

SERVICEMEMBERS' HEALTH INSURANCE PROTECTION  
ACT OF 2005

---

MAY 19, 2005.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

---

Mr. BUYER, from the Committee on Veterans' Affairs,  
submitted the following

R E P O R T

[To accompany H.R. 2046]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 2046) to amend the Servicemembers Civil Relief Act to limit premium increases on reinstated health insurance on servicemembers who are released from active military service, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Servicemembers' Health Insurance Protection Act of 2005".

**SEC. 2. LIMITATION ON PREMIUM INCREASES FOR REINSTATED HEALTH INSURANCE OF SERVICEMEMBERS RELEASED FROM ACTIVE MILITARY SERVICE.**

(a) **PREMIUM PROTECTION.**—Section 704 of the Servicemembers Civil Relief Act (50 U.S.C. App. 594) is amended by adding at the end the following new subsection:

"(e) **LIMITATION ON PREMIUM INCREASES.**—

"(1) **PREMIUM PROTECTION.**—The amount of the premium for health insurance coverage that was terminated by a servicemember and required to be reinstated under subsection (a) may not be increased, for the balance of the period for which coverage would have been continued had the coverage not been terminated, to an amount greater than the amount chargeable for such coverage before the termination.

"(2) **INCREASES OF GENERAL APPLICABILITY NOT PRECLUDED.**—Paragraph (1) does not prevent an increase in premium to the extent of any general increase in the premiums charged by the carrier of the health care insurance for the same health insurance coverage for persons similarly covered by such insurance during the period between the termination and the reinstatement."

(b) TECHNICAL AMENDMENT.—Subsection (b)(3) of such section is amended by striking “if the” and inserting “in a case in which the”.

**SEC. 3. PRESERVATION OF EMPLOYER-SPONSORED HEALTH PLAN COVERAGE FOR CERTAIN RESERVE-COMPONENT MEMBERS WHO ACQUIRE TRICARE ELIGIBILITY.**

(a) CONTINUATION OF COVERAGE.—Subsection (a)(1) of section 4317 of title 38, United States Code, is amended by inserting after “by reason of service in the uniformed services,” the following: “or such person becomes eligible for medical and dental care under chapter 55 of title 10 by reason of subsection (d) of section 1074 of that title.”

(b) REINSTATEMENT OF COVERAGE.—Subsection (b) of such section is amended—  
(1) in paragraph (1)—

(A) by inserting after “by reason of service in the uniformed services,” the following: “or by reason of the person’s having become eligible for medical and dental care under chapter 55 of title 10 by reason of subsection (d) of section 1074 of that title.”; and

(B) by inserting “or eligibility” before the period at the end of the first sentence; and

(2) by adding at the end the following new paragraph:

“(3) In the case of a person whose coverage under a health plan is terminated by reason of the person having become eligible for medical and dental care under chapter 55 of title 10 by reason of subsection (d) of section 1074 of that title but who subsequently does not commence a period of active duty under the order to active duty that established such eligibility because the order is canceled before such active duty commences, the provisions of paragraph (1) relating to any exclusion or waiting period in connection with the reinstatement of coverage under a health plan shall apply to such person’s continued employment, upon the termination of such eligibility for medical and dental care under chapter 55 of title 10 that is incident to the cancellation of such order, in the same manner as if the person had become reemployed upon such termination of eligibility.”.

**SEC. 4. TECHNICAL CORRECTIONS TO VETERANS BENEFITS IMPROVEMENT ACT OF 2004.**

(a) CORRECTIONS.—Section 2101 of title 38, United States Code, as amended by section 401 of the Veterans Benefits Improvement Act of 2004 (Public Law 108–454; 118 Stat. 3614), is amended—

(1) by redesignating subsection (c) as subsection (d);

(2) by inserting after subsection (b) a new subsection (c) consisting of the text of subsection (c) of such section 2101 as in effect immediately before the enactment of such Act, modified—

(A) in paragraph (1)—

(i) in the first sentence, by striking “paragraph (1), (2), or (3)” and inserting “subparagraph (A), (B), (C), or (D) of paragraph (2)”; and

(ii) in the second sentence, by striking “the second sentence” and inserting “paragraph (3)”; and

(B) in paragraph (2)—

(i) in the first sentence, by striking “paragraph (1)” and inserting “paragraph (2)”; and

(ii) in the second sentence, by striking “paragraph (2)” and inserting “paragraph (3)”; and

(3) in subsection (a)(3), by striking “subsection (c)” in the matter preceding subparagraph (A) and inserting “subsection (d)”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as of December 10, 2004, as if enacted immediately after the enactment of the Veterans Benefits Improvement Act of 2004 on that date.

