
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1

Session of
2009

INTRODUCED BY EACHUS, MAY 21, 2009

REFERRED TO COMMITTEE ON INSURANCE, MAY 21, 2009

AN ACT

1 Establishing the Expanded Adult Basic Coverage Insurance
2 Program; making appropriations; and making related repeals.

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9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 CHAPTER 1

12 PRELIMINARY PROVISIONS

13 Section 101. Short title.

14 This act shall be known and may be cited as the Expanded
15 Adult Basic Coverage Insurance Program Act.

16 Section 102. Definitions.

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

20 "Commissioner." The Insurance Commissioner of the
21 Commonwealth.

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

23 CHAPTER 3

24 PENNSYLVANIA EXPANDED ADULT BASIC COVERAGE INSURANCE PROGRAM

25 Section 301. Scope of chapter.

26 This chapter relates to offering health care coverage to
27 eligible adults.

28 Section 302. Definitions.

29 The following words and phrases when used in this chapter
30 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Behavioral health services." Mental health or substance
3 abuse services.

4 "Benefit package." Insurance coverage which provides the
5 benefits set forth under section 303(h) for eligible adults.

6 "Children's Health Insurance Program." The Children's Health
7 Care Program established under Article XXIII of the act of May
8 17, 1921 (P.L.682, No.284), known as The Insurance Company Law
9 of 1921.

10 "Chronic care and disease management." A model of health
11 care that manages chronic diseases in accordance with evidence-
12 based treatment guidelines and includes all of the following:

13 (1) Planned, regular interactions with caregivers to
14 systematically assess the patient's condition and guide
15 patient self-care to prevent exacerbation and complications
16 of the chronic illness.

17 (2) Support for the patient's role as self-manager
18 through education and continuing follow-up initiated by the
19 health care practice.

20 (3) Use of information systems to organize care and
21 monitor patient progress.

22 "Contractor." An insurer or other entity or its subsidiaries
23 awarded a contract to provide health care services under this
24 chapter.

25 "Eligible adult." A low-income adult who meets all of the
26 following:

27 (1) Legally resides within the United States.

28 (2) Is a resident of this Commonwealth at the time of
29 application to the program.

30 (3) Is not currently covered by a health insurance plan,

1 a self-insurance plan or a self-funded plan.

2 (4) Has not been covered by a health insurance plan, a
3 self-insurance plan or a self-funded plan during the six
4 months immediately preceding the determination of
5 eligibility, except if one of the following apply:

6 (i) The low-income adult is eligible to receive
7 benefits under the act of December 5, 1936 (2nd Sp.Sess.,
8 1937 P.L.2897, No.1), known as the Unemployment
9 Compensation Law.

10 (ii) The low-income adult was covered under a health
11 insurance plan, a self-insurance plan or a self-funded
12 plan, but, at the time of application for coverage, is no
13 longer employed and is ineligible to receive benefits
14 under the Unemployment Compensation Law.

15 (iii) The low-income adult lost coverage as a result
16 of divorce or separation from a covered individual or the
17 death of a covered individual.

18 (iv) The low-income adult lost coverage as a result
19 of a change in employment status of a covered individual
20 resulting in either of the exceptions set forth under
21 subparagraph (i) or (ii) and both the eligible adult and
22 the spouse are low-income adults and applying for
23 coverage.

24 (v) The low-income adult is transferring from
25 another government-subsidized health insurance program,
26 including a transfer that occurs as a result of failure
27 to meet income eligibility requirements.

28 (5) The low-income adult is ineligible to receive
29 continuous eligibility coverage under Title XIX or XXI of the
30 Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.),

1 except for benefits authorized under a waiver granted by the
2 United States Department of Health and Human Services to
3 implement the program.

4 (6) The low-income adult is ineligible for Medicare.

5 "Enrollee." An eligible adult who meets all the requirements
6 of this chapter and is enrolled in the Pennsylvania Expanded
7 Adult Basic Coverage Insurance Program.

8 "Health benefit plan." An insurance coverage plan that
9 provides the benefits set forth under section 303(h). The term
10 shall not include any of the following:

11 (1) An accident-only policy.

