

108TH CONGRESS
1ST SESSION

H. R. 2698

To provide for a system of health insurance certificates to increase the number of Americans with health insurance coverage.

IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2003

Mr. BILIRAKIS (for himself, Mr. TOWNS, Mr. FLETCHER, and Mr. WALDEN of Oregon) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To provide for a system of health insurance certificates to increase the number of Americans with health insurance coverage.

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 “Health Insurance Cer-
5 tificate Act of 2003”.

6 **SEC. 2. ESTABLISHMENT OF PROGRAM.**

7 (a) IN GENERAL.—The Secretary of Health and
8 Human Services (in this Act referred to as the “Sec-
9 retary”) shall establish a program for the issuance to eligi-

1 ble individuals of health insurance certificates which may
2 be applied towards the cost of purchasing qualified health
3 insurance coverage for such individuals and family mem-
4 bers. The issuance of such certificates for any fiscal year
5 is limited to the amount appropriated under subsection (f)
6 for such fiscal year.

7 (b) ELIGIBILITY.—

8 (1) IN GENERAL.—For purposes of this Act,
9 the terms “eligible individual” and “qualified family
10 member” mean, with respect to a month, an adult
11 or family member, respectively, who—

12 (A) is a citizen or national of the United
13 States or an alien permanently residing lawfully
14 in the United States as of the first day of the
15 month;

16 (B) is under 65 years of age as of the last
17 day of the month; and

18 (C) is not eligible to be covered under pub-
19 lic coverage described in paragraph (3) as of
20 the first day of the month.

21 (2) NO CERTIFICATE FOR COVERED FAMILY
22 MEMBERS.—

23 (A) IN GENERAL.—No certificate shall be
24 issued under this section to a member of the
25 family of a principal eligible individual if the

1 family member is covered under the qualified
2 health insurance coverage covering the principal
3 eligible individual.

4 (B) MEMBER OF FAMILY.—For purposes
5 of this Act, the term “member of family” has
6 the meaning given such term under section
7 8901(5) of title 5, United States Code.

8 (C) SPOUSE.—For purposes of this Act,
9 the term “married” and “spouse” shall have
10 the meaning given such term for purposes of
11 chapter 89 of title 5, United States Code.

12 (D) NO DUPLICATION.—In no case may
13 the certificate value of more than one certificate
14 take into account any member of a family and,
15 with respect to an eligible individual, no more
16 than 2 member of the individual’s family (other
17 than the spouse of the individual) shall be taken
18 into account.

19 (3) EXCLUSION FOR THOSE ELIGIBLE FOR COV-
20 ERAGE UNDER PUBLIC PROGRAM.—Subject to para-
21 graph (4), an individual is not an eligible individual
22 as of the first day of a month if such individual is
23 eligible to be covered as of such day under any med-
24 ical care program described in—

1 (A) title XVIII, XIX, or XXI of the Social
2 Security Act;

3 (B) chapter 55 of title 10, United States
4 Code;

5 (C) chapter 17 of title 38, United States
6 Code;

7 (D) chapter 89 of title 5, United States
8 Code; or

9 (E) the Indian Health Care Improvement
10 Act.

11 (4) TREATMENT OF COBRA CONTINUATION COV-
12 ERAGE.—In the case of continuation coverage under
13 a group health plan which is required to be provided
14 by Federal law for an individual during the period
15 specified in section 602(2) of the Employee Retirement
16 Income Security Act of 1974, section
17 4980B(f)(2)(B) of the Internal Revenue Code of
18 1986, or section 2202(2) of the Public Health Serv-
19 ice Act, or coverage under chapter 89 of title 5,
20 United States Code which is required to be provided
21 under section 8905a of title 5, United States Code,
22 paragraph (3) shall not apply with respect to such
23 continuation coverage and the coverage shall be
24 treated as qualified health insurance coverage.

25 (c) HEALTH INSURANCE CERTIFICATES.—

1 (1) IN GENERAL.—The Secretary shall design
2 health insurance certificates to be in a form so that,
3 when presented to the issuer of a qualified health in-
4 surance coverage, the issuer may secure directly
5 from the Secretary the value specified in the certifi-
6 cate towards the cost of purchasing such coverage.
7 Once paid, the Secretary may not seek reimburse-
8 ment from the issuer if there is a finding that any
9 relevant information provided by an individual was
10 incorrect. A certificate is issued with respect to the
11 costs of obtaining health insurance coverage in a
12 year for a specified eligible individual (and family
13 members) and may not be used for such coverage in
14 any other period.

