

103^D CONGRESS
2^D SESSION

H. RES. 508

Making in order, in the consideration by the House of Representatives of H.R. 3600 (the “Health Security Act”), an amendment-in-the-nature-of-a-substitute consisting of the text of H.R. 3080 and including a title providing for assistance for the purpose of health insurance.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1994

Mr. McMILLAN submitted the following resolution; which was referred to the Committee on Rules

RESOLUTION

Making in order, in the consideration by the House of Representatives of H.R. 3600 (the “Health Security Act”), an amendment-in-the-nature-of-a-substitute consisting of the text of H.R. 3080 and including a title providing for assistance for the purpose of health insurance.

1 *Resolved,*

2 **SECTION 1. CONSIDERATION OF CERTAIN AMENDMENTS**

3 **TO H.R. 3600.**

4 (a) IN GENERAL.—In the consideration of the bill
5 (H.R. 3600), to ensure individual and family security
6 through health care coverage for all Americans in a man-
7 ner that contains the rate of growth in health care costs

1 and promotes responsible insurance practices, to promote
2 choice in health care, and to ensure and protect the health
3 care of all Americans, in the Committee of the Whole—

4 (1) an amendment-in-the-nature-of-a-substitute
5 consisting of the text of H.R. 3080, as introduced in
6 the 103d Congress and the amendments described in
7 subsection (b), if offered by Mr. Michel of Illinois,
8 (or his designee), shall be made in order,

9 (2) any points of order against such amend-
10 ment are hereby waived, and

11 (3) the amendment shall not be subject to
12 amendment or to a demand for a division of the
13 question in the House or in the Committee of the
14 Whole.

15 (b) AMENDMENTS DESCRIBED.—The amendments
16 described in this subsection are specified in the following
17 paragraphs:

18 (1) LIMITATIONS ON UNDERWRITING.—Strike
19 part 2 of subtitle A of title I and insert the follow-
20 ing:

21 **“PART 2—RESTRICTIONS ON UNDERWRITING**

22 **“SEC. 1011. LIMITATIONS ON UNDERWRITING.**

23 “(a) GUARANTEED ISSUE.—Subject to permissible
24 plan restrictions based on capacity, as specified under
25 rules established by the Secretary, each group health plan

1 or health insurance plan that provides standard coverage
2 described in section 1102(c) must accept for enrollment
3 every individual who resides in the area covered by the
4 plan and who seeks such enrollment, without regard to
5 health status or the need for health services.

6 “(b) GUARANTEED RENEWABILITY.—Each group
7 health plan and health insurance plan that provides such
8 coverage may not deny renewal of a policy other than on
9 the basis of—

10 “(1) fraud or material misrepresentation, or

11 “(2) nonpayment of premiums.

12 “(c) ELIMINATION OF PRE-EXISTING CONDITION
13 EXCLUSIONS.—A group health plan or health insurance
14 plan that provides such coverage may not restrict, limit,
15 or exclude coverage of items or services included in the
16 standard coverage because of health status, the need for
17 health services, or existing (or pre-existing) medical condi-
18 tions.”

19 (2) STANDARD BENEFIT PACKAGE.—Insert
20 after section 1102 the following new sections:

21 **“SEC. 1102A. STANDARD BENEFIT PACKAGE.**

22 “(a) IN GENERAL.—Subject to the cost-sharing de-
23 scribed in section 1102B or section 1102C applicable to
24 the items and services involved, notwithstanding section

1 1102(c), the standard coverage described in such section
2 shall include benefits for—

3 “(1) the acute care items and services described
4 in subsection (b), and

5 “(2) the long-term care services described in
6 subsection (c)(1) for an individual determined to be
7 eligible for such services under subsection (c)(2) pro-
8 vided pursuant to a plan of care.

9 “(b) ACUTE CARE.—

10 “(1) IN GENERAL.—Subject to paragraph (2),
11 the acute care items and services described in this
12 subsection include the following (as specified in reg-
13 ulations of the Secretary):

14 “(A) INPATIENT CARE.—

15 “(i) Inpatient hospital care (other
16 than mental health and substance abuse
17 treatment services).

18 “(ii) Inpatient surgical and medical
19 care (other than mental health and sub-
20 stance abuse treatment services), including
21 dental services required due to injury re-
22 quiring surgery.

23 “(B) OUTPATIENT CARE.—

1 “(i) Outpatient hospital care (other
2 than mental health and substance abuse
3 treatment services).

4 “(ii) Outpatient surgical and medical
5 care (other than mental health and sub-
6 stance abuse treatment services), including
7 dental services required due to injury re-
8 quiring surgery.

9 “(C) OUTPATIENT PRESCRIPTION DRUG
10 BENEFITS.—Outpatient prescription drugs, in-
11 cluding biologicals and insulin.

12 “(D) DENTAL CARE.—Periodic teeth clean-
13 ing and preventive dental care.

14 “(2) LIMITATIONS ON MENTAL HEALTH AND
15 SUBSTANCE ABUSE TREATMENT BENEFITS.—

16 “(A) ANNUAL LIMIT FOR SUBSTANCE
17 ABUSE TREATMENT SERVICES.—Subject to sub-
18 paragraph (B), a health plan providing stand-
19 ard coverage is not required to provide for pay-
20 ment for more than \$3,000 in any year for any
21 individual for substance abuse treatment serv-
22 ices.

23 “(B) LIFETIME LIMIT.—Such a health
24 plan is not required to provide for payment for
25 either mental health or substance abuse treat-

1 ment services for an individual once the plan
2 (or another such plan) has provided for pay-
3 ment of \$50,000 for such services for the indi-
4 vidual in the individual's lifetime.

5 “(C) INDEXING.—The dollar amounts
6 specified in subparagraphs (A) and (B) of this
7 paragraph shall be increased for each year after
8 1994 by the same percentage as the percentage
9 increase in the consumer price index for all
10 urban consumers (U.S. city average) between
11 September of the previous year and September
12 1993. Any such increase that is not a multiple
13 of \$10 or \$100, respectively, shall be rounded
14 to the nearest multiple of \$10 or \$100.