**SEC. 5. NOTIFICATION TO MEMBER’S SPOUSE OR NEXT OF KIN OF CERTAIN ELECTIONS UNDER SERVICEMEMBERS’ GROUP LIFE INSURANCE PROGRAM.**

(a) REPEAL.—Subsections (f) and (g) of section 1012 of division A of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act, 2005 (Public Law 109–13), and the amendments made by those subsections, are repealed, and sections 1967 and 1970 of title 38, United States Code, shall be applied as if those subsections had not been enacted.

(b) NOTIFICATION REQUIRED.—Section 1967 of title 38, United States Code, is amended by adding at the end the following new subsection:

“(f)(1)(A) Whenever a member who is eligible for insurance under this subchapter executes a life insurance option specified in subparagraph (B), the Secretary concerned shall notify the member’s spouse or, if the member is unmarried, the member’s next of kin, in writing, of the execution of that option.

“(B) A life insurance option referred to in subparagraph (A) is any of the following:

“(i) An election under subsection (a)(2)(A) not to be insured under this subchapter.

“(ii) An election under subsection (a)(3)(B) for insurance of the member in an amount that is less than the maximum amount provided under subsection (a)(3)(A)(i).

“(iii) An application under subsection (c) for insurance coverage under this subchapter or for a change in the amount of such insurance coverage.

“(iv) In the case of a married member, a designation under section 1970(a) of this title of any person other than the spouse or a child of the member as the beneficiary of the member for any amount of insurance under this subchapter.

“(2) Whenever an unmarried member who is eligible for insurance under this subchapter marries, the Secretary concerned shall notify the member’s spouse in writing as to whether the member is insured under this subchapter. In the case of a member who is so insured, the Secretary shall include with such notification—

“(A) if the member has made an election described in paragraph (1)(B)(ii), notice that the amount of such insurance is less than the maximum amount provided under subsection (a)(3)(A)(i); and

“(B) if the member has designated a beneficiary other than the spouse or a child of the member for any amount of such insurance, notice that such a designation has been made.

“(3)(A) Notification of a spouse under paragraph (1) or (2), or of any other person under paragraph (1), for purposes of this subsection shall consist of a good faith effort to provide information to the spouse or other person at the last address of the spouse or other person known to the Secretary concerned.

“(B) Failure to provide such notification, or to provide such notification in a timely manner, does not affect the validity of any life insurance option referred to in paragraph (1)(B).”.

## INTRODUCTION

The reported bill reflects the Committee’s consideration of H.R. 2046, as amended. On May 4, 2005, the Subcommittee on Economic Opportunity held a hearing on four bills, including H.R. 2046, the Servicemembers’ Health Insurance Protection Act of 2005, introduced on May 3, 2005, by the Chairman and Ranking Member of the Committee, Honorable Steve Buyer and Honorable Lane Evans, respectively, and the Chairman and Ranking Member of the Subcommittee on Economic Opportunity, Honorable John Boozman, and Honorable Stephanie Herseth, respectively.

On May 5, 2005, the Subcommittee on Economic Opportunity met and ordered H.R. 2046 reported favorably to the full Committee by unanimous voice vote.

On May 11, 2005, the full Committee met and ordered H.R. 2046, as amended, reported favorably to the House by unanimous voice vote.

## SUMMARY OF THE REPORTED BILL

H.R. 2046, as amended, would:

1. Amend the Servicemembers Civil Relief Act to limit premium increases on reinstated health insurance coverage of servicemembers who are released from active duty.

2. Amend the Uniformed Services Employment and Reemployment Rights Act (USERRA) to preserve employer-sponsored health plan reinstatement rights for certain Reserve-component members who acquire TRICARE eligibility prior to entering active duty.

