

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 960 Session of 2011

INTRODUCED BY GINGRICH, AUMENT, BAKER, BARRAR, BEAR, BENNINGHOFF, BOBACK, BOYD, BROOKS, CAUSER, CLYMER, D. COSTA, CREIGHTON, CUTLER, DENLINGER, ELLIS, EVANKOVICH, EVERETT, FLECK, GABLER, GEIST, GIBBONS, GILLEN, GILLESPIE, GODSHALL, GOODMAN, GRELL, GROVE, HAHN, HALUSKA, HARHART, HARPER, HARRIS, HEFFLEY, HESS, HICKERNELL, HUTCHINSON, KAUFFMAN, M. K. KELLER, KNOWLES, KORTZ, KRIEGER, LAWRENCE, MAJOR, MARSHALL, MARSICO, MASSER, METCALFE, MILLARD, MILLER, MILNE, MOUL, MURT, MUSTIO, OBERLANDER, O'NEILL, PAYNE, PERRY, PETRI, PICKETT, PYLE, QUIGLEY, QUINN, RAPP, READSHAW, REED, REICHLEY, ROAE, ROCK, ROSS, SAYLOR, SCAVELLO, SCHRODER, K. SMITH, SONNEY, STERN, STEVENSON, STURLA, SWANGER, TALLMAN, TOBASH, TOEPEL, TOOHIL, VULAKOVICH, WATSON, ADOLPH, FARRY, DELOZIER, MALONEY, STEPHENS AND CALTAGIRONE, MARCH 7, 2011

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, JUNE 29, 2011

AN ACT

1 Amending the act of June 13, 1967 (P.L.31, No.21), entitled "An
2 act to consolidate, editorially revise, and codify the public
3 welfare laws of the Commonwealth," providing for fraud
4 detection system and, for income eligibility verification
5 system AND FOR INMATE MEDICAL COSTS. IN PUBLIC ASSISTANCE,
6 ADDING DEFINITIONS; PROVIDING FOR FRAUD DETECTION SYSTEM, FOR
7 ADMINISTRATION OF ASSISTANCE PROGRAMS AND FOR COPAYMENTS FOR
8 SUBSIDIZED CHILD CARE; FURTHER PROVIDING FOR DETERMINATION OF
9 ELIGIBILITY; PROVIDING FOR VERIFICATION SYSTEM AND FOR
10 ELIGIBILITY FOR PERSONS WITH DRUG-RELATED FELONIES; FURTHER
11 PROVIDING FOR PERSONS ELIGIBLE FOR MEDICAL ASSISTANCE, FOR
12 MEDICAL ASSISTANCE PAYMENTS FOR INSTITUTIONAL CARE, FOR
13 REIMBURSEMENT FOR CERTAIN MEDICAL ASSISTANCE ITEMS AND
14 SERVICES, FOR PAYMENTS FOR READMISSIONS TO A HOSPITAL PAID
15 THROUGH DIAGNOSIS-RELATED GROUPS AND FOR MEDICAL ASSISTANCE
16 BENEFIT PACKAGES, COVERAGE, COPAYMENTS, PREMIUMS AND RATES;
17 IN STATEWIDE QUALITY CARE ASSESSMENT, FURTHER PROVIDING FOR
18 THE DEFINITION OF "NET PATIENT REVENUE," FOR IMPLEMENTATION,
19 FOR CALCULATION AND NOTICE OF ASSESSMENTS UNDER CERTAIN
20 CONDITIONS, FOR RESTRICTED ACCOUNT LIMITATIONS AND FOR
21 CONDITIONS FOR CERTAIN PAYMENTS; AND PROVIDING FOR INMATE



1 MEDICAL COSTS.

2 The General Assembly of the Commonwealth of Pennsylvania  
3 hereby enacts as follows:

4 ~~Section 1. The act of June 13, 1967 (P.L.31, No.21), known~~ ←  
5 ~~as the Public Welfare Code, is amended by adding sections to~~  
6 ~~read:~~

7 ~~Section 422.1. Fraud Detection System. Within six months of~~  
8 ~~the effective date of this section, the department shall~~  
9 ~~establish uniform procedures for each county to use to identify,~~  
10 ~~investigate and resolve potential cases of fraud,~~  
11 ~~misrepresentation or inadequate documentation prior to~~  
12 ~~determining an applicant's eligibility for assistance. The~~  
13 ~~procedures shall ensure that every case is reviewed. Each review~~ ←  
14 ~~shall include utilization of APPLY TO ALL APPLICANTS AND~~ ←  
15 ~~RECIPIENTS OF ASSISTANCE. PROCEDURES SHALL UTILIZE the income~~  
16 ~~eligibility verification system established in section 432.23.~~

17 ~~Section 432.23. Income Eligibility Verification System. (a)~~ ←  
18 ~~The department shall establish a computerized income eligibility~~  
19 ~~verification system in order to verify eligibility, eliminate~~ ←  
20 ~~duplication of assistance and deter fraud. Prior to awarding~~  
21 ~~assistance under section 432.2(b) or continuing assistance under~~  
22 ~~section 432.2(c), the department shall match the social security~~  
23 ~~number of each applicant and recipient with the following:~~

24 ~~(1) Unearned income information maintained by the Internal~~  
25 ~~Revenue Service.~~

26 ~~(2) Employer quarterly reports of income and unemployment~~  
27 ~~insurance benefit payment information maintained by the State~~  
28 ~~Wage Information Collection Agency.~~

29 ~~(3) Earned income information maintained by the Social~~  
30 ~~Security Administration.~~

- 1 ~~(4) Immigration status information maintained by the~~  
2 ~~Citizenship and Immigration Services.~~
- 3 ~~(5) Death register information maintained by the Social~~  
4 ~~Security Administration.~~
- 5 ~~(6) Prisoner information maintained by the Social Security~~  
6 ~~Administration.~~
- 7 ~~(7) Public housing and section 8 payment information~~  
8 ~~maintained by the Department of Housing and Urban Development.~~
- 9 ~~(8) National fleeing felon information maintained by the~~  
10 ~~Federal Bureau of Investigation.~~
- 11 ~~(9) Wage reporting and similar information maintained by~~  
12 ~~states contiguous to this Commonwealth.~~
- 13 ~~(10) Beneficiary Data Exchange (BENDEX) Title II database~~  
14 ~~maintained by the Social Security Administration.~~
- 15 ~~(11) Beneficiary Earnings Exchange Report (BEER) database~~  
16 ~~maintained by the Social Security Administration.~~
- 17 ~~(12) State New Hire database maintained by the Commonwealth.~~
- 18 ~~(13) National New Hire database maintained by the Federal~~  
19 ~~Government.~~
- 20 ~~(14) State Data Exchange (SDX) database maintained by the~~  
21 ~~Social Security Administration.~~
- 22 ~~(15) Veterans Benefits and Veterans Medical (PARIS)~~  
23 ~~maintained by the Department of Veterans Affairs with~~  
24 ~~coordination through the Department of Health and Human~~  
25 ~~Services.~~
- 26 ~~(16) Day care subsidy payments maintained by the~~  
27 ~~Commonwealth.~~
- 28 ~~(17) Low Income Energy Assistance Program Reporting Utility~~  
29 ~~Expenses maintained by the Commonwealth.~~
- 30 ~~(18) A database which is substantially similar to or a~~

1 ~~successor of a database set forth in this subsection.~~

2 ~~(19) The database of all persons who currently hold a~~  
3 ~~license, permit or certificate from a Commonwealth agency the~~  
4 ~~cost of which exceeds one thousand dollars (\$1,000).~~

5 ~~(b) If a discrepancy results between the applicant's or a~~  
6 ~~recipient's social security number and one or more of the~~  
7 ~~databases set forth in subsection (a), the department shall~~  
8 ~~review the applicant's or recipient's case using the following~~  
9 ~~procedure:~~

10 ~~(1) If the information discovered under subsection (a) does~~  
11 ~~not result in ineligibility or modification of the amount or~~  
12 ~~type of assistance, the department shall take no further action.~~

13 ~~(2) If the information discovered under subsection (a) would~~  
14 ~~result in ineligibility or modification of the amount or type of~~  
15 ~~assistance, the applicant or the recipient shall be given an~~ ←  
16 ~~opportunity to explain the discrepancy. The department shall~~  
17 ~~provide written notice to the applicant or recipient which shall~~  
18 ~~describe in sufficient detail the circumstances of the~~  
19 ~~discrepancy, the manner in which the applicant or recipient may~~ ←  
20 ~~respond OPPORTUNITY FOR A HEARING OR REVIEW and the consequences~~ ←  
21 ~~of failing to take action. The applicant or recipient shall have~~  
22 ~~ten business days to respond in an attempt WRITING to resolve~~ ←  
23 ~~the discrepancy. The explanation of the recipient or applicant~~ ←  
24 ~~shall be given in writing. After receiving the explanation, the~~  
25 ~~department may request additional documentation if it determines~~ ←  
26 ~~that there is a substantial risk of fraud AS NECESSARY.~~ ←

27 ~~(3) If the applicant or recipient does not respond to the~~  
28 ~~notice, the department shall deny assistance for failure to~~ ←  
29 ~~cooperate, in which case the. THE department shall provide~~ ←  
30 ~~WRITTEN notice of intent to discontinue assistance. Eligibility~~ ←

~~1 for assistance shall not be reestablished until the significant  
2 discrepancy has been resolved APPLICANT OR RECIPIENT COMPLIES  
3 WITH PARAGRAPH (2).~~

~~4 (4) If an applicant or recipient responds to the notice and  
5 OR disagrees with the findings of the A match between his or her  
6 social security number and one or more database A DATABASE UNDER  
7 SUBSECTION (A), the department shall reinvestigate the matter.  
8 If the department finds that DETERMINES there has been an error,  
9 the department shall take immediate action to correct it and no  
10 further action shall be taken CORRECT THE ERROR. If, after  
11 investigation, the department determines that there is no error,  
12 the department shall determine the effect on the applicant's or  
13 recipient's case and take appropriate action. Written notice of  
14 the department's action shall be given to the applicant or  
15 recipient.~~

~~16 (5) If the applicant or recipient agrees with the findings  
17 of the match between the applicant's or recipient's social  
18 security number and one or more database, the department shall  
19 determine the effect on the applicant's or recipient's case and  
20 take appropriate action. Written notice of the department's TAKE  
21 APPROPRIATE ACTION.~~

~~22 (6) WRITTEN NOTICE OF THE DEPARTMENT'S action UNDER  
23 PARAGRAPH (4) OR (5) shall be given to the applicant or  
24 recipient.~~

~~25 (c) In no case shall the department discontinue or modify  
26 the amount or type of assistance as a result of a match between  
27 the applicant's or recipient's social security number and one or  
28 more database until the applicant or recipient has been given  
29 notice of the discrepancy and the opportunity to respond.~~

~~30 (d) (C) No later than one year after the effective date of~~

~~1 this section and every year thereafter, the department shall  
2 provide a written report to the Governor, the General Assembly  
3 and the Inspector General detailing the results achieved under  
4 OF THE IMPLEMENTATION OF this section and the amount of case  
5 closures and savings that resulted.~~

~~6 (c) (D) As used in this section, the following words and  
7 phrases shall have the meanings given to them in this  
8 subsection:~~

~~9 "Discrepancy" means information regarding assets, income,  
10 resources or status of an applicant or recipient of assistance,  
11 derived from one or more of the database in A DATABASE UNDER  
12 subsection (a), which gives the department grounds to suspect  
13 THAT INDICATES that either:~~

~~14 (i) an applicant or recipient is ineligible to receive  
15 assistance under Federal or State law; or~~

~~16 (ii) the assets, income or resources of an applicant or  
17 recipient are at least, in terms of a dollar amount, ten percent  
18 greater than the dollar amount reflected in the information the  
19 department possesses about the applicant or recipient with  
20 respect to the applicant's or recipient's assets, income or  
21 resources.~~

~~22 "Status" means the applicant or recipient is in the United  
23 States illegally, is no longer living, is an inmate in a prison  
24 or jail or is a fleeing felon.~~

~~25 Section 2. This act shall take effect immediately.~~

~~26 SECTION 2. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:~~

~~27 ARTICLE XIV A~~

~~28 INMATE MEDICAL COSTS~~

~~29 SECTION 1401 A. DEFINITIONS.~~

~~30 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE~~

1 ~~SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE~~  
2 ~~CONTEXT CLEARLY INDICATES OTHERWISE:~~

3 ~~"CORRECTIONAL INSTITUTION." A STATE OR COUNTY CORRECTIONAL~~  
4 ~~INSTITUTION OR JAIL, GROUP HOME, PRERELEASE CENTER, COMMUNITY~~  
5 ~~CORRECTIONS CENTER, PAROLE CENTER OR FACILITY THAT HOUSES A~~  
6 ~~PERSON CONVICTED OF A CRIMINAL OFFENSE OR AWAITING TRIAL,~~  
7 ~~SENTENCING OR EXTRADITION IN A CRIMINAL PROCEEDING. THE TERM~~  
8 ~~DOES NOT INCLUDE A FACILITY OR INSTITUTION OPERATED, SUPERVISED~~  
9 ~~OR LICENSED UNDER THIS ACT.~~

10 ~~"DRUG." THE TERM SHALL MEAN:~~

11 ~~(1) SUBSTANCES RECOGNIZED IN THE OFFICIAL UNITED STATES~~  
12 ~~PHARMACOPEIA, OR OFFICIAL NATIONAL FORMULARY, OR SUPPLEMENT~~  
13 ~~TO EITHER OF THEM.~~

14 ~~(2) SUBSTANCES INTENDED FOR USE IN THE DIAGNOSIS, CURE,~~  
15 ~~MITIGATION, TREATMENT OR PREVENTION OF DISEASE IN MAN OR~~  
16 ~~OTHER ANIMALS.~~

17 ~~(3) SUBSTANCES, OTHER THAN FOOD, INTENDED TO AFFECT THE~~  
18 ~~STRUCTURE OR FUNCTION OF THE HUMAN BODY OR OTHER ANIMAL BODY.~~

19 ~~(4) SUBSTANCES INTENDED FOR USE AS A COMPONENT OF AN~~  
20 ~~ARTICLE SPECIFIED IN PARAGRAPH (1), (2) OR (3), BUT NOT~~  
21 ~~INCLUDING DEVICES OR THEIR COMPONENTS, PARTS OR ACCESSORIES.~~

22 ~~"HEALTH CARE FACILITY." A HEALTH CARE FACILITY AS DEFINED~~  
23 ~~UNDER SECTION 802.1 OF THE ACT OF JULY 19, 1979 (P.L.130,~~  
24 ~~NO.48), KNOWN AS THE HEALTH CARE FACILITIES ACT, OR AN ENTITY~~  
25 ~~LICENSED AS A HOSPITAL UNDER THIS ACT.~~

26 ~~"HEALTH CARE PROVIDER." A HEALTH CARE FACILITY OR A PERSON,~~  
27 ~~INCLUDING A CORPORATION, UNIVERSITY OR OTHER EDUCATIONAL~~  
28 ~~INSTITUTION, LICENSED OR APPROVED BY THE COMMONWEALTH TO PROVIDE~~  
29 ~~HEALTH CARE OR PROFESSIONAL MEDICAL SERVICES. THE TERM SHALL~~  
30 ~~INCLUDE A PHYSICIAN, CERTIFIED NURSE MIDWIFE, PODIATRIST,~~

1 ~~CERTIFIED REGISTERED NURSE PRACTITIONER, PHYSICIAN ASSISTANT,~~  
2 ~~CHIROPRACTOR, HOSPITAL, AMBULATORY SURGERY CENTER, NURSING HOME~~  
3 ~~OR BIRTH CENTER.~~

4 ~~"INMATE." A PERSON COMMITTED TO A TERM OF IMPRISONMENT OR~~  
5 ~~OTHERWISE CONFINED UNDER THE CUSTODY OF A STATE OR COUNTY~~  
6 ~~CORRECTIONAL INSTITUTION.~~

7 ~~"INPATIENT CARE." THE PROVISION OF MEDICAL, NURSING,~~  
8 ~~COUNSELING OR THERAPEUTIC SERVICES 24 HOURS A DAY IN A HOSPITAL~~  
9 ~~OR OTHER HEALTH CARE FACILITY, ACCORDING TO INDIVIDUALIZED~~  
10 ~~TREATMENT PLANS.~~

