

103^D CONGRESS
1ST SESSION

H. R. 1965

To amend the Internal Revenue Code of 1986 to allow individuals a deduction from gross income for contributions to health services savings account; to amend the Social Security Act to provide for universal coverage of basic health needs for all Americans; to expand Medicare to include preventive and long-term care services; and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 4, 1993

Mr. REGULA introduced the following bill; which was referred jointly to the Committees on Ways and Means, Energy and Commerce, and Education and Labor

A BILL

To amend the Internal Revenue Code of 1986 to allow individuals a deduction from gross income for contributions to health services savings account; to amend the Social Security Act to provide for universal coverage of basic health needs for all Americans; to expand Medicare to include preventive and long-term care services; and for other purposes.

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; REFERENCES**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Universal Coordinated Care Act of 1992.”

1 (b) REFERENCES.—Except as otherwise provided,
 2 any reference to Secretary within this Act shall refer to
 3 the Secretary of Health and Human Services.

4 (c) TABLE OF CONTENTS.—the table of contents of
 5 this Act is as follows:

Sec. 1. Short title; references.

Sec. 2. Deductions for contributions to health services account.

(a) In general.

“Sec. 223. Health service account contributions.

“(a) Allowance of tax credit.

“(b) Limitations.

“(c) Health services account defined.

“(d) Qualified health expenses defined.

“(e) Establishment of health services supplemental policies.

“(f) Tax treatment on distribution.

“(g) Tax treatment of accounts.

“(h) Additional definitions and special rules.

(b) Tax on excess contributions.

(c) Tax on prohibited transactions.

(d) Failure to provide reports.

(e) Clerical amendments.

Sec. 3. Coverage of home care benefits.

(a) In general.

(b) Definition of benefits.

(c) Conditions on payments for services.

(d) Limitations upon payment.

(e) Assurances of minimum standards in home care services.

“TITLE XXI—HOME CARE SERVICES.

“Sec. 2101. Funding home care services.

“Sec. 2102. Survey of home health agencies.

“Sec. 2103. Sanctions.

“Sec. 2104. Licensing policies.

“Sec. 2105. Definitions.

“Sec. 2106. Authorization of appropriations.

(f) Effective date.

Sec. 4. National care vouchers.

(a) In general.

“TITLE XXII—NATIONAL CARE VOUCHERS.

“Sec. 2201. Eligibility.

“Sec. 2202. Description of benefit.

“Sec. 2203. National care vouchers in general.

“Sec. 2204. Small employer health insurance reform in general.

Sec. 5. Deduction for national care vouchers for small employers.

Sec. 6. Equity tax.

1 **SEC. 2. DEDUCTIONS FOR CONTRIBUTIONS TO HEALTH**
2 **SERVICES ACCOUNT.**

3 (a) IN GENERAL.—Part VII of subchapter B of chap-
4 ter 1 of the Internal Revenue Code of 1954 (relating to
5 additional itemized deductions for individuals) is amended
6 by redesignating section 223 as section 224 and by insert-
7 ing after section 222 the following section:

8 **“SEC. 223. HEALTH SERVICE ACCOUNT CONTRIBUTIONS.**

9 “(a) ALLOWANCE OF TAX CREDIT.—In the case of
10 an individual, there shall be allowed as a credit any
11 amount paid in cash for the taxable year made by or on
12 behalf of said individual to a health services account.

13 “(b) LIMITATIONS.—

14 “(1) IN GENERAL.—The amount allowable as a
15 credit under subsection (a) to any individual for any
16 taxable year shall not exceed \$1500.

17 “(2) DOLLAR LIMITATION.—No credit shall be
18 permitted unless an amount equal to, or greater
19 than, the claimed credit was used to purchase cer-
20 tified health services supplemental policies and, or,
21 qualified health expenses.

22 “(3) CERTAIN OTHER RULES TO APPLY.—Rules
23 similar to rules of paragraphs (3), (4), (5), and (6)
24 of section 219(f) shall apply for purposes of this sec-
25 tion.

1 “(c) HEALTH SERVICES ACCOUNT DEFINED.—For
2 the purposes of this section, the term ‘health services ac-
3 count’ (hereafter referred to as the Account) means a
4 trust created or organized in the United States exclusively
5 to pay qualified health expenses of the distributee, but
6 only if the written governing instrument creating the trust
7 meets the following requirements:

8 “(1) No contribution will be accepted unless it
9 is in cash, and the contributions will not be accepted
10 for the taxable year in excess of \$3,000 on behalf of
11 any individual.

12 “(2) The trustee is a bank (as defined in sec-
13 tion 408(n) or such other person who demonstrates
14 to the satisfaction of the Secretary that the manner
15 in which such other person will administer the trust
16 will be consistent with the requirements of this sec-
17 tion.

18 “(3) The interest of an individual in the bal-
19 ance of his account is nonforfeitable.

20 “(4) The assets of the trust will not be commin-
21 gled with other property except in a common trust
22 fund or a common investment fund.

23 “(d) QUALIFIED HEALTH EXPENSES DEFINED.—
24 The term ‘qualified health expense’ means any amount
25 paid for—

1 “(1) care of the distributee at a skilled nursing
2 facility (as defined in section 1861(j) of the Social
3 Security Act (42 U.S.C. 1395x(j));

4 “(2) care of the distributee at an intermediate
5 care facility (as defined in section 1905(c) of such
6 Act (42 U.S.C. 1396(c));

7 “(3) care at any other long-term facility, li-
8 censed by the State, which provides nursing or cus-
9 todial care,

10 “(4) home health care of the distributee pre-
11 scribed by, and under the supervision of, a qualified
12 physician that is provided by a home health care
13 agency, licensed by the State;

14 “(5) medicare supplemental policies for the dis-
15 tributee (as defined in section 1882(g)(1) of the So-
16 cial Security Act) which have been certified by the
17 Secretary under the authority of section 1882 of the
18 Social Security Act; or

19 “(6) health services supplemental policies for
20 the distributee (as established under subsection (e)).

21 An amount may be taken into account under this sub-
22 section only if such amount constitutes medical care (as
23 defined by section 213(d)).

24 “(e) ESTABLISHMENT OF HEALTH SERVICES SUP-
25 PLEMENTAL POLICIES.—

1 “(1) HEALTH SERVICES SUPPLEMENTAL POLI-
2 CIES DEFINED.—For purposes of this section, a
3 ‘health services supplemental policy’ is a health in-
4 surance policy or other health benefit plan offered by
5 a private entity to an individual which provided re-
6 imbursement for expenses incurred, or services, for
7 catastrophic and long-term care which is certified by
8 the Secretary under paragraph (2) of this sub-
9 section; including any such policy or plan of one or
10 more employers of labor organizations, or of the
11 trustees of a fund established by one or more em-
12 ployers or labor organization (or combination there-
13 of), for employees or former employees (or combina-
14 tion thereof) of the labor organizations.

15 “(2) CERTIFICATION OF HEALTH SERVICES
16 SUPPLEMENTAL POLICIES.—

17 “(A) The Secretary shall establish mini-
18 mum standards and requirements for the cer-
19 tification of health services supplemental poli-
20 cies.

