

105TH CONGRESS  
1ST SESSION

# H. R. 560

To amend the Social Security Act to provide for a program of health insurance for children under 18 years of age and for mothers-to-be.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 1997

Mr. STARK introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, 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 amend the Social Security Act to provide for a program of health insurance for children under 18 years of age and for mothers-to-be.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Healthy Start Act of  
5       1997”.

1 **SEC. 2. HEALTH INSURANCE FOR CHILDREN AND MOTH-**  
 2 **ERS-TO-BE.**

3 (a) IN GENERAL.—The Social Security Act is amend-  
 4 ed by adding at the end the following new title:

5 “TITLE XXI—HEALTHY START  
 6 “**SEC. 2100. ESTABLISHMENT OF PROGRAM OF HEALTH IN-**  
 7 **SURANCE FOR CHILDREN AND MOTHERS-TO-**  
 8 **BE.**

9 “There is hereby established a program of health in-  
 10 surance for children under 18 years of age and mothers-  
 11 to-be.

12 “PART A—ELIGIBILITY

13 “**SEC. 2101. GENERAL ELIGIBILITY.**

14 “(a) CHILDREN.—

15 “(1) IN GENERAL.—Every individual—

16 “(A) who is a child (as defined in para-  
 17 graph (2)),

18 “(B) whose principal place of abode is in  
 19 the United States,

20 “(C) who is a citizen or national of the  
 21 United States or a permanent resident alien (as  
 22 defined in subsection (d)), and

23 “(D) who is not covered under a qualified  
 24 health plan (as defined in subsection (e)),

25 is, upon registration under section 2102, entitled to  
 26 benefits under this title as a child.

1           “(2) CHILD DEFINED.—In this title, the term  
2           ‘child’ means an individual from birth until the end  
3           of the month in which the individual attains 18  
4           years of age.

5           “(b) MOTHERS.—

6           “(1) IN GENERAL.—Every woman—

7                   “(A) who is a pregnant woman (as defined  
8                   in paragraph (2)),

9                   “(B) whose principal place of abode is in  
10                  the United States,

11                  “(C) who is a citizen or national of the  
12                  United States or a permanent resident alien (as  
13                  defined in subsection (d)), and

14                  “(D) who is not covered under a qualified  
15                  health plan (as defined in subsection (e)),  
16           is entitled to benefits under this title as a pregnant  
17           woman.

18           “(2) PREGNANT WOMAN DEFINED.—In this  
19           title, the term ‘pregnant woman’ means a woman  
20           during the period—

21                   “(A) beginning on the date she receives the  
22                   examination or test which forms the basis for  
23                   the certification of pregnancy under section  
24                   2102(b)(1), and

1                   “(B) ending on the last day of the month  
2                   in which the 60-day period (beginning on the  
3                   date of termination of the pregnancy) ends.

4           “(c) PREGNANT CHILDREN.—In the case of an indi-  
5           vidual who is entitled under this section to benefits under  
6           this title as a child and as a pregnant woman, the individ-  
7           ual is entitled to benefits as both.

8           “(d) PERMANENT RESIDENT ALIEN DEFINED.—In  
9           this section, the term ‘permanent resident alien’ means an  
10          alien lawfully admitted for permanent residence or other-  
11          wise permanently residing in the United States under  
12          color of law, and includes an alien granted asylum under  
13          section 208 of the Immigration and Nationality Act or  
14          lawfully admitted as a temporary resident under section  
15          210, 210A, or 245A of such Act.)

16          “(e) QUALIFIED HEALTH PLAN.—In this section, the  
17          term ‘qualified health plan’ means a plan of health insur-  
18          ance or coverage, an employee welfare benefit plan that  
19          provides health benefits, or other plan (other than under  
20          this title) under Federal or State law that provides cov-  
21          erage of benefits which the Secretary of Health and  
22          Human Services determines is substantially equivalent to  
23          the coverage of benefits provided under this title.

