

105TH CONGRESS
2D SESSION

H. R. 3713

To amend title XXI of the Social Security Act to prevent conflicts of interest in the use of administrative vendors in the administration of State Children's Health Insurance Plans.

IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 1998

Mr. STARK (for himself, Mr. WAXMAN, Mr. MATSUI, Mr. MILLER of California, Mr. BROWN of Ohio, Ms. ESHOO, and Mr. LANTOS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title XXI of the Social Security Act to prevent conflicts of interest in the use of administrative vendors in the administration of State Children's Health Insurance Plans.

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 "State Children's
5 Health Insurance Program Integrity Act of 1998".

1 **SEC. 2. LIMITATION ON USE OF ADMINISTRATIVE VENDORS**
2 **IN THE ADMINISTRATION OF STATE CHIL-**
3 **DREN'S HEALTH INSURANCE PLANS.**

4 (a) IN GENERAL.—Section 2105(c) of the Social Se-
5 curity Act (42 U.S.C. 300aa–5(c)) is amended by adding
6 at the end the following new paragraph:

7 “(8) LIMITATION ON EXPENDITURES FOR AD-
8 MINISTRATIVE VENDORS.—Amounts expended by a
9 State for the use of an administrative vendor in
10 marketing health benefits coverage to low-income
11 children under this title or in administering other-
12 wise part or all of the State child health plan under
13 this title shall be considered, for purposes of sub-
14 section (a)(2)(D), to be reasonable costs to admin-
15 ister the plan but only if the following conditions are
16 met with respect to the vendor:

17 “(A) The vendor is independent of any en-
18 tity offering the coverage and of any health
19 care providers (whether or not any such pro-
20 vider participates in the plan under this title)
21 that provide coverage of services in the same
22 State in which the vendor is conducting enroll-
23 ment or administrative activities.

24 “(B) No person who is an owner, em-
25 ployee, consultant, or has a contract with the
26 vendor either has any direct or indirect finan-

1 cial interest with such an entity or health care
2 provider or has been excluded from participa-
3 tion in the program under this title or title
4 XVIII or XIX or debarred by any Federal
5 agency, or subject to a civil money penalty
6 under this Act.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 subsection (a) shall apply to expenditures made on or after
9 the date of the enactment of this Act.

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