

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1480 Session of
2011

INTRODUCED BY PEIFER, TURZAI, DERMODY, BAKER, PARKER, SCAVELLO,
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TOEPEL, TOOHIL, WATERS, WILLIAMS, ADOLPH, GIBBONS, DeLUCA,
SWANGER, SONNEY AND MILLER, MAY 9, 2011

REFERRED TO COMMITTEE ON HEALTH, MAY 9, 2011

AN ACT

1 Providing for the establishment and administration of a managed
2 health care program for medical assistance recipients and for
3 the powers and duties of the Department of Public Welfare.

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

6 Section 1. Short title.

7 This act shall be known and may be cited as the HealthChoices
8 Act.

9 Section 2. Legislative intent.

10 It is the intent of the General Assembly to:

11 (1) Improve the accessibility, continuity and quality of
12 health care services for participants in the Commonwealth's
13 Medical Assistance Program, while responsibly controlling
14 program costs.

15 (2) Establish a process for the establishment and
16 maintenance of a program to manage the care of the physical

1 health of participants in the medical assistance program.

2 (3) Establish rates for hospitals serving certain
3 medical assistance recipients who participate in managed
4 care.

5 Section 3. Definitions.

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

9 "CMS." The Centers for Medicare and Medicaid Services of the
10 United States Department of Health and Human Services and such
11 successor entities which may from time to time discharge the
12 duties of CMS with respect to the medical assistance program.

13 "Contractor." A managed care organization that provides
14 managed care services relating to physical care provided to
15 recipients under one or more contracts with the department
16 pursuant to the program. This term includes a managed care
17 organization that seeks to enter into a contract with the
18 department to provide services under HealthChoices.

19 "Department." The Department of Public Welfare of the
20 Commonwealth.

21 "HealthChoices" or "program." The program of the
22 Commonwealth that provides mandatory managed health care to
23 recipients in specified areas of this Commonwealth through
24 contracts with managed care organizations.

25 "Hospital." An entity licensed as a hospital under the act
26 of June 13, 1967 (P.L.31, No.21), known as the Public Welfare
27 Code, or the act of July 19, 1979 (P.L.130, No.48), known as the
28 Health Care Facilities Act.

29 "In-plan services." Services included in the medical
30 assistance program pursuant to the State plan.

1 "Managed care organization." A public or private
2 organization that:

3 (1) is a federally qualified health maintenance
4 organization;

5 (2) meets the State plan's definition of a health
6 maintenance organization; or

7 (3) otherwise qualifies as a managed care plan as
8 defined in Article XXI of the act of May 17, 1921 (P.L.682,
9 No.284), known as The Insurance Company Law of 1921.

10 "Medical assistance." The Commonwealth program authorized by
11 Title XIX of the Social Security Act (42 Stat. 620, 42 U.S.C. §
12 1396 et seq.), known as Medicaid and authorized in this
13 Commonwealth under the act of June 13, 1967 (P.L.31, No.21),
14 known as the Public Welfare Code, and subject to regulations
15 promulgated under such statutes. The term includes any successor
16 program implemented by either the Federal Government or the
17 Commonwealth, to the extent a contractor provides services
18 contemplated in this act with respect to the program.

19 "Recipient." An individual eligible to receive health care
20 or health-related services under the medical assistance program.

21 "State plan." The document required by section 1396a(a) of
22 the Social Security Act (49 Stat. 620, 42 U.S.C. § 1396a(a)), as
23 approved by CMS, that describes the nature, scope and operation
24 of the medical assistance program and gives assurances that the
25 Commonwealth will administer the program in compliance with
26 Federal requirements. The term includes any waiver granted by
27 CMS not otherwise included in the plan submitted by the
28 Commonwealth for CMS approval.

29 "Waiver." A determination made by CMS under Subchapter XIX
30 of the Social Security Act (49 Stat. 620, 42 U.S.C. § 1396 et

seq.), known as Medicaid, and regulations promulgated under that law, which allows the Commonwealth to make modifications in its operation of the medical assistance program.

"Zone." A geographic area that is designated as provided in this act and within which contractors provide services to recipients.

Section 4. HealthChoices.

(a) Administration.--

(1) The Commonwealth, acting by and through the department, shall implement and administer the provision of physical health services through HealthChoices in all areas of this Commonwealth as provided in this act.

(2) Nothing in this act shall be construed to affect the provision of behavioral health services to recipients by the department.

(b) Replacing other law as the means for providing assistance.--The program shall require the provision of all medical assistance-covered physical health benefits in the amount, duration and scope specified in the act of June 13, 1967 (P.L.31, No.21), known as the Public Welfare Code, for recipients in the following categories:

(1) Supplemental security income.

(2) Temporary assistance for needy families.