12 (2) A credit-only policy.

13 (3) A long-term care or disability income policy.

14 (4) A specified-disease policy.

15 (5) A Medicare supplement policy.

16 (6) A Civilian Health and Medical Program of the
17 Uniformed Services (CHAMPUS) supplement policy.

18 (7) A fixed-indemnity policy.

19 (8) A dental-only policy.

20 (9) A vision-only policy.

21 (10) A workers' compensation policy.

22 (11) An automobile medical payment policy under 75
23 Pa.C.S. (relating to vehicles).

24 (12) Other similar policies providing for limited
25 benefits.

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

30 "Hospital." A hospital as defined and licensed under the act

1 of July 19, 1979 (P.L.130, No.48), known as the Health Care
2 Facilities Act.

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

5 "Insurer." A company or health insurance entity licensed in
6 this Commonwealth to issue any individual or group health,
7 sickness or accident policy or subscriber contract or
8 certificate or plan that provides medical or health care
9 coverage by a health care facility or licensed health care
10 provider that is offered or governed under any of the following:

11 (1) The act of May 17, 1921 (P.L.682, No.284), known as
12 The Insurance Company Law of 1921.

13 (2) The act of December 29, 1972 (P.L.1701, No.364),
14 known as the Health Maintenance Organization Act.

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

18 (4) 40 Pa.C.S. Ch. 61 (relating to hospital plan
19 corporations) or 63 (relating to professional health services
20 plan corporations).

21 "Low-income adult." An individual who is at least 19 years
22 of age but less than 65 years of age and whose household income
23 is less than 200% of the Federal poverty level at the time of
24 eligibility determination.

25 "Medical assistance." The State program of medical
26 assistance established under the Act of June 13, 1967 (P.L.31,
27 No.21), known as the Public Welfare Code.

28 "Medicare." The Federal program established under Title
29 XVIII of the Social Security Act (49 Stat. 620, 42 U.S.C. § 1395
30 et seq.).

1 "Offeror." An insurer that submits a bid or proposal in
2 response to a solicitation issued under section 303(h).

3 "Pre-existing condition." A disease or physical condition
4 for which medical advice, diagnosis, care or treatment was
5 recommended or received prior to the effective date of coverage.

6 "Premium assistance program." A component of the
7 Pennsylvania Expanded Adult Basic Coverage Insurance Program,
8 approved under a State plan or approved waiver, under which the
9 Commonwealth pays part or all of the premium for an enrollee's
10 group health insurance or coverage under a group health plan.

11 "Prescription drug." A controlled substance, other drug or
12 device for medication dispensed by order of an appropriately
13 licensed medical professional.

14 "Professional health services plan corporation." A not-for-
15 profit corporation operating under the provisions of 40 Pa.C.S.
16 Ch. 63 (relating to professional health services plan
17 corporations).

18 "Program." The Pennsylvania Expanded Adult Basic Coverage
19 Insurance Program.

20 "Unemployment Compensation Law." The act of December 5, 1936
21 (1937 2nd Sp.Sess., P.L. 2897, No.1), known as the Unemployment
22 Compensation Law.

23 "Wait-list enrollee." An eligible adult who meets all the
24 requirements of this chapter who is not enrolled in the program
25 due to insufficient appropriations, but who individually
26 purchases the benefit package.

27 Section 303. Pennsylvania Expanded Adult Basic Coverage
28 Insurance Program.

29 (a) Program establishment.--There is established in the
30 department the Pennsylvania Expanded Adult Basic Coverage

1 Insurance Program. The program is contingent on, and shall not
2 be authorized without, sufficient Federal financial
3 participation to fund the program. Appropriations to the
4 department for the program shall be used for contracts to
5 provide basic health care insurance for eligible adults and
6 administration of outreach activities and for program operating
7 costs. The department shall, to the greatest extent practicable,
8 ensure that all eligible adults in this Commonwealth have access
9 to the program established in this section.

10 (b) Eligible adult responsibilities.--An eligible adult
11 seeking to purchase coverage under the program shall:

12 (1) Submit an application to the department or a
13 contractor.