15 “(c) LONG-TERM CARE SERVICES.—

16 “(1) SERVICES.—

17 “(A) IN GENERAL.—Subject to subpara-
18 graph (B), the long-term care services described
19 in this paragraph include the following (as spec-
20 ified in regulations of the Secretary):

21 “(i) NURSING FACILITY SERVICES.—

22 “(I) IN GENERAL.—Nursing fa-
23 cility services.

24 “(II) BED RESERVATION.—Pay-
25 ment for reservation of a bed in a

1 nursing facility during a period of
2 temporary hospitalization (not to ex-
3 ceed 21 days of continuous hos-
4 pitalization).

5 “(ii) HOME CARE SERVICES.—Home
6 care services, including—

7 “(I) home health services pro-
8 vided by a registered nursing or li-
9 censed practical nurse,

10 “(II) professional services of a li-
11 censed physical, occupational, res-
12 piratory, or speech therapist,

13 “(III) adult day care,

14 “(IV) home health aide and per-
15 sonal care attendant services,

16 “(V) homemaker services, and

17 “(VI) chore services.

18 “(B) BENEFIT PERIOD AND LIMITATION.—
19 Benefits for long-term care services are limited
20 to—

21 “(i) a consecutive period of 2 years
22 (beginning on the first date benefits are
23 first covered),

24 “(ii) \$150 per day, and

1 “(iii) \$60,000 for an individual in a
2 lifetime.

3 Subsection (b)(2)(C) shall apply to the dollar
4 amounts under clauses (ii) and (iii) of this sub-
5 paragraph in the same manner as it applies to
6 the dollar amounts under subparagraphs (A)
7 and (B) of subsection (b)(2), except that for
8 this purpose any reference to \$10 is deemed a
9 reference to \$1.

10 “(2) ELIGIBILITY.—An individual is eligible for
11 long-term care services described in paragraph (1)
12 only if a physician certifies that the individual—

13 “(A) cannot perform at least 2 of 5 of the
14 following activities of daily living without on-
15 hand help from some else when performing the
16 activity: dressing, eating, continence, toileting,
17 and transferring from a chair or bed; or

18 “(B) is dependent upon another person be-
19 cause of cognitive impairment.

20 **“SEC. 1102B. COST-SHARING FOR LONG-TERM CARE SERV-**
21 **ICES.**

22 “(a) REQUIRED DEDUCTIBLE.—No benefits are pay-
23 able under standard coverage with respect to long-term
24 care services for an individual until the individual has sat-
25 isfied a deductible under subsection (b). Once such deduct-

1 ible has been satisfied, benefits are covered for long-term
2 care services until there has elapsed 180 consecutive days
3 on which no covered long-term care benefits are provided.
4 Not more than \$150 per day may be counted toward the
5 deductible and only expenses incurred in a consecutive pe-
6 riod of 90 days may be counted toward the deductible.
7 The dollar amount under the previous sentence is subject
8 to annual increases in the same manner as the dollar
9 amount under section 1102A(c)(1)(B)(ii) is subject to an-
10 nual increases under section 1102A(c)(1)(B).

11 “(b) DEDUCTIBLE.—The amount of the long-term
12 care deductible shall be based on the income of the family
13 of which the individual is a member (expressed as a per-
14 centage of the applicable poverty line) as follows:

15 “(1) \$450, if family income is less than 100
16 percent of the applicable poverty line.

17 “(2) \$1,250, if family income is at least 100
18 percent, but less than 200 percent, of the applicable
19 poverty line.

20 “(3) \$4,500, if family income is at least 200
21 percent, but less than 300 percent, of the applicable
22 poverty line.

23 “(4) \$6,750, if family income is at least 300
24 percent of the applicable poverty line.

“INDIVIDUAL DEDUCTIBLE—Continued
 “[Based on Family Income (Expressed as a Percent of Poverty Line)]

“Income (Expressed as a Percent of Applicable Poverty Line):	Individual Deductible
At least 200%, but less than 220%, of Applicable Poverty Line	\$340
At least 220%, but less than 240%, of Applicable Poverty Line	\$380
At least 240%, but less than 260%, of Applicable Poverty Line	\$420
At least 260%, but less than 280%, of Applicable Poverty Line	\$460
At least 280%, but less than 300%, of Applicable Poverty Line	\$500
At least 300%, but less than 320%, of Applicable Poverty Line	\$540
At least 320%, but less than 340%, of Applicable Poverty Line	\$580
At least 340%, but less than 360%, of Applicable Poverty Line	\$620
At least 360%, but less than 380%, of Applicable Poverty Line	\$660
At least 380%, but less than 400%, of Applicable Poverty Line	\$700
At least 400% of Applicable Poverty Line	\$740

1 “(2) MAXIMUM OF 2 DEDUCTIBLES FOR A FAM-
 2 ILY.—The deductible shall be considered to have
 3 been met with respect to a family when the family
 4 has incurred expenses, that are countable with re-
 5 spect to covered items and services, equal to twice
 6 the individual deductible described in paragraph (1).

7 “(b) COPAYMENTS AND COINSURANCE.—Subject to
 8 subsections (d) and (e)—

9 “(1) SMALL COPAYMENTS FOR FAMILIES WITH
 10 INCOME BELOW THE POVERTY LINE.—In the case of
 11 an individual with family income that is less than
 12 the applicable poverty line, a health plan that pro-
 13 vides standard coverage shall only impose cost-shar-
 14 ing for acute care benefits in the form of a

1 copayment of \$5 for each item or service provided
 2 (as identified in accordance with rules established by
 3 the Secretary).