1 **“SEC. 2102. REGISTRATION; CERTIFICATION OF PREG-**  
2 **NANCY.**

3 “(a) REGISTRATION OF CHILDREN.—

4 “(1) IN GENERAL.—The Secretary shall estab-  
5 lish a process for the registration of children at the  
6 time of birth in the United States or at the time of  
7 immigration into the United States or other acquisi-  
8 tion of lawful permanent resident status in the Unit-  
9 ed States.

10 “(2) TRANSITIONAL REGISTRATION.—The Sec-  
11 retary also shall establish a process for the registra-  
12 tion of children born before the effective date of ben-  
13 efits under this title.

14 “(3) EFFECT OF FAILURE TO REGISTER.—The  
15 failure of a child to be registered under this sub-  
16 section shall not be considered to deny the child’s  
17 entitlement to benefits under this title, but merely to  
18 delay payment with respect to such benefits under  
19 this title.

20 “(b) CERTIFICATION OF PREGNANCY AND REGISTRA-  
21 TION OF PREGNANT WOMEN.—

22 “(1) CERTIFICATION OF PREGNANCY.—A cer-  
23 tification of pregnancy for purposes of this title—

1           “(A) may be made by a physician (or such  
2           other qualified health professionals as the Sec-  
3           retary may designate) on the basis of such tests  
4           or procedures as the Secretary may specify,

5           “(B) shall be stated on such form as the  
6           Secretary shall specify, and

7           “(C) shall be filed with the Secretary in a  
8           manner specified by the Secretary.

9           “(2) REGISTRATION.—The Secretary shall es-  
10          tablish a process for the registration of pregnant  
11          women in connection with the filing of a certification  
12          of pregnancy under paragraph (1)(C).

13   **“SEC. 2103. COVERAGE PERIOD.**

14          “(a) IN GENERAL.—No payments may be made  
15          under this part with respect to the expenses of an individ-  
16          ual unless such expenses were incurred by such individual  
17          during a period which, with respect to the individual, is  
18          a coverage period under this section.

19          “(b) CHILDREN.—With respect to an individual enti-  
20          tled to benefits under this title as a child, the coverage  
21          period shall begin on the first date (on or after the effec-  
22          tive date of benefits under this title) on which the individ-  
23          ual meets the requirements for such entitlement under  
24          section 2101(a) and shall end on the day before the first

1 month in which the individual no longer meets such re-  
2 quirements.

3 “(c) PREGNANT WOMEN.—With respect to an indi-  
4 vidual entitled to benefits under this title as a pregnant  
5 woman, the coverage period shall begin on the first date  
6 (on or after the effective date of benefits under this title)  
7 on which the individual meets the requirements for such  
8 entitlement under section 2101(b) and shall end on the  
9 day before the first month in which the individual no  
10 longer meets such requirements.

11 “PART B—BENEFITS

12 “**SEC. 2111. SCOPE OF BENEFITS FOR CHILDREN.**

13 “(a) IN GENERAL.—Except as provided in the suc-  
14 ceeding provisions of this section, the benefits provided to  
15 an individual by the program established by this part shall  
16 consist of the same benefits that are available under title  
17 XVIII to individuals entitled to benefits under part A of  
18 that title and enrolled under part B of that title plus a  
19 benefit for prescription drugs and biologicals necessary to  
20 meet catastrophic costs for such drugs and biologicals, as  
21 determined by the Secretary.

22 “(b) WELL CHILD SERVICES.—

23 “(1) IN GENERAL.—In addition to the benefits  
24 described in subsection (a), in the case of an individ-  
25 ual entitled to benefits under this title as a child, the

1       benefits under this title shall include entitlement to  
2       have payment made (in the same manner as for phy-  
3       sicians' services under part B of title XVIII) for the  
4       following, without the application of deductibles, co-  
5       insurance, or copayments, subject to the periodicity  
6       schedule established with respect to the services  
7       under paragraph (2):

8               “(A) Newborn and well-baby care, includ-  
9               ing normal newborn care and pediatrician serv-  
10              ices for high-risk deliveries.