3. Make a technical correction to Public Law 108–454, the Veterans Benefits Improvement Act of 2004.

4. Make a correction to the Servicemembers’ Group Life Insurance provisions of Public Law 109–13, the Emergency Supple-

mental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act, 2005.

#### BACKGROUND AND DISCUSSION

Limitation on premium increases for reinstated health insurance of servicemembers released from active military service.—Section 2 of the bill would amend section 704 of the Servicemembers Civil Relief Act (SCRA) to limit premium increases on reinstated health insurance coverage of servicemembers who are released from active duty. Section 704 provides that a servicemember who is ordered to active duty is entitled upon release from active duty to reinstatement of any health insurance in effect on the day before such service commenced. This amendment would prohibit any increase in premiums for such health insurance for the balance of the period for which coverage would have been continued had the coverage not been terminated. However, a health care insurance carrier would be allowed to increase a servicemember's premium if such a general premium increase was implemented for persons similarly covered during the period between the termination and the reinstatement.

Section 2 would clearly prohibit certain premium increases that have been encountered by some servicemembers returning from active duty. Section 704 of the SCRA currently contains no express provision regarding premium increases. While the Committee believes that the basic reinstatement entitlement implies that premiums be reinstated at the same rate in effect the day before the servicemember entered active duty, the need for legislative clarification was brought to the attention of the Committee by the Department of Defense after being identified by legal assistance programs of the military services. This amendment to section 704 would ensure servicemembers are treated fairly upon reinstatement of their health insurance and are not discouraged by premium increases from exercising their reinstatement entitlement rights.

Preservation of employer-sponsored health plan coverage for certain reserve-component members who acquire TRICARE eligibility.—Section 3 of the bill would amend section 4317 of the Uniformed Services Employment and Reemployment Rights Act (USERRA) to preserve employer-sponsored health plan reinstatement rights for certain Reserve-component members who prior to entering active duty acquire TRICARE eligibility under section 1074(d) of title 10, United States Code. This option became available by an amendment to the TRICARE authority enacted on November 24, 2003. H.R. 2046, as amended, would conform the health insurance reinstatement right under USERRA to the change in TRICARE.

According to the Department of Labor, under existing law, an employer is only required to provide employees returning from active duty with the same employer-sponsored health benefits they had when they reported for active duty. Unless the employer voluntarily chooses to allow immediate reinstatement of coverage, an employee would be required to wait for the next open enrollment opportunity provided by the employer and could be subject to any exclusion for preexisting conditions that may be imposed on new enrollees. This amendment to section 4317 of USERRA would cover

both employees who did not actually report because of cancellation of active duty orders and employees who served a period of active duty.

#### SECTION-BY-SECTION ANALYSIS

Section 1 of the bill would provide that this Act may be cited as the "Servicemembers' Health Insurance Protection Act of 2005."

Section 2 of the bill would amend section 704 of the Servicemembers Civil Relief Act (50 U.S.C. App. 594) by adding at the end a new subsection (e). The new subsection (e) would limit health insurance premium increases by limiting the amount of the premium for health insurance coverage that was terminated by a servicemember. This limitation applies for the balance of the period for which coverage would have been continued had the coverage not been terminated. The amount chargeable for such coverage may not exceed the amount charged for coverage before the termination. This new subsection would allow an increase in premium to the extent of any general increase in the premiums charged by the insurance carrier for persons similarly covered by such insurance during the period between termination and the reinstatement.

Section 3(a) of the bill would preserve entitlement to employer-sponsored health plan coverage for certain reserve-component members who acquire TRICARE eligibility. This section would continue coverage by amending subsection (a)(1) of section 4317 of title 38, United States Code, by inserting after "by reason of service in the uniformed services," the following: "or such person becomes eligible for medical and dental care under chapter 55 of title 10 by reason of subsection (d) of section 1074 of that title,.". As a result, any servicemember who becomes eligible for TRICARE benefits under title 10 would be entitled to have the employer-sponsored health plan reinstated following release from active duty.

Section 3(b)(1) of the bill would preserve employer-sponsored health plan coverage for certain reserve-component members who acquire TRICARE eligibility by amending subsection (b)(1) of section 4317 of title 38, United States Code, by (A) inserting after "by reason of service in the uniformed services," the following: "or such person becomes eligible for TRICARE under chapter 55 of title 10 by reason of subsection (d) of section 1074 of that title,."; and (B) inserting "or eligibility" before the period at the end of the first sentence.