4 “(2) COINSURANCE FOR OTHER FAMILIES.—In
 5 the case of any other individual, such a plan shall
 6 impose cost-sharing for acute care benefits in the
 7 form of coinsurance, based on the income of the
 8 family of which the individual is a member (ex-
 9 pressed as a percentage of the applicable poverty
 10 line) in accordance with the percentage specified in
 11 the following table:

“COINSURANCE PERCENTAGE
 “[Based on Family Income (Expressed as a Percent of Applicable
 Poverty Line)]

“Income (Expressed as a Percent of Applicable Pov- erty Line):	Coinsurance
At least 100%, but less than 200%, of Applicable Poverty Line	10 percent
At least 200%, but less than 300%, of Applicable Poverty Line	15 percent
At least 300%, but less than 400%, of Applicable Poverty Line	20 percent
At least 400% of Applicable Poverty Line	25 percent

12 “(c) CATASTROPHIC LIMIT ON OUT-OF-POCKET EX-
 13 PENSES.—The catastrophic limit on out-of-pocket ex-
 14 penses under a health plan that provides standard cov-
 15 erage for an individual shall be based on the income of
 16 the family of which the individual is a member (expressed
 17 as a percentage of the applicable poverty line) in accord-
 18 ance with the following table (subject to subsection (e)):

“CATASTROPHIC LIMIT ON OUT-OF-POCKET EXPENSES
 “[Based on Family Income (Expressed as a Percent of Applicable
 Poverty Line)]

“Income (Expressed as a Percent of Applicable Poverty Line):	Catastrophic Limit on Out-of-Pocket Expenses
Less than 100% of Applicable Poverty Line	\$2,000
At least 100%, but less than 120%, of Applicable Poverty Line	\$2,400
At least 120%, but less than 140%, of Applicable Poverty Line	\$2,800
At least 140%, but less than 160%, of Applicable Poverty Line	\$3,200
At least 160%, but less than 180%, of Applicable Poverty Line	\$3,600
At least 180%, but less than 200%, of Applicable Poverty Line	\$4,000
At least 200%, but less than 220%, of Applicable Poverty Line	\$4,400
At least 220%, but less than 240%, of Applicable Poverty Line	\$4,800
At least 240%, but less than 260%, of Applicable Poverty Line	\$5,200
At least 260%, but less than 280%, of Applicable Poverty Line	\$5,600
At least 280%, but less than 300%, of Applicable Poverty Line	\$6,000
At least 300%, but less than 320%, of Applicable Poverty Line	\$6,400
At least 320%, but less than 340%, of Applicable Poverty Line	\$6,800
At least 340%, but less than 360%, of Applicable Poverty Line	\$7,200
At least 360%, but less than 380%, of Applicable Poverty Line	\$7,600
At least 380%, but less than 400%, of Applicable Poverty Line	\$8,000
At least 400% of Applicable Poverty Line	\$8,400

1 “(d) SPECIAL RULES.—Under a plan providing
 2 standard coverage:

3 “(1) NO COPAYMENTS OR COINSURANCE FOR
 4 INPATIENT HOSPITAL SERVICES.—There shall be no
 5 copayments or coinsurance imposed for inpatient
 6 hospital services.

7 “(2) NO COST-SHARING FOR MATERNITY SERV-
 8 ICES.—There shall be no cost-sharing imposed for
 9 maternity services.

1 “(3) NO COST-SHARING FOR HOSPITAL AND
2 PHYSICIAN EMERGENCY CARE FOR TREATMENT OF
3 INJURIES WITHIN 72 HOURS OF ONSET OF IN-
4 JURY.—There shall be no cost-sharing imposed for
5 hospital and physician emergency care for treatment
6 of injuries within 72 hours of onset of injury.

7 “(4) NO DEDUCTIBLE FOR DENTAL CARE.—
8 The deductible under subsection (a) shall not apply
9 to coverage of dental services described in section
10 1102A(b)(1)(D) (relating to periodic dental cleaning
11 and dental preventive care).

12 “(5) MENTAL HEALTH SERVICES.—In the case
13 of mental health and substance abuse treatment
14 services (whether inpatient or outpatient):

15 “(A) SEPARATE PER PERSON ANNUAL DE-
16 DUCTIBLE.—There shall be a separate calendar
17 year deductible of \$250 per individual, without
18 regard to the income of the family of which the
19 individual is a member.

20 “(B) HIGHER COINSURANCE.—A plan pro-
21 viding standard coverage may impose coinsur-
22 ance of 40 percent, without regard to the in-
23 come of the family of which the individual is a
24 member.

1 “(e) INDEXING VALUES.—The dollar amounts speci-
2 fied in subsections (a), (c), and (d)(5)(A) shall be in-
3 creased for each year after 1994 by the same percentage
4 as the percentage increase in the consumer price index for
5 all urban consumers (U.S. city average) between Septem-
6 ber of the previous year and September 1993. Any such
7 increase that is not a multiple of \$10, \$100, or \$10, re-
8 spectively, shall be rounded to the nearest multiple of \$10,
9 \$100, or \$10.”

10 (3) PREMIUMS.—Strike sections 1104 and 1005
11 and insert the following:

12 **“SEC. 1104. ESTABLISHMENT OF PREMIUMS.**

13 “(a) IN GENERAL.—Each group health plan or
14 health insurance plan that provides coverage of standard
15 benefits described in section 1102(c) shall establish pre-
16 miums on a per capita basis that vary within a premium
17 rating area (as defined by the Secretary) only based on
18 age of the individual and income classification (within the
19 same classes of age and income used for the reference per
20 person annual premium amount under section 1703(a))
21 and may vary among such classes only in the same ratios
22 as the reference amounts under such section vary among
23 such classes.

24 “(b) FAMILY RATE AS SUM OF INDIVIDUAL
25 RATES.—The premium imposed by such a plan with re-

1 spect to members of a family shall be the sum of the per
 2 capita rates established under subsection (a) with respect
 3 to all the members of the family.”

4 (4) INCOME-RELATED TAX DEDUCTIONS.—

5 Amend subtitle D of title I to read as follows:

6 **“Subtitle B—Tax Provisions**

7 **“SEC. 1301. ELIMINATION OF EXCLUSION FROM INCOME**

8 **FOR EMPLOYER-PROVIDED HEALTH CARE.**

9 “(a) IN GENERAL.—The text of section 106 of the
 10 Internal Revenue Code of 1986 (relating to contributions
 11 by employer to accident and health plans) is amended to
 12 read as follows:

13 ““(a) IN GENERAL.—Gross income of an employee
 14 does not include employer-provided coverage under an ac-
 15 cident or health plan.

