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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1 Session of  
2009

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INTRODUCED BY EACHUS, DeLUCA, DeWEESE, BISHOP, BRIGGS,  
CALTAGIRONE, DALEY, DONATUCCI, FRANKEL, GIBBONS, GRUCELLA,  
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READSHAW, SANTARSIERO, SEIP, SIPTROTH, SOLOBAY AND STABACK,  
MAY 21, 2009

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REFERRED TO COMMITTEE ON INSURANCE, MAY 21, 2009

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AN ACT

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

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11 The General Assembly of the Commonwealth of Pennsylvania  
12 hereby enacts as follows:

13 CHAPTER 1

14 PRELIMINARY PROVISIONS

15 Section 101. Short title.

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

18 Section 102. Definitions.

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

22 "Commissioner." The Insurance Commissioner of the  
23 Commonwealth.

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

25 CHAPTER 3

26 PENNSYLVANIA EXPANDED ADULT BASIC COVERAGE INSURANCE PROGRAM

27 Section 301. Scope of chapter.

28 This chapter relates to offering health care coverage to  
29 eligible adults.

30 Section 302. Definitions.

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

4 "Behavioral health services." Mental health or substance  
5 abuse services.

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

8 "Children's Health Insurance Program." The Children's Health  
9 Care Program established under Article XXIII of the act of May  
10 17, 1921 (P.L.682, No.284), known as The Insurance Company Law  
11 of 1921.

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

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

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

22 (3) Use of information systems to organize care and  
23 monitor patient progress.

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

27 "Eligible adult." A low-income adult who meets all of the  
28 following:

29 (1) Legally resides within the United States.

30 (2) Is a resident of this Commonwealth at the time of

1 application to the program.

2 (3) Is not currently covered by a health insurance plan,  
3 a self-insurance plan or a self-funded plan.

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

8 (i) The low-income adult is eligible to receive  
9 benefits under the act of December 5, 1936 (2nd Sp.Sess.,  
10 1937 P.L.2897, No.1), known as the Unemployment  
11 Compensation Law.

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

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

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

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

30 (5) The low-income adult is ineligible to receive

1 continuous eligibility coverage under Title XIX or XXI of the  
2 Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.),  
3 except for benefits authorized under a waiver granted by the  
4 United States Department of Health and Human Services to  
5 implement the program.

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

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

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

13 (1) An accident-only policy.

14 (2) A credit-only policy.

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

16 (4) A specified-disease policy.

17 (5) A Medicare supplement policy.

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

20 (7) A fixed-indemnity policy.

21 (8) A dental-only policy.

22 (9) A vision-only policy.

23 (10) A workers' compensation policy.

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

26 (12) Other similar policies providing for limited  
27 benefits.

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

1 Act.

2 "Hospital." A hospital as defined and licensed under the act  
3 of July 19, 1979 (P.L.130, No.48), known as the Health Care  
4 Facilities Act.

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

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

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

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

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

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

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

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

30 "Medicare." The Federal program established under Title

1 XVIII of the Social Security Act (49 Stat. 620, 42 U.S.C. § 1395  
2 et seq.).

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

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

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

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

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

20 "Program." The Pennsylvania Expanded Adult Basic Coverage  
21 Insurance Program.

22 "Unemployment Compensation Law." The act of December 5, 1936  
23 (1937 2nd Sp.Sess., P.L.2897, No.1), known as the Unemployment  
24 Compensation Law.

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

29 Section 303. Pennsylvania Expanded Adult Basic Coverage  
30 Insurance Program.

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

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

14 (1) Submit an application to the department or a  
15 contractor.

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

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

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

29 (iii) For an enrollee whose household income is  
30 greater than 175% but not greater than 200% of the



1 Federal poverty level, a monthly premium of \$50.

2 (3) Be responsible for any required copayments for  
3 health care services rendered under the benefit package in  
4 subsection (h).

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

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

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

28 (e) Waiting list.--The department shall maintain a waiting  
29 list of eligible adults who have applied for coverage under the  
30 program but who are not enrolled due to insufficient

1 appropriations. An eligible adult on the waiting list may  
2 purchase the benefit package at the monthly per-member premium  
3 cost negotiated by the department. The department shall create a  
4 procedure to remove eligible adults from the waiting list and  
5 enroll them in the program based upon available funding.

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

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

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

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

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

30 (ii) This paragraph shall expire at the same time as

1 the contracts awarded under this section, but not later  
2 than 18 months after the effective date of this section.