11             “(B) Well-child care, including routine of-  
12             fice visits, routine immunizations (including the  
13             vaccine itself), routine laboratory tests, and pre-  
14             ventive dental care.

15             “(C) Early and periodic screening, diag-  
16             nostic, and treatment services (as defined in  
17             section 1905(r) of the Social Security Act).

18             “(2) PERIODICITY SCHEDULE.—The Secretary,  
19             in consultation with the American Academy of Pedi-  
20             atrics, shall establish a schedule of periodicity which  
21             reflects the general, appropriate frequency with  
22             which services listed in paragraph (1) should be pro-  
23             vided to healthy children.



1 **“SEC. 2112. SCOPE OF BENEFITS FOR PREGNANT WOMEN.**

2 “(a) IN GENERAL.—In the case of an individual enti-  
 3 tled to benefits under this title as a pregnant woman, the  
 4 benefits under this title shall consist of entitlement to have  
 5 payment made for the following, without the application  
 6 of deductibles, coinsurance, or copayments, subject to the  
 7 periodicity schedule established with respect to the serv-  
 8 ices under subsection (b):

9 “(1) Prenatal care, including care for all com-  
 10 plications of pregnancy.

11 “(2) Inpatient labor and delivery services.

12 “(3) Postnatal care.

13 “(4) Postnatal family planning services.

14 “(b) PERIODICITY SCHEDULE.—The Secretary, in  
 15 consultation with the American College of Obstetrics and  
 16 Gynecology, shall establish a schedule of periodicity which  
 17 reflects the general, appropriate frequency with which  
 18 services listed in subsection (a) should be provided to preg-  
 19 nant women without complications of pregnancy.

20 **“SEC. 2113. EXCLUSIONS.**

21 “(a) IN GENERAL.—Except as provided in sub-  
 22 sections (b) and (c), section 1862 shall apply to expenses  
 23 incurred for items and services provided under this title  
 24 the same manner as such section applies to items and  
 25 services provided under title XVIII.

26 “(b) BENEFITS EXCEPTION.—

1           “(1) CHILDREN’S SERVICES.—In applying sec-  
 2           tion 1862(a) with respect to services described in  
 3           section 2111(b)(1) (relating to well-child services),  
 4           payment shall not be denied under paragraph (1),  
 5           (7), or (12) of such section 1862(a) if the services  
 6           are provided in accordance with the periodicity  
 7           schedule described in section 2111(b)(2).

8           “(2) SERVICES FOR PREGNANT WOMEN.—In  
 9           applying section 1862(a) with respect to services de-  
 10          scribed in section 2112(a) (other than paragraph (2)  
 11          thereof), payment shall not be denied under para-  
 12          graph (1) or (7) of such section 1862(a) if the serv-  
 13          ices are provided in accordance with the periodicity  
 14          schedule described in section 2112(b).

15          “(c) COORDINATION OF PAYMENTS.—Payment shall  
 16          not be made under this title with respect to benefits to  
 17          the extent that payment for such benefits may be made  
 18          under title XVIII.

19          “PART C—PAYMENT FOR BENEFITS AND FINANCING  
 20          “**SEC. 2121. PAYMENTS FOR BENEFITS.**

21          “(a) IN GENERAL.—Except as otherwise provided in  
 22          this section—

23                 “(1) payment of benefits under this title with  
 24                 respect to benefits shall be made in the same  
 25                 amounts and on the same basis as payment may be

1 made with respect to such benefits under title  
2 XVIII, and

3 “(2) the provisions of sections 1814, 1833,  
4 1842, 1848, and 1886 shall apply to payment of  
5 benefits under this title in the same manner as they  
6 apply to benefits under title XVIII.