11 ~~"MEDICARE." THE FEDERAL PROGRAM ESTABLISHED UNDER TITLE~~  
12 ~~XVIII OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. § 1395~~  
13 ~~ET SEQ.).~~

14 ~~"OUTPATIENT CARE." THE PROVISION OF MEDICAL, NURSING,~~  
15 ~~COUNSELING OR THERAPEUTIC SERVICES IN A HOSPITAL OR OTHER HEALTH~~  
16 ~~CARE FACILITY ON A REGULAR AND PREDETERMINED SCHEDULE ACCORDING~~  
17 ~~TO INDIVIDUALIZED TREATMENT PLANS.~~

18 ~~"PRESCRIPTION." A WRITTEN OR ORAL ORDER ISSUED BY A DULY~~  
19 ~~LICENSED MEDICAL PRACTITIONER IN THE COURSE OF HIS PROFESSIONAL~~  
20 ~~PRACTICE FOR A CONTROLLED SUBSTANCE, OTHER DRUG OR DEVICE OR~~  
21 ~~MEDICATION WHICH IS DISPENSED FOR USE BY A CONSUMER.~~

22 ~~SECTION 1402 A. INMATE MEDICAL COST CONTAINMENT.~~

23 ~~(A) INPATIENT CARE. A HEALTH CARE PROVIDER WHO PROVIDES~~  
24 ~~INPATIENT CARE TO AN INMATE SHALL NOT CHARGE THE STATE OR COUNTY~~  
25 ~~CORRECTIONAL INSTITUTION OR ITS MEDICAL SERVICES CONTRACTOR MORE~~  
26 ~~THAN THE MAXIMUM ALLOWABLE RATE PAYABLE FOR THE GOODS, SERVICES~~  
27 ~~AND SUPPLIES UNDER THE MEDICAL ASSISTANCE PROGRAM. THIS~~  
28 ~~SUBSECTION SHALL INCLUDE GOODS AND SERVICES FURNISHED BY THE~~  
29 ~~HEALTH CARE PROVIDER TO THE INMATE, INCLUDING THE COST OF~~  
30 ~~MEDICATIONS AND PRESCRIPTION DRUGS.~~



1 ~~(B) OUTPATIENT CARE. A HEALTH CARE PROVIDER WHO PROVIDES~~  
2 ~~OUTPATIENT CARE TO AN INMATE SHALL NOT CHARGE THE STATE OR~~  
3 ~~COUNTY CORRECTIONAL INSTITUTION OR ITS MEDICAL SERVICES~~  
4 ~~CONTRACTOR MORE THAN THE MAXIMUM ALLOWABLE RATE PAYABLE FOR~~  
5 ~~GOODS, SERVICES AND SUPPLIES UNDER THE MEDICARE PROGRAM. THIS~~  
6 ~~SUBSECTION INCLUDES GOODS AND SERVICES FURNISHED BY THE HEALTH~~  
7 ~~CARE PROVIDER TO THE INMATE, INCLUDING THE COST OF MEDICATIONS~~  
8 ~~AND PRESCRIPTION DRUGS.~~

9 ~~(C) LIMITATION. NOTHING IN THIS ARTICLE SHALL BE CONSTRUED~~  
10 ~~TO PREVENT A HEALTH CARE PROVIDER FROM CONTRACTING WITH A~~  
11 ~~CORRECTIONAL INSTITUTION TO PROVIDE OUTPATIENT CARE TO INMATES~~  
12 ~~AT RATES HIGHER THAN THOSE ESTABLISHED BY THIS ARTICLE.~~

13 SECTION 3. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

14 (1) THE ADDITION OF ARTICLE XIV A OF THE ACT SHALL TAKE  
15 EFFECT IN 60 DAYS.

16 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT  
17 IMMEDIATELY.

18 SECTION 1. SECTION 402 OF THE ACT OF JUNE 13, 1967 (P.L.31,  
19 NO.21), KNOWN AS THE PUBLIC WELFARE CODE, IS AMENDED BY ADDING  
20 DEFINITIONS TO READ:

21 SECTION 402. DEFINITIONS.--AS USED IN THIS ARTICLE, UNLESS  
22 THE CONTENT CLEARLY INDICATES OTHERWISE:

23 "APPLICANT" MEANS AN INDIVIDUAL WHO APPLIES FOR ASSISTANCE  
24 UNDER THIS ARTICLE.

25 \* \* \*

26 "RECIPIENT" MEANS AN INDIVIDUAL WHO RECEIVES ASSISTANCE UNDER  
27 THIS ARTICLE.

28 \* \* \*

29 "RESIDENCE" MEANS PERMANENT LEGAL RESIDENCE.

30 \* \* \*

1 SECTION 2. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

2 SECTION 403.1. ADMINISTRATION OF ASSISTANCE PROGRAMS.-- (A)  
3 THE DEPARTMENT IS AUTHORIZED TO ESTABLISH RULES, REGULATIONS,  
4 PROCEDURES AND STANDARDS CONSISTENT WITH LAW AS TO THE  
5 ADMINISTRATION OF PROGRAMS PROVIDING ASSISTANCE, INCLUDING  
6 REGULATIONS PROMULGATED UNDER SUBSECTION (D), THAT DO ANY OF THE  
7 FOLLOWING:

8 (1) ESTABLISH STANDARDS FOR DETERMINING ELIGIBILITY AND THE  
9 NATURE AND EXTENT OF ASSISTANCE.

10 (2) AUTHORIZE PROVIDERS TO CONDITION THE DELIVERY OF CARE OR  
11 SERVICES ON THE PAYMENT OF APPLICABLE COPAYMENTS.

12 (3) MODIFY EXISTING BENEFITS, ESTABLISH BENEFIT LIMITS AND  
13 EXCEPTIONS TO THOSE LIMITS, ESTABLISH VARIOUS BENEFIT PACKAGES  
14 AND OFFER DIFFERENT PACKAGES TO DIFFERENT RECIPIENTS, TO MEET  
15 THE NEEDS OF THE RECIPIENTS.

16 (4) ESTABLISH OR REVISE PROVIDER PAYMENT RATES OR FEE  
17 SCHEDULES, REIMBURSEMENT MODELS OR PAYMENT METHODOLOGIES FOR  
18 PARTICULAR SERVICES.

19 (5) RESTRICT OR ELIMINATE PRESUMPTIVE ELIGIBILITY.

20 (6) ESTABLISH PROVIDER QUALIFICATIONS.

21 (B) THE DEPARTMENT IS AUTHORIZED TO DEVELOP AND SUBMIT STATE  
22 PLANS, WAIVERS OR OTHER PROPOSALS TO THE FEDERAL GOVERNMENT, AND  
23 TO TAKE SUCH OTHER MEASURES AS MAY BE NECESSARY TO RENDER THE  
24 COMMONWEALTH ELIGIBLE FOR AVAILABLE FEDERAL FUNDS OR OTHER  
25 ASSISTANCE.

26 (C) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE  
27 DEPARTMENT SHALL TAKE ANY ACTION SPECIFIED IN SUBSECTION (A) AS  
28 MAY BE NECESSARY TO ENSURE THAT EXPENDITURES FOR STATE FISCAL  
29 YEAR 2011-2012 FOR ASSISTANCE PROGRAMS ADMINISTERED BY THE  
30 DEPARTMENT DO NOT EXCEED THE AGGREGATE AMOUNT APPROPRIATED FOR

1 SUCH PROGRAMS BY THE ACT OF (P.L. , NO. ), KNOWN AS THE  
2 GENERAL APPROPRIATION ACT OF 2011. THE DEPARTMENT SHALL SEEK  
3 SUCH WAIVERS OR FEDERAL APPROVALS AS MAY BE NECESSARY TO ENSURE  
4 THAT ACTIONS TAKEN PURSUANT TO THIS SECTION COMPLY WITH  
5 APPLICABLE FEDERAL LAW. DURING STATE FISCAL YEAR 2011-2012, THE  
6 DEPARTMENT SHALL NOT ENTER INTO A NEW CONTRACT FOR CONSULTING OR  
7 PROFESSIONAL SERVICES UNLESS THE DEPARTMENT DETERMINES THAT:

8 (1) IT DOES NOT HAVE SUFFICIENT STAFF TO PERFORM THE  
9 SERVICES AND IT WOULD BE MORE COST EFFECTIVE TO CONTRACT FOR THE  
10 SERVICES THAN TO HIRE NEW STAFF TO PROVIDE THE SERVICES; OR

11 (2) IT DOES NOT HAVE STAFF WITH THE EXPERTISE REQUIRED TO  
12 PERFORM THE SERVICES.

13 (D) FOR PURPOSES OF IMPLEMENTING SUBSECTION (C), AND  
14 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, INCLUDING SECTION  
15 814-A, THE SECRETARY SHALL PROMULGATE REGULATIONS PURSUANT TO  
16 SECTION 204(1)(IV) OF THE ACT OF JULY 31, 1968 (P.L.769,  
17 NO.240), REFERRED TO AS THE "COMMONWEALTH DOCUMENTS LAW," WHICH  
18 SHALL BE EXEMPT FROM THE FOLLOWING:

19 (1) SECTION 205 OF THE "COMMONWEALTH DOCUMENTS LAW."

20 (2) SECTION 204(B) OF THE ACT OF OCTOBER 15, 1980 (P.L.950,  
21 NO.164), KNOWN AS THE "COMMONWEALTH ATTORNEYS ACT."

22 (3) THE ACT OF JUNE 25, 1982 (P.L.633, NO.181), KNOWN AS THE  
23 "REGULATORY REVIEW ACT."

24 (E) THE REGULATIONS PROMULGATED UNDER SUBSECTION (D) MAY BE  
25 RETROACTIVE TO JULY 1, 2011, AND SHALL BE PROMULGATED NO LATER  
26 THAN JUNE 30, 2012.

27 SECTION 405.1A. SPECIAL ALLOWANCE LIMITATIONS.--PURSUANT TO  
28 SECTION 403.1, NO LATER THAN JANUARY 1, 2012, THE DEPARTMENT  
29 SHALL FURTHER REDUCE ANNUAL AND LIFETIME LIMITS FOR THE RESET  
30 PROGRAM, INCLUDING MOVING AND TRANSPORTATION EXPENSES, BY UP TO

1 TWENTY-FIVE PERCENT, OR ELIMINATE ANY SPECIAL ALLOWANCES FROM  
2 THE PROGRAM, AS PROVIDED UNDER 55 PA.CODE CH. 165 (RELATING TO  
3 ROAD TO ECONOMIC SELF-SUFFICIENCY THROUGH EMPLOYMENT AND  
4 TRAINING RESET PROGRAM).

5 SECTION 408.3. COPAYMENTS FOR SUBSIDIZED CHILD CARE.-- (A)  
6 NOTWITHSTANDING ANY OTHER PROVISION OF LAW OR DEPARTMENTAL  
7 REGULATION, THE PARENT OR CARETAKER OF A CHILD ENROLLED IN  
8 SUBSIDIZED CHILD CARE SHALL PAY A COPAYMENT FOR THE SUBSIDIZED  
9 CHILD CARE AS SPECIFIED IN A COPAYMENT SCHEDULE ESTABLISHED BY  
10 THE DEPARTMENT PURSUANT TO THIS SECTION.

11 (B) THE DEPARTMENT SHALL PUBLISH A NOTICE SETTING FORTH THE  
12 COPAYMENT SCHEDULE IN THE PENNSYLVANIA BULLETIN.

13 (C) IN ESTABLISHING THE COPAYMENT AMOUNTS PURSUANT TO THIS  
14 SECTION, ALL OF THE FOLLOWING SHALL APPLY:

15 (1) COPAYMENTS SHALL BE BASED UPON A SLIDING INCOME SCALE  
16 TAKING INTO ACCOUNT FEDERAL POVERTY INCOME GUIDELINES.  
17 COPAYMENTS SHALL BE UPDATED ANNUALLY.

18 (2) AT THE DEPARTMENT'S DISCRETION, COPAYMENTS MAY BE  
19 IMPOSED:

20 (I) FOR EACH CHILD ENROLLED IN SUBSIDIZED CHILD CARE;  
21 (II) BASED UPON FAMILY SIZE; OR  
22 (III) IN ACCORDANCE WITH BOTH SUBPARAGRAPHS (I) AND (II).

23 (3) COPAYMENT AMOUNTS SHALL BE A MINIMUM OF FIVE DOLLARS  
24 (\$5) PER WEEK AND MAY INCREASE IN INCREMENTAL AMOUNTS AS  
25 DETERMINED BY THE DEPARTMENT TAKING INTO ACCOUNT ANNUAL FAMILY  
26 INCOME.

27 (4) A FAMILY'S ANNUAL COPAYMENT UNDER EITHER PARAGRAPH (1)  
28 OR (2) SHALL NOT EXCEED:

29 (I) EIGHT PERCENT OF THE FAMILY'S ANNUAL INCOME IF THE  
30 FAMILY'S ANNUAL INCOME IS ONE HUNDRED PERCENT OF THE FEDERAL

1 POVERTY INCOME GUIDELINE OR LESS; OR  
2 (II) ELEVEN PERCENT OF THE FAMILY'S ANNUAL INCOME IF THE  
3 FAMILY'S ANNUAL INCOME EXCEEDS ONE HUNDRED PERCENT OF THE  
4 FEDERAL POVERTY INCOME GUIDELINE. NOTWITHSTANDING THIS  
5 SUBSECTION, BEGINNING WITH STATE FISCAL YEAR 2012-2013, THE  
6 DEPARTMENT MAY ADJUST THE ANNUAL COPAYMENT PERCENTAGES SPECIFIED  
7 IN THIS SUBSECTION BY PROMULGATION OF FINAL-OMITTED REGULATIONS  
8 UNDER SECTION 204 OF THE ACT OF JULY 31, 1968 (P.L.769, NO.240),  
9 REFERRED TO AS THE "COMMONWEALTH DOCUMENTS LAW."

10 (D) NOTWITHSTANDING SUBSECTION (A), A PARENT OR CARETAKER  
11 COPAYMENT MAY BE WAIVED IN ACCORDANCE WITH DEPARTMENT  
12 REGULATIONS.

13 SECTION 422.1. FRAUD DETECTION SYSTEM.--WITHIN SIX MONTHS OF  
14 THE EFFECTIVE DATE OF THIS SECTION, THE DEPARTMENT SHALL  
15 ESTABLISH UNIFORM PROCEDURES TO IDENTIFY, INVESTIGATE AND  
16 RESOLVE POTENTIAL CASES OF FRAUD, MISREPRESENTATION OR  
17 INADEQUATE DOCUMENTATION PRIOR TO DETERMINING AN APPLICANT'S  
18 ELIGIBILITY FOR ASSISTANCE. THE PROCEDURES SHALL APPLY TO ALL  
19 APPLICANTS AND RECIPIENTS OF ASSISTANCE. PROCEDURES SHALL  
20 UTILIZE THE INCOME ELIGIBILITY VERIFICATION SYSTEM ESTABLISHED  
21 IN SECTION 432.23.

