

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

HOUSE BILL

No. 1596 Session of  
2023

---

INTRODUCED BY STRUZZI, ECKER AND GROVE, AUGUST 7, 2023

---

REFERRED TO COMMITTEE ON HUMAN SERVICES, AUGUST 7, 2023

---

AN ACT

1 Amending the act of April 9, 1929 (P.L.177, No.175), entitled  
2 "An act providing for and reorganizing the conduct of the  
3 executive and administrative work of the Commonwealth by the  
4 Executive Department thereof and the administrative  
5 departments, boards, commissions, and officers thereof,  
6 including the boards of trustees of State Normal Schools, or  
7 Teachers Colleges; abolishing, creating, reorganizing or  
8 authorizing the reorganization of certain administrative  
9 departments, boards, and commissions; defining the powers and  
10 duties of the Governor and other executive and administrative  
11 officers, and of the several administrative departments,  
12 boards, commissions, and officers; fixing the salaries of the  
13 Governor, Lieutenant Governor, and certain other executive  
14 and administrative officers; providing for the appointment of  
15 certain administrative officers, and of all deputies and  
16 other assistants and employes in certain departments, boards,  
17 and commissions; providing for judicial administration; and  
18 prescribing the manner in which the number and compensation  
19 of the deputies and all other assistants and employes of  
20 certain departments, boards and commissions shall be  
21 determined," in Independent Fiscal Office, providing for  
22 medical assistance managed care payment analysis.

23 The General Assembly of the Commonwealth of Pennsylvania  
24 hereby enacts as follows:

25 Section 1. The act of April 9, 1929 (P.L.177, No.175), known  
26 as The Administrative Code of 1929, is amended by adding a  
27 section to read:

28 Section 616-B. Medical assistance managed care payment

1 analysis.

2 (a) Annual capitated payment rates.--Beginning in 2025 and  
3 each year thereafter, the office shall develop capitated payment  
4 rates for the physical health medical assistance managed care  
5 program and the managed long-term services and supports program  
6 for the subsequent calendar year. The rates developed by the  
7 office shall comply with 42 CFR Ch. IV Subch. C Pt. 438  
8 (relating to managed care) and be sufficient to maintain the  
9 services and benefits offered through the physical health  
10 medical assistance managed care program and the managed long-  
11 term services and supports program as of March 1 of each year.  
12 The office shall adopt the rate development methodology,  
13 including adjustments or payment arrangements in use by the  
14 department at the time of developing the annual rates.

15 (b) Submission.--By May 1, 2025, and May 1 of each year  
16 thereafter, the office shall submit the capitated payment rates  
17 developed under subsection (a) to the Governor and the General  
18 Assembly. The following shall apply:

19 (1) The submission for the physical health medical  
20 assistance managed care program shall include the following:

21 (i) The cost components of the rates, by rating  
22 region and rate cell, including:

23 (A) The cost of the minimum medical services  
24 required to be offered under Federal law or  
25 regulation, by category of service.

26 (B) The cost of any optional medical service  
27 offered, by category of service.

28 (C) The cost of any nonmedical service or  
29 benefit offered, by service or benefit.

30 (D) The administrative cost component and a

1 description of the administrative requirements of the  
2 physical health medical assistance managed care  
3 organizations.

4 (E) The underwriting gain component.

5 (F) Any other applicable rate component.

6 (ii) A description of the rate development  
7 methodology, including adjustments or payment  
8 arrangements.

9 (2) The submission for the managed long-term services  
10 and supports program shall include the following:

11 (i) The cost components of the rates, by rating  
12 region and rate cell, including:

13 (A) The cost of medical services, by category of  
14 service.

15 (B) The cost of home and community-based waiver  
16 services, by category of service.

17 (C) The administrative cost component and a  
18 description of the administrative requirements of the  
19 managed long-term services and supports managed care  
20 organizations.

21 (D) The underwriting gain component.

22 (E) Any other applicable rate component.

23 (ii) A description of the rate development  
24 methodology, including adjustments or payment  
25 arrangements.

26 (c) Actuary.--The office shall select an actuary with  
27 experience developing and evaluating managed Medicaid capitated  
28 payment rates to fulfill its duties under subsection (a).

29 (d) Access to documents and data.--The office shall have  
30 access to all documents and data of the department and medical

1 assistance managed care organizations it deems necessary to  
2 fulfill its duties under this section, including prior year  
3 encounter data from the physical health medical assistance  
4 managed care program and the managed long-term services and  
5 supports program.

6 (e) Confidential information.--The office shall maintain  
7 confidential or proprietary business information or data of the  
8 department or a medical assistance managed care organization.  
9 Information or data disclosed or produced by the department or a  
10 medical assistance managed care organization under subsection  
11 (d) for the use of the office shall not be subject to access  
12 under the act of February 14, 2008 (P.L.6, No.3), known as the  
13 Right-to-Know Law.

14 (f) Definitions.--As used in this section, the following  
15 words and phrases shall have the meanings given to them in this  
16 subsection unless the context clearly indicates otherwise:

17 "Department." The Department of Human Services of the  
18 Commonwealth.

19 "Medical assistance managed care organization." A Medicaid  
20 managed care organization, as defined under 42 U.S.C. § 1396b(m)  
21 (1)(A) (relating to payment to States), that is a party to a  
22 Medicaid managed care contract with the department for the  
23 physical health medical assistance managed care program or the  
24 managed long-term services and supports program.

25 Section 2. This act shall take effect in 60 days.