7 “(b) NO COST-SHARING FOR CERTAIN SERVICES.—  
8 No deductibles, coinsurance, copayments, or other cost-  
9 sharing shall be imposed with respect to—

10 “(1) well-child care services described in section  
11 2111(b)(1), and

12 “(2) items and services for which an individual  
13 is entitled under this title as a pregnant woman.

14 “(c) ADJUSTMENT OF PAYMENTS.—

15 “(1) ESTABLISHMENT OF NEW DRGS AND  
16 WEIGHTS.—In making payment under this title with  
17 respect to inpatient hospital services, the Secretary  
18 shall make such adjustments in the diagnosis-related  
19 groups and weighting factors with respect to dis-  
20 charges within such groups, otherwise established  
21 under section 1886(d)(4) as may be necessary—

22 “(A) to reflect the types of discharges oc-  
23 ccurring under this title which are not occurring  
24 under title XVIII, and

1           “(B) to provide for a weighting factor, for  
2 cesarean section deliveries, which is 95 percent  
3 of the weighting factor that otherwise would be  
4 established.

5           “(2) PAYMENT FOR OBSTETRICAL SERVICES.—

6           “(A) GLOBAL FEE.—In making payment  
7 under this title with respect to the group of ob-  
8 stetrical services typical of treatment through-  
9 out a course of pregnancy, the Secretary shall  
10 establish, as a schedule under section 1848, a  
11 global fee with respect to such group of serv-  
12 ices.

13           “(B) BONUS FOR EARLY PRESEN-  
14 TATION.—The fee schedule amount with respect  
15 to obstetrical services under this title shall be  
16 increased by 5 percent in the case of services  
17 furnished to women who have presented for pre-  
18 natal care during the first trimester.

19           “(C) DISINCENTIVE FOR CESAREAN SEC-  
20 TIONS.—The fee schedule amount otherwise es-  
21 tablished with respect to a cesarean section  
22 shall be 95 percent of the fee schedule amount  
23 otherwise established.

24           “(c) CONDITIONS OF AND LIMITATIONS ON PAY-  
25 MENTS.—The provisions of sections 1814 and 1835 shall

1 apply to payment for services under this title in the same  
2 manner as they apply to payment for services under  
3 parts A and B, respectively, of title XVIII.

4 “(d) USE OF TRUST FUND.—In carrying out this  
5 section, any reference in title XVIII to a trust fund shall  
6 be treated as a reference to the Children Health Insurance  
7 Trust Fund established under section 2122.

8 **“SEC. 2122. CHILDREN HEALTH INSURANCE TRUST FUND.**

9 “(a) ESTABLISHMENT.—(1) There is hereby created  
10 on the books of the Treasury of the United States a trust  
11 fund to be known as the ‘Children Health Insurance Trust  
12 Fund’ (in this section referred to as the ‘Trust Fund’).  
13 The Trust Fund shall consist of such gifts and bequests  
14 as may be made as provided in section 201(i)(1) and  
15 amounts appropriated under paragraph (2).

16 “(2) There are hereby appropriated to the Trust  
17 Fund amounts equivalent to 100 percent of the premium  
18 taxes imposed by section 59B of the Internal Revenue  
19 Code of 1986, and such additional amounts as the Con-  
20 gress provides. The amounts appropriated by the preced-  
21 ing sentence in relation to premium taxes shall be trans-  
22 ferred from time to time from the general fund in the  
23 Treasury to the Trust Fund, such amounts to be deter-  
24 mined on the basis of estimates by the Secretary of the

1 Treasury of the taxes, paid to or deposited into the Treas-  
2 ury; and proper adjustments shall be made in amounts  
3 subsequently transferred to the extent prior estimates  
4 were in excess of or were less than the taxes specified in  
5 such sentence.