21 “(B) The Secretary shall establish a proce-
22 dure whereby health services supplemental poli-
23 cies may be certified by the Secretary. Such
24 procedure shall provide an opportunity for any
25 insurer to submit any such policy, and such ad-

1 ditional data as the Secretary finds necessary,
2 to the Secretary for his examination and for his
3 certification thereof as meeting the standards
4 and requirements set forth in subparagraph
5 (A). Such certification shall remain in effect if
6 the insurer files a notarized statement with the
7 Secretary no later than June 30 of each year
8 stating that the policy continues to meet such
9 standards and requirements if the insurer sub-
10 mits such additional data as the Secretary finds
11 necessary to independently verify the accuracy
12 of such notarized statement. Where the Sec-
13 retary determines such a policy meets (or con-
14 tinues to meet) such standards and require-
15 ments, he shall authorize the insurer to have
16 printed on such policy (but only in accordance
17 with such requirements and conditions as the
18 Secretary may prescribe) an emblem which the
19 Secretary shall cause to be designed for use as
20 an indication that policy has received the Sec-
21 retary's certification. The Secretary shall pro-
22 vide each State commissioner or superintendent
23 of insurance with a list of all the policies which
24 have received his certification.

25 “(f) TAX TREATMENT ON DISTRIBUTION.—

1 “(1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection, any amount distributed out
3 of an Account shall be included in taxable income by
4 the distributee for the taxable year in which the dis-
5 tribution is received. Notwithstanding any other pro-
6 vision of this title (including chapter 11 and 12), the
7 basis of any persons in such an account is zero.

8 “(2) PENALTY FOR DISTRIBUTIONS OTHER
9 THAN FOR PAYMENT OF QUALIFIED HEALTH EX-
10 PENSES.—If any distribution for an Account is not
11 used exclusively to pay qualified health expenses of
12 the distributee, the distributee’s tax under this chap-
13 ter for the taxable year in which such distribution is
14 received shall be increased by an amount equal to 10
15 percent of the amount of such distribution which is
16 not used exclusively to pay for qualified health ex-
17 penses.

18 “(3) RULES RELATING TO EXCESS CONTRIBU-
19 TIONS.—Rules similar to the rules of paragraphs
20 (4), (5), and (6) of section 408(d) shall apply for
21 purposes of this section.

22 “(g) TAX TREATMENT OF ACCOUNTS.—

23 “(1) IN GENERAL.—Any Account shall be ex-
24 empt from taxation under this subtitle unless the ac-

1 count ceases to be an Account by reason of para-
2 graphs (2) or (3).

3 “(2) LOSS OF EXEMPTION OF ACCOUNT WHERE
4 DISTRIBUTEES ENGAGE IN PROHIBITED TRANS-
5 ACTION.—If, during any taxable year of the distribu-
6 tee, the distributee engages in any transaction pro-
7 hibited by section 4975 with respect to such ac-
8 count—

9 “(A) such Account shall cease to be an Ac-
10 count as of the first of such taxable year, and

11 “(B) subsection (f) shall be applied as if
12 there were a distribution on such first day in an
13 amount equal to the fair market value (on such
14 first day) of all assets in the account (on such
15 first day).

16 “(3) EFFECT OF PLEDGING ACCOUNT AS SECUR-
17 ITY.—If, during any taxable year of the distributee,
18 the distributee uses any portion of the account as se-
19 curity for a loan, such portion shall be treated as
20 distributed to the distributee.

21 “(4) TERMINATION OF ACCOUNT ON DEATH OF
22 DISTRIBUTEES.—

23 “(A) IN GENERAL.—In the case of the
24 death of the distributee—

1 “(i) any Account of the distributee
2 shall cease to be treated as such an ac-
3 count on the termination date, and

4 “(ii) subsection (f) (other than para-
5 graph (2)) shall be applied as if there were
6 a distribution on such date in an account
7 equal to the fair market value (on such
8 date) of all assets in the account (on such
9 date).

10 “(B) TERMINATION DATE.—For purposes
11 of subparagraph (A), the term ‘termination
12 date’ means the later of—

13 “(i) the last day of the taxable year in
14 which the distributee dies, or

15 “(ii) the date is six months after the
16 date of death of the distributee.

17 “(h) ADDITIONAL DEFINITIONS AND SPECIAL
18 RULES.—For purposes of this section—

19 “(1) DISTRIBUTEES.—The term ‘distributee’
20 means the individual on whose behalf the Account is
21 established.

22 “(2) DISTRIBUTED.—The term ‘distributed’ in-
23 cludes paid.

1 “(3) OTHER RULES.—Rules similar to the rules
2 of subsections (h) and (i) of section 408 shall
3 apply.”.

4 (b) TAX ON EXCESS CONTRIBUTIONS.—

5 (1) IN GENERAL.—Subsection (a) of section
6 4973 of such Code (relating to tax on excess con-
7 tributions to individuals retirement accounts, certain
8 section 403(b) contracts, and certain individuals re-
9 tirement annuities) is amended by striking out “or”
10 at the end of paragraph (1), by redesignating para-
11 graph (2) as paragraph (3), and by inserting after
12 paragraph (1) the following new paragraph:

13 “(2) a health services account (within the
14 meaning of section 223(c)), or”.

15 (2) TECHNICAL AMENDMENTS.—

16 (A) Subsection (b) of section 4973 of such
17 Code is amended by adding at the end thereof
18 the following: “In the case of a health services
19 account, rules similar to the rules of the preced-
20 ing provisions of this subsection shall apply in
21 determining excess contributions.”.

22 (B) Subsection (C) of section 4973 of such
23 Code is amended by striking out “subsection
24 (a)(2)” and inserting in lieu thereof “subsection
25 (a)(3)”.

1 (C) The section heading for section 4973
2 of such Code is amended by inserting
3 “**HEALTH SERVICES ACCOUNTS,**”
4 after “**INDIVIDUAL RETIREMENT AC-**
5 **COUNTS,**”.

6 (D) The table of sections for subchapter C
7 of chapter 42 of such Code is amended in the
8 item relating to section 4973 by inserting
9 “health services accounts,” after “individual re-
10 tirement accounts,”.

11 (c) TAX ON PROHIBITED TRANSACTIONS.—

12 (1) IN GENERAL.—Paragraph (1) of section
13 4975(e) of such Code (relating to definitions) is
14 amended by inserting “, a health services account
15 described in section 223(c),” after “described in sec-
16 tion 408(a)”.

17 (2) SPECIAL RULE.—Subsection (c) of section
18 4975 of such Code (defining prohibited transaction)
19 is amended by adding at the end thereof the follow-
20 ing new paragraph:

21 “(4) SPECIAL RULES FOR HEALTH SERVICES
22 ACCOUNTS.—An individual for whose benefit a
23 health services account is established shall be exempt
24 from the tax imposed by this section with respect to
25 any transaction concerning such account (which

1 would otherwise be taxable under this section) if,
2 with respect to such transaction, the account ceases
3 to be a health services account by reason of the ap-
4 plication of section 223(g)(2) or if section 223(g)(3)
5 applies to such Account.”.

6 (d) FAILURE TO PROVIDE REPORTS.—

7 (1) IN GENERAL.—Subsection (a) of section
8 6693 of such Code (relating to failure to provide re-
9 ports on individual retirement accounts or annuities)
10 is amended by inserting “, or by subsection (h)(3)
11 of section 223 to file a report regarding a health
12 services account,” after “retirement annuity”.

13 (2) CLERICAL AMENDMENTS.—

14 (A) The section heading for section 6693
15 of such Code is amended by inserting “**OR**
16 **HEALTH SERVICES ACCOUNTS**”
17 after “**ANNUITIES**”.

18 (B) The table of sections for subchapter B
19 of chapter 68 of such Code is amended in the
20 item relating to section 6693 by inserting “or
21 health services accounts” after “annuities”.

22 (e) CLERICAL AMENDMENTS.—The table of sections
23 for part VII of subchapter B of chapter 1 of such Code
24 is amended by striking out the item relating to section
25 223 and inserting in lieu thereof the following:

“Sec. 223. Health services account contributions.