Section 3(b)(2) of the bill would preserve employer-sponsored health plan coverage for certain reserve-component members who acquire TRICARE eligibility. This section reinstates coverage by adding at the end of subsection (b) of section 4317 of title 38, United States Code, a new paragraph (3).

Paragraph (3) of the bill would protect a person who chooses to terminate coverage under the employer-sponsored health plan by reason of the person having become eligible for TRICARE under chapter 55 of title 10 by reason of subsection (d) of section 1074 of that title but who subsequently does not commence a period of active duty because the order is canceled before such active duty commences. In such cases, the provisions of subsection (b) relating to any exclusion or waiting period in connection with the reinstatement of coverage under an employer-sponsored health plan would apply to such person's continued employment, upon the termi-

nation of such eligibility for TRICARE under chapter 55 of title 10, in the same manner as if the person had actually reported and was reemployed following release from active duty.

Section 4(a) of the bill would make a technical correction to section 2101 of title 38, United States Code, as amended by section 401 of the Veterans Benefits Improvement Act of 2004 (Public Law 108-454).

Section 4(b) of the bill would make section 4(a) effective as of December 10, 2004, as if enacted immediately after the enactment of the Veterans Benefits Improvements Act of 2004.

Section 5(b) of the bill would amend section 1967 of title 38, United States Code, to add a new requirement requiring notification of elections under the Servicemembers' Group Life Insurance program. The Secretary concerned would be required to notify, in writing, the servicemember's spouse or, if unmarried, the servicemember's next of kin, when certain life insurance options have been executed. The notification would include whether the servicemember (1) declined to be insured under section 1967 of title 38, United States Code, (2) elected an amount of insurance that is less than the maximum amount, (3) made any change in the amount of coverage previously elected, and (4) in the case of a married servicemember, the designation under section 1970(a) of title 38, United States Code, of any person other than the spouse or child of the servicemember as beneficiary. When an unmarried servicemember who is eligible for insurance marries, the Secretary concerned would be required to notify the spouse if (1) the servicemember's coverage amount is less than the maximum, and (2) someone other than the spouse or child has been designated the beneficiary. The Secretary concerned would be required to make a good faith effort to provide information to the spouse or other person at the last known address, but failure to provide notification in a timely manner would not affect the validity of any life insurance option.

#### PERFORMANCE GOALS AND OBJECTIVES

The reported bill would authorize additional protections to Reserve and National Guard members under the Servicemembers Civil Relief Act and the Uniformed Services Employment and Reemployment Rights Act. The effectiveness and adequacy of these rights and protections with SCRA and USERRA are subject to the Committee's regular oversight.

#### STATEMENTS OF THE VIEWS OF THE ADMINISTRATION

STATEMENT OF JOHN M. MCWILLIAM, DEPUTY ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT AND TRAINING SERVICE, U.S. DEPARTMENT OF LABOR

Chairman Boozman, Ranking Member Herseth, and distinguished members of the subcommittee:

It is my honor to appear before this subcommittee today on behalf of Secretary Elaine Chao. My testimony today covers four areas: H.R. 419, the "Hire Veterans Act" (a bill to extend the authorization of the President's National Hire Veterans Committee (PNHVC)); and three draft bills: the "Homeless Veterans Reintegration Program Reauthor-

ization Act of 2005,” the “Servicemembers” Health Insurance Protection Act of 2005,” and the “Servicemembers Taxation Protection Act of 2005.”

\* \* \* \* \*

The Servicemembers’ Health Insurance Protection Act of 2005 extends USERRA’s continuation coverage protections to individuals subject to a delayed-effective-date active-duty order who elect TRICARE coverage before they commence military service. The draft bill also protects such persons against the risk of an exclusion or waiting period upon reinstatement in their employment-based health plan if the duty orders are cancelled. The proposal makes clear that the employment-based health plan may not impose an exclusion or waiting period on such employees when they seek reinstatement in the plan, either upon reemployment following military service or in the situation where their civilian employment is continued because the military orders were cancelled prior to mobilization.