22 SECTION 3. SECTION 432.2(B) AND (C) OF THE ACT, AMENDED OR  
23 ADDED JULY 15, 1976 (P.L.993, NO.202) AND APRIL 8, 1982  
24 (P.L.231, NO.75), ARE AMENDED TO READ:

25 SECTION 432.2. DETERMINATION OF ELIGIBILITY.--\* \* \*

26 (B) AS A CONDITION OF ELIGIBILITY FOR ASSISTANCE, ALL  
27 APPLICANTS AND RECIPIENTS OF ASSISTANCE SHALL COOPERATE WITH THE  
28 DEPARTMENT IN PROVIDING AND VERIFYING INFORMATION NECESSARY FOR  
29 THE DEPARTMENT TO DETERMINE INITIAL OR CONTINUED ELIGIBILITY IN  
30 ACCORDANCE WITH THE PROVISIONS OF THIS ACT. AN INDIVIDUAL

1 APPLYING FOR ASSISTANCE SHALL COMPLETE AN APPLICATION CONTAINING  
2 SUCH INFORMATION REQUIRED TO ESTABLISH ELIGIBILITY AND AMOUNT OF  
3 GRANT. THE APPLICATION SHALL INCLUDE, BUT NOT BE LIMITED TO, THE  
4 FOLLOWING INFORMATION:

5 (1) NAMES OF ALL PERSONS TO RECEIVE AID;

6 (2) BIRTH DATES OF ALL PERSONS TO RECEIVE AID;

7 (3) SOCIAL SECURITY NUMBERS OF ALL PERSONS TO RECEIVE AID,  
8 OR PROOF OF APPLICATION FOR SUCH SOCIAL SECURITY NUMBER;

9 (4) PLACE OF RESIDENCE FOR ALL PERSONS TO RECEIVE AID;

10 (5) THE NAMES OF ANY LEGALLY RESPONSIBLE RELATIVE LIVING  
11 IN THE HOME;

12 (6) ANY INCOME OR RESOURCES AS DEFINED IN THIS ACT OR IN  
13 REGULATIONS PROMULGATED PURSUANT TO THIS ACT.

14 THE DEPARTMENT SHALL PROVIDE ASSISTANCE AS NEEDED TO COMPLETE  
15 THE APPLICATION AND SHALL INSURE THAT ALL APPLICANTS OR  
16 RECIPIENTS HAVE OR PROMPTLY OBTAIN A SOCIAL SECURITY NUMBER. THE  
17 DEPARTMENT SHALL DETERMINE ALL ELEMENTS OF ELIGIBILITY BASED  
18 UPON THE CIRCUMSTANCES THAT EXIST AT THE APPLICANT'S PLACE OF  
19 RESIDENCE PRIOR TO AWARDING ASSISTANCE.

20 (C) THE DEPARTMENT SHALL DETERMINE ALL ELEMENTS OF  
21 ELIGIBILITY PERIODICALLY BASED UPON THE CIRCUMSTANCES THAT EXIST  
22 AT THE RECIPIENT'S PLACE OF RESIDENCE AND IN ACCORDANCE WITH THE  
23 PROVISIONS OF THIS SECTION: PROVIDED, HOWEVER, [THAT] THAT SUCH  
24 DETERMINATION SHALL NOT BE LESS FREQUENT THAN EVERY SIX MONTHS.  
25 THE DEPARTMENT SHALL REQUIRE THE COMPLETION OF A CONTINUING  
26 APPLICATION FORM AT THE TIME OF REDETERMINATION RECERTIFYING THE  
27 INFORMATION REQUIRED BY SUBSECTION (B) AND THE PROVISIONS OF  
28 SECTION 432.15 SHALL BE APPLICABLE TO THIS SUBSECTION.

29 \* \* \*

30 SECTION 4. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

1       SECTION 432.23. VERIFICATION SYSTEM.-- (A) THE DEPARTMENT  
2 SHALL ESTABLISH A COMPUTERIZED INCOME ELIGIBILITY VERIFICATION  
3 SYSTEM TO VERIFY ELIGIBILITY, ELIMINATE DUPLICATION OF  
4 ASSISTANCE AND DETER FRAUD: PROVIDED, HOWEVER, THAT THE  
5 DEPARTMENT, IN GOOD FAITH, ATTEMPTS TO OBTAIN THE COOPERATION BY  
6 FEDERAL AUTHORITIES OR OTHER STATES, OR BOTH; AND FURTHER  
7 PROVIDED, THAT THE DATA BE ACCESSIBLE BY THE DEPARTMENT. SUBJECT  
8 TO SECTION 432.19, PRIOR TO AUTHORIZING ASSISTANCE UNDER SECTION  
9 432.2 (B) OR CONTINUING ASSISTANCE UNDER SECTION 432.2 (C), THE  
10 DEPARTMENT SHALL MATCH THE SOCIAL SECURITY NUMBER OF EACH  
11 APPLICANT AND RECIPIENT WITH THE FOLLOWING:

12       (1) UNEARNED INCOME INFORMATION MAINTAINED BY THE INTERNAL  
13 REVENUE SERVICE.

14       (2) EMPLOYER QUARTERLY REPORTS OF INCOME AND UNEMPLOYMENT  
15 INSURANCE BENEFIT PAYMENT INFORMATION MAINTAINED BY THE STATE  
16 WAGE INFORMATION COLLECTION AGENCY.

17       (3) EARNED INCOME INFORMATION MAINTAINED BY THE SOCIAL  
18 SECURITY ADMINISTRATION.

19       (4) IMMIGRATION STATUS INFORMATION MAINTAINED BY THE  
20 CITIZENSHIP AND IMMIGRATION SERVICES.

21       (5) DEATH REGISTER INFORMATION MAINTAINED BY THE SOCIAL  
22 SECURITY ADMINISTRATION.

23       (6) PRISONER INFORMATION MAINTAINED BY THE SOCIAL SECURITY  
24 ADMINISTRATION.

25       (7) PUBLIC HOUSING AND SECTION 8 PAYMENT INFORMATION  
26 MAINTAINED BY THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

27       (8) NATIONAL FLEEING FELON INFORMATION MAINTAINED BY THE  
28 FEDERAL BUREAU OF INVESTIGATION.

29       (9) WAGE REPORTING AND SIMILAR INFORMATION MAINTAINED BY  
30 STATES CONTIGUOUS TO THIS COMMONWEALTH.

1 (10) BENEFICIARY DATA EXCHANGE (BENDEX) TITLE H DATABASE  
2 MAINTAINED BY THE SOCIAL SECURITY ADMINISTRATION.

3 (11) BENEFICIARY EARNINGS EXCHANGE REPORT (BEER) DATABASE  
4 MAINTAINED BY THE SOCIAL SECURITY ADMINISTRATION.

5 (12) STATE NEW HIRE DATABASE MAINTAINED BY THE COMMONWEALTH.

6 (13) NATIONAL NEW HIRE DATABASE MAINTAINED BY THE FEDERAL  
7 GOVERNMENT.

8 (14) STATE DATA EXCHANGE (SDX) DATABASE MAINTAINED BY THE  
9 SOCIAL SECURITY ADMINISTRATION.

10 (15) VETERANS BENEFITS AND VETERANS MEDICAL (PARIS)  
11 MAINTAINED BY THE DEPARTMENT OF VETERANS AFFAIRS WITH  
12 COORDINATION THROUGH THE DEPARTMENT OF HEALTH AND HUMAN  
13 SERVICES.

14 (16) CHILD CARE SUBSIDY PAYMENTS MAINTAINED BY THE  
15 COMMONWEALTH.

16 (17) LOW-INCOME ENERGY ASSISTANCE PROGRAM REPORTING UTILITY  
17 EXPENSES MAINTAINED BY THE COMMONWEALTH.

18 (18) THE DATABASE OF ALL PERSONS WHO CURRENTLY HOLD A  
19 LICENSE, PERMIT OR CERTIFICATE FROM A COMMONWEALTH AGENCY THE  
20 COST OF WHICH EXCEEDS ONE THOUSAND DOLLARS (\$1,000).

21 (19) A DATABASE WHICH IS NEW, SUBSTANTIALLY SIMILAR TO OR A  
22 SUCCESSOR OF A DATABASE SET FORTH IN THIS SUBSECTION.

23 (B) IF A DISCREPANCY RESULTS BETWEEN THE APPLICANT'S OR A  
24 RECIPIENT'S SOCIAL SECURITY NUMBER AND ONE OR MORE OF THE  
25 DATABASES SET FORTH IN SUBSECTION (A), THE DEPARTMENT SHALL  
26 REVIEW THE APPLICANT'S OR RECIPIENT'S CASE USING THE FOLLOWING  
27 PROCEDURE:

28 (1) IF THE INFORMATION DISCOVERED UNDER SUBSECTION (A) DOES  
29 NOT RESULT IN INELIGIBILITY OR MODIFICATION OF THE AMOUNT OR  
30 TYPE OF ASSISTANCE, THE DEPARTMENT SHALL TAKE NO FURTHER ACTION.



1     (2) IF THE INFORMATION DISCOVERED UNDER SUBSECTION (A) WOULD  
2 RESULT IN INELIGIBILITY OR MODIFICATION OF THE AMOUNT OR TYPE OF  
3 ASSISTANCE, THE DEPARTMENT SHALL PROVIDE WRITTEN NOTICE TO THE  
4 APPLICANT OR RECIPIENT WHICH SHALL DESCRIBE IN SUFFICIENT DETAIL  
5 THE CIRCUMSTANCES OF THE DISCREPANCY, OPPORTUNITY FOR A HEARING  
6 OR REVIEW AND THE CONSEQUENCES OF FAILING TO TAKE ACTION. THE  
7 APPLICANT OR RECIPIENT SHALL HAVE TEN BUSINESS DAYS TO RESPOND  
8 IN WRITING TO RESOLVE THE DISCREPANCY. THE DEPARTMENT MAY  
9 REQUEST ADDITIONAL DOCUMENTATION AS NECESSARY.

10     (3) IF THE APPLICANT OR RECIPIENT DOES NOT RESPOND TO THE  
11 NOTICE, THE DEPARTMENT SHALL DENY ASSISTANCE. THE DEPARTMENT  
12 SHALL PROVIDE WRITTEN NOTICE OF INTENT TO DISCONTINUE  
13 ASSISTANCE. ELIGIBILITY FOR ASSISTANCE SHALL NOT BE  
14 REESTABLISHED UNTIL THE APPLICANT OR RECIPIENT COMPLIES WITH  
15 PARAGRAPH (2).

16     (4) IF AN APPLICANT OR RECIPIENT RESPONDS OR DISAGREES WITH  
17 THE FINDINGS OF A MATCH BETWEEN HIS SOCIAL SECURITY NUMBER AND A  
18 DATABASE UNDER SUBSECTION (A), THE DEPARTMENT SHALL  
19 REINVESTIGATE THE MATTER. IF THE DEPARTMENT DETERMINES THERE HAS  
20 BEEN AN ERROR, THE DEPARTMENT SHALL CORRECT THE ERROR. IF, AFTER  
21 INVESTIGATION, THE DEPARTMENT DETERMINES THAT THERE IS NO ERROR,  
22 THE DEPARTMENT SHALL DETERMINE THE EFFECT ON THE APPLICANT'S OR  
23 RECIPIENT'S CASE AND TAKE APPROPRIATE ACTION.

24     (5) IF THE APPLICANT OR RECIPIENT AGREES WITH THE FINDINGS  
25 OF THE MATCH BETWEEN THE APPLICANT'S OR RECIPIENT'S SOCIAL  
26 SECURITY NUMBER AND ONE OR MORE DATABASE, THE DEPARTMENT SHALL  
27 DETERMINE THE EFFECT ON THE APPLICANT'S OR RECIPIENT'S CASE AND  
28 TAKE APPROPRIATE ACTION.

29     (6) WRITTEN NOTICE OF THE DEPARTMENT'S ACTION UNDER  
30 PARAGRAPH (4) OR (5) SHALL BE GIVEN TO THE APPLICANT OR

1 RECIPIENT.

2 (C) (1) NO LATER THAN ONE YEAR AFTER THE EFFECTIVE DATE OF  
3 THIS SECTION AND EVERY YEAR THEREAFTER, THE DEPARTMENT SHALL  
4 PROVIDE A WRITTEN REPORT TO THE GOVERNOR, THE GENERAL ASSEMBLY,  
5 THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE PUBLIC HEALTH  
6 AND WELFARE COMMITTEE OF THE SENATE, THE CHAIRPERSON AND  
7 MINORITY CHAIRPERSON OF THE HEALTH COMMITTEE OF THE HOUSE OF  
8 REPRESENTATIVES AND THE INSPECTOR GENERAL DETAILING THE RESULTS  
9 OF THE IMPLEMENTATION OF THIS SECTION, INCLUDING, BUT NOT  
10 LIMITED TO, THE FOLLOWING INFORMATION:

11 (I) THE NUMBER OF CASE CLOSURES.

12 (II) THE SAVINGS RESULTING FROM THE USE OF THE VERIFICATION  
13 SYSTEM.

14 (III) A LISTING OF THE DATA REQUIRED UNDER SUBSECTION (A)  
15 THAT THE DEPARTMENT WAS UNABLE TO OBTAIN OR ACCESS AND A  
16 DESCRIPTION OF THE DEPARTMENT'S EFFORTS TO OBTAIN OR ACCESS THE  
17 DATA.

18 (IV) ANY ACTIONS TAKEN BY THE DEPARTMENT TO QUALIFY THE  
19 COMMONWEALTH FOR CONTINUED OR ENHANCED FEDERAL FUNDS AND A  
20 DESCRIPTION OF WHY THE ACTION WAS NECESSARY.

21 (2) THE DEPARTMENT SHALL ALSO NOTIFY THE CHAIRPERSON AND  
22 MINORITY CHAIRPERSON OF THE PUBLIC HEALTH AND WELFARE COMMITTEE  
23 OF THE SENATE AND THE CHAIRPERSON AND MINORITY CHAIRPERSON OF  
24 THE HEALTH COMMITTEE OF THE HOUSE OF REPRESENTATIVES OF ANY  
25 CHANGES IN THE INFORMATION PROVIDED IN SUBPARAGRAPHS (III) AND  
26 (IV) WITHIN SIXTY DAYS.

27 (D) AS USED IN THIS SECTION, THE FOLLOWING WORDS AND PHRASES  
28 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SUBSECTION:

29 "DISCREPANCY" MEANS INFORMATION REGARDING ASSETS, INCOME,  
30 RESOURCES OR STATUS OF AN APPLICANT OR RECIPIENT OF ASSISTANCE,

1 DERIVED FROM A DATABASE UNDER SUBSECTION (A), THAT INDICATES  
2 THAT EITHER:

3 (I) AN APPLICANT OR RECIPIENT IS INELIGIBLE TO RECEIVE  
4 ASSISTANCE UNDER FEDERAL OR STATE LAW; OR

5 (II) THE ASSETS, INCOME OR RESOURCES OF AN APPLICANT OR  
6 RECIPIENT ARE AT LEAST, IN TERMS OF A DOLLAR AMOUNT, TEN PERCENT  
7 GREATER THAN THE DOLLAR AMOUNT REFLECTED IN THE INFORMATION THE  
8 DEPARTMENT POSSESSES ABOUT THE APPLICANT OR RECIPIENT WITH  
9 RESPECT TO THE APPLICANT'S OR RECIPIENT'S ASSETS, INCOME OR  
10 RESOURCES.

11 SECTION 432.24. ELIGIBILITY FOR PERSONS WITH DRUG-RELATED  
12 FELONIES.-- (A) TO THE EXTENT PERMITTED BY FEDERAL LAW, A PERSON  
13 WHO IS OTHERWISE ELIGIBLE TO RECEIVE PUBLIC ASSISTANCE SHALL NOT  
14 BE DENIED ASSISTANCE SOLELY BECAUSE HE HAS BEEN CONVICTED OF A  
15 FELONY DRUG OFFENSE, PROVIDED:

16 (1) HE IS COMPLYING WITH OR HAS ALREADY COMPLIED WITH THE  
17 OBLIGATIONS IMPOSED BY THE CRIMINAL COURT.

18 (2) HE IS ACTIVELY ENGAGED IN OR HAS COMPLETED A COURT-  
19 ORDERED SUBSTANCE ABUSE TREATMENT PROGRAM AND PARTICIPATES IN  
20 PERIODIC DRUG SCREENINGS FOR FIVE YEARS AFTER THE DRUG-RELATED  
21 CONVICTION OR FOR THE DURATION OF PROBATION, WHICHEVER IS OF  
22 LONGER DURATION.

23 (B) UNDER THE SCREENING FOR THE DRUG TEST AND RETEST PROGRAM  
24 THE DEPARTMENT SHALL:

25 (1) REQUIRE A RECIPIENT BE SCHEDULED TO BE TESTED IF HE HAS  
26 EITHER A FELONY CONVICTION FOR A DRUG OFFENSE WHICH OCCURRED  
27 WITHIN FIVE YEARS OR A FELONY CONVICTION FOR A DRUG OFFENSE FOR  
28 WHICH HE IS PRESENTLY ON PROBATION SUBJECT TO THE FOLLOWING  
29 CONDITIONS:

30 (I) AN INDIVIDUAL WHO IS APPLYING FOR PUBLIC ASSISTANCE IS

1 REQUIRED TO BE TESTED AND SHALL BE TESTED AT THE TIME THE  
2 APPLICATION FOR PUBLIC ASSISTANCE IS MADE.

3 (II) A RECIPIENT ALREADY RECEIVING PUBLIC ASSISTANCE AS OF  
4 THE EFFECTIVE DATE OF THIS SECTION SHALL BE SCHEDULED TO BE  
5 TESTED IN ACCORDANCE WITH PARAGRAPH (2).