“Sec. 224. Cross references.”.

1 (f) REPORT TO CONGRESS ON MINIMUM STANDARDS
2 FOR HEALTH SERVICES SUPPLEMENTAL POLICIES.—Not
3 later than one year after the date of enactment of this
4 Act, a report shall be issued by the Secretary in consulta-
5 tion with, but not limited to, representatives of consumer
6 groups, insurance companies, long-term care facilities,
7 hospitals and home-health care agency representatives.
8 The report shall contain a regulatory program that pro-
9 vides for the application of minimum standards with re-
10 spect to health services supplemental policies. In addition,
11 the report should contain an analysis and evaluation of
12 the various catastrophic and long-term care insurance
13 policies available to an individual, as well as any other
14 areas of examination deemed appropriate by the Sec-
15 retary.

16 (g) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning on or
18 after the first day of the first calendar year which begins
19 more than one year after the date of the enactment of
20 this Act.

21 **SEC. 3. COVERAGE OF HOME CARE BENEFITS.**

22 (a) IN GENERAL.—Section 1812(a) (42 U.S.C.
23 1395d(a)) is amended—

24 (1) by striking “and” at the end of paragraph
25 (3);

1 (2) by striking the period at the end of para-
2 graph (4) and inserting “; and”, and

3 (3) by adding at the end the following:

4 “(5) home care services to the qualified pa-
5 tient.”.

6 (b) DEFINITION OF BENEFITS.—Section 1861 (42
7 U.S.C. 1395x) is amended by adding at the end the follow-
8 ing subsection:

9 “Home Care Services

10 “(ff)(1) The term ‘home care services’ means
11 services or supplies provided to an individual by a
12 home health agency or another acting under the au-
13 thority of such agency, under a written plan of care
14 established and periodically reviewed by a physician,
15 which are provided in the place of residence of such
16 individual’s home—

17 “(A) nursing care provided by or under the
18 supervision of a registered professional nurse;

19 “(B) medical social services under the di-
20 rection of a physician;

21 “(C) services of a homemaker/home health
22 aide who has met training and credentialing re-
23 quirement approved by the Secretary;

24 “(D) physical, occupational, speech, res-
25 piratory therapy, or rehabilitative services to

1 preserve, restore, or prevent the deterioration of
2 the individual's functional capabilities;

3 “(E) medical supplies (other than drugs
4 and biological);

5 “(F) services received under a program of
6 managed care.

7 “(2) For the purposes of this section the term
8 ‘qualified patient’ means an individual who—

9 “(A) has been certified by a physician as
10 requiring home care benefits based upon the in-
11 dividual's impairment and inability to perform
12 at least three basic functions of normal activity
13 as set forth in paragraph (3); and

14 “(B) is participating in a program of man-
15 aged care;

16 “(C) is described in section 226(a).

17 “(3) For purposes of paragraph (2), each of the
18 following is a function of normal activity:

19 “(A) BATHING.—The overall complex be-
20 havior of getting water and cleansing the whole
21 body, including turning on the water for a bath,
22 shower, or sponge bath, getting to, in, and out
23 of a tub or shower, and washing and drying
24 oneself.

1 “(B) EATING.—The process of getting
2 food from a plate or its equivalent into the
3 mouth.

4 “(C) TOILETING.—The act of going to the
5 toilet room for bowel and bladder function,
6 transferring on and off the toilet, cleaning after
7 elimination, and arranging clothes.

8 “(D) DRESSING.—The overall complex be-
9 havior of getting clothes from closets and draw-
10 ers and then getting dressed including putting
11 on braces or other assistive devices, fastening
12 buttons, zippers, snaps, or other closures.

13 “(E) TRANSFER.—The process of moving
14 in and out of bed and in and out of a chair or
15 wheelchair.

16 “(4) The term ‘program of managed care’
17 means an established and formal program conducted
18 by a managed care organization (as described in
19 paragraph (5)) for the oversight of providing home
20 care services to a qualified patient to ensure effective
21 and coordinated delivery of services, such as develop-
22 ment and periodic revision of individual plans of
23 care, arranging for necessary care and services, and
24 follow-up and on-going monitoring of patient and
25 services delivery.

1 “(5) The term ‘managed care organization’
2 means any organization which—

3 “(A) is a corporation established pursuant
4 to and regulated by State law but not limited
5 to being incorporated within the State in which
6 the home care services are furnished; and

7 “(B) develops standards for reasonable lev-
8 els of care for the community in which the serv-
9 ices are being furnished, sufficient to meet
10 standards as established by the Secretary in
11 regulations, to be used as guidelines for the de-
12 livery of services by home health agencies; and

13 “(C) supervises home health agencies pro-
14 viding services to qualified patients, under their
15 oversight, in accordance with regulations pro-
16 mulgated by the Secretary; and

17 “(D) establishes processes which include—

18 “(i) a plan of care which states rea-
19 sonable and measurable objectives for the
20 individual and home care services to be
21 furnished to meet those objectives;

22 “(ii) methods for periodic review of
23 the plan of care for the qualified patient

1 “(iii) a statement of criteria and pro-
2 cedures for discharge or transfer to an-
3 other agency, program, or service; and

4 “(E) shall make such reports, in such form
5 and containing such information, as the Sec-
6 retary may from time to time require, and com-
7 ply with such provisions as the Secretary may
8 from time to time find necessary to assure the
9 correctness and verification of such reports.”.

10 (c) CONDITIONS ON PAYMENTS FOR SERVICES.—(1)

11 Section 1814(a) (42 U.S.C. 1395f(a)) is amended—

12 (A) by striking “and” at the end of para-
13 graph (6),

14 (B) by striking the period at the end of
15 paragraph (7) and inserting “; and”, and

16 (C) by inserting after paragraph (7) the
17 following new paragraph:

18 “(8) in the case of home care services provided
19 to an individual, the individual is a qualified pa-
20 tient.”.

21 (2) Section 1862(a) (42 U.S.C. 1395y(a)) is
22 amended—

23 (A) in paragraph (1)—

24 (i) in subparagraph (a), by striking

25 “subparagraphs (B), (C), (D) and insert-

1 ing “a succeeding subparagraph of this
2 paragraph”,

3 (ii) by striking “and” at the end of
4 subparagraph (D).

5 (iii) by adding “and” at the end of
6 subparagraph (E); and

7 (iv) by adding at the end the following
8 new subparagraph:

9 “(F) with respect to home care services,
10 which is not a reasonable cost as defined in sec-
11 tion 1861ff(6) of this Act”; and

12 (B) in paragraph (6), by inserting “and
13 except, in the case of home care services, as is
14 otherwise permitted under paragraph (1)(F)”
15 and “paragraph (a)(C)”.

16 (d) LIMITATIONS UPON PAYMENT.—Section 1814
17 (42 U.S.C. 1395f) is amended by adding at the end the
18 following new subsection:

19 “Limit on Payment for Home Care Services

20 “(1) The maximum amount of payment that
21 may be made with respect to home care services pro-
22 vided a qualified patient (described in section
23 1861ff(2)) residing in a State in a month is an
24 amount that the Secretary estimates is equal to 75
25 percent of the average amount payable under the

1 plan of the State approved under title XIX (or, in
2 the absence of such a plan, the average amount pay-
3 able under all such plans under such title) during
4 the month for skilled nursing facility services in the
5 State.

6 “(2)(A) The amount payable for home care
7 services furnished an individual shall be reduced by
8 a deduction equal to the home care deductible or, if
9 less, the charges imposed with respect to such indi-
10 vidual for such services, except that, if the cus-
11 tomary charges for such services are greater than
12 the charges so imposed, such customary charges
13 shall be considered to be the charges so imposed.