14 (2) Pay to the department, or the contractor with whom
15 the eligible adult is to be enrolled, the amount of the
16 premium specified under this subsection. Except to the extent
17 that changes may be necessary to meet Federal requirements
18 under section 310, subsidies for the 2009-2010 fiscal year
19 shall result in the following premium amount based on
20 household income for a health benefit plan:

21 (i) For an enrollee whose household income is not
22 greater than 150% of the Federal poverty level, a monthly
23 premium of \$0.

24 (ii) For an enrollee whose household income is
25 greater than 150% but not greater than 175% of the
26 Federal poverty level, a monthly premium of \$40.

27 (iii) For an enrollee whose household income is
28 greater than 175% but not greater than 200% of the
29 Federal poverty level, a monthly premium of \$50.

30 (3) Be responsible for any required copayments for

1 health care services rendered under the benefit package in
2 subsection (h).

3 (4) Notify the department or the contractor with whom
4 the eligible adult is enrolled of any change in the eligible
5 adult's household income.

6 (c) Purchase of insurance.--An eligible adult's payment to
7 the department or the contractor with whom the eligible adult is
8 enrolled under subsection (b) (2) shall be used to purchase the
9 benefit package and shall be remitted so that it is received by
10 the department or the contractor before the first day of the
11 month for which coverage is provided. A grace period for
12 remittance shall be permitted as provided by Federal or State
13 law.

14 (d) Premium assistance program.--The department shall
15 implement a premium assistance program permitted under Federal
16 regulations and as permitted through a Federal waiver or State
17 plan amendment made under this chapter. Notwithstanding any
18 other law to the contrary, in the event that it is more cost-
19 effective to purchase health care from an enrollee's employer-
20 based program and the employer-based program provides, at a
21 minimum, the benefits package described in subsection (h) (8),
22 employer-based coverage may be purchased in place of enrollment
23 in the program established under this chapter. An insurer shall
24 honor a request for enrollment and purchase of employee group
25 health insurance requested on behalf of an enrollee.

26 (e) Waiting list.--The department shall maintain a waiting
27 list of eligible adults who have applied for coverage under the
28 program but who are not enrolled due to insufficient
29 appropriations. An eligible adult on the waiting list may
30 purchase the benefit package at the monthly per-member premium

1 cost negotiated by the department. The department shall create a
2 procedure to remove eligible adults from the waiting list and
3 enroll them in the program based upon available funding.

4 (f) Entitlements and claims.--Nothing in this chapter shall
5 constitute an entitlement derived from the Commonwealth or a
6 claim on any funds of the Commonwealth. The Department of Public
7 Welfare, in conjunction with the department, shall seek approval
8 of State plan amendments and revisions to Federal waivers as are
9 necessary to ensure that expenditures in the program shall not
10 exceed available funding.

11 (g) Department responsibilities.--The department shall work
12 in consultation and cooperation with other appropriate
13 Commonwealth agencies, including the Department of Public
14 Welfare, to carry out the functions of this chapter and shall:

15 (1) Administer the program on a Statewide basis.

16 (2) Enter into contracts for health care insurance for
17 the benefit package. Contracts may be awarded on a multiple-
18 award basis.

19 (3) (i) In order to effectuate the program promptly
20 upon receipt of all applicable waivers and approvals from
21 the Federal government, contracts as currently exist
22 under the Adult Basic Program or the Physical Health
23 Health Choices Program of the Department of Public
24 Welfare may be amended to provide benefits under the
25 program established in this section or may otherwise
26 procure services outside the competitive procurement
27 process.

28 (ii) This paragraph shall expire at the same time as
29 the contracts awarded under this section, but not later
30 than 18 months after the effective date of this section.

1 (4) Subject to Federal requirements, impose reasonable
2 cost-sharing arrangements establishing and adjusting
3 copayments to be incorporated into the program by
4 contractors, thereby encouraging appropriate use by
5 contractors of cost-effective health care providers who will
6 provide quality health care. Changes to copayments shall be
7 forwarded to the Legislative Reference Bureau for publication
8 as notices in the Pennsylvania Bulletin.

9 (5) Conduct monitoring, oversight and audits of executed
10 contracts for enforcement purposes.