6 “(b) INCORPORATION OF PROVISIONS.—

7 “(1) IN GENERAL.—Subject to paragraph (2),  
8 the provisions of subsections (b) through (e) and (g)  
9 through (j) of section 1817 shall apply to the Trust  
10 Fund in the same manner as they apply to the Fed-  
11 eral Hospital Insurance Trust Fund.

12 “(2) EXCEPTIONS.—In applying paragraph  
13 (1)—

14 “(A) the Board of Trustees and Managing  
15 Trustee of the Trust Fund shall be composed of  
16 the members of the Board of Trustees and the  
17 Managing Trustee, respectively, of the Federal  
18 Hospital Insurance Trust Fund; and

19 “(B) any reference in section 1817 to the  
20 Federal Hospital Insurance Trust Fund or to  
21 title XVIII (or part A thereof) is deemed a ref-  
22 erence to the Trust Fund under this section  
23 and this title, respectively.

1 **“SEC. 2123. APPLICABLE TITLE XXI PREMIUM.**

2 “For purposes of section 59B of the Internal Revenue  
3 Code of 1986, the Secretary shall, during September of  
4 each year (beginning with 1998), determine a title XXI  
5 applicable premium for months in the succeeding calendar  
6 year. Such premium for months in a year shall be such  
7 amount as the Secretary estimates so that—

8 “(1) 12 times the product of such amount and  
9 the average number of families with individuals enti-  
10 tled to benefits under section 2101 in any month in  
11 the year, is equal to

12 “(2) the total of the benefits and administrative  
13 costs which the Secretary estimates will be payable  
14 from the Children Health Insurance Trust Fund for  
15 services performed and related administrative costs  
16 incurred in such year.

17 In calculating the amount under paragraph (2), the Sec-  
18 retary shall include an appropriate amount for a contin-  
19 gency margin.

20 **“PART D—GENERAL PROVISIONS**

21 **“SEC. 2131. INCORPORATION OF CERTAIN MEDICARE PRO-**  
22 **VISIONS.**

23 “(a) **USE OF CARRIERS AND INTERMEDIARIES.**—The  
24 Secretary shall provide for the administration of this title  
25 through the use of fiscal intermediaries and carriers in

1 the same manner as title XVIII is carried out through  
 2 the use of such fiscal intermediaries and carriers.

3 “(b) DEFINITIONS.—Except as otherwise provided in  
 4 this title, the definitions contained in section 1861 shall  
 5 apply for purposes of this title in the same manner as they  
 6 apply for purposes of title XVIII.

7 “(c) CERTIFICATION, PROVIDER QUALIFICATION,  
 8 ETC.—The provisions of sections 1863 through 1875, sec-  
 9 tions 1878 through 1880, section 1883, section 1885, and  
 10 sections 1887 through 1892 shall apply to this title in the  
 11 same manner as they apply to title XVIII.

12 “(d) HEALTH MAINTENANCE ORGANIZATIONS AND  
 13 COMPETITIVE MEDICAL PLANS.—

14 “(1) IN GENERAL.—Except as provided in this  
 15 subsection, section 1876 shall apply to individuals  
 16 entitled to benefits under this title in the same man-  
 17 ner as such section applies to individuals entitled to  
 18 benefits under part A, and enrolled under part B, of  
 19 title XVIII.

20 “(2) LIMITATION TO REASONABLE COST REIM-  
 21 BURSEMENT CONTRACTS FOR PREGNANT WOMEN.—

22 “(A) IN GENERAL.—The provisions of sec-  
 23 tion 1876 relating only to risk-sharing contracts  
 24 (and not to reasonable cost reimbursement con-  
 25 tracts) shall not apply to individuals entitled to



1           benefits under this title only as pregnant  
2           women.

3           “(B) REPORT.—Not later than January 1,  
4           1997, the Secretary shall submit to the Con-  
5           gress a report concerning recommendations on  
6           how the provisions of section 1876 relating to  
7           risk-sharing contracts may be adapted to apply  
8           to benefits provided under this title to pregnant  
9           women.