6 (2) DEVELOP AND IMPLEMENT A SYSTEM FOR RANDOMLY TESTING NO  
7 LESS THAN 20% OF THE INDIVIDUALS RECEIVING PUBLIC ASSISTANCE  
8 BENEFITS DURING EACH SIX-MONTH PERIOD FOLLOWING THE EFFECTIVE  
9 DATE OF THIS SECTION WHO ARE SUBJECT TO TESTING FOR THE PRESENCE  
10 OF ILLEGAL DRUGS UNDER THIS SECTION.

11 (3) DENY PUBLIC ASSISTANCE TO AN INDIVIDUAL WHO REFUSES TO  
12 TAKE THE DRUG TEST OR THE DRUG RETEST REQUIRED BY THIS SECTION  
13 AND TERMINATE THE PUBLIC ASSISTANCE BENEFITS FOR ANYONE WHO  
14 REFUSES TO SUBMIT TO THE RANDOM DRUG TEST REQUIRED BY THIS  
15 SECTION.

16 (C) AN INDIVIDUAL WHO TAKES THE DRUG TEST OR RETEST AND  
17 FAILS IT SHALL BE SUBJECT TO THE FOLLOWING SANCTIONS:

18 (1) FOR FAILING A DRUG TEST OR RETEST THE FIRST TIME, AN  
19 INDIVIDUAL SHALL BE PROVIDED AN ASSESSMENT FOR ADDICTION AND  
20 PROVIDED TREATMENT FOR ADDICTION AS INDICATED BY TREATMENT  
21 CRITERIA DEVELOPED BY THE SINGLE STATE AUTHORITY ON DRUGS AND  
22 ALCOHOL. ASSESSMENTS SHALL BE CONDUCTED BY THE SINGLE COUNTY  
23 AUTHORITY (SCA) ON DRUGS AND ALCOHOL OR DESIGNEE. TREATMENT  
24 RECOMMENDED SHALL BE PROVIDED BY FACILITIES LICENSED BY THE  
25 DIVISION OF DRUG AND ALCOHOL PROGRAM LICENSURE IN THE DEPARTMENT  
26 OF HEALTH. MEDICAID ELIGIBILITY AND DETERMINATIONS SHALL BE  
27 EXPEDITED TO ENSURE ACCESS TO ASSESSMENT AND ADDICTION TREATMENT  
28 THROUGH MEDICAID. IF THE INDIVIDUAL COOPERATES WITH THE  
29 ASSESSMENT AND TREATMENT, NO PENALTY WILL BE IMPOSED. IF THE  
30 INDIVIDUAL REFUSES TO COOPERATE WITH THE ASSESSMENT AND

1 TREATMENT, THE PUBLIC ASSISTANCE SHALL BE SUSPENDED FOR SIX  
2 MONTHS. THE DEPARTMENT MUST NOTIFY THE INDIVIDUAL OF THE FAILED  
3 DRUG TEST NO LATER THAN SEVEN DAYS AFTER RECEIPT OF THE DRUG  
4 TEST RESULTS, AND THE SUSPENSION IN PUBLIC ASSISTANCE WILL BEGIN  
5 ON THE NEXT SCHEDULED DISTRIBUTION OF PUBLIC ASSISTANCE AND FOR  
6 EVERY OTHER DISTRIBUTION OF PUBLIC ASSISTANCE UNTIL THE  
7 SUSPENSION PERIOD LAPSES. AFTER SUSPENSION, AN INDIVIDUAL MAY  
8 APPLY FOR PUBLIC ASSISTANCE, BUT SHALL SUBMIT TO A RETEST.

9 (2) FOR FAILING A DRUG TEST OR RETEST THE SECOND TIME, THE  
10 PUBLIC ASSISTANCE TO WHICH THE INDIVIDUAL IS ENTITLED SHALL BE  
11 SUSPENDED FOR TWELVE MONTHS. THE DEPARTMENT MUST NOTIFY THE  
12 INDIVIDUAL OF THE FAILED DRUG TEST NO LATER THAN SEVEN DAYS  
13 AFTER RECEIPT OF THE DRUG TEST RESULTS, AND THE SUSPENSION IN  
14 PUBLIC ASSISTANCE SHALL BEGIN ON THE NEXT SCHEDULED DISTRIBUTION  
15 OF PUBLIC ASSISTANCE AND FOR EVERY OTHER DISTRIBUTION OF PUBLIC  
16 ASSISTANCE UNTIL THE SUSPENSION PERIOD LAPSES. AFTER SUSPENSION,  
17 AN INDIVIDUAL MAY THEN REAPPLY FOR PUBLIC ASSISTANCE, BUT SHALL  
18 SUBMIT TO A RETEST.

19 (3) FOR FAILING A DRUG TEST OR RETEST THE THIRD TIME, THE  
20 INDIVIDUAL SHALL NO LONGER BE ENTITLED TO PUBLIC ASSISTANCE.

21 (D) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO RENDER  
22 APPLICANTS OR RECIPIENTS WHO FAIL A DRUG TEST OR DRUG RETEST  
23 INELIGIBLE FOR:

24 (1) A COMMONWEALTH PROGRAM THAT PAYS THE COSTS FOR  
25 PARTICIPATING IN A DRUG TREATMENT PROGRAM;

26 (2) A MEDICAL ASSISTANCE PROGRAM; OR

27 (3) ANOTHER BENEFIT NOT INCLUDED WITHIN THE DEFINITION OF  
28 PUBLIC ASSISTANCE AS DEFINED UNDER THIS ACT.

29 (E) NOTWITHSTANDING ANY OTHER PROVISION IN THIS SECTION, THE  
30 DEPARTMENT SHALL, IN ITS SOLE DISCRETION, DETERMINE WHEN IT IS

1 COST EFFECTIVE TO IMPLEMENT THE PROVISIONS OF THIS SECTION.

2 (F) WITHIN SIX MONTHS OF THE EFFECTIVE DATE OF THIS SECTION,  
3 THE DEPARTMENT SHALL SUBMIT A WRITTEN REPORT DETAILING THE  
4 DEPARTMENT'S DETERMINATION WHETHER IT IS COST EFFECTIVE TO  
5 IMPLEMENT THE PROVISIONS OF THIS SECTION. NOTHING IN THIS  
6 SECTION SHALL PROHIBIT THE DEPARTMENT FROM IMPLEMENTATION OF  
7 THIS PROGRAM PRIOR TO THE ISSUANCE OF THE REPORT. THE REPORT  
8 SHALL BE SUBMITTED TO THE GOVERNOR, THE GENERAL ASSEMBLY, THE  
9 CHAIRPERSON AND MINORITY CHAIRPERSON OF THE PUBLIC HEALTH AND  
10 WELFARE COMMITTEE OF THE SENATE, THE CHAIRPERSON AND MINORITY  
11 CHAIRPERSON OF THE HEALTH COMMITTEE OF THE HOUSE OF  
12 REPRESENTATIVES AND THE INSPECTOR GENERAL.

13 (G) AS USED IN THIS SECTION, THE FOLLOWING WORDS AND PHRASES  
14 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SUBSECTION UNLESS  
15 THE CONTEXT CLEARLY INDICATES OTHERWISE:

16 "DRUG OFFENSE" MEANS AN OFFENSE RESULTING IN A CONVICTION FOR  
17 THE POSSESSION, USE OR DISTRIBUTION OF A CONTROLLED SUBSTANCE,  
18 OR CONSPIRACY TO COMMIT THE OFFENSE, WHETHER THE OFFENSE  
19 OCCURRED IN THIS COMMONWEALTH OR IN ANOTHER JURISDICTION.

20 "DRUG TEST" MEANS A URINALYSIS, BLOOD TEST OR ANOTHER  
21 SCIENTIFIC STUDY OF AN INDIVIDUAL'S BODY WHICH HAS BEEN  
22 CONCLUSIVELY FOUND TO DETECT THE PRESENCE OR PRIOR USE OF AN  
23 ILLEGAL DRUG OR SUBSTANCE AND FOR WHICH THE ACCURACY HAS BEEN  
24 ACCEPTED IN THE SCIENTIFIC COMMUNITY.

25 "PUBLIC ASSISTANCE" MEANS TEMPORARY ASSISTANCE TO NEEDY  
26 FAMILIES (TANF), FEDERAL FOOD STAMPS, GENERAL ASSISTANCE AND  
27 STATE SUPPLEMENTAL ASSISTANCE.

28 SECTION 4.1. SECTION 441.1 OF THE ACT, ADDED JULY 31, 1968  
29 (P.L.904, NO.273), IS AMENDED TO READ:

30 SECTION 441.1. PERSONS ELIGIBLE FOR MEDICAL ASSISTANCE.--(A)

1 THE FOLLOWING PERSONS SHALL BE ELIGIBLE FOR MEDICAL ASSISTANCE:

2 (1) PERSONS WHO RECEIVE OR ARE ELIGIBLE TO RECEIVE CASH  
3 ASSISTANCE GRANTS UNDER THIS ARTICLE[;].

4 (2) PERSONS WHO MEET THE ELIGIBILITY REQUIREMENTS OF THIS  
5 ARTICLE FOR CASH ASSISTANCE GRANTS EXCEPT FOR CITIZENSHIP,  
6 DURATIONAL RESIDENCE AND ANY ELIGIBILITY CONDITION OR OTHER  
7 REQUIREMENT FOR CASH ASSISTANCE WHICH IS PROHIBITED UNDER TITLE  
8 XIX OF THE FEDERAL SOCIAL SECURITY ACT[; AND].

9 (3) THE MEDICALLY NEEDY.

10 (4) INMATES OF CORRECTIONAL INSTITUTIONS WHO MEET THE  
11 ELIGIBILITY REQUIREMENTS UNDER THE COMMONWEALTH'S APPROVED TITLE  
12 XIX STATE PLAN WHO ARE RECEIVING MEDICAL CARE IN MEDICAL  
13 INSTITUTIONS, AS DEFINED IN 42 CFR 435.1010 (RELATING TO  
14 DEFINITIONS RELATING TO INSTITUTIONAL STATUS). THE STATE SHARE  
15 OF THE MEDICAL CARE FOR INMATES IN COUNTY CORRECTIONAL  
16 INSTITUTIONS SHALL BE CONTRIBUTED BY THE INMATE'S COUNTY OF  
17 RESIDENCE.

18 (5) INMATES OF CORRECTIONAL INSTITUTIONS WHO DO NOT QUALIFY  
19 UNDER PARAGRAPH (4) BUT WHO MEET THE INCOME AND RESOURCE  
20 ELIGIBILITY REQUIREMENTS FOR GENERAL ASSISTANCE, PROVIDED THAT  
21 SUCH PERSONS SHALL BE ELIGIBLE FOR GENERAL ASSISTANCE-RELATED  
22 MEDICAL ASSISTANCE ONLY FOR SERVICES PROVIDED BY A  
23 DISPROPORTIONATE SHARE HOSPITAL IF THE EXPENDITURES FOR SUCH  
24 ASSISTANCE QUALIFY AS AN ADDITIONAL DISPROPORTIONATE SHARE  
25 PAYMENT UNDER THE COMMONWEALTH'S APPROVED TITLE XIX STATE PLAN.  
26 FOR PURPOSES OF THIS SECTION, A DISPROPORTIONATE SHARE HOSPITAL  
27 IS A HOSPITAL THAT RECEIVES A DISPROPORTIONATE SHARE PAYMENT  
28 FROM THE DEPARTMENT BECAUSE THE HOSPITAL PROVIDES SERVICES TO  
29 PERSONS WHO HAVE BEEN DETERMINED TO BE LOW INCOME UNDER THE  
30 INCOME AND RESOURCE STANDARDS FOR THE GENERAL ASSISTANCE

1 PROGRAM. THE STATE SHARE OF THE MEDICAL CARE FOR INMATES OF  
2 COUNTY CORRECTIONAL INSTITUTIONS SHALL BE CONTRIBUTED BY THE  
3 INMATES' COUNTY OF RESIDENCE.

4 (B) FOR PURPOSES OF THIS SECTION, "CORRECTIONAL INSTITUTION"  
5 MEANS A STATE OR COUNTY CORRECTIONAL INSTITUTION OR JAIL, GROUP  
6 HOME, PRERELEASE CENTER, COMMUNITY CORRECTIONS CENTER, PAROLE  
7 CENTER OR FACILITY THAT HOUSES A PERSON CONVICTED OF A CRIMINAL  
8 OFFENSE OR AWAITING TRIAL, SENTENCING OR EXTRADITION IN A  
9 CRIMINAL PROCEEDING. THE TERM DOES NOT INCLUDE A FACILITY OR  
10 INSTITUTION OPERATED, SUPERVISED OR LICENSED BY THE DEPARTMENT.

11 SECTION 5. SECTION 443.1(1.1), (1.2), (7) AND (8) OF THE  
12 ACT, AMENDED JUNE 30, 2007 (P.L.49, NO.16), JULY 4, 2008  
13 (P.L.557, NO.44) AND JULY 9, 2010 (P.L.336, NO.49), ARE AMENDED  
14 AND THE SECTION IS AMENDED BY ADDING PARAGRAPHS TO READ:

15 SECTION 443.1. MEDICAL ASSISTANCE PAYMENTS FOR INSTITUTIONAL  
16 CARE.--THE FOLLOWING MEDICAL ASSISTANCE PAYMENTS SHALL BE MADE  
17 ON BEHALF OF ELIGIBLE PERSONS WHOSE INSTITUTIONAL CARE IS  
18 PRESCRIBED BY PHYSICIANS:

19 \* \* \*

20 (1.1) SUBJECT TO SECTION 813-G, FOR INPATIENT ACUTE CARE  
21 HOSPITAL SERVICES PROVIDED DURING A FISCAL YEAR IN WHICH AN  
22 ASSESSMENT IS IMPOSED UNDER ARTICLE VIII-G, PAYMENTS UNDER THE  
23 MEDICAL ASSISTANCE FEE-FOR-SERVICE PROGRAM SHALL BE DETERMINED  
24 IN ACCORDANCE WITH THE DEPARTMENT'S REGULATIONS, EXCEPT AS  
25 FOLLOWS:

26 (I) IF THE COMMONWEALTH'S APPROVED TITLE XIX STATE PLAN FOR  
27 INPATIENT HOSPITAL SERVICES IN EFFECT FOR THE PERIOD OF JULY 1,  
28 2010, THROUGH JUNE 30, 2013, SPECIFIES A METHODOLOGY FOR  
29 CALCULATING PAYMENTS THAT IS DIFFERENT FROM THE DEPARTMENT'S  
30 REGULATIONS OR AUTHORIZES ADDITIONAL PAYMENTS NOT SPECIFIED IN



1 THE DEPARTMENT'S REGULATIONS, SUCH AS INPATIENT DISPROPORTIONATE  
2 SHARE PAYMENTS AND DIRECT MEDICAL EDUCATION PAYMENTS, THE  
3 DEPARTMENT SHALL FOLLOW THE METHODOLOGY OR MAKE THE ADDITIONAL  
4 PAYMENTS AS SPECIFIED IN THE APPROVED TITLE XIX STATE PLAN.

5 (II) SUBJECT TO FEDERAL APPROVAL OF AN AMENDMENT TO THE  
6 COMMONWEALTH'S APPROVED TITLE XIX STATE PLAN, IN MAKING MEDICAL  
7 ASSISTANCE FEE-FOR-SERVICE PAYMENTS TO ACUTE CARE HOSPITALS FOR  
8 INPATIENT SERVICES PROVIDED ON OR AFTER JULY 1, 2010, THE  
9 DEPARTMENT SHALL USE PAYMENT METHODS AND STANDARDS THAT PROVIDE  
10 FOR ALL OF THE FOLLOWING:

11 (A) USE OF THE ALL PATIENT REFINED-DIAGNOSIS RELATED GROUP  
12 (APR/DRG) SYSTEM FOR THE CLASSIFICATION OF INPATIENT STAYS INTO  
13 DRGS.