However, the draft bill does not address the situation of service members who continue TRICARE coverage after reemployment, rather than promptly seeking reinstatement under their employment-based health plan. Section 4317(b)(1) of USERRA provides that an exclusion or waiting period may not be imposed in connection with the reinstatement of a service member in the employment-based health plan upon reemployment, but does not clearly cover the situation where the service member seeks reinstatement in the employment-based plan at a point in time after he or she is reemployed. We would like to offer to provide technical assistance to the committee to ensure that any amendment addresses both the front-end and back-end issues relating to extended TRICARE coverage under section 4317.

\* \* \* \* \*

TESTIMONY OF CRAIG W. DUEHRING, PRINCIPAL DEPUTY  
ASSISTANT SECRETARY OF DEFENSE RESERVE AFFAIRS

Mr. Chairman and members of the Subcommittee, thank you for giving me the opportunity to come before you this afternoon to discuss several proposed improvements to the Servicemembers Civil Relief Act (SCRA) and the Uniformed Services Employment and Reemployment Rights Act (USERRA).

\* \* \* \* \*

The Department of Defense supports enactment of the Servicemembers’ Health Insurance Protection Act of 2005 and the Servicemembers’ Taxation Protection Act of 2005, both of which would amend several provisions of the SCRA to reflect our experience with the SCRA during its first seventeen months. The proposed amendments in both draft bills address problems that have been encountered by servicemembers and brought to the attention of the Department through the legal assistance programs of the

Military Services. Legal assistance attorneys play a key role in ensuring that servicemembers are able to fully exercise the rights and protections afforded by the SCRA, and we have been attentive to their experiences during the first year under the new law.

\* \* \* \* \*

The Servicemembers' Health Insurance Protection Act of 2005 addresses problems we have noted in the SCRA and in USERRA, both relating to health insurance. Section 2 of that Act would amend section 704 of the SCRA (50 U.S.C. App. § 594) to prevent unfair rate increases in a returning servicemember's health insurance. The SCRA and USERRA both guarantee to a servicemember who is returning to civilian life the right to reinstate civilian health insurance policies he or she may have had before departing for military service. The SCRA is silent, however, as to the rate at which such reinstated coverage is available. Section 2 of the Servicemembers' Health Insurance Protection Act would require reinstated coverage to be made available at either the same rate as pre-service coverage, or at a rate no higher than general increases charged by the carrier for similar health insurance. This prevents the carrier from offering reinstated coverage at a rate so high as to discourage a returning servicemember from using the reinstated coverage. I would note that section 703 of the SCRA (50 U.S.C. App. § 593) provides exactly this type of protection for doctors, dentists, and other health care professionals, with respect to professional liability insurance. Section 2 of the draft bill would provide servicemember patients the same cost guarantees that their doctors now enjoy under the SCRA.

Section 3 of the Servicemembers' Health Insurance Protection Act of 2005 offers a technical correction to address two groups of servicemembers who fall into gaps in coverage provided by the Uniformed Services Employment and Reemployment Rights Act's (USERRA's) right to immediate reinstatement of health coverage. First, some reservists who are notified or alerted that they may be called to active duty choose to terminate their employer-sponsored health coverage early (before entering military service) and enroll in the military TRICARE plan immediately upon notification. Since such reservists technically have no employer-sponsored health coverage when they actually leave to perform military duty, they are not entitled to immediate reinstatement when they return from military service. Second, other reservists who are notified or alerted that they may be called to active duty are not ultimately brought onto active duty. Under existing law, such reservists who terminate employer-sponsored health coverage are not entitled to elect immediate reinstatement, since they actually do not go onto active duty. (The right of immediate reinstatement is predicated on serving on military duty for some length of time.) Section 3 of the bill corrects these gaps in coverage and makes clear that both of these groups of reservists are entitled to immediate reinstatement.



ment in employer-sponsored health plans under 38 U.S.C. § 4317. Immediate reinstatement under § 4317 is important because it prevents gaps in coverage and the potential exclusions for so-called “pre-existing” conditions that such gaps in coverage may create.

\* \* \* \* \*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The following letter was received from the Congressional Budget Office concerning the cost of the reported bill:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, May 16, 2005.*

Hon. STEVE BUYER,  
*Chairman, Committee on Veterans' Affairs,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2046, the Servicemembers' Health Insurance Protection Act of 2005.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Michelle S. Patterson.