14 “(B) The Secretary shall, between July 1 and
15 October 1 of 1993, and of each year thereafter, de-
16 termine and promulgate the home care deductible
17 which shall be applicable for the purposes of sub-
18 section (5)(A) in the case of any home care services
19 furnished during the succeeding calendar year. Such
20 home care deductible shall be equal to \$45 multi-
21 plied by the ratio of (i) the current average per diem
22 rate for home care services for the calendar year
23 preceding the promulgation, to (ii) the current aver-
24 age per diem rate for such services for 1992. Any
25 amount determined under the preceding multiple of

1 \$4 shall be rounded to the nearest next higher mul-
2 tiple.

3 “(3)(A) The reasonable cost of any services
4 shall be the cost actually incurred, excluding there-
5 from any part of incurred cost found to be unneces-
6 sary in the efficient delivery of needed services, and
7 shall be determined in accordance with regulation es-
8 tablishing the methods to be used, and the items to
9 be included, in determining such costs for home care
10 benefits as provided by a home health agency (as de-
11 fined in Section 1861(o) of the Social Security Act).
12 In prescribing the regulations referred to in the pre-
13 ceding sentence, the Secretary shall consider, among
14 other things, the principles generally applied by na-
15 tional organizations or established prepayment orga-
16 nizations in computing the amount of payment, to
17 be made by persons other than the recipients of
18 services, to providers of home care benefits on ac-
19 count of services provided to such recipients by such
20 home care agencies. Such regulations may provide
21 for determination of the costs of services on a per
22 diem, per unit, per capita, or other basis, may pro-
23 vide for using different methods in different cir-
24 cumstances, may provide for the use of estimates of
25 costs of particular items or services, may provide for

1 the establishment of limits on the direct or indirect
2 overall incurred costs of incurred costs of specific
3 items or services or groups of items or services to be
4 recognized as reasonable based on estimates of the
5 costs necessary in the efficient delivery of needed
6 services to individuals covered by this subsection,
7 and may provide for the use of charges or a percent-
8 age of charges where this method reasonably reflects
9 the costs. Such regulation shall—

10 “(i) take into account both direct and indi-
11 rect costs of home care agencies in order that,
12 under the methods of determining costs, the
13 necessary costs of efficiently delivering covered
14 services to individuals eligible under this sub-
15 section will not be borne by individuals not so
16 covered, and the costs with respect to individ-
17 uals not so covered will not be borne by the pro-
18 gram under this subsection; and

19 “(ii) provide for the making of suitable ret-
20 roactive corrective adjustments where, for a
21 home care agency for any fiscal period, the ag-
22 gregate reimbursement produced by the meth-
23 ods of determining costs proves to be either in-
24 adequate or excessive.

1 “(B) Such regulations shall require each home
2 care agency to make reports to the Secretary of in-
3 formation described in section 1121(a) in accordance
4 with the uniform reporting system.

5 “(4) There shall be paid from the Federal Sup-
6 plementary Medical Insurance Trust Fund, in the
7 case of each individual who is covered under the pro-
8 gram established by this subsection and incurs ex-
9 penses for home care services with respect to which
10 benefits are payable under this subsection, amounts
11 equal to 80 percent of the reasonable cost of the
12 service to the provider of said services.”.

13 (e) ASSURANCES OF MINIMUM STANDARDS IN HOME
14 CARE SERVICES.—The Social Security Act (42 U.S.C.
15 301 et seq.) is amended by adding at the end thereof, the
16 following:

17 “TITLE XXI—HOME CARE SERVICES

18 “FUNDING HOME CARE SERVICES

19 “SEC. 2101. (a) The Secretary shall promulgate reg-
20 ulations requiring that to receive funding for the provision
21 of home care services under this subsection, a home health
22 agency must within six months after the date of the publi-
23 cation of such regulations—

24 “(1) meet the requirements of a home health
25 agency as described in section 1861(o); and

1 “(2) implement procedures for reviewing griev-
2 ances of qualified patients receiving home care serv-
3 ices; and

4 “(3) provide to each qualified patient, or their
5 representative, a written statement of the services to
6 be provided to said individual and the schedule for
7 provision of such services, as agreed upon by the
8 qualified patient, or their representative; and

9 “(4) ensure that any provider of home care
10 services employed by or under contract with the
11 home health agency receives training which meets
12 requirements established by the Secretary in regula-
13 tions to be appropriate in nature and scope of the
14 services provided.

15 “(5) conduct annual evaluations of providers of
16 home care services employed or under contract to
17 the home health agency; and

18 “(6) enter into a cooperative agreement with
19 the managed care organization who has oversight (as
20 described in Section 1861ff) of a qualified patient
21 receiving home care services from said health care
22 agency to provide for the coordination and delivery
23 of services to such individual.

1 “SURVEY OF HOME HEALTH AGENCIES

2 “SEC. 2102. (a) The Secretary shall promulgate reg-
3 ulations that establish procedures for surveying home
4 health agencies concerning compliance with the require-
5 ments of this section.

6 “(1) Regulations shall include, but not be lim-
7 ited thereto, surveys regarding the facility that—

8 “(A) shall not be announced in advance;

9 “(B) shall be conducted by a multidisci-
10 plinary team of professionals who have passed
11 a standardized competency examination ap-
12 proved by the Secretary;

13 “(C) shall focus on the quality of care pro-
14 vided to patients;

15 “(D) shall include a private meeting be-
16 tween patients, or their representatives, and
17 survey personnel to discuss patients’ experi-
18 ences with the home health agency with respect
19 to type of care received and compliance with the
20 standards applicable to the agency under this
21 title;

22 “(E) shall be conducted, with respect to
23 each agency, between 9 and 15 months after
24 the previous survey for the agency, with such

1 surveys being conducted, on a Statewide aver-
2 age, 12 months apart; and

3 “(F) may be conducted less often than an-
4 nually with respect to an agency only if the
5 agency is fully in compliance with the require-
6 ments of this title.

7 “(2) The Secretary may make an agreement
8 with any State which is able and willing to do so
9 under which the services of the State health agency
10 or other appropriate State agency will be utilized by
11 him for the purpose of determining whether a home
12 health agency therein meets the requirements as es-
13 tablished under this title. Said State shall conduct
14 surveys of compliance with the requirements of this
15 title and provide for the annual transmittal to the
16 Secretary of the results of such surveys.

17 “(3) The Secretary shall develop procedures for
18 validating survey of home health agencies performed
19 by States under paragraph (2). Such procedures
20 shall provide for the review of surveys—

21 “(A) not less than every 15 months; or

22 “(B) not less than every 9 months if 10
23 percent of the total number of the State’s home
24 health care agencies, as reported by the
25 overseeing managed care organizations, have

1 committed serious or chronic violations of pro-
2 fessionally recognized standards of care; and

3 “(C) based on a representative sample of
4 home health agencies which have been surveyed
5 under paragraph (2).

6 “SANCTIONS

7 “SEC. 2103. (a) Where the Secretary determines that
8 a home health care agency no longer meets the require-
9 ments of this title he shall promulgate regulations which
10 impose sanctions on home health agencies which shall—

11 “(1) include civil penalties;

12 “(2) include intermediate sanctions, including a
13 ban on admissions, receivership, fines, and emer-
14 gency authority to close home health agencies;

15 “(3) require any sanction to be imposed to be
16 done so immediately following the determination
17 that the home health agency is no longer in compli-
18 ance with this title;

19 “(4) provide for a plan and schedule for correc-
20 tive action by home health agencies determined to be
21 out of compliance with this title; and

22 “(5) require public disclosure of failures to
23 comply with this title by home health agencies and
24 sanctions imposed on such agencies.