11 (6) Ensure that the eligibility of enrollees receiving
12 subsidization of the benefit package is redetermined on an
13 annual basis.

14 (7) Monitor, review and evaluate each contractor's
15 benefit package for the adequacy, accessibility and
16 availability of the services required under subsection (h).

17 (8) Establish and coordinate development, implementation
18 and supervision of an outreach plan to ensure that all those
19 who may be eligible are aware of the program. The outreach
20 plan shall include provisions for:

21 (i) Reaching special populations, including nonwhite
22 and non-English speaking individuals and individuals with
23 disabilities.

24 (ii) Reaching different geographic areas, including
25 rural and inner-city areas.

26 (iii) Assuring that special efforts are coordinated
27 within the overall outreach activities throughout this
28 Commonwealth.

29 (iv) Allowing for the acceptance of applications at
30 county assistance offices operated by the Department of

1 Public Welfare.

2 (9) Prepare and submit, by March 1, 2010, and annually
3 thereafter, a report to the chairman and minority chairman of
4 the Banking and Insurance Committee of the Senate and to the
5 chairman and minority chairman of the Insurance Committee of
6 the House of Representatives regarding the number of eligible
7 adults purchasing coverage under the program with a
8 geographic distribution, the identity of the contractors, the
9 scope of the services being provided, the level of outreach,
10 the cost of the insurance and the amount an eligible adult
11 contributes toward the insurance, including any copayments
12 and adjustments to the premiums. The annual report shall be
13 made available for public inspection and posted on the
14 department's publicly accessible Internet website.

15 (10) Undertake efforts as are required to seek receipt
16 of and qualify for Federal financial participation.

17 (h) Solicitation.--The department shall solicit bids or
18 proposals for the program. The solicitation shall require an
19 offeror to assure that if selected as a contractor it will do
20 all of the following:

21 (1) Ensure that enrollees and wait-list enrollees have
22 access to qualified, cost-effective health care providers.

23 (2) Contract with qualified, cost-effective health care
24 providers, which shall include primary health care
25 physicians, certified registered nurse practitioners,
26 physician assistants, clinical nurse specialists, nurse-
27 midwives, clinics and health maintenance organizations, to
28 provide health care for organizations, to provide health care
29 for enrollees and wait-list enrollees in a manner that best
30 manages the costs of the services and utilizes other

1 appropriate medical cost-effective methods and in a manner
2 consistent with the provider's permitted scope of practice.

3 (3) Ensure that the individual applying for coverage is
4 an eligible adult. If a review of the individual's
5 application for coverage indicates that the individual is not
6 eligible for adult basic coverage insurance, but may be
7 eligible for medical assistance, the application for benefits
8 and all accompanying documentation shall be promptly
9 transmitted to the appropriate county assistance office for a
10 determination of eligibility for medical assistance or other
11 Federal, State and local resources available to the
12 individual.

13 (4) Not prohibit enrollment based upon a preexisting
14 condition nor exclude a diagnosis or treatment for the
15 condition based on the condition's preexistence.

16 (5) Provide an insurance identification card to each
17 enrollee or wait-list enrollee covered under a contract
18 executed under this section. The card shall not identify the
19 enrollee or wait-list enrollee as low income.

20 (6) Require each provider providing primary care
21 services under this section to make necessary arrangements
22 for admission to hospitals and for necessary specialty care.

23 (7) Not pay any claim on behalf of an enrollee or wait-
24 list enrollee unless all other Federal, State and local
25 resources are first utilized and utilize subrogation and
26 coordination of benefits processes so that the program is the
27 payor of last resort.

28 (8) Provide a benefit package to enrollees and wait-list
29 enrollees consistent with the scope and duration requirements
30 determined by the department. The Commonwealth may elect to

1 provide any benefit independently and outside the scope of
2 any contract entered into with any contractor to provide the
3 benefit package under the program. The benefit package
4 determined by the department may include any of the following
5 services:

6 (i) Preventive and wellness care.

7 (ii) Outpatient primary care and specialist
8 services.

9 (iii) Inpatient hospitalization.

10 (iv) Outpatient services.

11 (v) Emergency care.