15 (2) LIMITATION.—In no case shall the value of
16 the certificate, as applied with respect to health in-
17 surance coverage, be applied towards an amount
18 that exceeds—

19 (A) 70 percent of the premium for cov-
20 erage for the period involved, or

21 (B) in the case of a certificate described in
22 subsection (d)(2), 70 percent of the employee’s
23 premium for coverage under the group health
24 plan involved.

1 (3) FORM OF CERTIFICATE.—A health insur-
2 ance certificate for a year shall be valued and paid
3 as follows:

4 (A) VALUE.—The value of the certificate
5 for a year shall be determined based upon a
6 methodology for determining income specified
7 by the Secretary that is similar to that applied
8 for purposes of determining eligibility on the
9 basis of income under needs-based Federal pro-
10 grams and that may be based on the standards
11 used under section 1612 for purposes of the
12 supplemental security income program. Such
13 methodology under this section may allow for
14 use of both a Federal methodology and alter-
15 nate State methodologies where the Secretary
16 deems appropriate for ease of administration
17 and coordination of programs. The Secretary
18 may provide for self-certification of information
19 by individuals where the Secretary deems ap-
20 propriate for administration of the program.

21 (B) AVAILABILITY OF GROUP HEALTH
22 PLAN COVERAGE.—If an individual is (for the
23 individual or for the individual's family mem-
24 bers) eligible for coverage under a group health
25 plan and the premium charged the individual

1 for such coverage does not exceed 50 percent of
2 the cost of coverage, such an individual is eligi-
3 ble only for a certificate under section (d)(2)
4 and not under subsection (d)(1).

5 (C) MINIMUM THRESHOLD FOR ISSUANCE
6 OF CERTIFICATE.—No health insurance certifi-
7 cate shall be issued under this section where the
8 annualized value of the certificate is less than
9 \$200.

10 (d) VALUE OF CERTIFICATE.—

11 (1) IN GENERAL.—The annualized value of a
12 health insurance certificate for an eligible individual
13 shall be determined as follows (and applied on a
14 monthly basis based on $\frac{1}{12}$ of such annualized
15 value):

16 (A) UNMARRIED INDIVIDUAL WITH NO DE-
17 PENDENT FAMILY MEMBERS.—Subject to sub-
18 paragraph (C)(i), in the case of an eligible indi-
19 vidual who is not married, who has no depend-
20 ent family members, who has qualified health
21 insurance coverage, and whose income—

22 (i) is \$13,000 or less, the annualized
23 value of the certificate is \$1,000; or

24 (ii) exceeds \$13,000, the annualized
25 value of the certificate be equal to \$1,000

1 minus 15 percent of such amount for every
2 \$1000 of the amount by which such in-
3 come exceeds \$12,001.

4 (B) INDIVIDUAL WITH DEPENDENT FAM-
5 ILY MEMBERS.—Subject to subparagraph
6 (C)(ii), in the case of an eligible individual who
7 has dependent family members and who has
8 qualified health insurance coverage that covers
9 the individual, such family members, or both, if
10 the family’s income—

11 (i) is \$25,000 or less, the annualized
12 value of the certificate is the sum of—

13 (I) \$1,000, for the individual;

14 (II) \$750, if such a family mem-
15 ber is the individual’s spouse; and

16 (III) \$500 for each other family
17 member, but not to exceed a total of
18 \$1,000 under this subclause; or

19 (ii) exceeds \$25,000, the annualized
20 value of the certificate shall be the amount
21 determined under clause (i) minus 10 per-
22 cent of such amount for each \$1,000 by
23 which such income exceeds \$24,001.

24 Each of two eligible individuals who are mar-
25 ried to each other may receive the appropriate

1 amount designated for an individual, as opposed
2 to the amount designated for a spouse, where
3 they choose separate insurance coverage.

