

105TH CONGRESS  
1ST SESSION

# H. R. 1807

To impose a limitation on lifetime aggregate limits imposed by health plans.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 1997

Ms. ESHOO (for herself, Mr. McDERMOTT, Mr. SCHUMER, Mr. MILLER of California, Mr. TIERNEY, and Mr. WEYGAND) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To impose a limitation on lifetime aggregate limits imposed  
by health plans.

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. AMENDMENTS TO THE EMPLOYEE RETIRE-**  
4       **MENT INCOME SECURITY ACT OF 1974.**

5       (a) IN GENERAL.—Subpart B of part 7 of subtitle  
6       B of title I of the Employee Retirement Income Security  
7       Act of 1974 (as added by section 603(a) of the Newborns'  
8       and Mothers' Health Protection Act of 1996 and amended

1 by section 702(a) of the Mental Health Parity Act of  
2 1996) is amended by adding at the end the following new  
3 section:

4 **“SEC. 713. LIMITATION ON LIFETIME AGGREGATE LIMITS.**

5 “(a) IN GENERAL.—A group health plan and a health  
6 insurance issuer providing health insurance coverage in  
7 connection with a group health plan, may not impose an  
8 aggregate dollar lifetime limit of less than—

9 “(1) with respect to the first 3 plan years after  
10 the effective date of this section, \$5,000,000; and

11 “(2) with respect to subsequent plan years,  
12 \$10,000,000;

13 with respect to benefits payable under the plan or cov-  
14 erage.

15 “(b) SMALL EMPLOYERS.—

16 “(1) IN GENERAL.—Subsection (a) shall not  
17 apply to any group health plan (and group health in-  
18 surance coverage offered in connection with a group  
19 health plan) offered to or maintained for employees  
20 of a small employer.

21 “(2) SMALL EMPLOYER.—For purposes of  
22 paragraph (1), the term ‘small employer’ means an  
23 employer who normally employed fewer than 20 em-  
24 ployees on a typical business day during the preced-

1       ing calendar year and who employs fewer than 20  
2       employees on the first day of the plan year.

3               “(3) APPLICATION OF CERTAIN RULES IN DE-  
4       TERMINATION OF EMPLOYER SIZE.—For purposes of  
5       this subsection—

6               “(A) APPLICATION OF AGGREGATION RULE  
7       FOR EMPLOYERS.—Rules similar to the rules  
8       under subsections (b), (c), (m), and (o) of sec-  
9       tion 414 of the Internal Revenue Code of 1986  
10       shall apply for purposes of treating persons as  
11       a single employer.

12              “(B) EMPLOYERS NOT IN EXISTENCE IN  
13       PRECEDING YEAR.—In the case of an employer  
14       which was not in existence throughout the pre-  
15       ceding calendar year, the determination of  
16       whether such employer is a small employer shall  
17       be based on the number of employees that it is  
18       reasonably expected such employer will normally  
19       employ on a typical business day in the current  
20       calendar year.

21              “(C) PREDECESSORS.—Any reference in  
22       this subsection to an employer shall include a  
23       reference to any predecessor of such employer.

24              “(c) DEFINITION.—In this section, the term ‘aggre-  
25       gate dollar lifetime limit’ means, with respect to benefits

1 under a group health plan or health insurance coverage,  
 2 a dollar limitation on the total amount that may be paid  
 3 with respect to such benefits under the plan or health in-  
 4 surance coverage with respect to an individual or other  
 5 coverage unit.”.

6 (b) CLERICAL AMENDMENT.—The table of contents  
 7 in section 1 of such Act, as amended by section 603 of  
 8 the Newborns’ and Mothers’ Health Protection Act of  
 9 1996 and section 702 of the Mental Health Parity Act  
 10 of 1996, is amended by inserting after the item relating  
 11 to section 712 the following new item:

“Sec. 713. Limitation on lifetime aggregate limits.”.

12 (c) EFFECTIVE DATE.—The amendments made by  
 13 this section shall apply with respect to plan years begin-  
 14 ning on or after the date that is 2 years after the date  
 15 of enactment of this Act.

16 **SEC. 2. AMENDMENTS TO THE PUBLIC HEALTH SERVICE**  
 17 **ACT RELATING TO THE GROUP MARKET.**

18 (a) IN GENERAL.—Subpart 2 of part A of title  
 19 XXVII of the Public Health Service Act (as added by sec-  
 20 tion 604(a) of the Newborns’ and Mothers’ Health Protec-  
 21 tion Act of 1996 and amended by section 703(a) of the  
 22 Mental Health Parity Act of 1996) is amended by adding  
 23 at the end the following new section:

1 **“SEC. 2706. LIMITATION ON LIFETIME AGGREGATE LIMITS.**

2 “(a) IN GENERAL.—A group health plan and a health  
3 insurance issuer providing health insurance coverage in  
4 connection with a group health plan, may not impose an  
5 aggregate dollar lifetime limit of less than—

6 “(1) with respect to the first 3 plan years after  
7 the effective date of this section, \$5,000,000; and

8 “(2) with respect to subsequent plan years,  
9 \$10,000,000;

10 with respect to benefits payable under the plan or cov-  
11 erage.

12 “(b) SMALL EMPLOYERS.—

13 “(1) IN GENERAL.—Subsection (a) shall not  
14 apply to any group health plan (and group health in-  
15 surance coverage offered in connection with a group  
16 health plan) offered to or maintained for employees  
17 of a small employer.

18 “(2) SMALL EMPLOYER.—For purposes of  
19 paragraph (1), the term ‘small employer’ means an  
20 employer who normally employed fewer than 20 em-  
21 ployees on a typical business day during the preced-  
22 ing calendar year and who employs fewer than 20  
23 employees on the first day of the plan year.

24 “(3) APPLICATION OF CERTAIN RULES IN DE-  
25 TERMINATION OF EMPLOYER SIZE.—For purposes of  
26 this subsection—

1           “(A) APPLICATION OF AGGREGATION RULE  
2           FOR EMPLOYERS.—Rules similar to the rules  
3           under subsections (b), (c), (m), and (o) of sec-  
4           tion 414 of the Internal Revenue Code of 1986  
5           shall apply for purposes of treating persons as  
6           a single employer.

7           “(B) EMPLOYERS NOT IN EXISTENCE IN  
8           PRECEDING YEAR.—In the case of an employer  
9           which was not in existence throughout the pre-  
10          ceding calendar year, the determination of  
11          whether such employer is a small employer shall  
12          be based on the number of employees that it is  
13          reasonably expected such employer will normally  
14          employ on a typical business day in the current  
15          calendar year.

16          “(C) PREDECESSORS.—Any reference in  
17          this subsection to an employer shall include a  
18          reference to any predecessor of such employer.

19          “(c) DEFINITION.—In this section, the term ‘aggre-  
20          gate dollar lifetime limit’ means, with respect to benefits  
21          under a group health plan or health insurance coverage,  
22          a dollar limitation on the total amount that may be paid  
23          with respect to such benefits under the plan or health in-  
24          surance coverage with respect to an individual or other  
25          coverage unit.”.

1       (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply with respect to plan years begin-  
3 ning on or after the date that is 2 years after the date  
4 of enactment of this Act.

