

104TH CONGRESS
2D SESSION

H. R. 3699

To establish a demonstration project to authorize certain covered beneficiaries under the military health care system (including the dependents of active duty military personnel and retired members and their dependents) to enroll in the Federal Employees Health Benefits program and to ensure their future health security through the use of medical savings accounts.

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1996

Mr. STEARNS (for himself, Mr. MICA, and Mr. CANADY of Florida) introduced the following bill; which was referred to the Committee on National Security, and in addition to the Committees on Government Reform and Oversight, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a demonstration project to authorize certain covered beneficiaries under the military health care system (including the dependents of active duty military personnel and retired members and their dependents) to enroll in the Federal Employees Health Benefits program and to ensure their future health security through the use of medical savings accounts.

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

1 **SECTION 1. DEMONSTRATION PROJECT FOR IMPROVED**
2 **HEALTH CARE ACCESS FOR MILITARY COV-**
3 **ERED BENEFICIARIES THROUGH THE FED-**
4 **ERAL EMPLOYEES HEALTH BENEFITS PRO-**
5 **GRAM AND MEDICAL SAVINGS ACCOUNTS.**

6 (a) PARTICIPATION IN FEDERAL EMPLOYEES
7 HEALTH BENEFITS PROGRAM.—The Secretary of De-
8 fense shall conduct a demonstration project in at least one
9 region of the TRICARE program to provide covered bene-
10 ficiaries described in subsection (b) with the option to re-
11 ceive health care prescribed by section 1077 of title 10,
12 United States Code, through the Federal Employees
13 Health Benefits program under chapter 89 of title 5, Unit-
14 ed States Code, in addition to the other health care op-
15 tions available to the covered beneficiaries. The Secretary
16 shall carry out the demonstration project during the two-
17 year period beginning on the date covered beneficiaries
18 first enroll under the project.

19 (b) PERSONS ELIGIBLE FOR PARTICIPATION.—Eligi-
20 bility to participate in the demonstration project is limited
21 to covered beneficiaries under chapter 55 of title 10, Unit-
22 ed States Code, who—

23 (1) reside in the TRICARE region in which the
24 demonstration project is conducted, but outside of
25 the enrollment catchment area used for TRICARE
26 Prime; or

1 (2) reside in the TRICARE region in which the
2 demonstration project is conducted and are entitled
3 to hospital insurance benefits under part A of title
4 XVIII of the Social Security Act (42 U.S.C. 1395c
5 et seq.).

6 (c) SPECIAL RULE FOR MEDICARE PARTICIPANTS.—
7 The payment limitations contained in section 1086(d)(3)
8 of title 10, United States Code, shall apply in the case
9 of covered beneficiaries described in subsection (b)(2) who
10 are not eligible to participate in the TRICARE or
11 CHAMPUS programs, by reason of section 1086(d)(1) of
12 title 10, United States Code, but who are eligible to par-
13 ticipate in the demonstration project.

14 (d) USE OF MEDICAL SAVINGS ACCOUNTS.—In the
15 case of participants in the demonstration project, the Sec-
16 retary of the Treasury shall permit a participant during
17 the demonstration project to take as a credit against the
18 tax imposed under the Internal Revenue Code of 1986 for
19 a taxable year an amount equal to 25 percent of the
20 amount paid in cash during such year by or on behalf of
21 the participant to a medical savings account, subject to
22 such restrictions on the total amount of the cash contribu-
23 tion and such other requirements as the Secretary may
24 prescribe.

25 (e) DEFINITIONS.—For purposes of this section:

1 (1) COVERED BENEFICIARIES.—The term “cov-
2 ered beneficiary” means a beneficiary under chapter
3 55 of title 10, United States Code, other than a ben-
4 eficiary under section 1074(a) of such title. Such
5 term includes—

6 (A) the spouse and children of a member
7 of the Armed Forces on active duty; and

8 (B) members and former members of the
9 uniformed services who are entitled to retired or
10 retainer pay, or equivalent pay, and their de-
11 pendents.

12 (2) TRICARE.—The term “TRICARE” means
13 the managed health care program that is established
14 by the Secretary of Defense under the authority of
15 chapter 55 of title 10, United States Code, prin-
16 cipally section 1097 of such title, and includes the
17 competitive selection of contractors to financially un-
18 derwrite the delivery of health care services under
19 the Civilian Health and Medical Program of the
20 Uniformed Services.

21 (3) MEDICAL SAVINGS ACCOUNT.—The term
22 “medical savings account” means a trust created or
23 organized in the United States exclusively for the
24 purpose of paying the qualified medical expenses of

1 the individual for whose benefit the trust is estab-
2 lished.

3 (f) REPORT ON IMPLEMENTATION PLAN.—Not later
4 than six months after the date of the enactment of this
5 Act, the Secretary of Defense shall submit a report to
6 Congress containing the plan prepared by the Secretary
7 of Defense and the Secretary of the Treasury to imple-
8 ment the demonstration project and to permit participants
9 to maintain and use medical savings accounts.

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