Sincerely,

DOUGLAS HOLTZ-EAKIN, *Director.*

Enclosure.

*H.R. 2046—Servicemembers' Health Insurance Protection Act of 2005*

H.R. 2046 would limit premium increases on health insurance for reservists who return to their civilian jobs after serving on active duty and ensure that reservists whose activation is cancelled before they report for duty can reinstate their health care coverage. It also would allow disabled servicemembers to qualify for a housing grant provided by the Department of Veterans Affairs (VA) before being discharged from active duty. Finally, the bill would modify a requirement in the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act, 2005 (Public Law 109–113) regarding elections of servicemembers to reduce or decline insurance.

The VA currently administers two grant programs (with direct spending authority) to assist severely disabled veterans in acquiring housing that is adapted to their disabilities, or in modifying their existing housing. The maximum amounts of these two grants are \$50,000 and \$10,000, respectfully. Section 4 would allow members of the armed forces who become severely disabled to receive these grants while still on active duty. Because the eligibility requirements for these grants are very restrictive, CBO believes that very few servicemembers would qualify, and that these servicemembers would be separating from the military within 12 months of the time they become eligible for these grants. Thus, this section would simply shift their eligibility forward by six months, on average. On that basis, CBO estimates enacting this bill would increase direct spending for these grants by less than \$500,000

over the 2006–2015 period. (Enacting the bill would have no effect on revenues.)

H.R. 2046 contains both intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Current law imposes a mandate on public and private-sector entities that provide health insurance by requiring them to allow servicemembers and reservists on active duty to continue policies or reinstate those policies without delay when they return from service. Section 2 would prohibit those entities that provide insurance from raising premiums for servicemembers when they return from active-duty service and choose to reinstate or continue previously held policies.

Section 3 of this bill would expand current law to require that certain reservists whose notice for active duty is later canceled are also eligible to continue or reinstate health policies without delay. That expansion would increase the cost for both public and private-sector providers to comply with an existing mandate.

Based on information from the Department of Defense and industry representatives, CBO estimates that only a small number of servicemembers would benefit from those provisions. The total direct cost for providers to comply with those mandates, thus would be minimal and well below the annual thresholds established by UMRA (\$62 million in 2005 and \$123 million in 2005, respectively, adjusted annually for inflation).

This estimate was prepared by Michelle S. Patterson, and approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

#### STATEMENT OF FEDERAL MANDATES

The preceding Congressional Budget Office (CBO) cost estimate states that H.R. 2046 contains both intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). However, according to CBO, because of the small number of servicemembers who would benefit from the provisions, the costs for compliance would be well below the annual thresholds established by UMRA.

#### STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, the reported bill is authorized by Congress' power to "provide for the common Defense and general Welfare of the United States."

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### **SECTION 704 OF THE SERVICEMEMBERS CIVIL RELIEF ACT**

#### **SEC. 704. HEALTH INSURANCE REINSTATEMENT.**

(a) \* \* \*

(b) NO EXCLUSION OR WAITING PERIOD.—The reinstatement of health care insurance coverage for the health or physical condition of a servicemember described in subsection (a), or any other person who is covered by the insurance by reason of the coverage of the servicemember, shall not be subject to an exclusion or a waiting period, if—

(1) \* \* \*

\* \* \* \* \*

(3) [if the] *in a case in which the condition relates to the servicemember, the condition has not been determined by the Secretary of Veterans Affairs to be a disability incurred or aggravated in the line of duty (within the meaning of section 105 of title 38, United States Code).*

\* \* \* \* \*

(e) LIMITATION ON PREMIUM INCREASES.—

(1) PREMIUM PROTECTION.—*The amount of the premium for health insurance coverage that was terminated by a servicemember and required to be reinstated under subsection (a) may not be increased, for the balance of the period for which coverage would have been continued had the coverage not been terminated, to an amount greater than the amount chargeable for such coverage before the termination.*

(2) INCREASES OF GENERAL APPLICABILITY NOT PRECLUDED.—*Paragraph (1) does not prevent an increase in premium to the extent of any general increase in the premiums charged by the carrier of the health care insurance for the same health insurance coverage for persons similarly covered by such insurance during the period between the termination and the reinstatement.*

