

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4687

To amend title XIX of the Social Security Act to prohibit a State from requiring any child with special health care needs to receive services under the State's plan for medical assistance under such title through enrollment with a capitated managed care plan until the State adopts pediatric risk adjustment methodologies to take into account the costs to capitated managed care plans of providing services to such children, and to direct the Secretary of Health and Human Services to develop model pediatric risk adjustment methodologies for such purpose.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 1994

Ms. LAMBERT introduced the following bill; which was referred to the  
Committee on Energy and Commerce

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## A BILL

To amend title XIX of the Social Security Act to prohibit a State from requiring any child with special health care needs to receive services under the State's plan for medical assistance under such title through enrollment with a capitated managed care plan until the State adopts pediatric risk adjustment methodologies to take into account the costs to capitated managed care plans of providing services to such children, and to direct the Secretary of Health and Human Services to develop model pediatric risk adjustment methodologies for such purpose.

1       *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Children’s Health  
5 Equity Act of 1994”.

6 **SEC. 2. PROHIBITING STATE MEDICAID PLANS FROM RE-**  
7 **QUIRING CHILDREN WITH SPECIAL HEALTH**  
8 **CARE NEEDS TO ENROLL IN MANAGED CARE**  
9 **PLANS.**

10       (a) IN GENERAL.—Section 1903(m) of the Social Se-  
11 curity Act (42 U.S.C. 1396b(m)) is amended by inserting  
12 after paragraph (2) the following new paragraph:

13       “(3)(A) A State may not require a child with special  
14 health care needs who is eligible to receive any medical  
15 assistance under the State plan for any quarter to enroll  
16 with a capitated managed care plan to receive such assist-  
17 ance during the quarter, unless the State has adopted pe-  
18 diatric risk adjustment methodologies under which the  
19 State adjusts the payment rates for such plans to take  
20 into account the financial risks of enrolling such children.

21       “(B) In this paragraph—

22               “(i) the term ‘capitated managed care plan’  
23 means an entity which—

24                       “(I) has a contract with the State agency  
25                       under which such entity is paid a fixed amount

1 for providing or arranging for the provision of  
2 health care items or services specified in such  
3 contract to an individual eligible for medical as-  
4 sistance under the State plan and enrolled with  
5 such entity, regardless of whether such items or  
6 services are furnished to such individual, and

7 “(II) is liable for all or part of the cost of  
8 furnishing any of such items or services, re-  
9 gardless of whether such cost exceeds such fixed  
10 payment; and

11 “(i) the term ‘child with special health care  
12 needs’ means any individual eligible for supplemental  
13 security income under title XVI who is under 18  
14 years of age, a child described under section  
15 501(a)(1)(D), or a child described in section  
16 1902(e)(3).”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 subsection (a) shall apply to quarters beginning on or  
19 after the date of the enactment of this Act.

1 **SEC. 3. DEVELOPMENT OF MODEL PEDIATRIC RISK AD-**  
2 **JUSTMENT METHODOLOGIES UNDER MEDIC-**  
3 **AID TO TAKE INTO ACCOUNT ENROLLMENT**  
4 **OF CHILDREN WITH SPECIAL HEALTH CARE**  
5 **NEEDS IN MANAGED CARE PLANS.**

6 (a) IN GENERAL.—The Secretary of Health and  
7 Human Services, acting through the Administrator of the  
8 Health Care Financing Administration, shall develop  
9 model pediatric risk adjustment methodologies under sec-  
10 tion 1903(m)(3) of the Social Security Act (as added by  
11 section 2(a)) which State plans for medical assistance  
12 under title XIX of such Act may use to adjust payment  
13 rates for capitated managed care plans to take into ac-  
14 count the financial risks to capitated managed care plans  
15 of enrolling children with special health care needs.

16 (b) REPORT TO CONGRESS.—Not later than 2 years  
17 after the date of the enactment of this Act, the Secretary  
18 shall submit a report to Congress on the methodologies  
19 developed under subsection (a) and on the feasibility of  
20 applying the methodologies to State plans under title XIX  
21 of the Social Security Act for purposes of section  
22 1903(m)(3) of such Act.

23 (c) DEFINITIONS.—In this section, the terms  
24 “capitated managed care plan” and “children with special  
25 health care needs” have the meaning given such terms in

1 section 1903(m)(3) of the Social Security Act (as added  
2 by section 2(a)).

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