14 (B) CALCULATION OF BASE DRG RATES, BASED UPON A STATEWIDE  
15 AVERAGE COST, WHICH ARE ADJUSTED TO ACCOUNT FOR A HOSPITAL'S  
16 REGIONAL LABOR COSTS, TEACHING STATUS, CAPITAL AND MEDICAL  
17 ASSISTANCE PATIENT LEVELS AND SUCH OTHER FACTORS AS THE  
18 DEPARTMENT DETERMINES MAY SIGNIFICANTLY IMPACT THE COSTS THAT A  
19 HOSPITAL INCURS IN DELIVERING INPATIENT SERVICES AND WHICH MAY  
20 BE ADJUSTED BASED ON THE ASSESSMENT REVENUE COLLECTED UNDER  
21 ARTICLE VIII-G.

22 (C) ADJUSTMENTS TO PAYMENTS FOR OUTLIER CASES WHERE THE  
23 COSTS OF THE INPATIENT STAYS EITHER EXCEED OR ARE BELOW COST  
24 THRESHOLDS ESTABLISHED BY THE DEPARTMENT.

25 (III) NOTWITHSTANDING SUBPARAGRAPH (I), THE DEPARTMENT MAY  
26 MAKE ADDITIONAL CHANGES TO ITS PAYMENT METHODS AND STANDARDS FOR  
27 INPATIENT HOSPITAL SERVICES CONSISTENT WITH TITLE XIX OF THE  
28 SOCIAL SECURITY ACT, INCLUDING CHANGES TO SUPPLEMENTAL PAYMENTS  
29 CURRENTLY AUTHORIZED IN THE STATE PLAN BASED ON THE AVAILABILITY  
30 OF FEDERAL AND STATE FUNDS.

1 (1.2) SUBJECT TO SECTION 813-G, FOR INPATIENT ACUTE CARE  
2 HOSPITAL SERVICES PROVIDED UNDER THE PHYSICAL HEALTH MEDICAL  
3 ASSISTANCE MANAGED CARE PROGRAM DURING [A] STATE FISCAL YEAR [IN  
4 WHICH AN ASSESSMENT IS IMPOSED UNDER ARTICLE VIII-G] 2010-2011,  
5 THE FOLLOWING SHALL APPLY:

6 (I) FOR INPATIENT HOSPITAL SERVICES PROVIDED UNDER A  
7 PARTICIPATION AGREEMENT BETWEEN AN INPATIENT ACUTE CARE HOSPITAL  
8 AND A MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION IN EFFECT AS  
9 OF JUNE 30, 2010, THE MEDICAL ASSISTANCE MANAGED CARE  
10 ORGANIZATION SHALL PAY, AND THE HOSPITAL SHALL ACCEPT AS PAYMENT  
11 IN FULL, AMOUNTS DETERMINED IN ACCORDANCE WITH THE PAYMENT TERMS  
12 AND RATE METHODOLOGY SPECIFIED IN THE AGREEMENT AND IN EFFECT AS  
13 OF JUNE 30, 2010, DURING THE TERM OF THAT PARTICIPATION  
14 AGREEMENT. IF A PARTICIPATION AGREEMENT IN EFFECT AS OF JUNE 30,  
15 2010, USES THE DEPARTMENT FEE FOR SERVICE DRG RATE METHODOLOGY  
16 IN DETERMINING PAYMENT AMOUNTS, THE MEDICAL ASSISTANCE MANAGED  
17 CARE ORGANIZATION SHALL PAY, AND THE HOSPITAL SHALL ACCEPT AS  
18 PAYMENT IN FULL, AMOUNTS DETERMINED IN ACCORDANCE WITH THE FEE  
19 FOR SERVICE PAYMENT METHODOLOGY IN EFFECT AS OF JUNE 30, 2010,  
20 INCLUDING, WITHOUT LIMITATION, CONTINUATION OF THE SAME GROUPEE,  
21 OUTLIER METHODOLOGY, BASE RATES AND RELATIVE WEIGHTS, DURING THE  
22 TERM OF THAT PARTICIPATION AGREEMENT.

23 (II) NOTHING IN SUBPARAGRAPH (I) SHALL PROHIBIT PAYMENT  
24 RATES FOR INPATIENT ACUTE CARE HOSPITAL SERVICES PROVIDED UNDER  
25 A PARTICIPATION AGREEMENT TO CHANGE FROM THE RATES IN EFFECT AS  
26 OF JUNE 30, 2010, IF THE CHANGE IN PAYMENT RATES IS AUTHORIZED  
27 BY THE TERMS OF THE PARTICIPATION AGREEMENT BETWEEN THE  
28 INPATIENT ACUTE CARE HOSPITAL AND THE MEDICAL ASSISTANCE MANAGED  
29 CARE ORGANIZATION. FOR PURPOSES OF THIS ACT, ANY CONTRACT  
30 PROVISION THAT PROVIDES THAT PAYMENT RATES AND CHANGES TO

1 PAYMENT RATES SHALL BE CALCULATED BASED UPON THE DEPARTMENT'S  
2 FEE FOR SERVICE DRG PAYMENT METHODOLOGY SHALL BE INTERPRETED TO  
3 MEAN THE DEPARTMENT'S FEE FOR SERVICE MEDICAL ASSISTANCE DRG  
4 METHODOLOGY IN PLACE ON JUNE 30, 2010.

5 (III) IF A PARTICIPATION AGREEMENT BETWEEN A HOSPITAL AND A  
6 MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION TERMINATES DURING A  
7 FISCAL YEAR IN WHICH AN ASSESSMENT IS IMPOSED UNDER ARTICLE  
8 VIII-G PRIOR TO THE EXPIRATION OF THE TERM OF THE PARTICIPATION  
9 AGREEMENT, PAYMENT FOR SERVICES, OTHER THAN EMERGENCY SERVICES,  
10 COVERED BY THE MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION AND  
11 RENDERED BY THE HOSPITAL SHALL BE MADE AT THE RATE IN EFFECT AS  
12 OF THE TERMINATION DATE, AS ADJUSTED IN ACCORDANCE WITH  
13 SUBPARAGRAPHS (I) AND (II), DURING THE PERIOD IN WHICH THE  
14 PARTICIPATION AGREEMENT WOULD HAVE BEEN IN EFFECT HAD THE  
15 AGREEMENT NOT TERMINATED. THE HOSPITAL SHALL RECEIVE THE  
16 SUPPLEMENTAL PAYMENT IN ACCORDANCE WITH SUBPARAGRAPH (V).

17 (IV) IF A HOSPITAL AND A MEDICAL ASSISTANCE MANAGED CARE  
18 ORGANIZATION DO NOT HAVE A PARTICIPATION AGREEMENT IN EFFECT AS  
19 OF JUNE 30, 2010, THE MEDICAL ASSISTANCE MANAGED CARE  
20 ORGANIZATION SHALL PAY, AND THE HOSPITAL SHALL ACCEPT AS PAYMENT  
21 IN FULL, FOR SERVICES, OTHER THAN EMERGENCY SERVICES, COVERED BY  
22 THE MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION AND RENDERED  
23 DURING A FISCAL YEAR IN WHICH AN ASSESSMENT IS IMPOSED UNDER  
24 ARTICLE VIII-G, AN AMOUNT EQUAL TO THE RATES PAYABLE FOR THE  
25 SERVICES BY THE MEDICAL ASSISTANCE FEE FOR SERVICE PROGRAM AS OF  
26 JUNE 30, 2010. THE HOSPITAL SHALL RECEIVE THE SUPPLEMENTAL  
27 PAYMENT IN ACCORDANCE WITH SUBPARAGRAPH (V).

28 (V) THE DEPARTMENT SHALL MAKE ENHANCED CAPITATION PAYMENTS  
29 TO MEDICAL ASSISTANCE MANAGED CARE ORGANIZATIONS EXCLUSIVELY FOR  
30 THE PURPOSE OF MAKING SUPPLEMENTAL PAYMENTS TO HOSPITALS IN

1 ORDER TO PROMOTE CONTINUED ACCESS TO QUALITY CARE FOR MEDICAL  
2 ASSISTANCE RECIPIENTS. MEDICAL ASSISTANCE MANAGED CARE  
3 ORGANIZATIONS SHALL USE THE ENHANCED CAPITATION PAYMENTS  
4 RECEIVED PURSUANT TO THIS SECTION SOLELY FOR THE PURPOSE OF  
5 MAKING SUPPLEMENTAL PAYMENTS TO HOSPITALS AND SHALL PROVIDE  
6 DOCUMENTATION TO THE DEPARTMENT CERTIFYING THAT ALL FUNDS  
7 RECEIVED IN THIS MANNER ARE USED IN ACCORDANCE WITH THIS  
8 SECTION. THE SUPPLEMENTAL PAYMENTS TO HOSPITALS MADE PURSUANT TO  
9 THIS SUBSECTION ARE IN LIEU OF INCREASED OR ADDITIONAL PAYMENTS  
10 FOR INPATIENT ACUTE CARE SERVICES FROM MEDICAL ASSISTANCE  
11 MANAGED CARE ORGANIZATIONS RESULTING FROM THE DEPARTMENT'S  
12 IMPLEMENTATION OF PAYMENTS UNDER PARAGRAPH (1.1) (II). MEDICAL  
13 ASSISTANCE MANAGED CARE ORGANIZATIONS SHALL IN NO EVENT BE  
14 OBLIGATED UNDER THIS SECTION TO MAKE SUPPLEMENTAL OR OTHER  
15 ADDITIONAL PAYMENTS TO HOSPITALS THAT EXCEED THE ENHANCED  
16 CAPITATION PAYMENTS MADE TO THE MEDICAL ASSISTANCE MANAGED CARE  
17 ORGANIZATION UNDER THIS SECTION. MEDICAL ASSISTANCE MANAGED CARE  
18 ORGANIZATIONS SHALL NOT BE REQUIRED TO ADVANCE THE SUPPLEMENTAL  
19 PAYMENTS TO HOSPITALS AUTHORIZED BY THIS SUBSECTION AND SHALL  
20 ONLY MAKE THE SUPPLEMENTAL PAYMENTS TO HOSPITALS ONCE MEDICAL  
21 ASSISTANCE MANAGED CARE ORGANIZATIONS HAVE RECEIVED THE ENHANCED  
22 CAPITATION PAYMENTS FROM THE DEPARTMENT.

23 (VI) NOTHING IN THIS SUBSECTION SHALL PROHIBIT AN INPATIENT  
24 ACUTE CARE HOSPITAL AND A MEDICAL ASSISTANCE MANAGED CARE  
25 ORGANIZATION FROM EXECUTING A NEW PARTICIPATION AGREEMENT OR  
26 AMENDING AN EXISTING PARTICIPATION AGREEMENT ON OR AFTER JULY 1,  
27 2010, IN WHICH THEY AGREE TO PAYMENT TERMS THAT WOULD RESULT IN  
28 PAYMENTS THAT ARE DIFFERENT THAN THE PAYMENTS DETERMINED IN  
29 ACCORDANCE WITH SUBPARAGRAPHS (I), (II), (III) AND (IV).

30 [(VII) AS USED IN THIS PARAGRAPH, THE TERM "MEDICAL

1 ASSISTANCE MANAGED CARE ORGANIZATION" MEANS A MEDICAID MANAGED  
2 CARE ORGANIZATION AS DEFINED IN SECTION 1903(M) (1) (A) OF THE  
3 SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. § 1396B(M) (1) (A))  
4 THAT IS A PARTY TO A MEDICAID MANAGED CARE CONTRACT WITH THE  
5 DEPARTMENT, OTHER THAN A BEHAVIORAL HEALTH MANAGED CARE  
6 ORGANIZATION THAT IS A PARTY TO A MEDICAL ASSISTANCE MANAGED  
7 CARE CONTRACT WITH THE DEPARTMENT.]

8 (1.3) SUBJECT TO SECTION 813-G, THE DEPARTMENT MAY ADJUST  
9 ITS CAPITATION PAYMENTS TO MEDICAL ASSISTANCE MANAGED CARE  
10 ORGANIZATIONS UNDER THE PHYSICAL HEALTH MEDICAL ASSISTANCE  
11 MANAGED CARE PROGRAM DURING STATE FISCAL YEAR 2011-2012 TO  
12 PROVIDE ADDITIONAL FUNDS FOR INPATIENT HOSPITAL SERVICES TO  
13 MITIGATE THE IMPACT, IF ANY, TO THE MANAGED CARE ORGANIZATIONS  
14 THAT MAY RESULT FROM THE CHANGES TO THE DEPARTMENT'S PAYMENT  
15 METHODS AND STANDARDS SPECIFIED IN PARAGRAPH (1.1) (II). IF THE  
16 DEPARTMENT ADJUSTS A MEDICAL ASSISTANCE MANAGED CARE  
17 ORGANIZATION'S CAPITATION PAYMENTS PURSUANT TO THIS PARAGRAPH,  
18 THE FOLLOWING SHALL APPLY:

19 (I) THE MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION SHALL  
20 PROVIDE DOCUMENTATION TO THE DEPARTMENT IDENTIFYING HOW THE  
21 ADDITIONAL FUNDS RECEIVED PURSUANT TO THIS SUBSECTION WERE USED  
22 BY THE MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION.

23 (II) IF THE MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION  
24 USES ALL OF THE ADDITIONAL FUNDS RECEIVED PURSUANT TO THIS  
25 SUBSECTION TO MAKE ADDITIONAL PAYMENTS TO HOSPITALS, THE  
26 FOLLOWING SHALL APPLY:

27 (A) FOR INPATIENT HOSPITAL SERVICES PROVIDED UNDER A  
28 PARTICIPATION AGREEMENT BETWEEN AN INPATIENT ACUTE CARE HOSPITAL  
29 AND THE MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION IN EFFECT  
30 AS OF JUNE 30, 2010, THE MEDICAL ASSISTANCE MANAGED CARE

1 ORGANIZATION SHALL PAY, AND THE HOSPITAL SHALL ACCEPT AS PAYMENT  
2 IN FULL, AMOUNTS DETERMINED IN ACCORDANCE WITH THE PAYMENT TERMS  
3 AND RATE METHODOLOGY SPECIFIED IN THE AGREEMENT AND IN EFFECT AS  
4 OF JUNE 30, 2010, DURING THE TERM OF THAT PARTICIPATION  
5 AGREEMENT. IF A PARTICIPATION AGREEMENT IN EFFECT AS OF JUNE 30,  
6 2010, USES THE DEPARTMENT FEE-FOR-SERVICE DRG RATE METHODOLOGY  
7 IN DETERMINING PAYMENT AMOUNTS, THE MEDICAL ASSISTANCE MANAGED  
8 CARE ORGANIZATION SHALL PAY, AND THE HOSPITAL SHALL ACCEPT AS  
9 PAYMENT IN FULL, AMOUNTS DETERMINED IN ACCORDANCE WITH THE FEE-  
10 FOR-SERVICE PAYMENT METHODOLOGY IN EFFECT AS OF JUNE 30, 2010,  
11 INCLUDING, WITHOUT LIMITATION, CONTINUATION OF THE SAME GROUPEL,  
12 OUTLIER METHODOLOGY, BASE RATES AND RELATIVE WEIGHTS DURING THE  
13 TERM OF THAT PARTICIPATION AGREEMENT.