**TITLE 38, UNITED STATES CODE**

\* \* \* \* \*

**PART II—GENERAL BENEFITS**

\* \* \* \* \*

**CHAPTER 19—INSURANCE**

\* \* \* \* \*

**SUBCHAPTER III—SERVICEMEMBERS' GROUP LIFE INSURANCE**

\* \* \* \* \*

**§ 1967. Persons insured; amount**

(a) \* \* \*

\* \* \* \* \*

(f)(1)(A) *Whenever a member who is eligible for insurance under this subchapter executes a life insurance option specified in subparagraph (B), the Secretary concerned shall notify the member's spouse or, if the member is unmarried, the member's next of kin, in writing, of the execution of that option.*

(B) A life insurance option referred to in subparagraph (A) is any of the following:

(i) An election under subsection (a)(2)(A) not to be insured under this subchapter.

(ii) An election under subsection (a)(3)(B) for insurance of the member in an amount that is less than the maximum amount provided under subsection (a)(3)(A)(i).

(iii) An application under subsection (c) for insurance coverage under this subchapter or for a change in the amount of such insurance coverage.

(iv) In the case of a married member, a designation under section 1970(a) of this title of any person other than the spouse or a child of the member as the beneficiary of the member for any amount of insurance under this subchapter.

(2) Whenever an unmarried member who is eligible for insurance under this subchapter marries, the Secretary concerned shall notify the member's spouse in writing as to whether the member is insured under this subchapter. In the case of a member who is so insured, the Secretary shall include with such notification—

(A) if the member has made an election described in paragraph (1)(B)(ii), notice that the amount of such insurance is less than the maximum amount provided under subsection (a)(3)(A)(i); and

(B) if the member has designated a beneficiary other than the spouse or a child of the member for any amount of such insurance, notice that such a designation has been made.

(3)(A) Notification of a spouse under paragraph (1) or (2), or of any other person under paragraph (1), for purposes of this subsection shall consist of a good faith effort to provide information to the spouse or other person at the last address of the spouse or other person known to the Secretary concerned.

(B) Failure to provide such notification, or to provide such notification in a timely manner, does not affect the validity of any life insurance option referred to in paragraph (1)(B).

\* \* \* \* \*

**CHAPTER 21—SPECIALLY ADAPTED HOUSING FOR DISABLED VETERANS**

\* \* \* \* \*

**§ 2101. Veterans eligible for assistance**

(a) ACQUISITION OF HOUSING WITH SPECIAL FEATURES.—(1)

\* \* \*

\* \* \* \* \*

(3) The regulations prescribed under [subsection (c)] subsection (d) shall require that assistance under paragraph (1) may be provided to a veteran only if the Secretary finds that—

(A) \* \* \*

\* \* \* \* \*

(c)(1) The Secretary may provide assistance under subsection (a) to a member of the Armed Forces serving on active duty who is suffering from a disability described in subparagraph (A), (B), (C), or (D) of paragraph (2) of that subsection if such disability is the result

*of an injury incurred or disease contracted in or aggravated in line of duty in the active military, naval, or air service. Such assistance shall be provided to the same extent as assistance is provided under that subsection to veterans eligible for assistance under that subsection and subject to the requirements of paragraph (3) of that subsection.*

*(2) The Secretary may provide assistance under subsection (b) to a member of the Armed Forces serving on active duty who is suffering from a disability described in subparagraph (A) or (B) of paragraph (2) of that subsection if such disability is the result of an injury incurred or disease contracted in or aggravated in line of duty in the active military, naval, or air service. Such assistance shall be provided to the same extent as assistance is provided under that subsection to veterans eligible for assistance under that subsection and subject to the requirements of paragraph (3) of that subsection.*

**[(c)]** *(d) REGULATIONS.—Assistance under this section shall be provided in accordance with such regulations as the Secretary may prescribe.*