12 (vi) Laboratory and radiology.

13 (vii) Clinic services.

14 (viii) Prescription drugs.

15 (ix) Diabetic medical supplies and equipment.

16 (x) Emergency dental care.

17 (xi) Maternity care.

18 (xii) Skilled nursing.

19 (xiii) Home health, palliative and hospice care.

20 (xiv) Chronic care and disease management.

21 (xv) Inpatient and outpatient behavioral health
22 services.

23 (i) Bids or proposals.--Each professional health service
24 plan corporation, hospital plan corporation, health maintenance
25 organization owned or controlled by a professional health
26 service plan corporation or a hospital plan corporation and each
27 entity that provides services under the Department of Public
28 Welfare's Physical Health HealthChoices Program shall be
29 required to submit a bid or proposal to the department to carry
30 out the purposes of this chapter. Each professional health

1 service plan corporation and hospital plan corporation, and
2 subsidiaries and affiliates doing business in this Commonwealth,
3 shall submit a bid or proposal to the department to carry out
4 the purposes of this section in the geographic area serviced by
5 that entity. Each health maintenance organization owned or
6 controlled by a health service plan corporation or hospital plan
7 corporation shall submit a bid or proposal with all eligible
8 licenses and certificates of authority under its control, in all
9 service zones in which it is licensed to do business in more
10 than 50% of the counties in that zone. The service zones shall
11 be determined by the department in consultation with the
12 Department of Health and the Department of Public Welfare. Each
13 entity that provides services under the Physical Health
14 HealthChoices Program of the Department of Public Welfare shall
15 submit a bid or proposal in all counties in which it provides
16 the services. All other insurers may submit a bid or proposal to
17 the department to carry out the purposes of this section.

18 (j) Reviewing, scoring and selecting bids or proposals.--The
19 department, in consultation with the Department of Public
20 Welfare, shall review and score bids or proposals on the basis
21 of all of the requirements for the program. The department may
22 include other criteria in the solicitation and in the scoring
23 and selection of the bids or proposals that the department, in
24 the exercise of its administrative duties under this section and
25 in consultation with the Department of Public Welfare, deems
26 necessary. The department shall:

27 (1) Select, to the greatest extent practicable, offerors
28 that contract with providers to provide health care services
29 on a cost-effective basis and that use appropriate cost-
30 management methods that enable the program to provide

1 coverage to the maximum number of eligible adults and that,
2 whenever possible, pursue and utilize available public and
3 private funds.

4 (2) Select, to the greatest extent practicable, only
5 offerors that comply with all procedures relating to
6 coordination of benefits as required by the department and
7 the Department of Public Welfare.

8 (3) Select offerors that limit administrative expenses
9 to no more than 10% of the amount of the contract. If a
10 contractor presents documented evidence that administrative
11 expenses for operational changes from the previous AdultBasic
12 Program to the program implemented under this act are in
13 excess of 10% of the amount of the contract, the department
14 shall make an additional allotment of funds, not to exceed 1%
15 of the amount of the contract, to the contractor to the
16 extent that the department finds the expenses reasonable and
17 necessary.

18 (k) Rates and negotiations.--Rates for the program shall be
19 approved annually by the department and may vary by region and
20 contractor. Rates shall be based on an actuarially sound and
21 adequate review. The department shall not negotiate a contract
22 for a period in excess of four years.

23 (l) Limitation.--In no case shall the total aggregate amount
24 of annual contracts entered into pursuant to this section exceed
25 the amount of the aggregate annual appropriations to the
26 department for the program.

27 Section 304. Duties of contractors.

28 A contractor that contracts with the department to provide a
29 health benefit plan to eligible adults:

30 (1) Shall process claims for the coverage.

1 (2) Shall implement copayment adjustments as soon as
2 practicable following publication in the Pennsylvania
3 Bulletin, but in no event more than 120 days following
4 publication.

5 (3) May not deny coverage to an eligible adult who has
6 been approved by the department to participate in the
7 program.

8 (4) Shall provide to the department all data, including
9 individual claims data, as the department determines is
10 necessary for use in performance measurement and program
11 improvement.