16 ““(b) TERMINATION.—Gross income of an employee
 17 shall include employer-provided coverage under an acci-
 18 dent or health plan if such coverage is provided after De-
 19 cember 31, 1995.’

20 “(b) EMPLOYMENT TAX TREATMENT.—

21 “(1) SOCIAL SECURITY TAX.—

22 “(A) Subsection (a) of section 3121 of
 23 such Code is amended by inserting after para-
 24 graph (21) the following new sentence:

1 'Nothing in paragraph (2) shall exclude from the term
2 "wages" any amount which is required to be included in
3 gross income under section 106(b).'

4 " (B) Subsection (a) of section 209 of the
5 Social Security Act is amended by inserting
6 after paragraph (21) the following new sen-
7 tence:

8 'Nothing in paragraph (2) shall exclude from the term
9 "wages" any amount which is required to be included in
10 gross income under section 106(b) of the Internal Revenue
11 Code of 1986.'

12 " (2) RAILROAD RETIREMENT TAX.—Paragraph
13 (1) of section 3231(e) of such Code is amended by
14 adding at the end thereof the following new sen-
15 tence: 'Nothing in clause (i) of the second sentence
16 of this paragraph shall exclude from the term "com-
17 pensation" any amount which is required to be in-
18 cluded in gross income under section 106(b).'

19 " (3) UNEMPLOYMENT TAX.—Subsection (b) of
20 section 3306 of such Code is amended by inserting
21 after paragraph (16) the following new sentence:

22 'Nothing in paragraph (2) shall exclude from the term
23 "wages" any amount which is required to be included in
24 gross income under section 106(b).'

1 “(4) WAGE WITHHOLDING.—Subsection (a) of
2 section 3401 of such Code is amended by adding at
3 the end thereof the following new sentence:

4 ‘Nothing in the preceding provisions of this subsection
5 shall exclude from the term “wages” any amount which
6 is required to be included in gross income under section
7 106(b).’

8 “(c) EFFECTIVE DATE.—

9 “(1) INCOME TAX.—The amendment made by
10 subsection (a) shall apply to taxable years ending
11 after December 31, 1995.

12 “(2) EMPLOYMENT TAX.—The amendments
13 made by subsection (b) shall apply to remuneration
14 paid after December 31, 1995.

15 **“SEC. 1302. LIMITATION ON EMPLOYER DEDUCTION FOR**
16 **HEALTH CARE PROVIDED TO EMPLOYEES.**

17 “(a) IN GENERAL.—Section 162 of the Internal Rev-
18 enue Code of 1986 (relating to trade or business expenses)
19 is amended by redesignating subsection (o) as subsection
20 (p) and by inserting after subsection (n) the following new
21 subsection:

22 ““(o) DENIAL OF DEDUCTION FOR CERTAIN
23 HEALTH CARE COVERAGE PROVIDED TO EMPLOYEE.—
24 No deduction shall be allowed under this chapter to an
25 employer for coverage provided to an employee (or the

1 spouse or any dependent of an employee) under an acci-
 2 dent or health plan unless such plan provides standard
 3 coverage in accordance with the applicable provisions of
 4 the Affordable Health Care Now Act of 1993.’

5 “(b) EFFECTIVE DATE.—The amendment made by
 6 this section shall apply to coverage for periods after De-
 7 cember 31, 1995, in taxable years ending after such date.

8 **“SEC. 1303. NON-ITEMIZED DEDUCTION FOR PREMIUMS**
 9 **FOR QUALIFIED HEALTH PLANS AND FOR**
 10 **CONTRIBUTIONS TO MEDICAL SAVINGS AC-**
 11 **COUNTS BY TAXPAYERS COVERED UNDER**
 12 **CATASTROPHIC COVERAGE HEALTH PLANS.**

13 “(a) IN GENERAL.—Part VII of subchapter B of
 14 chapter 1 of the Internal Revenue Code of 1986 (relating
 15 to additional itemized deductions for individuals), as
 16 amended by section 2202, is amended by redesignating
 17 section 221 as section 222 and by inserting after section
 18 220 the following new section:

19 **““SEC. 221. CERTAIN PAYMENTS FOR HEALTH COVERAGE.**

20 ““(a) IN GENERAL.—In the case of an individual,
 21 there shall be allowed as a deduction for the taxable year
 22 an amount equal to the qualified health expenses paid by
 23 the taxpayer during the taxable year.

24 ““(b) QUALIFIED HEALTH EXPENSES.—For pur-
 25 poses of this section:

1 “(1) IN GENERAL.—The term “qualified
2 health expenses” means expenses for coverage of the
3 taxpayer and the spouse and dependents (as defined
4 in section 152) of the taxpayer under a qualified
5 health plan.

6 “(2) TAXPAYERS COVERED UNDER CATA-
7 STROPHIC COVERAGE HEALTH PLAN.—In the case of
8 a taxpayer who is covered (and whose spouse and
9 dependents are covered) under a qualified health
10 plan which is a catastrophic coverage health plan,
11 the term “qualified health expenses” includes
12 amounts contributed by or on behalf of such tax-
13 payer to a medical savings account (as defined in
14 section 220(d)(1)(A)) for the benefit of such tax-
15 payer.

16 “(c) LIMITATION.—The amount allowed as a deduc-
17 tion under subsection (a) for the taxable year shall not
18 exceed the excess (if any) of—

19 “(1) the maximum voucher amount that would
20 have been provided to the taxpayer under subtitle A
21 of title I of the Affordable Health Care Now Act of
22 1993 for the calendar year ending with or within
23 such taxable year if the taxpayer’s family income
24 were zero for such calendar year, over

1 “(2) the voucher amount provided to the tax-
2 payer under such subtitle A for such calendar year.

3 “(d) DEFINITIONS.—For purposes of this section—

4 “(1) the term “qualified health plan” means a
5 MedAccess plan or other health plan that provides
6 standard coverage consistent with the applicable re-
7 quirements of the Affordable Health Care Now Act
8 of 1993; and

9 “(2) the term “catastrophic coverage health
10 plan” has the meaning given such term in section
11 220(c)(2).’