\* \* \* \* \*

**PART III—READJUSTMENT AND RELATED BENEFITS**

\* \* \* \* \*

**CHAPTER 43—EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES**

\* \* \* \* \*

**SUBCHAPTER II—EMPLOYMENT AND REEMPLOYMENT RIGHTS AND LIMITATIONS; PROHIBITIONS**

\* \* \* \* \*

**§ 4317. Health plans**

(a)(1) In any case in which a person (or the person’s dependents) has coverage under a health plan in connection with the person’s position of employment, including a group health plan (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974), and such person is absent from such position of employment by reason of service in the uniformed services, *or such person becomes eligible for medical and dental care under chapter 55 of title 10 by reason of subsection (d) of section 1074 of that title*, the plan shall provide that the person may elect to continue such coverage as provided in this subsection. The maximum period of coverage of a person and the person’s dependents under such an election shall be the lesser of—

(A) \* \* \*

\* \* \* \* \*

(b)(1) Except as provided in paragraph (2), in the case of a person whose coverage under a health plan was terminated by reason of service in the uniformed services, *or by reason of the person’s having become eligible for medical and dental care under chapter 55 of title 10 by reason of subsection (d) of section 1074 of that title*, an exclusion or waiting period may not be imposed in connection

with the reinstatement of such coverage upon reemployment under this chapter if an exclusion or waiting period would not have been imposed under a health plan had coverage of such person by such plan not been terminated as a result of such service or eligibility. This paragraph applies to the person who is reemployed and to any individual who is covered by such plan by reason of the reinstatement of the coverage of such person.

\* \* \* \* \*

*(3) In the case of a person whose coverage under a health plan is terminated by reason of the person having become eligible for medical and dental care under chapter 55 of title 10 by reason of subsection (d) of section 1074 of that title but who subsequently does not commence a period of active duty under the order to active duty that established such eligibility because the order is canceled before such active duty commences, the provisions of paragraph (1) relating to any exclusion or waiting period in connection with the reinstatement of coverage under a health plan shall apply to such person's continued employment, upon the termination of such eligibility for medical and dental care under chapter 55 of title 10 that is incident to the cancellation of such order, in the same manner as if the person had become reemployed upon such termination of eligibility.*

\* \* \* \* \*

**EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT  
FOR DEFENSE, THE GLOBAL WAR ON TERROR, AND  
TSUNAMI RELIEF, 2005**

(Division A of Public Law 109-13)

\* \* \* \* \*

**DIVISION A—EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT FOR DEFENSE, THE GLOBAL WAR ON TERROR, AND TSUNAMI RELIEF, 2005**

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2005, and for other purposes, namely:

**TITLE I—DEFENSE-RELATED APPROPRIATIONS**

\* \* \* \* \*

**GENERAL PROVISIONS, THIS TITLE**

**SERVICEMEMBERS' GROUP LIFE INSURANCE**

**SEC. 1012. (a) \* \* \***

\* \* \* \* \*

**[(f) REQUIREMENTS REGARDING ELECTIONS OF MEMBERS TO REDUCE OR DECLINE INSURANCE.—Section 1967(a) of such title is further amended—**

[(1) in paragraph (2), by adding at the end the following new subparagraph:

["(C) Pursuant to regulations prescribed by the Secretary of Defense, notice of an election of a member with a spouse not to be insured under this subchapter, or to be insured under this subchapter in an amount less than the maximum amount provided under paragraph (3)(A)(i)(I), shall be provided to the spouse of the member."; and

[(2) in paragraph (3)—

[(A) in the matter preceding clause (i), by striking "and (C)" and inserting ", (C), and (D)"; and

[(B) by adding at the end the following new subparagraphs:

["(D) A member with a spouse may not elect not to be insured under this subchapter, or to be insured under this subchapter in an amount less than the maximum amount provided under subparagraph (A)(i)(I), without the written consent of the spouse.

["(E) Whenever a member who is not married elects not to be insured under this subchapter, or to be insured under this subchapter in an amount less than the maximum amount provided for under subparagraph (A)(i)(I), the Secretary concerned shall provide a notice of such election to any person designated by the member as a beneficiary or designated as the member's next-of-kin for the purpose of emergency notification, as determined under regulations prescribed by the Secretary of Defense."

[(g) REQUIREMENT REGARDING REDESIGNATION OF BENEFICIARIES.—Section 1970 of such title is amended by adding at the end the following new subsection:

["(j) A member with a spouse may not modify the beneficiary or beneficiaries designated by the member under subsection (a) without providing written notice of such modification to the spouse.".]

\* \* \* \* \*