12 (5) Shall fulfill all requirements of any contract
13 issued to it pursuant to this section.

14 Section 305. Premiums and charges.

15 (a) Limitation on fees.--No eligible adult shall be assessed
16 a fee or other charge, other than those specified in this
17 chapter, as a requirement for participating in the program.

18 (b) Premium adjustment.--For each fiscal year beginning
19 after June 30, 2010, the department may adjust the premium
20 amounts under section 303(b)(2) to reflect changes in the cost
21 of medical services and shall forward notice of the new premium
22 amounts to the Legislative Reference Bureau for publication as a
23 notice in the Pennsylvania Bulletin.

24 (c) Copayment adjustment.--For each fiscal year beginning
25 after June 30, 2010, the department may adjust the copayment
26 amounts under section 303(b)(3) to reflect changes in the cost
27 of medical services and shall forward notice of the new premium
28 amounts to the Legislative Reference Bureau for publication as a
29 notice in the Pennsylvania Bulletin.

30 Section 306. Data matching.

1 (a) Covered adults.--All entities providing health insurance
2 or health care coverage within this Commonwealth shall, at least
3 once every month, provide the names, identifying information and
4 any additional information on coverage and benefits as the
5 department may specify for persons for whom the entities provide
6 insurance or coverage.

7 (b) Use of information.--The department shall use the
8 information obtained under subsection (a) to determine whether
9 another entity has primary liability for health care claims paid
10 by the program. If a determination is made that the enrollee or
11 wait-list enrollee has other health care coverage, the
12 eligibility of the enrollee or wait-list enrollee shall be
13 reevaluated, as shall the most cost-effective means of providing
14 coverage for that enrollee or wait-list enrollee.

15 Section 307. Information sharing.

16 Notwithstanding any provision of law to the contrary, the
17 program and other departments or programs of the Commonwealth
18 with information relating to the eligibility of individuals for
19 a Commonwealth program, shall share the information with each
20 other for purposes of determining and coordinating eligibility
21 for any State program. Those departments and programs include,
22 but are not limited to, the Department of Revenue, the
23 Department of Labor and Industry, the Department of Public
24 Welfare, the Children's Health Insurance Program and the
25 program. The information shall be confidential, shall be exempt
26 from disclosure under the act of February 14, 2008 (P.L.6,
27 No.3), known as the Right-to-Know Law, and may not be subject to
28 subpoena and may not be made public by any department or
29 program, except that it may be disclosed to another Commonwealth
30 agency or law enforcement official of the Federal or State

1 government at any time so long as the agency or office receiving
2 the information agrees in writing to hold it confidential and in
3 a manner consistent with this act. No individual who receives
4 information while acting under the authority of this act shall
5 be permitted or required to testify in a private civil or other
6 action concerning the information subject to this section.

7 Section 308. Regulations.

8 The department may promulgate regulations for the
9 implementation and administration of the program. Until final
10 regulations are adopted, the department shall operate the
11 program under interim guidelines consistent with this chapter.

12 Section 309. Funding.

13 (a) Funding contingency for subsidization.--Subsidization of
14 premiums and copayments paid under subsection (b) is contingent
15 upon the amount of the funding available to the program and the
16 Federal poverty levels approved by the Federal waiver or State
17 plan amendments granted under section 310, and is limited to
18 eligible adults who are in compliance with the requirements
19 under this chapter.

20 (b) Use of funding.--Funding shall be used by the department
21 to pay the difference between the total monthly cost of the
22 health benefit plan and the premium payments and copayments by
23 the eligible adult and for administration and outreach
24 activities required under subsection 303(f).

25 Section 310. Federal waivers or State plan amendments.

26 (a) Application for waivers or amendments.--The Department
27 of Public Welfare, in cooperation with the department, shall
28 apply for all applicable waivers from the Federal Government and
29 shall seek approval to amend the State plan under Title XIX of
30 the Social Security Act (49 Stat. 620, 42 U.S.C. § 1396 et seq.)

1 as necessary to carry out the provisions of this chapter.