1 “(b)(1) The Secretary shall develop incentives to en-
2 courage high quality care and compliance by home health
3 agencies with the requirements of participation, including
4 annual publication of a directory of home health agencies,
5 listed alphabetically and by geographic area, which have
6 a consistent record of compliance with such requirements.

7 “(2) The directory published under paragraph (b)(1)
8 shall be made available to managed care organizations,
9 area agencies on aging, state ombudsman programs, and
10 the public.

11 “(c) The Secretary shall file an annual report with
12 the Congress on January 1 of each year regarding the
13 availability, adequacy, and use of sanctions to correct fail-
14 ures of home health agencies and home care providers to
15 meet professionally recognized standards of care.

16 “LICENSING POLICIES

17 “SEC. 2104. The Secretary shall encourage States to
18 develop policies and procedures for the licensing of home
19 health agencies and gather information concerning the ef-
20 fectiveness of such efforts. He shall issue a biannual re-
21 port which summarizes information gathered under this
22 section.

23 “DEFINITIONS

24 “SEC. 2105. For the purposes of this title—

1 “(1) The term ‘home health agency’ has the
2 meaning given it in section 1861(o).

3 “(2) The term ‘home care services’ has the
4 meaning given such term in section 1861ff(1).

5 “(3) The term ‘managed care organization’ has
6 the meaning given it under section 1861ff(5).

7 “(4) The term ‘qualified patient’ has the mean-
8 ing as set forth in section 1861ff(2).

9 “(5) The term ‘provider of home care services’
10 means any individual or entity who has contracted
11 with a home health agency, or is an agent of such
12 an agency, providing home care services to a quali-
13 fied patient.

14 “AUTHORIZATION OF APPROPRIATIONS

15 “SEC. 2106. There are authorized to be appropriated
16 from the Federal Hospital Insurance Trust Fund such
17 sums as may be necessary to carry out this title.”.

18 (f) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to home care services furnished
20 on and after October 1, 1993.

21 **SEC. 4. NATIONAL CARE VOUCHERS**

22 (a) IN GENERAL.—The Social Security Act (42
23 U.S.C. 301 et seq.) is amended by adding at the end there-
24 of, the following:

1 “TITLE XXII—NATIONAL CARE VOUCHERS

2 “ELIGIBILITY

3 “SEC. 2201.(a) Except as provided in subparagraph
4 (b), each of the following individuals is eligible for benefits
5 under the national care voucher program:

6 “(1) Each citizen or national of the United
7 States.

8 “(2) Each alien lawfully admitted for perma-
9 nent residence or other permanently residing in the
10 United States under color of law, including aliens
11 lawfully admitted for temporary residence under sec-
12 tion 210 or 245A of the Immigration and National-
13 ity Act.

14 “(3) Each alien admitted to the United States
15 as an officer or employee (or member of the imme-
16 diate family of such officer or employee)—

17 “(A) of a foreign government or an instru-
18 mentality of a foreign government, or

19 “(B) of an international organization (as
20 such term is defined in the International Orga-
21 nizations Immunities Act),

22 if the government or organization, respectively, has
23 entered into an agreement described in subsection
24 (d)(1) with the United States.

1 “(b) Individuals who are entitled to health insurance
2 benefits under Title XVIII of the Social Security Act (re-
3 lating to Medicare and Medicaid) are not entitled to bene-
4 fits under this title.

5 “DESCRIPTION OF BENEFIT

6 “SEC. 2202. (a) The benefit coverage obtained from
7 the purchase of insurance through a national care voucher
8 must consist of entitlement to have payment made on his
9 behalf for the following:

10 “(1) inpatient hospital services;

11 “(2) medical and other health services;

12 “(3) comprehensive outpatient rehabilitation fa-
13 cility services and home intravenous therapy serv-
14 ices;

15 “(4) alcohol and drug abuse rehabilitation serv-
16 ices (as defined by the Secretary in regulations);

17 “(5) outpatient mental health services furnished
18 in a community mental health center or by a physi-
19 cian, clinical psychologist, clinical social worker, or
20 psychiatric nurse specialist (or other qualified pro-
21 vider who is legally authorized to perform under
22 State law, or the State regulatory mechanism pro-
23 vided by State law) and would otherwise be covered
24 if furnished by a physician or as an incident to a
25 physician’s service; and

1 “(6) the following preventive services:

2 “(A) prenatal care (including home visita-
3 tion services);

4 “(B) well-child care (including appropriate
5 immunizations according to age and health his-
6 tory;

7 “(C) screening mammography (as defined
8 in subsection (jj));

9 “(D) screening pap smear (as defined in
10 subsection (nn));

11 “(E) colorectal cancer screening (as de-
12 fined in regulations by the Secretary); and

13 “(F) nutritional screening (as defined in
14 regulations by the Secretary).

15 “NATIONAL CARE VOUCHERS

16 “SEC. 2203. (a) IN GENERAL.—Subject to the provi-
17 sions of this Act, a full cash payment is to be made by
18 the United States, to each beneficiary eligible to partici-
19 pate in the national care voucher program, except as
20 amended by paragraph (d) of this section, to purchase cer-
21 tified health care insurance.

22 “(b) ESTABLISHMENT OF VOUCHER ACCOUNTS.—
23 The United States shall establish an account for each ben-
24 eficiary eligible to participate in the national care voucher
25 program (except as modified by paragraph (b)) which is

1 created or organized in the United States exclusively to
2 purchase certified health care insurance which meets the
3 following requirements:

4 “(1) The trustee is a bank (as defined in sec-
5 tion 408(n)) or such other entity who demonstrates
6 to the satisfaction of the Secretary that the manner
7 in which such other entity will administer the trust
8 will be consistent with the requirements of this sec-
9 tion.

10 “(2) The assets of the trust will not be commin-
11 gled with other property except in a common trust
12 fund or a common investment fund.

13 “(3) The assets of the trust may be distributed
14 solely for the purchase of certified health care insur-
15 ance, except that after the purchase of said insur-
16 ance the remaining assets are to be distributed to
17 the beneficiary at his election without penalty.

18 “(4) Any assets remaining in a voucher account
19 at the end of the taxable calender year must be dis-
20 tributed to the beneficiary of the account, except
21 that in cases where no purchase of certified health
22 insurance was made by the account for that taxable
23 year such monies shall be returned to the Treasury
24 of the United States.

1 “(5) The Secretary, in consultation with the
2 Secretary of the Treasury, shall select trustees to
3 administer individual voucher accounts, or groups of
4 accounts, in a manner prescribed by regulation. The
5 selection of the trustee shall—

6 “(A) in the case of a voucher account,
7 being funded by an employer voucher payment
8 (in part or whole), be an individual or entity se-
9 lected by the Secretary after consultation with
10 the employer making the deposit to the account;
11 and

12 “(B) in the case of all other voucher ac-
13 counts, be an individual or entity selected by
14 the Secretary based upon the preference of the
15 individual for which the account is being estab-
16 lished and the availability of qualified trustees
17 in the locality or State of said individual.

18 “(6) A charge may be made to the account, by
19 the trustee of the account, to pay for reasonable and
20 customary costs of administration.

