

109TH CONGRESS
2^D SESSION

H. R. 5288

To establish a small business health benefits program.

IN THE HOUSE OF REPRESENTATIVES

MAY 4, 2006

Mr. ALLEN (for himself, Mr. CARNAHAN, Mr. DOGGETT, Mr. WAXMAN, Mr. BROWN of Ohio, Ms. BALDWIN, Mrs. CAPPS, and Ms. SCHAKOWSKY) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To establish a small business health benefits program.

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 “Small Business Health
5 Plans Act of 2006”.

6 **SEC. 2. SMALL BUSINESS HEALTH BENEFITS PROGRAM**
7 **(SBHBP).**

8 (a) ESTABLISHMENT.—The Secretary of Health and
9 Human Services shall establish a small business health
10 benefits program under which small employers may offer

1 health insurance coverage to employees and their depend-
2 ents.

3 (b) PROGRAM ELEMENTS.—Under the SBHBP:

4 (1) ACCESS TO INSURANCE.—Small employers
5 are provided access, for years beginning on or after
6 January 1, 2007, to qualified health pooling ar-
7 rangements under which their employees may elect
8 self-only or family health insurance coverage under
9 at least 2 health insurance coverage policies, regard-
10 less of whether premium assistance referred to in
11 paragraph (2) is available with respect to such em-
12 ployer.

13 (2) PREMIUM ASSISTANCE FOR SMALL EMPLOY-
14 ERS.—Premium assistance is available under sub-
15 section (c) to assist small employers in the payment
16 of premiums for the health insurance coverage pro-
17 vided.

18 (3) EMPLOYER SHARE OF PREMIUMS.—

19 (A) IN GENERAL.—Small employers are
20 provided access to health insurance coverage,
21 and may be eligible for premium assistance
22 under subsection (c), only if they pay (before
23 the application of any premium assistance
24 under subsection (c)) at least 50 percent of the
25 premiums for coverage of their employees, but

1 such employers are not required to pay for the
2 portion of the premiums for dependents of em-
3 ployees.

4 (B) CONSTRUCTION.—Nothing in this sec-
5 tion shall be construed as preventing an em-
6 ployee from applying the payment described in
7 subparagraph (A) towards the payment of pre-
8 miums for family health insurance coverage.

9 (4) HEALTH INSURANCE COVERAGE.—

10 (A) IN GENERAL.—Health insurance cov-
11 erage offered thereunder shall meet the fol-
12 lowing requirements:

13 (i) The Secretary determines that the
14 coverage is substantially similar to health
15 benefits coverage in any of the four largest
16 health benefit plans (determined by enroll-
17 ment) offered under chapter 89 of title 5,
18 United States Code.

19 (ii) The coverage complies with State
20 laws and regulations (including applicable
21 benefit mandates and other consumer pro-
22 tections) for group health insurance cov-
23 erage for the State in which the coverage
24 is offered.

1 (iii) The coverage does not discrimi-
2 nate, through underwriting, the imposition
3 of a pre-existing condition exclusion (as de-
4 fined in section 701(b)(1)(A) of the Em-
5 ployee Retirement Income Security Act of
6 1974 or section 9801(b)(1)(A) of the In-
7 ternal Revenue Code of 1986), differential
8 benefits, differential premiums, or other-
9 wise, against an employee or dependent on
10 the basis of health status.

11 (iv) The Secretary determines that the
12 coverage provided to employees is coordi-
13 nated, in accordance with regulations pre-
14 scribed by the Secretary, with other cov-
15 erage provided under governmental health
16 benefits programs under which health ben-
17 efits coverage is available to such employ-
18 ees.

19 (B) STANDARDS FOR PARTICIPATING
20 HEALTH INSURERS.—In administering the pro-
21 gram, the Secretary shall promote participation
22 by health insurers that establish—

23 (i) integration of health information
24 technology tools to promote quality;

25 (ii) chronic disease management;

- 1 (iii) preventive health care services;
2 and
3 (iv) evidence-based medicine consider-
4 ations of prescription drugs and other
5 treatment that take into account the indi-
6 vidual medical circumstances of individuals
7 enrolled in the program.

8 (5) ENROLLMENT.—In administering the pro-
9 gram, the Secretary shall provide that employee en-
10 rollment (and changes in enrollment) are limited to
11 an annual open enrollment period, except in the case
12 of qualifying events (such as change in family sta-
13 tus) specified by the Secretary and consistent with
14 section 701(f) of the Employee Retirement Income
15 Security Act of 1974 (29 U.S.C. 1181(f)).

16 (c) PREMIUM ASSISTANCE.—Under the SBHBP, the
17 Secretary shall establish a program of premium assistance
18 for small employers. Such program shall provide for a slid-
19 ing scale of assistance to such employers taking into ac-
20 count the following:

- 21 (1) The number of employees of the employer.
22 (2) The average wage level of such employees
23 relative to the average wage level for employees in
24 the same geographic area.
25 (3) The profit margin of the employer.