2 (b) Notice of approval.--If the Department of Public Welfare
3 receives approval of a waiver or approval of a State plan
4 amendment, it shall notify the department and shall transmit
5 notice of the waiver or State plan amendment approvals to the
6 Legislative Reference Bureau for publication as a notice in the
7 Pennsylvania Bulletin.

8 (c) Program changes.--The department is authorized to change
9 the benefits under section 303(h), the premium amounts payable
10 under section 303(b) and any eligibility requirements under this
11 chapter in order for the program to meet Federal requirements.
12 Section 311. Federal funds.

13 Notwithstanding any other provision of law, the Department of
14 Public Welfare, in cooperation with the department, shall do all
15 of the following:

16 (1) Seek the receipt of Federal financial participation
17 under Title XIX of the Social Security Act (49 Stat. 620, 42
18 U.S.C. § 1396 et seq.) for coverage and services provided
19 under this article.

20 (2) Qualify for available Federal financial
21 participation under Title XIX of the Social Security Act.
22 Section 312. Federal programs.

23 If the Federal Government enacts programs similar to the
24 program, the program shall be construed to only supplement the
25 Federal programs; and adults qualified for coverage under the
26 Federal program shall utilize that Federal program before
27 utilizing the program.

28 Section 313. Establishment.

29 There is established within the State Treasury a special fund
30 to be known as the Pennsylvania Expanded Adult Basic Coverage

1 Insurance Program Fund.

2 Section 314. Deposits into fund and appropriation.

3 (a) Health Care Provider Retention Account.--On the
4 effective date of this section, the sum of \$362,000,000 shall be
5 transferred from the Health Care Provider Retention Account to
6 the Pennsylvania Expanded Adult Basic Coverage Insurance Program
7 Fund.

8 (b) Tobacco Settlement Act.--Notwithstanding section
9 5101(b), funds appropriated under section 306(b)(1)(vi) of the
10 act of June 26, 2001 (P.L.755, No.77), known as the Tobacco
11 Settlement Act, for the program established in former Chapter 13
12 of that act, shall be deposited into the Pennsylvania Expanded
13 Adult Basic Coverage Insurance Program Fund.

14 (c) Premium tax.--Commencing with calendar years beginning
15 after December 31, 2010, every hospital plan corporation and
16 professional health service plan corporation operating in this
17 Commonwealth shall pay the tax on gross premiums payable under
18 Article IX of the act of March 4, 1971 (P.L.6, No.2), known as
19 the Tax Reform Code of 1971. The tax payable in calendar year
20 2011 shall be for gross premiums received in calendar year 2010.
21 Notwithstanding the provisions of any law to the contrary, the
22 sums received by the Commonwealth as a result of this tax shall
23 be deposited into the Pennsylvania Expanded Adult Basic Coverage
24 Insurance Program Fund. This subsection shall not be effective
25 if the Agreement on Community Health Reinvestment entered into
26 February 2, 2005, by the department and Capital BlueCross,
27 Highmark, Inc., Hospital Service Association of Northeastern
28 Pennsylvania and Independence Blue Cross and published in the
29 Pennsylvania Bulletin at 35 Pa.B. 4155 (July 23, 2005) is
30 extended or otherwise renegotiated to continue, at least, at the

1 level of Annual Community Health Reinvestment contributed under
2 that agreement. In that event, the sums received by the
3 Commonwealth shall be deposited into the Pennsylvania Expanded
4 Adult Basic Coverage Insurance Program Fund.

5 (d) Appropriation.--Money in the Pennsylvania Expanded Adult
6 Basic Coverage Insurance Program Fund is appropriated, upon
7 approval of the Governor, for health care coverage and services
8 under this chapter.

9 CHAPTER 51

10 MISCELLANEOUS PROVISIONS

11 Section 5101. Repeals.

12 (a) Declaration of policy.--The General Assembly declares
13 that the repeal under subsection (b) is necessary to effectuate
14 this act.

15 (b) Specific.--Chapter 13 of the act of June 26, 2001
16 (P.L.755, No.77), known as the Tobacco Settlement Act, is
17 repealed.

18 (c) Inconsistent.--All acts and parts of acts are repealed
19 insofar as they are inconsistent with this act.

20 Section 5102. Effective date.

21 This act shall take effect in 90 days.