and eligibility for the
33 program shall be prepared by the department and provided to
34 the Department of Education for dissemination to nonpublic
35 and public schools electronically, on an annual basis, not
36 later than August 15.

37 (b) Review.--The council shall review the outreach
38 activities and recommend changes as the council deems to be in
39 the best interests of the children to be served.

40 Section 2306-A. Payor of last resort and insurance coverage.

41 The contractor may not pay a claim on behalf of an enrolled
42 child unless all other Federal, State, local or private
43 resources available to the child or the child's family are
44 utilized first. The department, in cooperation with the
45 Insurance Department, shall determine if insurance coverage is
46 available to the child through a custodial or noncustodial
47 parent on an employment-related or other group basis. If
48 insurance coverage is available, the child's eligibility under
49 section 2302-A and the most cost-effective means of providing
50 coverage for that child must be reevaluated.

51 Section 2307-A. State plan.

1 The department may amend the State plan as necessary to carry
2 out the provisions of this article.

3 Section 2308-A. Limitation on expenditure of funds.

4 The total amount of annual contract awards authorized under
5 this article may not exceed the amount of cigarette tax receipts
6 annually deposited into the fund under section 1296 of the act
7 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
8 1971, and any other Federal or State funds received through the
9 fund. The provision of children's health care through the fund
10 may not constitute an entitlement derived from the Commonwealth
11 or a claim on any other funds of the Commonwealth.

12 Section 2309-A. Expiration.

13 (a) General rule.--This article shall expire on the earlier
14 of:

15 (1) December 31, 2017; or

16 (2) ninety days after the date on which Federal funding
17 for the program ceases to be available.

18 (b) Notice.--If the chapter expires under subsection (a)(2),
19 as determined by the department, the department shall transmit
20 notice to the Legislative Reference Bureau for publication in
21 the Pennsylvania Bulletin.

22 Section 4. The addition of Article XXIII-A of the act is a
23 continuation of former Article XXIII of the act.

24 The following apply:

25 (1) Except as otherwise provided in Article XXIII-A of
26 the act, all activities initiated under former Article XXIII
27 of the act shall continue and remain in full force and effect
28 and may be completed under Article XXIII-A. Orders,
29 regulations, rules and decisions which were made under former
30 Article XXIII and which are in effect on the effective date
31 of this section shall remain in full force and effect until
32 revoked, vacated or modified under Article XXIII-A .
33 Contracts and obligations entered into under former Article
34 XXIII are not affected nor impaired by the repeal of Article
35 XXIII.

36 (2) Except as set forth in paragraph (3), any difference
37 in language between Article XXIII-A and former Article XXIII
38 is intended only to conform to style and is not intended to
39 change or affect the legislative intent, judicial
40 construction or administration and implementation of former
41 Article XXIII.

42 (3) Paragraph (2) does not apply to the addition of the
43 following provisions:

44 (i) The change in the definition of "department" in
45 section 2301-A of the act.

46 (ii) The provisions for arrangements with other
47 agencies under section 2302-A(f)(2)(vii) of the act.

48 (iii) The expiration provision under section 2309-A
49 of the act.

50 (iv) The addition of paragraphs (d)(5) and (e)(3) of
51 section 2302-A of the act regarding the exclusion of

1 costs related to the managed care organization
2 assessments under the act of June 13, 1967 (P.L.31,
3 No.21), known as the Public Welfare Code.

4 (v) The addition of subparagraph (a)(3)(iv) of
5 section 2304-A of the act regarding the determination of
6 the amount of the contract.

7 (4) All entities receiving grants under former Article
8 XXIII on the effective date of this section shall continue to
9 receive funds and provide services as required under former
10 Article XXIII until notice from the Department of Human
11 Services is published in the Pennsylvania Bulletin.
12 Section 5. The addition of section 2007.1 of the act shall
13 apply to all policies issued or renewed on or after 180 days
14 after the effective date of this section.

15 Section 6. This act shall take effect as follows:

16 (1) The addition of section 635.7 of the act shall take
17 effect January 1, 2016.

18 (2) The remainder of this act shall take effect
19 immediately.