4 (C) APPLICATION OF ASSETS TEST.—

5 (i) SELF ONLY COVERAGE.—In the
6 case of an individual described in clause (i)
7 or (ii) of subparagraph (A) whose re-
8 sources (as determined under a method-
9 ology that is similar to the methodology
10 under section 1613 for purposes of the
11 supplemental security income program) ex-
12 ceed \$12,500, the annualized value of the
13 certificate shall be 0.

14 (ii) SELF AND FAMILY COVERAGE.—

15 In the case of an individual described in
16 clause (i) or (ii) of subparagraph (B)
17 whose family resources (as determined
18 under a methodology that is similar to the
19 methodology under section 1613 for pur-
20 poses of the supplemental security income
21 program) exceed \$20,000, the annualized
22 value of the certificate shall be 0.

23 (D) ROUNDING.—Any amount determined
24 under subparagraph (A) or (B) which is not a

1 multiple of \$12 shall be rounded to the next
2 lowest \$12.

3 (2) CERTIFICATES FOR USE IN GROUP HEALTH
4 PLANS.—In the case of an eligible individual who is
5 covered under a group health plan—

6 (A) subparagraph (C) of subsection (b)(1)
7 shall not apply;

8 (B) the exclusion with respect to such cov-
9 erage under subsection (e)(2)(C) shall not
10 apply;

11 (C) the value of the certificate shall be 40
12 percent of the value determined otherwise deter-
13 mined under paragraph (1) (before the applica-
14 tion of subparagraph (D) thereof); and

15 (D) certificates under this paragraph may
16 be used for qualified health insurance under
17 any group health plan available to any family
18 member by virtue of that member's employment
19 status.

20 (e) QUALIFIED HEALTH INSURANCE COVERAGE.—
21 For purposes of this section—

22 (1) IN GENERAL.—The term “qualified health
23 insurance coverage” means health benefits coverage
24 (including individual health insurance coverage or
25 coverage through a State high risk pool) that is

1 creditable coverage (as defined in section 2701(e)(1)
2 of the Public Health Service Act), which does not
3 consist entirely of excepted benefits (as defined in
4 section 2791(c) of such Act).

5 (2) EXCEPTION.—The term ‘qualified health in-
6 surance coverage’ does not include—

7 (A) a flexible spending or similar arrange-
8 ment;

9 (B) any insurance if substantially all of its
10 coverage is of excepted benefits described in
11 section 9832(e) of the Internal Revenue Code of
12 1986;

13 (C) except as provided in subsection (d)(2),
14 insurance provided through any group health
15 plan related to employment, other than COBRA
16 continuation coverage; or

17 (D) any medical program described in sec-
18 tion 2(b)(3).

19 (f) AUTHORIZATION OF APPROPRIATIONS.—To carry
20 out this section and section 2745 of the Public Health
21 Service Act (as amended by section 3), there are author-
22 ized to be appropriated such sums as may be necessary
23 not to exceed—

24 (1) \$28,457,000,000 for the period of fiscal
25 years 2004 through 2008; and

1 (2) \$49,965,000,000 for the period of fiscal
2 years 2004 through 2013.

3 **SEC. 3. EXTENSION OF FUNDING FOR OPERATION OF**
4 **STATE HIGH RISK HEALTH INSURANCE**
5 **POOLS.**

6 Section 2745 of the Public Health Service Act, as in-
7 serted by section 201 of the Trade Act of 2002 (Public
8 Law 107–210), is amended—

9 (1) in subsection (b)(1), by striking “estab-
10 lished a qualified health risk pool that” and all that
11 follows through the end of subparagraph (C) and in-
12 serting “established a qualified health risk pool that
13 provides for premium rates and covered benefits for
14 such coverage consistent with standards included in
15 the NAIC Model Health Plan for Uninsurable Indi-
16 viduals”;

17 (2) in subsection (b)(2), by striking “number of
18 uninsured individuals” and inserting “enrollees in
19 qualified high risk pools”; and

20 (3) in subsection (c)(2), by striking
21 “\$40,000,000 for each of fiscal years 2003 and
22 2004” and inserting “\$40,000,000 for fiscal year
23 2003 and, subject to availability of funds under sec-
24 tion 2(f) of the Health Insurance Certificate Act of

1 2003, \$75,000,000 for each of fiscal years 2004
2 through 2009”.

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