14 (B) NOTHING IN CLAUSE (A) SHALL PROHIBIT PAYMENT RATES FOR  
15 INPATIENT ACUTE CARE HOSPITAL SERVICES PROVIDED UNDER A  
16 PARTICIPATION AGREEMENT TO CHANGE FROM THE RATES IN EFFECT AS OF  
17 JUNE 30, 2010, IF THE CHANGE IN PAYMENT RATES IS AUTHORIZED BY  
18 THE TERMS OF THE PARTICIPATION AGREEMENT BETWEEN THE INPATIENT  
19 ACUTE CARE HOSPITAL AND THE MEDICAL ASSISTANCE MANAGED CARE  
20 ORGANIZATION. FOR PURPOSES OF THIS ACT, ANY CONTRACT PROVISION  
21 THAT PROVIDES THAT PAYMENT RATES AND CHANGES TO PAYMENT RATES  
22 SHALL BE CALCULATED BASED UPON THE DEPARTMENT'S FEE-FOR-SERVICE  
23 DRG PAYMENT METHODOLOGY SHALL BE INTERPRETED TO MEAN THE  
24 DEPARTMENT'S FEE-FOR-SERVICE MEDICAL ASSISTANCE DRG METHODOLOGY  
25 IN PLACE ON JUNE 30, 2010.

26 (C) FOR AN OUT-OF-NETWORK INPATIENT DISCHARGE OF A RECIPIENT  
27 ENROLLED IN A MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION THAT  
28 OCCURS IN STATE FISCAL YEAR 2011-2012, THE MEDICAL ASSISTANCE  
29 MANAGED CARE ORGANIZATION SHALL PAY, AND THE HOSPITAL SHALL  
30 ACCEPT AS PAYMENT IN FULL, THE AMOUNT THAT THE DEPARTMENT'S FEE-

1 FOR-SERVICE PROGRAM WOULD HAVE PAID FOR THE DISCHARGE IF THE  
2 RECIPIENT WERE ENROLLED IN THE DEPARTMENT'S FEE-FOR-SERVICE  
3 PROGRAM AND THE DISCHARGE OCCURRED ON JUNE 30, 2010.

4 (D) NOTHING IN THIS SUBPARAGRAPH SHALL PROHIBIT AN INPATIENT  
5 ACUTE CARE HOSPITAL AND A MEDICAL ASSISTANCE MANAGED CARE  
6 ORGANIZATION FROM EXECUTING A NEW PARTICIPATION AGREEMENT OR  
7 AMENDING AN EXISTING PARTICIPATION AGREEMENT ON OR AFTER JULY 1,  
8 2010, IN WHICH THEY AGREE TO PAYMENT TERMS THAT WOULD RESULT IN  
9 PAYMENTS THAT ARE DIFFERENT FROM THE PAYMENTS DETERMINED IN  
10 ACCORDANCE WITH CLAUSES (A), (B) AND (C).

11 (1.4) SUBJECT TO SECTION 813-G, FOR INPATIENT HOSPITAL  
12 SERVICES PROVIDED UNDER THE PHYSICAL HEALTH MEDICAL ASSISTANCE  
13 MANAGED CARE PROGRAM DURING STATE FISCAL YEAR 2012-2013, THE  
14 FOLLOWING SHALL APPLY:

15 (A) THE DEPARTMENT MAY ADJUST ITS CAPITATION PAYMENTS TO  
16 MEDICAL ASSISTANCE MANAGED CARE ORGANIZATIONS TO PROVIDE  
17 ADDITIONAL FUNDS FOR INPATIENT HOSPITAL SERVICES.

18 (B) FOR AN OUT-OF-NETWORK INPATIENT DISCHARGE OF A RECIPIENT  
19 ENROLLED IN A MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION THAT  
20 OCCURS IN STATE FISCAL YEAR 2012-2013, THE MEDICAL ASSISTANCE  
21 MANAGED CARE ORGANIZATION SHALL PAY, AND THE HOSPITAL SHALL  
22 ACCEPT AS PAYMENT IN FULL, THE AMOUNT THAT THE DEPARTMENT'S FEE-  
23 FOR-SERVICE PROGRAM WOULD HAVE PAID FOR THE DISCHARGE IF THE  
24 RECIPIENT WERE ENROLLED IN THE DEPARTMENT'S FEE-FOR-SERVICE  
25 PROGRAM.

26 (1.5) AS USED IN PARAGRAPHS (1.2), (1.3) AND (1.4), THE  
27 FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

28 (I) "EMERGENCY SERVICES" MEANS EMERGENCY SERVICES AS DEFINED  
29 IN SECTION 1932(B) OF THE SOCIAL SECURITY ACT (49 STAT. 42  
30 U.S.C. § 1396U-2(B)(2)(B)); THE TERM SHALL NOT INCLUDE

1 POST-STABILIZATION CARE SERVICES AS DEFINED IN 42 CFR 438.114(A)  
2 (1) (RELATING TO EMERGENCY AND POST-STABILIZATION SERVICES).  
3 (II) "MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION" MEANS A  
4 MEDICAID MANAGED CARE ORGANIZATION AS DEFINED IN SECTION 1903(M)  
5 (1)(A) OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. §  
6 1396B(M)(1)(A)) THAT IS A PARTY TO A MEDICAID MANAGED CARE  
7 CONTRACT WITH THE DEPARTMENT, OTHER THAN A BEHAVIORAL HEALTH  
8 MANAGED CARE ORGANIZATION THAT IS A PARTY TO A MEDICAL  
9 ASSISTANCE MANAGED CARE CONTRACT WITH THE DEPARTMENT.

10 \* \* \*

11 (7) AFTER JUNE 30, 2007, PAYMENTS TO COUNTY AND NONPUBLIC  
12 NURSING FACILITIES ENROLLED IN THE MEDICAL ASSISTANCE PROGRAM AS  
13 PROVIDERS OF NURSING FACILITY SERVICES SHALL BE DETERMINED IN  
14 ACCORDANCE WITH THE METHODOLOGIES FOR ESTABLISHING PAYMENT RATES  
15 FOR COUNTY AND NONPUBLIC NURSING FACILITIES SPECIFIED IN THE  
16 DEPARTMENT'S REGULATIONS AND THE COMMONWEALTH'S APPROVED TITLE  
17 XIX STATE PLAN FOR NURSING FACILITY SERVICES IN EFFECT AFTER  
18 JUNE 30, 2007. THE FOLLOWING SHALL APPLY:

19 (I) FOR THE FISCAL YEAR 2007-2008, THE DEPARTMENT SHALL  
20 APPLY A REVENUE ADJUSTMENT NEUTRALITY FACTOR AND MAKE  
21 ADJUSTMENTS TO COUNTY AND NONPUBLIC NURSING FACILITY PAYMENT  
22 RATES FOR MEDICAL ASSISTANCE NURSING FACILITY SERVICES. THE  
23 REVENUE ADJUSTMENT FACTOR SHALL LIMIT THE ESTIMATED AGGREGATE  
24 INCREASE IN THE STATEWIDE DAY-WEIGHTED AVERAGE PAYMENT RATE OVER  
25 THE THREE-YEAR PERIOD COMMENCING JULY 1, 2005, AND ENDING JUNE  
26 30, 2008, FROM THE STATEWIDE DAY-WEIGHTED AVERAGE PAYMENT RATE  
27 FOR MEDICAL ASSISTANCE NURSING FACILITY SERVICES IN FISCAL YEAR  
28 2004-2005 TO 6.912% PLUS ANY PERCENTAGE RATE OF INCREASE  
29 PERMITTED BY THE AMOUNT OF FUNDS APPROPRIATED FOR NURSING  
30 FACILITY SERVICES IN THE GENERAL APPROPRIATION ACT OF 2007.



1 APPLICATION OF THE REVENUE ADJUSTMENT NEUTRALITY FACTOR SHALL BE  
2 SUBJECT TO FEDERAL APPROVAL OF ANY AMENDMENTS AS MAY BE  
3 NECESSARY TO THE COMMONWEALTH'S APPROVED TITLE XIX STATE PLAN  
4 FOR NURSING FACILITY SERVICES.

5 (II) THE DEPARTMENT MAY MAKE ADDITIONAL CHANGES TO ITS  
6 METHODOLOGIES FOR ESTABLISHING PAYMENT RATES FOR COUNTY AND  
7 NONPUBLIC NURSING FACILITIES ENROLLED IN THE MEDICAL ASSISTANCE  
8 PROGRAM CONSISTENT WITH TITLE XIX OF THE SOCIAL SECURITY ACT,  
9 EXCEPT THAT IF DURING A FISCAL YEAR AN ASSESSMENT IS IMPLEMENTED  
10 UNDER ARTICLE VIII-A, THE DEPARTMENT SHALL NOT MAKE A CHANGE  
11 UNDER THIS SUBPARAGRAPH UNLESS IT ADOPTS REGULATIONS AS PROVIDED  
12 UNDER SECTION 814-A.

13 (III) SUBJECT TO FEDERAL APPROVAL OF SUCH AMENDMENTS AS MAY  
14 BE NECESSARY TO THE COMMONWEALTH'S APPROVED TITLE XIX STATE  
15 PLAN, THE DEPARTMENT SHALL DO ALL OF THE FOLLOWING:

16 (A) FOR EACH FISCAL YEAR BETWEEN JULY 1, 2008, AND JUNE 30,  
17 2011, THE DEPARTMENT SHALL APPLY A REVENUE ADJUSTMENT NEUTRALITY  
18 FACTOR TO COUNTY AND NONPUBLIC NURSING FACILITY PAYMENT RATES.  
19 FOR EACH SUCH FISCAL YEAR, THE REVENUE ADJUSTMENT NEUTRALITY  
20 FACTOR SHALL LIMIT THE ESTIMATED AGGREGATE INCREASE IN THE  
21 STATEWIDE DAY-WEIGHTED AVERAGE PAYMENT RATE SO THAT THE  
22 AGGREGATE PERCENTAGE RATE OF INCREASE FOR THE PERIOD THAT BEGINS  
23 ON JULY 1, 2005, AND ENDS ON THE LAST DAY OF THE FISCAL YEAR IS  
24 LIMITED TO THE AMOUNT PERMITTED BY THE FUNDS APPROPRIATED BY THE  
25 GENERAL APPROPRIATIONS ACT FOR THOSE FISCAL YEARS.

26 (B) IN CALCULATING RATES FOR NONPUBLIC NURSING FACILITIES  
27 FOR FISCAL YEAR 2008-2009, THE DEPARTMENT SHALL CONTINUE TO  
28 INCLUDE COSTS INCURRED BY COUNTY NURSING FACILITIES IN THE RATE-  
29 SETTING DATABASE, AS SPECIFIED IN THE DEPARTMENT'S REGULATIONS  
30 IN EFFECT ON JULY 1, 2007.

1 (C) THE DEPARTMENT SHALL PROPOSE REGULATIONS THAT PHASE OUT  
2 THE USE OF COUNTY NURSING FACILITY COSTS AS AN INPUT IN THE  
3 PROCESS OF SETTING PAYMENT RATES OF NONPUBLIC NURSING  
4 FACILITIES. THE FINAL REGULATIONS SHALL BE EFFECTIVE JULY 1,  
5 2009, AND SHALL PHASE OUT THE USE OF THESE COSTS IN RATE-SETTING  
6 OVER A PERIOD OF THREE RATE YEARS, BEGINNING FISCAL YEAR  
7 2009-2010 AND ENDING ON JUNE 30, 2012.

8 (D) THE DEPARTMENT SHALL PROPOSE REGULATIONS THAT ESTABLISH  
9 MINIMUM OCCUPANCY REQUIREMENTS AS A CONDITION FOR BED-HOLD  
10 PAYMENTS. THE FINAL REGULATIONS SHALL BE EFFECTIVE JULY 1, 2009,  
11 AND SHALL PHASE IN THESE REQUIREMENTS OVER A PERIOD OF TWO RATE  
12 YEARS, BEGINNING FISCAL YEAR 2009-2010.

13 (IV) SUBJECT TO FEDERAL APPROVAL OF SUCH AMENDMENTS AS MAY  
14 BE NECESSARY TO THE COMMONWEALTH'S APPROVED TITLE XIX STATE  
15 PLAN, FOR EACH FISCAL YEAR BEGINNING ON OR AFTER JULY 1, 2011,  
16 THE DEPARTMENT SHALL APPLY A REVENUE ADJUSTMENT NEUTRALITY  
17 FACTOR TO COUNTY AND NONPUBLIC NURSING FACILITY PAYMENT RATES SO  
18 THAT THE ESTIMATED STATEWIDE DAY-WEIGHTED AVERAGE PAYMENT RATE  
19 IN EFFECT FOR THAT FISCAL YEAR IS LIMITED TO THE AMOUNT  
20 PERMITTED BY THE FUNDS APPROPRIATED BY THE GENERAL APPROPRIATION  
21 ACT FOR THE FISCAL YEAR. THE REVENUE ADJUSTMENT NEUTRALITY  
22 FACTOR SHALL REMAIN IN EFFECT UNTIL THE SOONER OF JUNE 30, 2013,  
23 OR THE DATE ON WHICH A NEW RATE-SETTING METHODOLOGY FOR MEDICAL  
24 ASSISTANCE NURSING FACILITY SERVICES WHICH REPLACES THE RATE-  
25 SETTING METHODOLOGY CODIFIED IN 55 PA. CODE CHS. 1187 (RELATING  
26 TO NURSING FACILITY SERVICES) AND 1189 (RELATING TO COUNTY  
27 NURSING FACILITY SERVICES) TAKES EFFECT.

28 (8) AS A CONDITION OF PARTICIPATION IN THE MEDICAL  
29 ASSISTANCE PROGRAM, BEFORE ANY COUNTY OR NONPUBLIC NURSING  
30 FACILITY INCREASES THE NUMBER OF MEDICAL ASSISTANCE CERTIFIED

1 BEDS IN ITS FACILITY OR IN THE MEDICAL ASSISTANCE PROGRAM,  
2 WHETHER AS A RESULT OF AN INCREASE IN BEDS IN AN EXISTING  
3 FACILITY OR THE ENROLLMENT OF A NEW PROVIDER, THE FACILITY MUST  
4 SEEK AND OBTAIN ADVANCE WRITTEN APPROVAL OF THE INCREASE IN  
5 CERTIFIED BEDS FROM THE DEPARTMENT. THE FOLLOWING SHALL APPLY:

6 (I) BEFORE JULY 1, 2009, THE DEPARTMENT SHALL PROPOSE  
7 REGULATIONS THAT WOULD ESTABLISH THE PROCESS AND CRITERIA TO BE  
8 USED TO REVIEW AND RESPOND TO REQUESTS FOR INCREASES IN MEDICAL  
9 ASSISTANCE CERTIFIED BEDS, INCLUDING WHETHER AN INCREASE IN THE  
10 NUMBER OF CERTIFIED BEDS IS NECESSARY TO ASSURE THAT LONG-TERM  
11 LIVING CARE AND SERVICES UNDER THE MEDICAL ASSISTANCE PROGRAM  
12 WILL BE PROVIDED IN A MANNER CONSISTENT WITH APPLICABLE FEDERAL  
13 AND STATE LAW, INCLUDING TITLE XIX OF THE SOCIAL SECURITY ACT.

14 (II) PENDING ADOPTION OF REGULATIONS, A NURSING FACILITY'S  
15 REQUEST FOR ADVANCE WRITTEN APPROVAL FOR AN INCREASE IN MEDICAL  
16 ASSISTANCE CERTIFIED BEDS SHALL BE SUBMITTED AND REVIEWED IN  
17 ACCORDANCE WITH THE PROCESS AND GUIDELINES CONTAINED IN THE  
18 STATEMENT OF POLICY PUBLISHED IN 28 PA.B. 138.

19 (III) THE DEPARTMENT MAY PUBLISH AMENDMENTS TO THE STATEMENT  
20 OF POLICY IF THE DEPARTMENT DETERMINES THAT CHANGES TO THE  
21 PROCESS AND GUIDELINES FOR REVIEWING AND RESPONDING TO REQUESTS  
22 FOR APPROVAL OF INCREASES IN MEDICAL ASSISTANCE CERTIFIED BEDS  
23 WILL FACILITATE ACCESS TO MEDICALLY NECESSARY NURSING FACILITY  
24 SERVICES OR ARE REQUIRED TO ASSURE THAT LONG-TERM LIVING CARE  
25 AND SERVICES UNDER THE MEDICAL ASSISTANCE PROGRAM WILL BE  
26 PROVIDED IN A MANNER CONSISTENT WITH APPLICABLE FEDERAL AND  
27 STATE LAW, INCLUDING TITLE XIX OF THE SOCIAL SECURITY ACT. THE  
28 DEPARTMENT SHALL PUBLISH THE PROPOSED AMENDMENTS IN THE  
29 PENNSYLVANIA BULLETIN AND SOLICIT PUBLIC COMMENTS FOR THIRTY  
30 DAYS. AFTER CONSIDERATION OF THE COMMENTS IT RECEIVES, THE

1 DEPARTMENT MAY PROCEED TO ADOPT THE AMENDMENTS BY PUBLISHING AN  
2 AMENDED STATEMENT OF POLICY IN THE PENNSYLVANIA BULLETIN WHICH  
3 SHALL INCLUDE ITS RESPONSES TO THE PUBLIC COMMENTS THAT IT  
4 RECEIVED CONCERNING THE PROPOSED AMENDMENTS.