(3) Healthy beginnings.

(4) General assistance.

(5) Successors to the categories listed in paragraphs (1), (2), (3) and (4).

(c) Recipients excluded.--A recipient who resides in a long-term care facility or who is admitted to a Commonwealth facility shall be excluded from participation in the program.

(d) Discretionary exclusion of recipients.--Notwithstanding the provisions of subsections (b) and (c), the department may exclude the following recipients from mandatory participation in the program:

(1) A recipient who is eligible for the Commonwealth's health insurance premium payment program.

(2) A recipient who is ventilator-dependent in an acute or rehabilitation hospital for more than 30 consecutive days.

(3) A recipient who is enrolled in the Department of Aging waiver.

(4) A recipient who is enrolled in the Michael Dallas Model waiver or other similar waiver.

(5) A dual eligible recipient with Medicare coverage.

(6) A recipient who is incarcerated in a penal facility, correctional institution or youth development center.

(7) A recipient who is enrolled in the Long-Term Care Capitated Assistance Program.

(8) A recipient who is admitted to a state ICF-MR facility.

Section 5. Program zones.

The department shall administer HealthChoices for physical health care in the following areas of this Commonwealth:

(1) Southeast zone, which shall include Bucks, Chester, Delaware, Montgomery and Philadelphia Counties.

(2) Southwest zone, which shall include Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Washington and Westmoreland Counties.

(3) Lehigh/Capital zone, which shall include Adams, Berks, Cumberland, Dauphin, Lancaster, Lebanon, Lehigh, Northampton, Perry and York Counties.

1 (4) Northeast zone, which shall include Carbon,
2 Lackawanna, Luzerne, Monroe, Pike, Schuylkill, Susquehanna,
3 Wayne and Wyoming Counties.

4 (5) Northwest zone, which shall include Cameron,
5 Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson,
6 McKean, Mercer, Venango and Warren Counties.

7 (6) Central zone, which shall include Bedford, Blair,
8 Bradford, Cambria, Centre, Clinton, Columbia, Franklin,
9 Fulton, Huntingdon, Juniata, Lycoming, Mifflin, Montour,
10 Northumberland, Potter, Snyder, Somerset, Sullivan, Tioga and
11 Union Counties.

12 Section 6. Program expansion.

13 (a) General rule.--The department shall take such actions as
14 may be necessary or desirable to expand HealthChoices to areas
15 of this Commonwealth where, prior to the effective date of this
16 section, medical assistance recipients were not required to be
17 enrolled in managed care and shall implement the expansion as
18 follows:

19 (1) In the Northeast zone and Northwest zone, within 180
20 days from the effective date of this section.

21 (2) In the Central zone, within 210 days from the
22 effective date of this section.

23 (b) Procurement procedure.--In furtherance of the
24 requirements of subsection (a), the department shall, without
25 limitation:

26 (1) Issue one or more requests for proposals for the
27 expansion of HealthChoices to the Northeast zone, Northwest
28 zone and Central zone.

29 (2) Review and evaluate responses from managed care
30 organizations to the requests for proposals issued under this

1 section, in accordance with applicable Federal and State laws
2 and regulations.

3 (3) Select contractors for each zone into which the
4 program is to be expanded. The contractors selected for a
5 zone shall serve all program recipients residing in the zone,
6 subject only to the limitations imposed in section 4.

7 (4) Negotiate and execute contracts with selected
8 contractors for each zone into which the program is to be
9 expanded, which contracts shall be in conformance with the
10 provisions of this act.

11 (5) Seek and make all efforts to obtain any necessary or
12 desirable amendment to or approval of any waiver or amendment
13 to the State plan from CMS or any other agency of the Federal
14 Government to allow timely implementation of the expansion
15 provided for in this section.

16 (c) Selection of contractors.--The department shall select
17 at least two contractors to provide managed care services for
18 each zone into which the program is to be expanded, and the
19 contractors shall have the responsibility to provide services
20 for the benefit of all recipients residing in that zone, subject
21 only to the limitations provided in section 4.

22 Section 7. Payments to hospitals.

23 If a hospital and a contractor do not have a participation
24 agreement in effect, the contractor shall pay, and the hospital
25 shall accept the payment as payment in full, for services
26 covered by the contractor and rendered to an enrollee of the
27 contractor residing in the Northeast, Northwest or Central zone
28 an amount equal to the rates payable for the services by the
29 medical assistance fee for service program.

30 Section 8. Reports to General Assembly.

1 Within 12 months following the effective date of this
2 section, and annually thereafter, the department shall submit a
3 report on the implementation and operation of HealthChoices to
4 the President pro tempore of the Senate and the Speaker of the
5 House of Representatives.

6 Section 19. Effective date.

7 This act shall take effect immediately.