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

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

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

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

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

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

26 (ii) Reaching different geographic areas, including  
27 rural and inner-city areas.

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

1 (iv) Allowing for the acceptance of applications at  
2 county assistance offices operated by the Department of  
3 Public Welfare.

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

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

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

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

25 (2) Contract with qualified, cost-effective health care  
26 providers, which shall include primary health care  
27 physicians, certified registered nurse practitioners,  
28 physician assistants, clinical nurse specialists, nurse-  
29 midwives, clinics and health maintenance organizations, to  
30 provide health care for organizations, to provide health care

1 for enrollees and wait-list enrollees in a manner that best  
2 manages the costs of the services and utilizes other  
3 appropriate medical cost-effective methods and in a manner  
4 consistent with the provider's permitted scope of practice.

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

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

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

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

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

30 (8) Provide a benefit package to enrollees and wait-list

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

8 (i) Preventive and wellness care.

9 (ii) Outpatient primary care and specialist  
10 services.

11 (iii) Inpatient hospitalization.

12 (iv) Outpatient services.

13 (v) Emergency care.

14 (vi) Laboratory and radiology.

15 (vii) Clinic services.

16 (viii) Prescription drugs.

17 (ix) Diabetic medical supplies and equipment.

18 (x) Emergency dental care.

19 (xi) Maternity care.

20 (xii) Skilled nursing.

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

22 (xiv) Chronic care and disease management.

23 (xv) Inpatient and outpatient behavioral health  
24 services.

25 (i) Bids or proposals.--Each professional health service  
26 plan corporation, hospital plan corporation, health maintenance  
27 organization owned or controlled by a professional health  
28 service plan corporation or a hospital plan corporation and each  
29 entity that provides services under the Department of Public  
30 Welfare's Physical Health HealthChoices Program shall be

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

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

29 (1) Select, to the greatest extent practicable, offerors  
30 that contract with providers to provide health care services

1 on a cost-effective basis and that use appropriate cost-  
2 management methods that enable the program to provide  
3 coverage to the maximum number of eligible adults and that,  
4 whenever possible, pursue and utilize available public and  
5 private funds.

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

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

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

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

29 Section 304. Duties of contractors.

30 A contractor that contracts with the department to provide a



1 health benefit plan to eligible adults:

2 (1) Shall process claims for the coverage.

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

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

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

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

16 Section 305. Premiums and charges.

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

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

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

1 notice in the Pennsylvania Bulletin.

2 Section 306. Data matching.

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

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

17 Section 307. Information sharing.

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

1 program, except that it may be disclosed to another Commonwealth  
2 agency or law enforcement official of the Federal or State  
3 government at any time so long as the agency or office receiving  
4 the information agrees in writing to hold it confidential and in  
5 a manner consistent with this act. No individual who receives  
6 information while acting under the authority of this act shall  
7 be permitted or required to testify in a private civil or other  
8 action concerning the information subject to this section.

9 Section 308. Regulations.

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

14 Section 309. Funding.

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

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

27 Section 310. Federal waivers or State plan amendments.

28 (a) Application for waivers or amendments.--The Department  
29 of Public Welfare, in cooperation with the department, shall  
30 apply for all applicable waivers from the Federal Government and

1 shall seek approval to amend the State plan under Title XIX of  
2 the Social Security Act (49 Stat. 620, 42 U.S.C. § 1396 et seq.)  
3 as necessary to carry out the provisions of this chapter.

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

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

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

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

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

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

30 Section 313. Establishment.

1       There is established within the State Treasury a special fund  
2 to be known as the Pennsylvania Expanded Adult Basic Coverage  
3 Insurance Program Fund.

4 Section 314. Deposits into fund and appropriation.

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

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

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

1 Pennsylvania Bulletin at 35 Pa.B. 4155 (July 23, 2005) is  
2 extended or otherwise renegotiated to continue, at least, at the  
3 level of Annual Community Health Reinvestment contributed under  
4 that agreement. In that event, the sums received by the  
5 Commonwealth shall be deposited into the Pennsylvania Expanded  
6 Adult Basic Coverage Insurance Program Fund.

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

11 CHAPTER 51

12 MISCELLANEOUS PROVISIONS

13 Section 5101. Repeals.

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

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

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

22 Section 5102. Effective date.

23 This act shall take effect in 90 days.