21 “(c) EMPLOYER DONATIONS TO VOUCHERS.—

22 “(1) IN GENERAL.—Except as provided in this
23 section, each employer shall, in accordance with this
24 title, deposit an amount equal to the annual voucher
25 deposit premium into the individual employee’s na-

1 tional voucher account for each of its full-time em-
2 ployees no later than the 1st day of the eleventh
3 month preceding the calendar year in which the pay-
4 ment will be used to purchase a certified health care
5 insurance policy, except that—

6 “(A) with respect to each part-time em-
7 ployee each employer shall, in accordance with
8 this title, deposit a payment into the individual
9 employee’s national voucher account in an
10 amount equal to the annual voucher deposit
11 premium as modified by the ratio of the individ-
12 ual employee’s gross pay to the gross pay of a
13 full-time employee (with similar work experience
14 or credentials) who performs same or similar
15 work; and

16 “(B) no deposit for a part-time employee
17 shall be in an amount less than 50% of the an-
18 nual voucher deposit premium for a full-time
19 employee in the same taxable year.

20 “(2) APPLICATION TO SEASONAL AND TEM-
21 PORARY EMPLOYEES.—In the case of an employee
22 designated as a seasonal or temporary employee,
23 whether a part-time or full-time employee, the em-
24 ployer shall deposit a payment in an employee’s na-
25 tional voucher account in an amount equal to the

1 annual voucher deposit premium as modified by the
2 ratio of the individual employee's cumulated gross
3 pay to the estimated cumulated gross pay of an em-
4 ployee employed by the employer through the taxable
5 year (with similar work experience or credentials)
6 who performs same or similar work. Each employer
7 shall designate, at the time of initial employment
8 and in a manner specified by the Secretary, whether
9 the individual is to be treated under this title as a
10 seasonal or temporary employee.

11 “(3) TREATMENT OF EMPLOYEE'S IMMEDIATE
12 FAMILY.—In the case of a full-time employee or
13 part-time employee, an employer shall deposit a pay-
14 ment in the individual voucher accounts of the em-
15 ployee's immediate family equal to the amount de-
16 posited in said employee's account. The employer is
17 not required to provide deposits in the voucher ac-
18 counts of a seasonal or temporary employee's imme-
19 diate family.

20 “(4) CAP ON EMPLOYER'S DEPOSIT TO VOUCH-
21 ER.—No deposit shall be made, by an employer, to
22 an employee's voucher account or the voucher ac-
23 counts of the employee's immediate family in an
24 amount greater than the annual voucher deposit pre-
25 mium.

1 “(5) APPLICATION TO EMPLOYERS OF DIF-
2 FERENT SIZES.—

3 “(A) IN GENERAL.—The requirements of
4 this title shall apply to—

5 “(i) large employers employing over
6 100 full-time equivalent employees; and

7 “(ii) medium employers employing 11
8 to 100 full-time equivalent employees, as
9 adjusted by paragraph (C) of this section.

10 “(B) EXEMPTIONS.—The requirements of
11 this title shall not apply to—

12 “(i) employers employing 10 or less
13 full-time equivalent employees; or

14 “(ii) employers employing 100 or less
15 full-time equivalent employees if they are a
16 participant in a small employer health plan
17 under Section 2204 of this title that pro-
18 vides such coverage to all full-time, part-
19 time, or seasonal or temporary employees
20 of the employer.

21 “(C) GRADUATED SCALE FOR MEDIUM EM-
22 PLOYERS.—The requirements of this title shall
23 apply to medium employers. Contributions to
24 employees’ voucher accounts by a medium em-
25 ployer under the annual voucher deposit pre-

1 mium shall be calculated as required by this
 2 title but then shall be further adjusted by mul-
 3 tipling such adjusted contribution by the me-
 4 dium employer ratio (MER) to obtain the final
 5 adjusted annual voucher deposit premium re-
 6 quired to be contributed by the medium em-
 7 ployer, under the following graduated scale—

Employer employing full-time equivalent employees	Medium employer ratio (MER)
11 to 2010
21 to 3020
31 to 4030
41 to 5040
51 to 6050
61 to 7060
71 to 8070
81 to 9080
91 to 10090

8 “(D) CALCULATION OF MEDIUM EM-
 9 PLOYER RATIO.—In the calculation of full-time
 10 equivalent employees in determining the me-
 11 dium employer ratio any decimal values shall be
 12 rounded up to the next whole number.

13 “(E) FIVE YEAR RETENTION OF EXISTING
 14 SMALL EMPLOYER PLANS.—Any employer em-
 15 ploying 10 or less full-time equivalent employees
 16 and who provides health care insurance or bene-
 17 fits to their employees (on the date of enact-
 18 ment of this Act) shall maintain such coverage,
 19 or coverage of equal value, until December 31,
 20 1998. Any employer who discontinues or re-

1 duces such coverage before that date shall be
2 treated as a large employer for the purposes of
3 this title and become subject to the require-
4 ments of this title through December 31, 1998.
5 The Secretary may grant a waiver to this re-
6 quirement, on a case by case basis, based on
7 the establishment by the petitioning employer
8 that continuation of the coverage is an—

9 “(i) undue hardship to the employer;

10 and

11 “(ii) will be a primary cause in the
12 discontinuation of the employer’s business
13 if the coverage is not terminated or modi-
14 fied.

15 “(E) EFFECTIVE DATE.—For the purposes
16 of this title, the requirements of this section
17 shall become effective—

18 “(i) for large employers as of January
19 1 of the 2nd year beginning after the date
20 of enactment;

21 “(ii) for medium employers, as of
22 January 1 of the 3rd year beginning after
23 the date of enactment.

24 “(d) FEDERAL DEPOSIT TO VOUCHER ACCOUNTS.—

25 It shall be the duty of the Secretary of the Treasury, in

1 consultation with the Secretary of Health and Human
2 Services—

3 “(1) to make withdrawals from the General
4 Fund of the United States Treasury, to provide a
5 deposit to every voucher account in an amount equal
6 to the annual voucher deposit premium except that
7 in the case where an employer is required to make
8 a deposit to the voucher account under subpara-
9 graph (c) then the Secretary of the Treasury shall
10 make no additional deposit except that necessary to
11 cause the amount within the account to equal the
12 annual voucher deposit premium;

13 “(2) to provide the deposit to every voucher ac-
14 count no later than the 1st day of the eleventh
15 month preceding the calendar year in which the pay-
16 ment will be used to purchase a certified health care
17 insurance policy;

18 “(3) to immediately terminate any account
19 which is unused due to the death or ineligibility of
20 the individual and return all unused funds, less
21 those amounts necessary to pay for the reasonable
22 and customary costs of the prior administration of
23 the account, to the General Fund of the United
24 States Treasury; and

1 “(4) set forth such other regulations, by either
2 Secretary, as necessary to ensure the effective ad-
3 ministration of each national voucher account.

4 “(e) CERTIFICATION OF HEALTH CARE INSURANCE
5 POLICIES.—

6 “(1) The Secretary shall establish minimum
7 standards and requirements, for the certification of
8 health care insurance policies eligible to be pur-
9 chased under this section.

10 “(2) The Secretary shall establish a procedure
11 whereby health care insurance policies may be cer-
12 tified by the Secretary. Such procedure shall provide
13 an opportunity for any insurer to submit any such
14 policy, and such additional data as the Secretary
15 finds necessary, to the Secretary for his examination
16 and for his certification thereof as meeting the
17 standard and requirements set forth in subpara-
18 graph (1). Such certification shall remain in effect
19 if the insurer files a notarized statement with the
20 Secretary no later than June 30 of each year stating
21 that the policy continues to meet such standards and
22 requirements and if the insurer submits such addi-
23 tional data as the Secretary finds necessary to inde-
24 pendently verify the accuracy of such notarized
25 statement. Where the Secretary determines such a

1 policy meets (or continues to meet) such standards
2 and requirements, he shall authorize the insurer to
3 have printed on such policy (but only in accordance
4 with such requirements and conditions as the Sec-
5 retary may prescribe) an emblem which the Sec-
6 retary shall cause to be designed for use as an indi-
7 cation that a policy has received the Secretary's cer-
8 tifications. The Secretary shall provide each State
9 commissioner or superintendent of insurance with a
10 list of all the policies which have received his certifi-
11 cation.