12 “(b) CLERICAL AMENDMENT.—The table of sections
13 for part VII is amended by striking the last item and in-
14 serting the following new items:

“Sec. 221. Certain payments for health coverage.

“Sec. 222. Cross reference.’

15 “(c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to coverage for periods after De-
17 cember 31, 1995, in taxable years ending after such date.”

18 (5) INDIVIDUAL MANDATE AND INCOME-RELAT-
19 ED VOUCHERS.—Strike subtitles G and H of title I
20 and insert the following:

21 **“Subtitle G—Individual Mandate**

22 **“SEC. 1601. REQUIREMENT.**

23 “(a) IN GENERAL.—Each individual who is lawfully
24 in the United States shall obtain health insurance cov-

1 erage under a health plan that is a MedAccess plan or
2 a plan that benefits equivalent to the benefits provided in
3 a MedAccess plan.

4 “(b) EXCEPTIONS.—An individual who is a member
5 of the Uniformed Services of the United States on active
6 duty or is entitled to benefits under the CHAMPUS pro-
7 gram or title 38, United States Code, is deemed to have
8 satisfied the requirement of subsection (a).

9 “(c) ENFORCEMENT.—Each individual who fails to
10 meet the requirement of subsection (a) shall be enrolled,
11 in a manner specified by the Secretary, in a plan described
12 in such subsection and is liable for the premiums other-
13 wise payable during the period in which the individual
14 failed to be enrolled, plus a penalty or interest as specified
15 by the Secretary. Amounts so owed may be collected by
16 the Secretary through garnishment, withholding of tax re-
17 funds owed, or other appropriate means.

18 **“Subtitle H—Income-Related** 19 **Vouchers**

20 **“SEC. 1701. ELIGIBILITY.**

21 “(a) ELIGIBILITY.—

22 “(1) IN GENERAL.—Each qualified family (as
23 defined in subsection (b)) is entitled to be provided
24 financial assistance toward the cost of the premium

1 for a health plan that provides standard coverage ei-
2 ther—

3 “(A) in the form of a voucher under para-
4 graph (2) in the amount specified in section
5 1702(a), or

6 “(B) in the form of a non-itemized deduc-
7 tion against taxes otherwise payable, in accord-
8 ance with section 221 of the Internal Revenue
9 Code of 1986.

10 “(2) USE OF VOUCHER.—

11 “(A) IN GENERAL.—Subject to subpara-
12 graph (B), a voucher provided to a family
13 under this subtitle shall be remitted by any in-
14 dividual in such family to the health plan, the
15 exempted multiple employer health plan (as de-
16 fined in section 701 of the Employee Retirement
17 Income Security Act of 1974), or, in the
18 case of an employment-related health plan, to
19 the employee’s employer, as the case may be,
20 for payment by the Secretary. The health plan,
21 multiple employer health plan, or employer shall
22 make proper adjustments in billing statements
23 to reflect such family’s remaining premium obli-
24 gations (if any).

1 “(B) ELECTION OF TAX CREDIT.—A fam-
2 ily may elect, in a manner specified by the Sec-
3 retary in consultation with the Secretary of the
4 Treasury, to be provided the voucher in the
5 form of a credit against income taxes payable
6 by members of the family.

7 “(b) QUALIFIED FAMILY.—For purposes of this sub-
8 title, except as provided in subsection (c), the term ‘quali-
9 fied family’ means an individual and dependents (as de-
10 fined in section 1023).

11 “(c) SPECIAL TREATMENT OF MEDICARE BENE-
12 FICIARIES.—

13 “(1) INDIVIDUALS CURRENTLY 60 YEARS OF
14 AGE OR OLDER.—In the case of individuals who are
15 60 years of age or older on the date of the enact-
16 ment of this Act, the individual shall only be consid-
17 ered to be a member of a qualified family if the indi-
18 vidual elects to be eligible for benefits under this
19 subtitle instead of any entitlement to benefits under
20 the medicare program under title XVIII of the So-
21 cial Security Act. Such election shall be made at
22 such time and in such manner as the Secretary
23 specifies. Once such an election is made with respect
24 to an individual it is irrevocable.

1 “(2) OTHER INDIVIDUALS.—In the case of eligi-
2 ble individuals not described in paragraph (1), the
3 individuals are entitled to benefits under this title
4 instead of entitlement to benefits under the medicare
5 program under title XVIII of the Social Security
6 Act.

7 “(3) MEDICARE PAYMENTS.—In the case of an
8 individual who, under paragraph (1) or (2), is enti-
9 tled to benefits under this title instead of entitle-
10 ment to benefits under the medicare program, the
11 Secretary shall provide for payment on behalf of the
12 individual for premiums under health plans that pro-
13 vide benefits for the individual in an amount equal
14 to the amount that would be payable under section
15 1876 of the Social Security Act if the individual had
16 been enrolled under a risk-sharing contract with an
17 eligible organization under such section (but sub-
18 stituting 100 percent for 95 percent in subsection
19 (a)(2)(C) of such section).

20 “(d) SPECIAL TREATMENT OF MEDICAID BENE-
21 FICIARIES.—

22 “(1) STATE OPTIONS FOR ACUTE CARE.—Each
23 State that has a medicaid plan approved under title
24 XIX of the Social Security Act shall elect one of the
25 following options in relation to such plan with re-

1 spect to medical assistance with respect to acute
2 care services:

3 “(A) CONTRIBUTION OPTION.—The State
4 may pay an amount equivalent to the product
5 of—

6 “(i) 1 minus the Federal medical as-
7 sistance percentage for the State (as de-
8 fined in section 1905(b) of the Social Secu-
9 rity Act), and

10 “(ii) the Federal subsidies provided
11 under this subtitle for individuals residing
12 in the State who have family incomes
13 below the applicable poverty line for a fam-
14 ily of the size involved.

15 “(B) CAPITATION OPTION.—The State
16 may assume responsibility for providing
17 (through capitated plans or otherwise) benefits
18 under standard coverage (described in section
19 1102A) for all individuals described in subpara-
20 graph (A) and the State is entitled to receive
21 from the Federal Government an amount equal
22 to the Federal subsidies that otherwise would
23 have been provided under this subtitle for such
24 individuals reduced by the amount the State
25 would have been required to pay under subpara-

1 graph (A) if the option under such subpara-
2 graph had been elected.