5 (IV) THIS SUBPARAGRAPH SHALL APPLY TO ANY REQUESTS FOR  
6 APPROVAL OF AN INCREASE IN MEDICAL ASSISTANCE CERTIFIED BEDS  
7 PENDING OR SUBMITTED ON OR AFTER THE EFFECTIVE DATE OF THIS  
8 SUBPARAGRAPH. THIS SUBPARAGRAPH SHALL EXPIRE UPON THE  
9 DEPARTMENT'S ADOPTION OF FINAL REGULATIONS OR [SEPTEMBER 30,  
10 2011,] JUNE 30, 2012, WHICHEVER OCCURS FIRST.

11 SECTION 6. SECTION 443.6 OF THE ACT IS AMENDED BY ADDING A  
12 SUBSECTION TO READ:

13 SECTION 443.6. REIMBURSEMENT FOR CERTAIN MEDICAL ASSISTANCE  
14 ITEMS AND SERVICES.--\* \* \*

15 (G) THE DEPARTMENT SHALL ESTABLISH BENEFIT PACKAGES FOR  
16 DENTAL AND PHARMACY SERVICES FOR MEDICAL ASSISTANCE RECIPIENTS  
17 TWENTY-ONE YEARS OF AGE OR OLDER, AND ANY EXCEPTIONS TO SUCH  
18 BENEFIT PACKAGES AS THE DEPARTMENT DETERMINES ARE APPROPRIATE.  
19 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, INCLUDING THIS  
20 SECTION, DURING STATE FISCAL YEAR 2011-2012, THE DEPARTMENT  
21 SHALL ESTABLISH SUCH BENEFIT PACKAGES, LIMITS AND EXCEPTIONS  
22 THERE TO BY PUBLICATION OF ONE OR MORE NOTICES IN THE  
23 PENNSYLVANIA BULLETIN. A NOTICE SHALL DESCRIBE THE AVAILABLE  
24 BENEFIT PACKAGES OR LIMITS AND ANY EXCEPTIONS THERETO. THE  
25 BENEFIT PACKAGES, LIMITS AND EXCEPTIONS THERETO SHALL TAKE  
26 EFFECT AS SPECIFIED IN THE NOTICE AND REMAIN IN EFFECT UNTIL  
27 CHANGED BY A SUBSEQUENT NOTICE ISSUED ON OR BEFORE JUNE 30,  
28 2012, OR THEREAFTER BY DEPARTMENT REGULATION.

29 SECTION 6.1. SECTION 443.9 OF THE ACT, ADDED JULY 4, 2008  
30 (P.L.557, NO.44), IS AMENDED TO READ:

1 SECTION 443.9. PAYMENTS FOR READMISSION TO A HOSPITAL PAID  
2 THROUGH DIAGNOSIS-RELATED GROUPS.--ALL OF THE FOLLOWING SHALL  
3 APPLY TO ELIGIBLE RECIPIENTS READMITTED TO A HOSPITAL WITHIN  
4 [FOURTEEN] THIRTY DAYS OF THE DATE OF DISCHARGE:

5 (1) IF THE READMISSION IS FOR THE TREATMENT OF CONDITIONS  
6 THAT COULD OR SHOULD HAVE BEEN TREATED DURING THE PREVIOUS  
7 ADMISSION, THE DEPARTMENT SHALL MAKE NO PAYMENT IN ADDITION TO  
8 THE HOSPITAL'S ORIGINAL DIAGNOSIS-RELATED GROUP PAYMENT. IF THE  
9 COMBINED HOSPITAL STAY QUALIFIES AS AN OUTLIER, AS SET FORTH  
10 UNDER THE DEPARTMENT'S REGULATIONS, AN OUTLIER PAYMENT SHALL BE  
11 MADE.

12 (2) IF THE READMISSION IS DUE TO COMPLICATIONS OF THE  
13 ORIGINAL DIAGNOSIS AND THE RESULT IS A DIFFERENT DIAGNOSIS-  
14 RELATED GROUP WITH A HIGHER PAYMENT, THE DEPARTMENT SHALL PAY  
15 THE HIGHER DIAGNOSIS-RELATED GROUP PAYMENT RATHER THAN THE  
16 ORIGINAL DIAGNOSIS-RELATED GROUP PAYMENT.

17 (3) IF THE READMISSION IS DUE TO CONDITIONS UNRELATED TO THE  
18 PREVIOUS ADMISSION, THE DEPARTMENT SHALL CONSIDER THE  
19 READMISSION AS A NEW ADMISSION FOR PAYMENT PURPOSES.

20 SECTION 7. SECTION 454(A) OF THE ACT, ADDED JULY 7, 2005  
21 (P.L.177, NO.42), IS AMENDED TO READ:

22 SECTION 454. MEDICAL ASSISTANCE BENEFIT PACKAGES; COVERAGE,  
23 COPAYMENTS, PREMIUMS AND RATES.--(A) NOTWITHSTANDING ANY OTHER  
24 PROVISION OF LAW TO THE CONTRARY, THE DEPARTMENT SHALL  
25 PROMULGATE REGULATIONS AS PROVIDED IN SUBSECTION (B) TO  
26 ESTABLISH PROVIDER PAYMENT RATES; THE BENEFIT PACKAGES AND ANY  
27 COPAYMENTS FOR ADULTS ELIGIBLE FOR MEDICAL ASSISTANCE UNDER  
28 TITLE XIX OF THE SOCIAL SECURITY ACT (49 STAT 620, 42 U.S.C. §  
29 1396 ET SEQ.) AND ADULTS ELIGIBLE FOR MEDICAL ASSISTANCE IN  
30 GENERAL ASSISTANCE-RELATED CATEGORIES; AND THE PREMIUM OR

1 COPAYMENT REQUIREMENTS FOR DISABLED CHILDREN WHOSE FAMILY INCOME  
2 IS ABOVE TWO HUNDRED PERCENT OF THE FEDERAL POVERTY INCOME  
3 LIMIT. [THE] SUBJECT TO SUCH FEDERAL APPROVAL AS MAY BE  
4 NECESSARY, THE REGULATIONS SHALL AUTHORIZE AND DESCRIBE THE  
5 AVAILABLE BENEFIT PACKAGES AND ANY COPAYMENTS AND PREMIUMS,  
6 EXCEPT THAT THE DEPARTMENT SHALL SET FORTH THE COPAYMENT  
7 SCHEDULE FOR DISABLED CHILDREN WHOSE FAMILY INCOME IS ABOVE TWO  
8 HUNDRED PERCENT OF THE FEDERAL POVERTY INCOME LIMIT BY  
9 PUBLISHING A NOTICE IN THE PENNSYLVANIA BULLETIN. THE DEPARTMENT  
10 MAY ADJUST SUCH COPAYMENTS FOR DISABLED CHILDREN BY NOTICE  
11 PUBLISHED IN THE PENNSYLVANIA BULLETIN. THE REGULATIONS SHALL  
12 ALSO SPECIFY THE EFFECTIVE DATE FOR PROVIDER PAYMENT RATES.

13 \* \* \*

14 SECTION 8. THE DEFINITION OF "NET INPATIENT REVENUE" IN  
15 SECTION 801-G OF THE ACT, ADDED JULY 9, 2010 (P.L.336, NO.49),  
16 IS AMENDED TO READ:

17 SECTION 801-G. DEFINITIONS.

18 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
19 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
20 CONTEXT CLEARLY INDICATES OTHERWISE:

21 \* \* \*

22 "NET INPATIENT REVENUE." GROSS CHARGES FOR FACILITIES FOR  
23 INPATIENT SERVICES LESS ANY DEDUCTED AMOUNTS FOR BAD DEBT  
24 EXPENSE, CHARITY CARE EXPENSE AND CONTRACTUAL ALLOWANCES AS  
25 REPORTED ON [THE MEDICARE COST REPORT FOR FEDERAL FISCAL YEAR  
26 2008 OR TO THE PENNSYLVANIA HEALTH CARE COST CONTAINMENT COUNCIL  
27 FOR FEDERAL FISCAL YEAR 2008, IF THE MEDICARE COST REPORT IS NOT  
28 AVAILABLE, AND VALIDATED BY THE DEPARTMENT] FORMS SPECIFIED BY  
29 THE DEPARTMENT AND:

30 (1) AS IDENTIFIED IN THE HOSPITAL'S RECORDS FOR THE

1 STATE FISCAL YEAR COMMENCING JULY 1, 2007; OR

2 (2) AS IDENTIFIED IN THE HOSPITAL'S RECORDS FOR THE MOST  
3 RECENT STATE FISCAL YEAR, OR PART THEREOF, IF AMOUNTS ARE NOT  
4 AVAILABLE UNDER PARAGRAPH (1).

5 \* \* \*

6 SECTION 9. SECTION 803-G(B) AND (C) OF THE ACT, AMENDED OR  
7 ADDED JULY 9, 2010 (P.L.336, NO.49) AND OCTOBER 22, 2010  
8 (P.L.829, NO.84), ARE AMENDED TO READ:

9 SECTION 803-G. IMPLEMENTATION.

10 \* \* \*

11 (B) ASSESSMENT PERCENTAGE.--SUBJECT TO SUBSECTION (C), EACH  
12 COVERED HOSPITAL SHALL BE ASSESSED AS FOLLOWS:

13 (1) FOR FISCAL YEAR 2010-2011, EACH COVERED HOSPITAL  
14 SHALL BE ASSESSED AN AMOUNT EQUAL TO 2.69% OF THE NET  
15 INPATIENT REVENUE OF THE COVERED HOSPITAL; AND

16 (2) FOR FISCAL YEARS 2011-2012 AND 2012-2013, AN AMOUNT  
17 EQUAL TO [2.84%] 3.22% OF THE NET INPATIENT REVENUE OF THE  
18 COVERED HOSPITAL.

19 (C) ADJUSTMENTS TO ASSESSMENT PERCENTAGE.--THE SECRETARY MAY  
20 ADJUST THE ASSESSMENT PERCENTAGE SPECIFIED IN SUBSECTION (B),  
21 [SUBJECT TO THE FOLLOWING:

22 (1) BEFORE] PROVIDED THAT, BEFORE ADJUSTING, THE  
23 SECRETARY SHALL PUBLISH A NOTICE IN THE PENNSYLVANIA BULLETIN  
24 THAT SPECIFIES THE PROPOSED ASSESSMENT PERCENTAGE AND  
25 IDENTIFIES THE AGGREGATE IMPACT ON COVERED HOSPITALS SUBJECT  
26 TO THE ASSESSMENT. INTERESTED PARTIES SHALL HAVE 30 DAYS IN  
27 WHICH TO SUBMIT COMMENTS TO THE SECRETARY. UPON EXPIRATION OF  
28 THE 30-DAY COMMENT PERIOD, THE SECRETARY, AFTER CONSIDERATION  
29 OF THE COMMENTS, SHALL PUBLISH A SECOND NOTICE IN THE  
30 PENNSYLVANIA BULLETIN ANNOUNCING THE ASSESSMENT PERCENTAGE.

1           [(2) THE SECRETARY MAY NOT ADJUST THE ASSESSMENT  
2           PERCENTAGES TO EXCEED 2.95% OF THE NET INPATIENT REVENUE OF  
3           COVERED HOSPITALS.

4           (3) AN ADJUSTMENT IN THE ASSESSMENT PERCENTAGE SHALL BE  
5           APPROVED BY THE GOVERNOR.]

6           \* \* \*

7           SECTION 10. SECTIONS 804-G, 805-G(A) AND (B) AND 813-G OF  
8           THE ACT, ADDED JULY 9, 2010 (P.L.336, NO.49), ARE AMENDED TO  
9           READ:

10          SECTION 804-G. ADMINISTRATION.

11          (A) CALCULATION AND NOTICE OF ASSESSMENT AMOUNT.--USING THE  
12          ASSESSMENT PERCENTAGE ESTABLISHED UNDER SECTION [803-G(B)] 803-G  
13          AND COVERED HOSPITALS' NET INPATIENT REVENUE, THE DEPARTMENT  
14          SHALL CALCULATE AND NOTIFY EACH COVERED HOSPITAL OF THE  
15          ASSESSMENT AMOUNT OWED FOR THE FISCAL YEAR. NOTIFICATION  
16          PURSUANT TO THIS SUBSECTION MAY BE MADE IN WRITING OR  
17          ELECTRONICALLY AT THE DISCRETION OF THE DEPARTMENT.

18          (A.1) CALCULATION OF ASSESSMENT WITH CHANGES OF OWNERSHIP.--

19                 (1) IF A SINGLE COVERED HOSPITAL CHANGES OWNERSHIP OR  
20                 CONTROL, THE DEPARTMENT WILL CONTINUE TO CALCULATE THE  
21                 ASSESSMENT AMOUNT USING THE HOSPITAL'S NET INPATIENT REVENUE  
22                 FOR STATE FISCAL YEAR 2008-2009 OR FOR THE MOST RECENT STATE  
23                 FISCAL YEAR, OR PART THEREOF, IF THE STATE FISCAL YEAR  
24                 2008-2009 AMOUNTS ARE NOT AVAILABLE. THE COVERED HOSPITAL IS  
25                 LIABLE FOR ANY OUTSTANDING ASSESSMENT AMOUNTS, INCLUDING  
26                 OUTSTANDING AMOUNTS RELATED TO PERIODS PRIOR TO THE CHANGE OF  
27                 OWNERSHIP OR CONTROL.

28                 (2) IF TWO OR MORE HOSPITALS MERGE OR CONSOLIDATE INTO A  
29                 SINGLE COVERED HOSPITAL AS A RESULT OF A CHANGE IN OWNERSHIP  
30                 OR CONTROL, THE DEPARTMENT WILL CALCULATE THE COVERED



1 HOSPITAL ASSESSMENT AMOUNT USING THE COMBINED NET INPATIENT  
2 REVENUE FOR STATE FISCAL YEAR 2008-2009 OR FOR THE MOST  
3 RECENT STATE FISCAL YEAR, OR PART THEREOF, IF THE STATE  
4 FISCAL YEAR 2008-2009 AMOUNTS ARE NOT AVAILABLE, OF ANY  
5 COVERED HOSPITALS THAT WERE MERGED OR CONSOLIDATED INTO THE  
6 SINGLE COVERED HOSPITAL. THE SINGLE COVERED HOSPITAL IS  
7 LIABLE FOR ANY OUTSTANDING ASSESSMENT AMOUNTS, INCLUDING  
8 OUTSTANDING AMOUNTS RELATED TO PERIODS PRIOR TO THE CHANGE OF  
9 OWNERSHIP OR CONTROL, OF ANY COVERED HOSPITAL THAT WAS MERGED  
10 OR CONSOLIDATED.

11 (A.2) CALCULATION OF ASSESSMENT WITH CLOSURES OR OTHER  
12 CHANGES IN OPERATION.--EXCEPT AS PROVIDED IN SUBSECTION (A.1)  
13 (2), A COVERED HOSPITAL THAT CLOSES OR THAT BECOMES AN EXEMPT  
14 HOSPITAL DURING A FISCAL YEAR IS LIABLE FOR BOTH:

15 (1) THE ANNUAL ASSESSMENT AMOUNT FOR THE FISCAL YEAR IN  
16 WHICH THE CLOSURE OR CHANGE OCCURS PRORATED BY THE NUMBER OF  
17 DAYS IN THE FISCAL YEAR DURING WHICH THE COVERED HOSPITAL WAS  
18 IN OPERATION.

19 (2) ANY OUTSTANDING ASSESSMENT AMOUNTS RELATED TO  
20 PERIODS PRIOR TO THE CLOSURE OR CHANGE IN OPERATION.