12 “(3) No health care insurance policy may be
13 certified unless—

14 “(A) the plan provides for benefits for all
15 required health services (as defined in section
16 2102(a)) of the Social Security Act;

17 “(B) the plan does not impose cost-sharing
18 with respect to required health services in ex-
19 cess of the deductibles and coinsurance per-
20 mitted under part A of title XVIII with respect
21 to such services (not taking into account any
22 low-income assistance under part C of such
23 title);

24 “(C) the plan does not deny, limit, or con-
25 dition the coverage under (or benefits of) the

1 plan with respect to required health services
2 based on the health status, claims experience,
3 receipt of health care, medical history, or lack
4 of evidence of insurability, of an individual, and
5 may not exclude coverage with respect to serv-
6 ices related to treatment of a preexisting condi-
7 tion; and

8 “(D) a plan may be certified and include
9 such additional items and services as the in-
10 surer can demonstrate to the satisfaction of the
11 Secretary that inclusion of such items and serv-
12 ices will facilitate appropriate hospital dis-
13 charges or avoid unnecessary hospitalization.

14 “(4) A self-insured plan or the plan of a health
15 maintenance organization may receive certification
16 under this section as a certified health care insur-
17 ance policy.

18 “(f) PROCEDURES FOR HEALTH INSURANCE EN-
19 ROLLMENT.—

20 “(1) ELECTION OF COVERAGE BY INDIVID-
21 UAL.—

22 “(A) OPEN ENROLLMENT PERIOD.—

23 “(i) Beginning the 1st day of the elev-
24 enth month preceding the calendar year in
25 which the health coverage is to be pur-

1 chased and ending the last day of such
2 month, the individual, for whom the ac-
3 count is established, shall through the elec-
4 tion of a specific certified health care in-
5 surance policy cause the trustee of their in-
6 dividual voucher account to distribute a
7 lump sum, or enter into a binding agree-
8 ment to distribute funds on a regular basis
9 (not to exceed the calendar year for which
10 the insurance policy is limited), for the
11 purchase of such coverage for the upcom-
12 ing calendar year.

13 “(ii) If the individual fails to elect the
14 purchase of a specific insurance policy
15 under subparagraph (i) then the election of
16 the policy shall be made by the employer or
17 Secretary under subparagraph (f)(2) of
18 this part.

19 “(2) ELECTION OF COVERAGE BY EMPLOYER
20 OR FEDERAL GOVERNMENT.—Upon failure of the in-
21 dividual, for whom the account is established, to
22 make an election, the employer (in the case of full-
23 time and part-time employees) shall make such an
24 election, or the Secretary in all other cases shall

1 make such an election, no later than 15 days after
2 the failure of the individual to make an election.

3 “(3) DUTIES OF TRUSTEE.—

4 “(A) TRUSTEE AS PURCHASER.—Under
5 the authority of this Title the elector (as deter-
6 mined under paragraph (f)(1) or (2)) shall pro-
7 vide written notification to the trustee of his
8 election of a specific certified insurance policy.
9 Within 10 days of the date of receipt of the no-
10 tification of the election, the trustee shall verify
11 the certification of said policy through reason-
12 able and customary means after which the
13 trustee shall promptly distribute funds to the
14 insurance carrier for the purchase of said pol-
15 icy. Multiple policies may be purchased if the
16 coverage is not redundant.

17 “(B) FIDUCIARY DUTY OF TRUSTEE.—As
18 trustee of the voucher account the trustee shall
19 make available to the individual (for whom the
20 account is established) such information as may
21 be reasonably possible regarding the process of
22 election and return of the account’s remainder
23 to said individual.

24 “(C) TRUSTEE AS REPORTER.—The trust-
25 ee of any voucher account shall report, no later

1 than 30 days after the date of receipt of the no-
2 tification of the election, to the Secretary of the
3 elector's election of a specific certified insurance
4 policy. Such report shall include, but not lim-
5 ited thereto, the—

6 “(i) description of the insurance policy
7 and insurer;

8 “(ii) cost of policy and date of pay-
9 ment;

10 “(iii) designation of which elector
11 made the election; and

12 “(iv) such other information as pre-
13 scribed by regulation.

14 “(g) DEFINITIONS.—For the purposes of this title:

15 “(1) EMPLOYEE, EMPLOYER, EMPLOYMENT.—
16 Except as otherwise provided in this section, the
17 terms ‘employer’, ‘employee’, and ‘employment’ have
18 the same meanings as such terms have for purposes
19 of chapter 21 of the Internal Revenue Code of 1986.

20 “(2) FULL-TIME EMPLOYEE.—The term ‘full-
21 time employee’ means, with respect to an employer,
22 an employee who normally performs on a monthly
23 basis at least 20 hours of service per week for that
24 employer.

1 “(3) PART-TIME EMPLOYEE.—The term ‘part-
2 time employee’ means, with respect to an employer,
3 an employee who is not a full-time employee.

4 “(4) SEASONAL OR TEMPORARY EMPLOYEE.—
5 The term ‘seasonal or temporary employee’ means,
6 with respect to an employer, an employee who is em-
7 ployed by the employer for not more than 4 months
8 in any 12 month period; except that the Secretary
9 may extend such period for up to 6 months in any
10 12 month period in the case of employment that is
11 sporadic, irregular, and seasonal in nature.

12 “(5) EMPLOYEE’S IMMEDIATE FAMILY.—

13 “(A) IN GENERAL.—Except as provide in
14 paragraph (2), the term ‘employee’s immediate
15 family’ means the individual’s spouse, and in-
16 cludes all the individual’s children

17 “(B) SPOUSE.—The term ‘spouse’ means,
18 with respect to an individual, the individual to
19 which the individual is married. Marital status
20 shall be determined in accordance with section
21 7703 of the Internal Revenue Code of 1986.

22 “(C) CHILD.—The term ‘child’ means,
23 with respect to a person who is not a child, an
24 individual—

25 “(i) who is—

1 “(I) unmarried and under 18
2 years of age; or

3 “(II) unmarried and under 23
4 years of age and a full-time student;
5 or

6 “(III) an unmarried, dependent
7 child, regardless of age, who is incapa-
8 ble of self-support because of mental
9 or physical disability; and

10 “(ii) (I) who is the child of the individ-
11 ual or the individual’s spouse; or

12 “(II) who is the legal ward of the in-
13 dividual or the individual’s spouse; and

14 “(iii) who is not in the legal custody
15 of another individual.

16 The Secretary shall establish, by regulation,
17 such rules as are appropriate with respect to
18 the treatment of foster children, emancipated
19 minors, children in the process of adoption, and
20 other unmarried individuals under 23 years of
21 age under similar circumstances as children for
22 purposes of this title.

23 “(6) FULL-TIME EQUIVALENT EMPLOYEES.—

24 The term ‘full-time equivalent employees’, with re-
25 spect to an employer, means a number equal to the

1 total man hours of service for which an employer
2 has provided compensation in a calendar year di-
3 vided by the sum of 2080.

4 “(7) ANNUAL VOUCHER DEPOSIT PREMIUM.—
5 The term ‘annual voucher deposit premium’ means
6 an amount equal to \$3200 for the taxable year
7 1993. In the case of any taxable year beginning
8 after 1993, the annual voucher deposit premium
9 shall be the premium (which would be in effect
10 under this title for the taxable year beginning in the
11 preceding calendar year) increased by an amount no
12 less than an amount equal to the prior year’s pre-
13 mium multiplied by the percentage increase in the
14 CPI for the previous 12 month period. In no year
15 shall the premium be less than 103% of the preced-
16 ing year’s annual voucher deposit premium.