3 “(2) TRANSITIONAL LONG-TERM CARE SERV-
4 ICES.—

5 “(A) ELIMINATION OF CURRENT MEDICAID
6 COVERAGE FOR TRANSITIONAL SERVICES.—An
7 individual who first becomes entitled to and re-
8 ceives transitional long-term care services under
9 a State medicaid plan on or after the effective
10 date of this subtitle shall not be entitled to
11 medical assistance with respect to such services
12 under the plan, but shall receive benefits with
13 respect to such services under the standard
14 benefit package or under the State option de-
15 scribed in paragraph (1)(B).

16 “(B) GRANDFATHERING OF LONG-TERM
17 CARE MEDICAID RECIPIENTS.—An individual
18 who is entitled to and is receiving, as of the ef-
19 fective date of this subtitle, transitional long-
20 term care services under a State medicaid plan
21 shall continue to be entitled to medical assist-
22 ance with respect to such services and States
23 may not change the benefits made available
24 under such plans with respect to such individ-
25 uals.

1 “(C) TRANSITIONAL LONG-TERM CARE
2 SERVICES.—In this subsection, the term ‘transi-
3 tional long-term care services’ means, with re-
4 spect to an individual, long-term care services
5 furnished to the individual during the 2-year
6 period beginning on the date such services are
7 first furnished to the individual.

8 “(3) EXTENDED LONG-TERM CARE SERVICES.—
9 With respect to coverage of long-term care services
10 other than transitional long-term care services under
11 a State medicaid plan, on and after the effective
12 date of this subtitle the Federal medical assistance
13 percentage shall be equal to 100 percent.

14 “(e) ADDITIONAL SPECIAL RULES.—

15 “(1) ACTIVE DUTY MILITARY NOT ELIGIBLE.—
16 An individual who is a member of the Uniformed
17 Services of the United States on active duty is not
18 eligible for benefits under this section.

19 “(2) ELECTION BY INDIVIDUALS ELIGIBLE FOR
20 CHAMPUS AND VETERANS BENEFITS.—An individual
21 who is receiving benefits under the CHAMPUS pro-
22 gram or under title 38, United States Code, as of
23 the effective date of this subtitle shall only be eligi-
24 ble for benefits under this section if the individual
25 elects, on a 1-time basis, to waive the rights to bene-

1 fits under such program or title and instead receive
2 benefits described in subsection (a).

3 **“SEC. 1702. AMOUNT OF VOUCHER.**

4 “(a) IN GENERAL.—The amount of a voucher speci-
5 fied in this subsection for a qualified family for a year
6 is the sum of the voucher amounts for each member of
7 the family in the year. The voucher amount for each mem-
8 ber of a family in the year is the lesser of—

9 “(1) the annual premium paid by or on behalf
10 of the family member for such year for coverage
11 under a health plan that provides standard coverage
12 in which the member is enrolled, or

13 “(2) the voucher percentage (specified in sub-
14 section (b)) of the sum, for all months in the year,
15 of $\frac{1}{12}$ of the reference per person annual premium
16 amount (specified under section 1703) for that
17 member for that year.

18 Paragraph (2) shall be applied to a member based on the
19 age, income class, family status, and geographic location
20 of the member as of the first day of the month.

21 “(b) VOUCHER PERCENTAGE.—

22 “(1) IN GENERAL.—Subject to paragraph (2),
23 for a qualified family, the voucher percentage is the
24 percentage specified in the following table, based on
25 the income (expressed as a percent of the applicable

1 poverty line for a family of the size involved) of the
 2 family of which the individual is a member:

“VOUCHER PERCENTAGE
 “[Based on Family Income (Expressed as a Percent of Applicable
 Poverty Line)]

“Income (Expressed as a Percent of Applicable Poverty Line):	Voucher Percentage
Less than 100% of Applicable Poverty Line	100%
At least 100%, but less than 110%, of Applicable Poverty Line	90%
At least 110%, but less than 120%, of Applicable Poverty Line	80%
At least 120%, but less than 130%, of Applicable Poverty Line	70%
At least 130%, but less than 140%, of Applicable Poverty Line	60%
At least 140%, but less than 160%, of Applicable Poverty Line	60%
At least 160%, but less than 160%, of Applicable Poverty Line	60%
At least 160%, but less than 170%, of Applicable Poverty Line	55%
At least 170%, but less than 220%, of Applicable Poverty Line	50%
At least 220%, but less than 240%, of Applicable Poverty Line	40%
At least 240% of Applicable Poverty Line	0%

3 “(2) TREATMENT OF ELDERLY INDIVIDUALS.—

4 In the case of an individual who is 65 years of age
 5 or older as of the first day of a month and whose
 6 family income (expressed as a percent of applicable
 7 poverty line) is at least 240 percent of the applicable
 8 poverty line, the voucher percentage is 20 percent.

9 “(c) DEFINITIONS AND DETERMINATION OF IN-
 10 COME.—For purposes of this subtitle:

11 “(1) APPLICABLE POVERTY LINE.—The term
 12 ‘applicable poverty line’ means the income official
 13 poverty line (as defined by the Office of Manage-
 14 ment and Budget, and revised annually in accord-

1 ance with section 673(2) of the Omnibus Budget
2 Reconciliation Act of 1981) applicable to a family of
3 the size involved. Such poverty line shall be revised
4 as of October 1 of each year for the next succeeding
5 year.

6 “(2) DETERMINATIONS OF INCOME.—

7 “(A) IN GENERAL.—Subject to paragraph
8 (3), the term ‘income’ means adjusted gross in-
9 come (as defined in section 62(a) of the Inter-
10 nal Revenue Code of 1986)—

11 “(i) determined without regard to sec-
12 tions 135, 162(l), 911, 931, and 933 of
13 such Code; and

14 “(ii) increased by—

15 “(I) the amount of interest re-
16 ceived or accrued which is exempt
17 from tax, plus

18 “(II) the amount of social secu-
19 rity benefits (described in section
20 86(d) of such Code) which is not in-
21 cludible in gross income under section
22 86 of such Code.