1 (d) REINSURANCE FOR CATASTROPHIC COSTS FOR
2 CERTAIN HEALTH INSURANCE ISSUERS.—

3 (1) IN GENERAL.—In the case of health insur-
4 ance coverage offered under the SBHBP by a health
5 insurance issuer that participates in a qualified
6 health pooling arrangement, the Secretary shall pro-
7 vide for reinsurance coverage for 75 percent of cov-
8 ered claims that exceed, for an individual for a year,
9 an amount determined by the Secretary for such
10 year which is not less than the minimum amount
11 specified in paragraph (2).

12 (2) MINIMUM AMOUNT.—The minimum amount
13 specified in this paragraph is—

14 (A) for the first year in which this section
15 is in effect, \$100,000; or

16 (B) for a subsequent year is the minimum
17 amount specified in this paragraph for a pre-
18 vious year, increased by the Secretary's esti-
19 mate of the average annual percentage increase
20 in health insurance coverage with a median
21 level of premiums for the previous year.

22 Any amount determined under subparagraph (B)
23 which is not a multiple of \$1,000 shall be rounded
24 to the nearest multiple of \$1,000.

1 (e) QUALIFIED HEALTH POOLING ARRANGEMENT.—
2 For purposes of this section, the term “qualified health
3 pooling arrangement” means, with respect to employees
4 employed in any State for any year—

5 (1) except as provided in subparagraph (B), an
6 arrangement established by (and operating under
7 the oversight of) such State for purposes of this sec-
8 tion, in accordance with regulations of the Secretary,
9 which provides for pooling of health insurance cov-
10 erage offered for such year in such State, and

11 (2) in any case in which there is not in effect
12 for any year an arrangement described in subpara-
13 graph (A) established by such State, the national
14 health pooling arrangement established under sec-
15 tion 3.

16 The Secretary shall determine, within a reasonable time
17 prior to each year, whether there is a qualified health pool-
18 ing arrangement described in paragraph (1) with respect
19 to employees employed in any State.

20 (f) SMALL EMPLOYER DEFINED.—

21 (1) IN GENERAL.—For purposes of this Act, ex-
22 cept as otherwise provided in this subsection, the
23 term “small employer” means an employer with 50
24 or fewer employees, as determined under regulations
25 promulgated by the Secretary.

1 (2) CONTINUATION OF PARTICIPATION.—An
2 employer whose employees are provided health insur-
3 ance coverage under the SBHBP while the employer
4 is a small employer as defined in paragraph (1) and
5 who thereafter has more than 50 employees shall
6 continue to be treated as a small employer.

7 (3) EMPLOYERS NOT IN EXISTENCE IN PRE-
8 CEDING YEAR.—In the case of an employer which
9 was not in existence for the full year prior to the
10 date on which the employer applies to participate in
11 SBHBP, the determination of whether such em-
12 ployer meets the requirements of paragraph (1) shall
13 be based on the average number of employees that
14 it is reasonably expected such employer will employ
15 on business days in the employer's first full year.

16 (4) WAIVER.—The Secretary may waive the
17 limitations relating to the size of an employer which
18 may participate under SBHBP on a case by case
19 basis if the Secretary determines that such employer
20 makes a compelling case for such a waiver. In mak-
21 ing determinations under this paragraph, the Sec-
22 retary shall consider the effects of the employment
23 of temporary and seasonal workers and other related
24 factors.

25 (g) OTHER DEFINITIONS.—For purposes of this Act:

1 (1) The terms “employee” and “dependent”
2 have the meanings given such terms by the Sec-
3 retary in regulations and shall be based upon the
4 definitions of such terms used for purposes of the
5 Federal employee health benefits program estab-
6 lished under chapter 89 of title 5, United States
7 Code.

8 (2) The terms “health insurance coverage” and
9 “health insurance issuer” have the meanings given
10 such terms in section 2791(b) of the Public Health
11 Service Act (42 U.S.C. 300gg–91(b)).

12 (3) The term “Secretary” means the Secretary
13 of Health and Human Services.

14 (4) The term “SBHBP” means the small busi-
15 ness health benefits program established under this
16 section.

17 (5) The term “State” has the meaning given
18 such term in section 2791(d)(14) of the Public
19 Health Service Act (42 U.S.C. 300gg–91(d)(14)).

20 (h) GRANTS FOR ESTABLISHMENT OF STATE QUALI-
21 FIED HEALTH POOLING ARRANGEMENTS.—

22 (1) IN GENERAL.—The Secretary shall provide
23 grants to States for the establishment and initial ad-
24 ministration of qualified health pooling arrange-
25 ments described in subsection (e)(1).

1 (1) the term “Secretaries” means the Secretary
2 of Health and Human Services and the Secretary of
3 Labor; and

4 (2) the term “national health pooling arrange-
5 ment” means an arrangement which provides for
6 pooling of health insurance coverage offered for any
7 year in all States which do not have in effect for
8 such year an arrangement for pooling of health in-
9 surance coverage offered in such States.

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