21 (B) PAYMENT.--A COVERED HOSPITAL SHALL PAY THE ASSESSMENT  
22 AMOUNT DUE FOR A FISCAL YEAR IN FOUR QUARTERLY INSTALLMENTS.  
23 PAYMENT OF A QUARTERLY INSTALLMENT SHALL BE MADE ON OR BEFORE  
24 THE FIRST DAY OF THE SECOND MONTH OF THE QUARTER OR 30 DAYS FROM  
25 THE DATE OF THE NOTICE OF THE QUARTERLY ASSESSMENT AMOUNT,  
26 WHICHEVER DAY IS LATER.

27 (C) RECORDS.--UPON REQUEST BY THE DEPARTMENT, A COVERED  
28 HOSPITAL SHALL FURNISH TO THE DEPARTMENT SUCH RECORDS AS THE  
29 DEPARTMENT MAY SPECIFY IN ORDER FOR THE DEPARTMENT TO VALIDATE  
30 THE NET INPATIENT REVENUE REPORTED BY THE HOSPITAL OR TO

1 DETERMINE THE ASSESSMENT FOR A FISCAL YEAR OR THE AMOUNT OF THE  
2 ASSESSMENT DUE FROM THE COVERED HOSPITAL OR TO VERIFY THAT THE  
3 COVERED HOSPITAL HAS PAID THE CORRECT AMOUNT DUE.

4 (D) UNDERPAYMENTS AND OVERPAYMENTS.--IN THE EVENT THAT THE  
5 DEPARTMENT DETERMINES THAT A COVERED HOSPITAL HAS FAILED TO PAY  
6 AN ASSESSMENT OR THAT IT HAS UNDERPAID AN ASSESSMENT, THE  
7 DEPARTMENT SHALL NOTIFY THE COVERED HOSPITAL IN WRITING OF THE  
8 AMOUNT DUE, INCLUDING INTEREST, AND THE DATE ON WHICH THE AMOUNT  
9 DUE MUST BE PAID, WHICH SHALL NOT BE LESS THAN 30 DAYS FROM THE  
10 DATE OF THE NOTICE. IN THE EVENT THAT THE DEPARTMENT DETERMINES  
11 THAT A COVERED HOSPITAL HAS OVERPAID AN ASSESSMENT, THE  
12 DEPARTMENT SHALL NOTIFY THE COVERED HOSPITAL IN WRITING OF THE  
13 OVERPAYMENT AND, WITHIN 30 DAYS OF THE DATE OF THE NOTICE OF THE  
14 OVERPAYMENT, SHALL EITHER REFUND THE AMOUNT OF THE OVERPAYMENT  
15 OR OFFSET THE AMOUNT OF THE OVERPAYMENT AGAINST ANY AMOUNT THAT  
16 MAY BE OWED TO THE DEPARTMENT FROM THE COVERED HOSPITAL.

17 SECTION 805-G. RESTRICTED ACCOUNT.

18 (A) ESTABLISHMENT.--THERE IS ESTABLISHED A RESTRICTED  
19 ACCOUNT, KNOWN AS THE QUALITY CARE ASSESSMENT ACCOUNT, IN THE  
20 GENERAL FUND FOR THE RECEIPT AND DEPOSIT OF REVENUES COLLECTED  
21 UNDER THIS ARTICLE. FUNDS IN THE ACCOUNT ARE APPROPRIATED TO THE  
22 DEPARTMENT FOR THE FOLLOWING:

23 (1) MAKING MEDICAL ASSISTANCE PAYMENTS TO HOSPITALS IN  
24 ACCORDANCE WITH SECTION 443.1(1.1) AND AS OTHERWISE SPECIFIED  
25 IN THE COMMONWEALTH'S APPROVED TITLE XIX STATE PLAN.

26 (2) MAKING [ENHANCED] ADJUSTED CAPITATION PAYMENTS TO  
27 MEDICAL ASSISTANCE MANAGED CARE ORGANIZATIONS FOR  
28 [SUPPLEMENTAL] ADDITIONAL PAYMENTS FOR INPATIENT HOSPITAL  
29 SERVICES IN ACCORDANCE WITH SECTION 443.1(1.2), (1.3) AND  
30 (1.4).

1 (3) ANY OTHER PURPOSE APPROVED BY THE SECRETARY.

2 (B) LIMITATIONS.--

3 (1) FOR THE FIRST YEAR OF THE ASSESSMENT, THE AMOUNT  
4 USED FOR THE MEDICAL ASSISTANCE PAYMENTS FOR HOSPITALS AND  
5 MEDICAID MANAGED CARE ORGANIZATIONS MAY NOT EXCEED THE  
6 AGGREGATE AMOUNT OF ASSESSMENT FUNDS COLLECTED FOR THE YEAR  
7 LESS \$121,000,000.

8 (2) FOR THE SECOND YEAR OF THE ASSESSMENT, THE AMOUNT  
9 USED FOR THE MEDICAL ASSISTANCE PAYMENTS FOR HOSPITALS AND  
10 MEDICAL ASSISTANCE MANAGED CARE ORGANIZATIONS MAY NOT EXCEED  
11 THE AGGREGATE AMOUNT OF ASSESSMENT FUNDS COLLECTED FOR THE  
12 YEAR LESS [\$59,000,000] \$109,000,000.

13 [(3) FOR THE FIRST TWO YEARS OF THE ASSESSMENTS, THE  
14 AGGREGATE AMOUNT USED FOR THE MEDICAL ASSISTANCE PAYMENTS FOR  
15 HOSPITALS AND MEDICAID MANAGED CARE ORGANIZATIONS MAY NOT  
16 EXCEED THE AGGREGATE AMOUNT OF ASSESSMENT FUNDS COLLECTED FOR  
17 THE TWO YEARS LESS \$180,000,000.]

18 (4) FOR THE THIRD YEAR OF THE ASSESSMENT, THE AMOUNT  
19 USED FOR THE MEDICAL ASSISTANCE PAYMENT FOR HOSPITALS AND  
20 MEDICAL ASSISTANCE MANAGED CARE ORGANIZATIONS MAY NOT EXCEED  
21 THE AGGREGATE AMOUNT OF THE ASSESSMENT FUNDS COLLECTED FOR  
22 THE YEAR LESS [\$51,500,000] \$109,000,000.

23 (5) THE AMOUNTS RETAINED BY THE DEPARTMENT PURSUANT TO  
24 PARAGRAPHS (1), (2) AND (4) AND ANY ADDITIONAL AMOUNTS  
25 REMAINING IN THE RESTRICTED ACCOUNTS AFTER THE PAYMENTS  
26 DESCRIBED IN SUBSECTION (A) (1) AND (2) ARE MADE SHALL BE USED  
27 FOR PURPOSES APPROVED BY THE SECRETARY UNDER SUBSECTION (A)  
28 (3).

29 \* \* \*

30 SECTION 813-G. CONDITIONS FOR PAYMENTS.

1 THE DEPARTMENT [AND THE MEDICAL ASSISTANCE MANAGED CARE  
2 ORGANIZATIONS] SHALL NOT BE REQUIRED TO MAKE PAYMENTS AS  
3 SPECIFIED IN SECTION 443.1(1.1) [AND] 1.2), 1.3) AND 1.4)  
4 AND A COVERED HOSPITAL SHALL NOT BE REQUIRED TO PAY THE QUALITY  
5 CARE ASSESSMENT AS SPECIFIED IN SECTION 804-G(B) UNLESS ALL OF  
6 THE FOLLOWING HAVE OCCURRED:

7 (1) THE DEPARTMENT RECEIVES FEDERAL APPROVAL OF A WAIVER  
8 UNDER 42 CFR 433.68(E) (RELATING TO PERMISSIBLE HEALTH CARE-  
9 RELATED TAXES) AUTHORIZING THE DEPARTMENT TO IMPLEMENT THE  
10 QUALITY CARE ASSESSMENT AS SPECIFIED IN THIS ARTICLE.

11 (2) THE DEPARTMENT RECEIVES FEDERAL APPROVAL OF A STATE  
12 PLAN AMENDMENT AUTHORIZING THE CHANGES TO ITS PAYMENT METHODS  
13 AND STANDARDS SPECIFIED IN § 443.1(1.1)(II).

14 (3) THE DEPARTMENT RECEIVES FEDERAL APPROVAL OF [A  
15 WAIVER UNDER SECTION 1915(B) OF THE SOCIAL SECURITY ACT (49  
16 STAT. 620, 42 U.S.C. § 1396N(B)) FOR THE HEALTHCHOICES  
17 PROGRAM AND] AMENDMENTS TO ITS MEDICAL ASSISTANCE MANAGED  
18 CARE ORGANIZATION CONTRACTS AUTHORIZING [SUPPLEMENTAL]  
19 ADJUSTMENTS TO ITS CAPITATION PAYMENTS [FOR INPATIENT  
20 HOSPITAL SERVICES] FUNDED IN ACCORDANCE WITH SECTION 805-G.  
21 SECTION 11. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ:

22 ARTICLE XIV-A

23 INMATE MEDICAL COSTS

24 SECTION 1401-A. DEFINITIONS.

25 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE  
26 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
27 CONTEXT CLEARLY INDICATES OTHERWISE:

28 "CORRECTIONAL INSTITUTION." A STATE OR COUNTY CORRECTIONAL  
29 INSTITUTION OR JAIL, GROUP HOME, PRERELEASE CENTER, COMMUNITY  
30 CORRECTIONS CENTER, PAROLE CENTER OR FACILITY THAT HOUSES A

1 PERSON CONVICTED OF A CRIMINAL OFFENSE OR AWAITING TRIAL,  
2 SENTENCING OR EXTRADITION IN A CRIMINAL PROCEEDING. THE TERM  
3 DOES NOT INCLUDE A FACILITY OR INSTITUTION OPERATED, SUPERVISED  
4 OR LICENSED BY THE DEPARTMENT.

5 "DRUG." THE TERM SHALL MEAN:

6 (1) SUBSTANCES RECOGNIZED IN THE OFFICIAL UNITED STATES  
7 PHARMACOPEIA, OR OFFICIAL NATIONAL FORMULARY, OR SUPPLEMENT  
8 TO EITHER OF THEM.

9 (2) SUBSTANCES INTENDED FOR USE IN THE DIAGNOSIS, CURE,  
10 MITIGATION, TREATMENT OR PREVENTION OF DISEASE IN MAN OR  
11 OTHER ANIMALS.

12 (3) SUBSTANCES, OTHER THAN FOOD, INTENDED TO AFFECT THE  
13 STRUCTURE OR FUNCTION OF THE HUMAN BODY OR OTHER ANIMAL BODY.

14 (4) SUBSTANCES INTENDED FOR USE AS A COMPONENT OF AN  
15 ARTICLE SPECIFIED IN PARAGRAPH (1), (2) OR (3), BUT NOT  
16 INCLUDING DEVICES OR THEIR COMPONENTS, PARTS OR ACCESSORIES.

17 "HEALTH CARE FACILITY." A HEALTH CARE FACILITY AS DEFINED  
18 UNDER SECTION 802.1 OF THE ACT OF JULY 19, 1979 (P.L.130,  
19 NO.48), KNOWN AS THE HEALTH CARE FACILITIES ACT, OR AN ENTITY  
20 LICENSED AS A HOSPITAL UNDER THIS ACT.

21 "HEALTH CARE PROVIDER." A HEALTH CARE FACILITY OR A PERSON,  
22 INCLUDING A CORPORATION, UNIVERSITY OR OTHER EDUCATIONAL  
23 INSTITUTION, LICENSED OR APPROVED BY THE COMMONWEALTH TO PROVIDE  
24 HEALTH CARE OR PROFESSIONAL MEDICAL SERVICES. THE TERM SHALL  
25 INCLUDE A PHYSICIAN, CERTIFIED NURSE MIDWIFE, PODIATRIST,  
26 CERTIFIED REGISTERED NURSE PRACTITIONER, PHYSICIAN ASSISTANT,  
27 CHIROPRACTOR, HOSPITAL, AMBULATORY SURGERY CENTER, NURSING HOME  
28 OR BIRTH CENTER.

29 "INMATE." A PERSON COMMITTED TO A TERM OF IMPRISONMENT OR  
30 OTHERWISE CONFINED UNDER THE CUSTODY OF A STATE OR COUNTY

1 CORRECTIONAL INSTITUTION.

2 "INPATIENT CARE." THE PROVISION OF MEDICAL, NURSING,  
3 COUNSELING OR THERAPEUTIC SERVICES 24 HOURS A DAY IN A HOSPITAL  
4 OR OTHER HEALTH CARE FACILITY, ACCORDING TO INDIVIDUALIZED  
5 TREATMENT PLANS.

6 "MEDICARE." THE FEDERAL PROGRAM ESTABLISHED UNDER TITLE  
7 XVIII OF THE SOCIAL SECURITY ACT (49 STAT. 620, 42 U.S.C. § 1395  
8 ET SEQ.).

9 "OUTPATIENT CARE." THE PROVISION OF MEDICAL, NURSING,  
10 COUNSELING OR THERAPEUTIC SERVICES IN A HOSPITAL OR OTHER HEALTH  
11 CARE FACILITY ON A REGULAR AND PREDETERMINED SCHEDULE ACCORDING  
12 TO INDIVIDUALIZED TREATMENT PLANS.

13 "PRESCRIPTION." A WRITTEN OR ORAL ORDER ISSUED BY A DULY  
14 LICENSED MEDICAL PRACTITIONER IN THE COURSE OF HIS PROFESSIONAL  
15 PRACTICE FOR A CONTROLLED SUBSTANCE, OTHER DRUG OR DEVICE OR  
16 MEDICATION WHICH IS DISPENSED FOR USE BY A CONSUMER.  
17 SECTION 1402-A. INMATE MEDICAL COST CONTAINMENT.

18 (A) INPATIENT CARE.--A HEALTH CARE PROVIDER WHO PROVIDES  
19 INPATIENT CARE TO AN INMATE SHALL NOT CHARGE THE STATE OR COUNTY  
20 CORRECTIONAL INSTITUTION OR ITS MEDICAL SERVICES CONTRACTOR MORE  
21 THAN THE MAXIMUM ALLOWABLE RATE PAYABLE FOR THE GOODS, SERVICES  
22 AND SUPPLIES UNDER THE MEDICAL ASSISTANCE PROGRAM. THIS  
23 SUBSECTION SHALL INCLUDE GOODS AND SERVICES FURNISHED BY THE  
24 HEALTH CARE PROVIDER TO THE INMATE, INCLUDING THE COST OF  
25 MEDICATIONS AND PRESCRIPTION DRUGS.

26 (B) OUTPATIENT CARE.--A HEALTH CARE PROVIDER WHO PROVIDES  
27 OUTPATIENT CARE TO AN INMATE SHALL NOT CHARGE THE STATE OR  
28 COUNTY CORRECTIONAL INSTITUTION OR ITS MEDICAL SERVICES  
29 CONTRACTOR MORE THAN THE MAXIMUM ALLOWABLE RATE PAYABLE FOR  
30 GOODS, SERVICES AND SUPPLIES UNDER THE MEDICARE PROGRAM. THIS

1 SUBSECTION INCLUDES GOODS AND SERVICES FURNISHED BY THE HEALTH  
2 CARE PROVIDER TO THE INMATE, INCLUDING THE COST OF MEDICATIONS  
3 AND PRESCRIPTION DRUGS.

4 (C) LIMITATION.--NOTHING IN THIS ARTICLE SHALL BE CONSTRUED  
5 TO PREVENT A HEALTH CARE PROVIDER FROM CONTRACTING WITH A  
6 CORRECTIONAL INSTITUTION TO PROVIDE OUTPATIENT CARE TO INMATES  
7 AT RATES HIGHER THAN THOSE ESTABLISHED BY THIS ARTICLE.

8 SECTION 12. THE ADDITION OF SECTION 443.1(1.5)(I) OF THE ACT  
9 SHALL BE RETROACTIVE TO JULY 1, 2010.

10 SECTION 13. THIS ACT SHALL TAKE EFFECT JULY 1, 2011, OR  
11 IMMEDIATELY, WHICHEVER IS LATER.