23 “(B) FAMILY INCOME.—The term ‘family
24 income’ means, with respect to a family, the
25 sum of the income for all members of the fam-

1 ily, not including the income of a dependent
2 child with respect to which no return is re-
3 quired under the Internal Revenue Code of
4 1986.

5 “(C) FAMILY SIZE.—The family size to be
6 applied under this section, with respect to fam-
7 ily income, is the number of individuals in-
8 cluded in the family for purposes of coverage
9 under a health plan that provides standard cov-
10 erage.

11 “(3) SPECIAL RULE WHERE LOSS OF EARNED
12 INCOME DURING A YEAR.—

13 “(A) IN GENERAL.—In the case of a fam-
14 ily described in subparagraph (B), the family
15 may elect to have the voucher amount under
16 this subtitle computed based only on other,
17 nonearned income (and attributable amounts
18 described in subparagraph (C)).

19 “(B) FAMILY DESCRIBED.—A family de-
20 scribed in this subparagraph is a family—

21 “(i) that has a significant loss of
22 wages or earned income (as defined by the
23 Secretary) during a year, and

“REFERENCE PER PERSON ANNUAL PREMIUM AMOUNT FOR STANDARD COVERAGE

“[Based on Family Income (Expressed as a Percent of Applicable Poverty Line) and Based on Age of Individual]

“Income Expressed as a Percent of Applicable Poverty Line):	Under 18	18–34	35–49	50–64	Over 64
Less than 100% of Applicable Poverty Line	\$1,568	\$2,613	\$3,714	\$5,057	\$13,233
At least 100%, but less than 200%, of Applicable Poverty Line	\$776	\$1,293	\$1,839	\$2,503	\$8,537
At least 200% of Applicable Poverty Line	\$644	\$1,074	\$1,526	\$2,078	\$7,086

1 “(b) UPDATE.—The reference per person annual pre-
 2 mium amounts specified in subsection (a) shall be updated
 3 annually by the Secretary, based on estimates of changes
 4 in the actuarial value for the different classes based on
 5 income and age of the standard benefit package between
 6 1993 and the year involved.

7 “(c) GEOGRAPHIC ADAPTATION.—

8 “(1) IN GENERAL.—The reference per person
 9 annual premium amounts specified in subsection (a)
 10 and updated under subsection (b) shall be adjusted
 11 by the Secretary for each geographic area so they re-
 12 flect variations in costs of the standard benefit pack-
 13 age in different areas.

14 “(2) METHODOLOGY.—The Secretary shall
 15 make such adjustment using methodology (and
 16 areas) similar to the methodology and areas used for
 17 establishing the average annual per capita cost for

1 payments to eligible organizations under section
2 1876 of the Social Security Act.

3 “(d) APPLICATION ON MONTHLY BASIS.—The ref-
4 erence per person annual premium amounts under this
5 section shall be computed for a family on a monthly basis,
6 to take into account the age, income class, and family sta-
7 tus as of the first day of the month involved.

8 **“SEC. 1704. APPLICATION FOR VOUCHER.**

9 “(a) TIME OF FILING.—

10 “(1) NOVEMBER 1 OF PREVIOUS YEAR.—Not
11 later than November 1 of each year (beginning with
12 1995), each family desiring to obtain a voucher
13 under this subtitle shall submit to the Secretary (in
14 such form and manner as the Secretary may require,
15 in consultation with the Secretary of the Treasury)
16 an estimate of the individual’s family income antici-
17 pated for the taxable year ending with or within the
18 following calendar year, to be used to determine ini-
19 tially whether the individual is eligible for a voucher
20 under this subtitle, and the amount of such a vouch-
21 er, for such following calendar year.

22 “(2) SPECIAL RULE FOR FIRST YEAR OF COV-
23 ERAGE.—For the first year in which an individual is
24 eligible for such a voucher, the individual shall sub-
25 mit to the Secretary (at such time and in such form

1 and manner as the Secretary may require, in con-
2 sultation with the Secretary of the Treasury) an es-
3 timate of the individual's family income anticipated
4 for the taxable year ending with December 31 of
5 such year, to be used to determine initially whether
6 the individual is eligible for a voucher under this
7 subtitle, and the amount of such a voucher, for such
8 following calendar year.

9 “(3) SUBSEQUENT APPLICATIONS.—Under
10 rules established by the Secretary, applications for a
11 voucher may also be filed at other times during a
12 year.

13 “(b) FORM.—

14 “(1) USE OF SIMPLE FORM.—The Secretary
15 shall use an application which shall be as simple in
16 form as possible and understandable to the average
17 individual. The application may require attachment
18 of such documentation as deemed necessary by the
19 Secretary in order to ensure eligibility for assistance.
20 The Secretary shall use, as deemed practicable by
21 the Secretary, any existing forms employed for Fed-
22 eral income tax filings as an application for assist-
23 ance.

24 “(2) AVAILABILITY OF FORMS.—The Secretary
25 shall make application forms available through

1 health care providers and plans, public assistance of-
2 fices, public libraries, and at other locations (includ-
3 ing post offices) accessible to a broad cross-section
4 of families.

5 “(3) SUBMISSION OF APPLICATION FORM.—An
6 application form under this section may be submit-
7 ted in such manner as the Secretary shall provide.

8 “(c) PERMITTING SUBMISSION OF REVISED APPLI-
9 CATION.—During a year, a family may submit a revised
10 application to reflect changes in the estimated income of
11 the family, including changes in employment status of
12 family members, during the year. The voucher amount
13 shall be revised to reflect such a revised application.

14 “(d) ENROLLMENT AT POINT OF APPLICATION.—To
15 the extent practicable, the Secretary shall provide for the
16 option of enrollment in a health plan that provides stand-
17 ard coverage as part of the application and approval proc-
18 ess for assistance under this subtitle. In providing for such
19 an option, the Secretary may require the State of resi-
20 dence to provide such information and assistance regard-
21 ing such plans as may be necessary.