17 “(8) INSURANCE CARRIER.—The term ‘insur-
18 ance carrier’ means a private entity that offers cer-
19 tified health insurance (as defined by this title) to
20 an individual; including employers or labor organiza-
21 tions offering such policies, or the trustees of a fund
22 established by one or more employers or labor orga-
23 nization (or combination thereof) for employees or
24 former employees (or combination thereof) of the
25 labor organizations.

1 “SMALL EMPLOYER HEALTH INSURANCE
2 REFORM

3 “SEC. 2204. (a) IN GENERAL.—

4 “(1) Each small employer carrier shall register
5 with the Secretary.

6 “(2) Nothing in paragraph (1) shall be con-
7 strued as preventing the applicable regulatory au-
8 thority in a State from requiring, in the case of car-
9 riers that are not self-insurance carriers, such addi-
10 tional information in conjunction with, or apart
11 from, the registration required under paragraph (1)
12 as the applicable regulatory authority may be au-
13 thORIZED to require under State law.

14 “(b) GUARANTEED OFFERING OF PLAN.—

15 “(1) A small employer carrier (hereafter re-
16 ferred to as carrier) that offers a health plan to
17 small employers located in a community must offer
18 the same plan to any other small employer located
19 in the community. Such requirement shall apply on
20 a continuous, year round basis.

21 “(2) A carrier may refuse to issue or renew or
22 terminate a plan only for—

23 “(A) nonpayment of premiums; and

24 “(B) fraud or misrepresentation.

1 “(c) MINIMUM PLAN PERIOD.—A carrier may not
2 offer to, or issue with respect to, a small employer a small
3 employer health plan with a term of less than 12 months.

4 “(d) RENEWAL AND RATES.—

5 “(1) The small employer carrier of a small em-
6 ployer health plan shall provide for notice, at least
7 30 days before the date of expiration of the health
8 plan, of the terms for renewal of the plan. Except
9 with respect to rates and administrative changes, the
10 terms of renewal (including benefits) shall be the
11 same as the terms of issuance.

12 “(2) The carrier may change the terms of such
13 renewal, but the premium rates charged with respect
14 to such renewal shall be the same as that for a new
15 issue.

16 “(3) The period of renewal of each small em-
17 ployer health plan shall be for a period of not less
18 than 12 months.

19 “(e) DEFINITIONS.—

20 “(1) SMALL EMPLOYER HEALTH PLAN.—The
21 term ‘small employer health plan’ means an employ-
22 ment-related health plan insofar as it offers a basic
23 package of benefits, that equal or exceed the require-
24 ments of Section 2202 of this Title, with respect to
25 a small employer.

1 “(2) SMALL EMPLOYER CARRIER.—The term
2 ‘small employer carrier’ means any carrier which of-
3 fers small employer health plans.

4 “(3) SMALL EMPLOYER.—For the purposes of
5 this section the term ‘small employer’ means any
6 employer employing 100 or less full-time equivalent
7 employees.”.

8 **SEC. 5. DEDUCTION FOR NATIONAL CARE VOUCHERS FOR**
9 **SMALL EMPLOYERS.**

10 (a) IN GENERAL.—Section 162 of the Internal Reve-
11 nue Code of 1954 (relating to trade or business expense)
12 is amended by redesignating subsection (l) as subsection
13 (m) and by inserting the following new subsection:

14 “(1) DEDUCTION FOR SMALL EMPLOYERS.—

15 “(1) The expenses paid or incurred by a small
16 employer for a certified health care insurance policy
17 (as defined in section 2204 of title XXII of the So-
18 cial Security Act) shall be allowed as a deduction
19 under this section at the rate of 125 percent of the
20 amount paid or incurred by the small employer (as
21 defined by title XXII of the Social Security Act) in
22 the taxable year.

23 “(2) The deduction allowed to any small em-
24 ployer by reason of this subsection for any taxable

1 year shall not exceed the portion of the taxable in-
2 come of such employer for such taxable year.”

3 **SEC. 6. EQUITY TAX.**

4 (a) Section 310 of the Trade Act of 1974 (19 U.S.C.
5 2420) is amended by adding at the end the following new
6 subsection:

7 “(e) HIGH COST PRIORITY FOREIGN COUNTRY DES-
8 IGNATION.—

9 “(1) MANDATORY IDENTIFICATION.—For pur-
10 poses of this section, a country shall be identified by
11 the Trade Representative as a high cost priority for-
12 eign country with respect to the priority practices of
13 such foreign country, if—

14 “(A) the amount of the trade deficit be-
15 tween the United States and such country for
16 the calendar year for which a report under sec-
17 tion 181 is submitted exceeds 15 percent of the
18 amount of the total trade deficit of the United
19 States for such calendar year; and

20 “(B) such country has not entered into a
21 free trade agreement with the United States.

22 “(2) ANNUAL REVIEW.—Not later than the
23 30th day of January for each calendar year after the
24 date of enactment the Trade Representative shall
25 identify all high cost priority foreign countries and

1 provide such designation to the United States Con-
2 gress, and the respected committees of jurisdiction.
3 This list shall be reviewed accordingly each year to
4 reflect changes in the trade deficit between the Unit-
5 ed States and the affected foreign country.

6 “(3) IMPOSITION OF EQUITY TAX.—

7 “(A) Entries of merchandise of a country
8 designated as a high cost priority foreign coun-
9 try shall be subject to the imposition of a 1 per-
10 cent tax to be levied upon the value of the mer-
11 chandise.

12 “(B) Merchandise subject to such tax
13 which is entered, or withdrawn from warehouse,
14 for consumption on or after the date of publica-
15 tion of the Trade Representative’s annual re-
16 view of high cost priority countries shall be sub-
17 ject to the imposition of the 1 percent tax to be
18 levied upon the value of the merchandise.

19 “(C) The administering authority shall
20 transfer any funds collected under the authority
21 of this section to the General Fund of the Unit-
22 ed States, no later than 30 days from the date
23 of collection.

1 “(4) EFFECTIVE DATE.—This subsection shall
2 be effective upon date of enactment and shall remain
3 in effect for calendar years 1994 through 2005.”.

4 (b) EQUITY HEALTH INSURANCE TRUST FUND.—

5 (1) IN GENERAL.—Subchapter A of chapter 98
6 of the Internal Revenue Code of 1986 (relating to
7 trust fund code) is amended by adding at the end
8 the following new section:

9 **“SEC. 9511. EQUITY HEALTH INSURANCE TRUST FUND**

10 “(a) CREATION OF TRUST FUND.—There is estab-
11 lished in the Treasury of the United States a trust fund
12 to be known as the ‘Equity Health Insurance Trust Fund’.

13 “(b) TRANSFERS.—There are hereby appropriated to
14 the Equity Health Insurance Trust Fund amounts equiva-
15 lent to the taxes received in the Treasury after December
16 31, 1993, under section 310(e) of the Trade Act of 1974
17 (relating to high cost priority countries and imposition of
18 equity tax).

19 “(c) EXPENDITURES.—Amounts in the Equity
20 Health Insurance Trust Fund shall be available to provide
21 payments to national voucher accounts under title XXII
22 of the Social Security Act.”.

23 (2) CLERICAL AMENDMENT.—The table of sec-
24 tion for such subchapter A is amended by adding at
25 the end the following new item:

 “Sec. 9511. Equity Health Insurance Trust Fund.”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to amounts received
3 after December 31, 1994.

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