

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1610

To amend the Internal Revenue Code of 1986 to require employer-provided group health plans to credit coverage under a prior group health plan against any preexisting condition limitation.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 11, 1995

Mr. THOMAS (for himself, Mr. STARK, Mrs. JOHNSON of Connecticut, Mr. CARDIN, Mr. McCRERY, Mr. McDERMOTT, Mr. ENSIGN, Mr. KLECZKA, Mr. CHRISTENSEN, Mr. LEWIS of Georgia, Mr. CRANE, Mr. HOUGHTON, and Mr. SAM JOHNSON of Texas) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to require employer-provided group health plans to credit coverage under a prior group health plan against any preexisting condition limitation.

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. CREDIT FOR COVERAGE UNDER PRIOR GROUP**  
4 **HEALTH PLAN AGAINST ANY PREEXISTING**  
5 **CONDITION LIMITATION.**

6 (a) IN GENERAL.—Section 4980B of the Internal  
7 Revenue Code of 1986 is amended by redesignating sub-

1 section (g) as subsection (i) and by inserting after sub-  
2 section (f) the following new subsections:

3 “(g) PREEXISTING CONDITION LIMITATION RE-  
4 QUIREMENTS OF GROUP HEALTH PLANS.—

5 “(1) IN GENERAL.—A group health plan meets  
6 the requirements of this subsection only if the pre-  
7 existing condition limitation period (if any) under  
8 the plan with respect to any individual who com-  
9 mences coverage under the plan after December 31,  
10 1995, is reduced by the length of the aggregate pe-  
11 riod of qualified prior coverage (if any) applicable to  
12 such individual as of the date of such commence-  
13 ment.

14 “(2) PREEXISTING CONDITION LIMITATION PE-  
15 RIOD.—For purposes of paragraph (1), the term  
16 ‘preexisting condition limitation period’ means, with  
17 respect to coverage of an individual under a group  
18 health plan, the period during which benefits with  
19 respect to treatment of a condition of such individ-  
20 ual are not provided based on the fact that the con-  
21 dition was preexisting.

22 “(3) AGGREGATE PERIOD OF QUALIFIED PRIOR  
23 COVERAGE.—

24 “(A) IN GENERAL.—For purposes of para-  
25 graph (1), the term ‘aggregate period of quali-

1           fied prior coverage’ means, with respect to com-  
2           mencement of coverage of an individual under  
3           a group health plan, the aggregate of the quali-  
4           fied coverage periods of such individual occur-  
5           ring before the date of such commencement.  
6           Such period shall be treated as zero if there is  
7           more than a 60-day break in coverage under a  
8           group health plan between the date the most re-  
9           cent qualified coverage period ends and the date  
10          of such commencement.

11           “(B) QUALIFIED COVERAGE PERIOD.—

12           “(i) IN GENERAL.—For purposes of  
13           this paragraph, the term ‘qualified cov-  
14           erage period’ means, with respect to an in-  
15           dividual, any period of coverage of the in-  
16           dividual under a group health plan.

17           “(ii) DISREGARDING PERIODS BEFORE  
18           BREAKS IN COVERAGE.—Such term does  
19           not include any period occurring before  
20           any 60-day break in coverage under a  
21           group health plan.

22           “(C) WAITING PERIOD NOT TREATED AS A  
23           BREAK IN COVERAGE.—For purposes of sub-  
24           paragraphs (A) and (B), any period that is in  
25           a waiting period for any coverage under a

1 group health plan shall not be considered to be  
2 a break in coverage under a group health plan.

3 “(D) INCLUSION OF CONTINUATION COV-  
4 ERAGE.—For purposes of this paragraph, con-  
5 tinuation coverage, as defined in subsection  
6 (f)(2), is treated as coverage under the group  
7 health plan to which such continuation coverage  
8 relates.

9 “(E) ESTABLISHMENT OF PERIOD.—A  
10 qualified coverage period with respect to an in-  
11 dividual shall be established through presen-  
12 tation of certifications described in paragraph  
13 (4) or in such other manner as may be specified  
14 in regulation.

15 “(F) TREATMENT OF COVERAGE BEFORE  
16 JANUARY 1, 1996.—In no event shall a qualified  
17 coverage period with respect to an individual in-  
18 clude any coverage before January 1, 1996, un-  
19 less such coverage is under the group health  
20 plan under which the individual was covered as  
21 of December 31, 1995.

22 “(4) CERTIFICATION OF PERIOD OF PRIOR COV-  
23 ERAGE.—The plan administrator of a group health  
24 plan shall, on request made on behalf of an individ-  
25 ual covered (or previously covered) under the plan,

1 provide for a certification of the period of coverage  
2 of the individual under the plan and of the waiting  
3 period (if any) imposed with respect to the individ-  
4 ual for any coverage under the plan.

5 “(5) APPLICATION TO SMALL EMPLOYER  
6 PLANS.—For purposes of applying this subsection  
7 and so much of this section as relates to this sub-  
8 section, subsection (d)(1) shall not apply.

9 “(h) NONDISCRIMINATION IN ELIGIBILITY BASED ON  
10 HEALTH STATUS FOR CERTAIN PREVIOUSLY COVERED  
11 INDIVIDUALS.—

12 “(1) IN GENERAL.—A group health plan meets  
13 the requirements of this subsection only if the plan  
14 does not establish eligibility, continuation, enroll-  
15 ment, or contribution requirements for a qualified  
16 individual based on factors directly related to the  
17 health status, medical condition, claims experience,  
18 receipt of health care, medical history, disability, or  
19 evidence of insurability of the individual.

20 “(2) QUALIFIED INDIVIDUAL DEFINED.—For  
21 purposes of this subsection, the term ‘qualified indi-  
22 vidual’ means an individual who (at the time of de-  
23 termining eligibility, continuation, enrollment, or  
24 contributions with respect to a group health plan)  
25 has an aggregate period of qualified prior coverage

1 (as defined in subsection (g)(3)(A)) of greater than  
2 zero.

3 “(3) CONSTRUCTION.—Nothing in this sub-  
4 section shall be construed as preventing a group  
5 health plan from establishing preexisting condition  
6 limitations and restrictions consistent with sub-  
7 section (g).”

8 (b) NOTICE.—Subsection (f)(6)(A) of section 4980B  
9 of such Code is amended by inserting before the period  
10 the following: “and subsections (g) and (h)”.

11 (c) TECHNICAL AMENDMENTS.—

12 (1) Subsection (a) of section 4980B of such  
13 Code is amended by striking “the requirements of”  
14 and all that follows and inserting “the requirements  
15 of—

16 “(1) subsection (f) with respect to any qualified  
17 beneficiary,

18 “(2) subsection (g) with respect to any individ-  
19 ual covered under the group health plan, or

20 “(3) subsection (h) with respect to any individ-  
21 ual.”

22 (2) Subsection (f) of section 4980B of such  
23 Code is further amended—

24 (A) in paragraph (2)(B)(i)(III), by striking

25 “(g)(1)(D)(iii)” and inserting “(i)(1)(D)(iii)”.

1 (B) in paragraph (2)(B)(iv)(II), by strik-  
2 ing “(g)(1)(D)” and inserting “(i)(1)(D)”,

3 (C) in the last sentence of paragraph (3),  
4 by striking “(g)(1)(D)” and inserting  
5 “(i)(1)(D)”, and

6 (D) in paragraph (5)(B), by striking  
7 “(g)(1)” and inserting “(i)(1)”.

8 (d) EFFECTIVE DATE.— The amendments made by  
9 this section shall apply to plan years beginning after De-  
10 cember 31, 1995.

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