22 **“SEC. 1705. DETERMINATION OF ELIGIBILITY AND AMOUNT**
23 **OF VOUCHER.**

24 “(a) IN GENERAL.—Upon receiving an application
25 for a voucher under section 1804, the Secretary shall pro-

1 vide in a prompt manner for notice of the determination
2 of eligibility for, and amount of, a voucher under this sub-
3 title.

4 “(b) ELECTION WITH RESPECT TO INCOME DETER-
5 MINATION.—As elected by a family at the time of submis-
6 sion of an application for a voucher under section 1804,
7 the family income shall be determined either—

8 “(1) by multiplying by a factor of 4 the income
9 for the 3-month period immediately preceding the
10 month in which the application is made, or

11 “(2) based upon estimated income for the entire
12 year in which the application is submitted.

13 “(c) DISCLOSURE OF CERTAIN TAX INFORMATION
14 BY SECRETARY OF TREASURY.—

15 “(1) IN GENERAL.—Subsection (l) of section
16 6103 of the Internal Revenue Code of 1986 (relating
17 to confidentiality and disclosure of returns and re-
18 turn information) is amended by adding at the end
19 thereof the following new paragraph:

20 ““(14) DISCLOSURE OF RETURN INFORMA-
21 TION.—

22 ““(A) IN GENERAL.—The Secretary shall,
23 upon written request from the Secretary of
24 Health and Human Services, disclose to the of-
25 ficers and employees of the Department of

1 Health and Human Services return information
2 necessary to determine the family income (as
3 defined in section 1702(c)(2)(B) of the Afford-
4 able Health Care Now Act of 1993) of any indi-
5 vidual to be used to determine whether the indi-
6 vidual is eligible for a voucher under subtitle I
7 of title I of such Act, and the amount of such
8 a voucher.

9 ““(B) RESTRICTION ON USE OF DIS-
10 CLOSED INFORMATION.—Any officer or em-
11 ployee of the Department of Health and
12 Human Services receiving return information
13 under subparagraph (A) shall use such informa-
14 tion only for purposes of, and to the extent nec-
15 essary in, establishing the family income (as so
16 defined) for such purpose.’

17 ““(2) CONFORMING AMENDMENTS.—Paragraphs
18 (3)(A) and (4) of section 6103(p) of such Code are
19 each amended by striking ‘or (13)’ each place it ap-
20 pears and inserting ‘(13), or (14)’.

21 ““(3) EFFECTIVE DATE.—The amendments
22 made by paragraphs (1) and (2) shall apply with re-
23 spect to information for taxable years beginning
24 after the date of the enactment of this Act.

1 **“SEC. 1706. RECONCILIATION.**

2 “(a) NOTICE OF VOUCHER AMOUNTS PROVIDED.—

3 In the case of a qualified family that has received a vouch-
4 er under this subtitle for any month in a year, the Sec-
5 retary shall, not later than January 31 of the following
6 year, notify such family of the total amount of the vouch-
7 ers that such family received during the year.

8 “(b) FILING OF NOTICE.—

9 “(1) IN GENERAL.—A family that receives a no-
10 tice under subsection (a) shall attach such notice to
11 the tax return filed by such family for the year in-
12 volved. The Secretary of the Treasury shall establish
13 a procedure to enable a family that is not required
14 to file a tax return for the year involved to file the
15 notice received under subsection (a).

16 “(2) INSTRUCTIONS FOR FILING NOTICE.—The
17 Secretary shall provide instructions for filing the no-
18 tice described in paragraph (1) (in such form as the
19 Secretary prescribes) no later than January 31 of
20 the year following the year involved.

21 “(c) RECONCILIATION OF ASSISTANCE BASED ON
22 ACTUAL INCOME.—

23 “(1) IN GENERAL.—Based on and using the in-
24 formation contained in the notice filed under sub-
25 section (b) with respect to a family, the Secretary of
26 the Treasury shall compute the amount of the

1 voucher that should have been provided under this
2 subtitle with respect to the family in the year in-
3 volved.

4 “(2) OVERPAYMENT OF VOUCHER.—If the
5 amount of the voucher provided was greater than
6 the amount computed under paragraph (1), the ex-
7 cess amount shall be treated as an underpayment of
8 a tax imposed by chapter 1 of the Internal Revenue
9 Code of 1986 and paid by the Secretary of the
10 Treasury to the family involved.

11 “(3) UNDERPAYMENT OF VOUCHER.—If the
12 amount computed under paragraph (1) is greater
13 than the amount of the voucher provided, the
14 amount of the difference shall be treated as an over-
15 payment of tax imposed by such chapter, or in the
16 event such family is entitled to a refund of such a
17 tax, subject to the provisions of section 6402(d) of
18 such Code.

19 “(d) FAILURE TO FILE.—In the case of any family
20 that is required to file a notice under subsection (b) for
21 a year and that fails to file such a notice by the deadline
22 specified by the Secretary, the entire amount of the vouch-
23 er provided in such year shall be considered the excess
24 amount under subsection (c)(2). The Secretary shall waive
25 the application of this subsection if the family establishes,

1 to the satisfaction of the Secretary, good cause for the
2 failure to file the notice on a timely basis.

3 **“SEC. 1707. PENALTIES FOR FALSE INFORMATION.**

4 “Any individual who knowingly makes a material mis-
5 representation of information in an application for a
6 voucher under this subtitle, shall be liable to the Federal
7 Government for excess payments made based on such mis-
8 representation and interest on such excess payments at
9 a rate specified by the Secretary, and, in addition, shall
10 be liable to the Federal Government for \$1,000 or, if
11 greater, 3 times the excess payments made based on such
12 misrepresentation.

13 **“SEC. 1708. ADMINISTRATION.**

14 “(a) IN GENERAL.—Except as provided in this sec-
15 tion, this subtitle shall be administered by the Secretary
16 of Health and Human Services.

17 “(b) ADMINISTRATION BY A STATE.—Upon applica-
18 tion of a State, the Secretary may provide for the adminis-
19 tration of this subtitle in a State through an appropriate
20 State agency.”

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