

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1460 Session of
2005

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TANGRETTI, THOMAS, TIGUE, WALKO, YOUNGBLOOD, YUDICHAK, MCGILL
AND RAYMOND, MAY 2, 2005

REFERRED TO COMMITTEE ON INSURANCE, MAY 2, 2005

AN ACT

1 Providing for a plan for workers health insurance; conferring
2 powers and duties upon the Insurance Department; establishing
3 the Workers Health Insurance Fund; and providing for civil
4 penalties.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Workers
9 Health Insurance Plan Act.

10 Section 2. Declaration of policy.

11 The General Assembly finds and declares as follows:

12 (1) Most uninsured Pennsylvanians, approximately 77%,
13 are members of working families.

14 (2) Families in this Commonwealth with incomes at or
15 below 200% of the Federal poverty level are much more likely
16 to be uninsured than families with incomes above 200% of the
17 Federal poverty level.

(3) The Commonwealth provides health insurance to low-income and moderate-income working parents and children through the Adult Basic Insurance Program and the Children's Health Insurance Program.

(4) Employers that fail to provide affordable health coverage for their employees and families burden public programs which have limited resources and contribute to the growth of the waiting list for the Adult Basic Insurance Program.

(5) The social and economic burden created by employers that fail to provide health coverage for their workers and dependents impacts upon other employers that subsidize the cost of the uninsured through higher premiums.

(6) It is in the public interest to assure that working Pennsylvanians and their families have health benefits through the expansion of employer-based health care coverage.

Section 3. Definitions.

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

"Class 1 employer." An employer that has at least 200 employees.

"Class 2 employer." An employer with at least 50 employees but less than 200 employees.

"Class 3 employer." An employer with less than 50 employees.

"Department." The Insurance Department of the Commonwealth.

"Employee." An individual who works for a person:

(1) in this Commonwealth;

(2) under the direction and control of the person;

(3) in return for compensation; and

(4) for at least 24 hours per week or 978 hours per year. The term does not include an individual who works as an independent contractor with control over everything but the basic purpose of the contract.

"Employer." A person that utilizes one or more employees to conduct business in this Commonwealth.

"Fund." The Workers Health Insurance Fund established in section 5 (relating to fund).

Section 4. Department.

The department has the following powers and duties:

(1) Utilize the fund under section 5(d) (relating to fund).

(2) Implement section 6 (relating to insurance plan).

(3) Implement section 7 (relating to participation).

(4) Seek penalties under section 8 (relating to penalties).

(5) Promulgate regulations to carry out this act.

(6) When sections 6 and 7 are implemented, transmit to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin notice of the implementation.

Section 5. Fund.

(a) Establishment.--The Workers Health Insurance Fund is established as a separate fund in the State Treasury.

(b) Purpose.--The purpose of the fund is to pay for basic health insurance for employees.

(c) Source.--The following are the sources of the fund:

(1) Appropriations.

(2) Fees under section 7(c) (relating to participation).

(3) Penalties under section 8 (relating to penalties).

(4) Transfers from other funds.

1 (5) Return on money in the fund.

2 (d) Use.--The department shall utilize the fund to do all of
3 the following:

4 (1) Purchase insurance under section 6 (relating to
5 insurance plan).

6 (2) Administer this act. In any fiscal year, no more
7 than 10% of the money in the fund may be used for
8 administration.

9 (e) Nonlapse.--The money in the fund is continuously
10 appropriated into the fund. This appropriation shall not lapse
11 at the end of any fiscal year.

12 Section 6. Insurance plan.

13 (a) Requirement.--The department shall negotiate one or more
14 contracts with insurers licensed under the act of May 17, 1921
15 (P.L.682, No.284), known as The Insurance Company Law of 1921,
16 to purchase the following coverages for employees:

17 (1) Coverage for individuals who are at least 18 years
18 of age. Coverage under this paragraph consists of:

19 (i) hospitalization;

20 (ii) physician services;

21 (iii) diagnostic tests;

22 (iv) maternity care; and

23 (v) rehabilitation and skilled care in lieu of
24 extended hospitalization.

25 (2) Coverage for individuals who are under 18 years of
26 age. Coverage under this paragraph consists of:

27 (i) immunization;

28 (ii) routine physician examinations;

29 (iii) diagnostic testing;

30 (iv) prescription drugs;

- (v) dental, vision and hearing services;
- (vi) emergency care;
- (vii) maternity care;
- (viii) mental health care, including partial hospitalization;
- (ix) hospitalization of up to 90 days in a single year;
- (x) durable medical equipment;
- (xi) substance abuse treatment;
- (xii) rehabilitation therapy; and
- (xiii) home health care.

(b) Consideration.--In negotiating a contract under subsection (a), the department shall consider all of the following:

- (1) Coverage provided.
- (2) Premiums, including deductibles.
- (3) Available money in the fund.

Section 7. Participation.

(a) Mandatory.--Except as set forth in subsection (c), the following apply:

- (1) A class 1 employer shall subscribe to the following:

- (i) Coverage under section 6(a)(1) (relating to insurance plan) for the employee.

- (ii) Coverage under section 6(a)(1) for the spouse of the employee. This paragraph does not apply if the employee provides written proof that the spouse is covered under other insurance equivalent or superior to that provided under section 6(a)(1).

- (iii) Coverage under section 6(a)(2) for children of the employee. This paragraph does not apply if the

1 employee provides written proof that the children are
2 covered under other insurance equivalent or superior to
3 that provided under section 6(a)(2).

4 (2) A class 2 employer shall subscribe to coverage under
5 section 6(a)(1) for the employee.

6 (b) Optional.--

7 (1) A class 2 employer may subscribe to the following:

8 (i) Coverage under section 6(a)(1) for the spouse of
9 the employee, at the option of the employee.

10 (ii) Coverage under section 6(a)(2) for the children
11 of the employee, at the option of the employee.

12 (2) A class 3 employer may subscribe to coverage under
13 section 6(a)(1) for individual employees.

14 (c) Exceptions.--Subsection (a) does not apply in the
15 following circumstances:

16 (1) The employer:

17 (i) Provides employee coverage at least equal to the
18 coverage required under subsection (a).

19 (ii) For an employee who, by income, is eligible for
20 participation in the adult basic coverage insurance
21 program under section 1303 of the act of June 26, 2001
22 (P.L.755, No.77), known as the Tobacco Settlement Act,
23 makes a contribution towards the coverage under
24 subparagraph (i) to insure that the employee's
25 contribution towards that coverage does not exceed 20% of
26 the employee's salary.

27 (2) The employer is subject to the Employee Retirement
28 Income Security Act of 1974 (Public Law 93-406, 88 Stat.
29 829).

30 (d) Fees.--The department shall, by regulation, set fees for

1 participation under this section. The fees shall be set so that
2 there is sufficient money in the fund to carry out section 5(d)
3 (relating to fund).

4 Section 8. Penalties.

5 An employer that intentionally, recklessly or negligently
6 fails to comply with section 7(a) (relating to participation) is
7 subject to a civil penalty in the amount of three times the
8 applicable participation fee under section 7(d).

9 Section 30. Effective date.

10 This act shall take effect as follows:

11 (1) This section shall take effect immediately.

12 (2) The following provisions shall take effect upon
13 publication of the notice under section 4(6):

14 (i) Section 7(a).

15 (ii) Section 8.

16 (3) The remainder of this act shall take effect in 60
17 days.