10          “(3) APPLICATION.—In applying section 1876  
11          under this section—

12               “(A) the provisions of such section relating  
13               only to individuals enrolled under part B of title  
14               XVIII shall not apply;

15               “(B) any reference to a Trust Fund estab-  
16               lished under title XVIII and to benefits under  
17               such title is deemed a reference to the Children  
18               Health Insurance Trust Fund and to benefits  
19               under this title;

20               “(C) the adjusted average per capita cost  
21               and the adjusted community rate shall be deter-  
22               mined on the basis of benefits under this title;  
23               and

24               “(D) subsection (f) shall not apply.

1   **“SEC. 2132. INCORPORATION OF PEER REVIEW PROVISIONS**  
2                   **AND FRAUD AND ABUSE PROVISIONS.**

3           “The provisions of sections 1121 through 1126, sec-  
4   tions 1128 through 1128B, section 1134, section 1138,  
5   and part B of title XI shall apply to this title in the same  
6   manner as they apply to title XVIII.”.

7           (b) CONFORMING AMENDMENTS.—

8                   (1) Section 201(g)(1)(A) of the Social Security  
9   Act (42 U.S.C. 401(g)(1)(A)) is amended by striking  
10   “and the Federal Supplementary Medical Insurance  
11   Trust Fund” and inserting “, Federal Supple-  
12   mentary Medical Insurance Trust Fund, and the  
13   Children Health Insurance Trust Fund”.

14                  (2) Section 201(i)(1) of such Act (42 U.S.C.  
15   401(i)(1)) is amended by striking “and the Federal  
16   Supplementary Medical Insurance Trust Fund” and  
17   inserting “, Federal Supplementary Medical Insur-  
18   ance Trust Fund, and the Children Health Insur-  
19   ance Trust Fund”.

20           (c) EFFECTIVE DATE.—The amendments made by  
21   this section shall take effect on the date of the enactment  
22   of this Act, except that no benefits shall be available under  
23   title XXI of the Social Security Act for items or services  
24   furnished before January 1, 1999.

1 **SEC. 3. PREMIUM FOR COVERAGE OF UNINSURED CHIL-**  
 2 **DREN AND MOTHERS-TO-BE.**

3 (a) GENERAL RULE.—Subchapter A of chapter 1 of  
 4 the Internal Revenue Code of 1986 (relating to determina-  
 5 tion of tax liability) is amended by adding at the end the  
 6 following new part:

7 **“PART VIII—PREMIUM FOR COVERAGE OF**  
 8 **UNINSURED CHILDREN AND MOTHERS-TO-BE**

“Sec. 59B. Premium for coverage of uninsured children and  
 mothers-to-be.

9 **“SEC. 59B. PREMIUM FOR COVERAGE OF UNINSURED CHIL-**  
 10 **DREN AND MOTHERS-TO-BE.**

11 “(a) IMPOSITION OF TAX.—In the case of an individ-  
 12 ual, there is hereby imposed (in addition to any other tax  
 13 imposed by this subtitle) a tax for the taxable year in the  
 14 amount equal to the title XXI premium liability (if any)  
 15 of such individual for such taxable year.

16 “(b) EXEMPTION FOR LOW-INCOME INDIVIDUALS.—

17 “(1) IN GENERAL.—No tax shall be imposed by  
 18 subsection (a) on any taxpayer whose modified ad-  
 19 justed gross income for the taxable year does not ex-  
 20 ceed the threshold amount.

21 “(2) PHASE-IN OF TAX.—

22 “(A) IN GENERAL.—If the modified ad-  
 23 justed gross income of the taxpayer for the tax-  
 24 able year exceeds the threshold amount by less

than \$10,000, the amount of the tax imposed by subsection (a) for such taxable year shall be the phase-in percentage of the title XXI premium liability of such taxpayer for such taxable year.

“(B) PHASE-IN PERCENTAGE.—For purposes of subparagraph (A), the phase-in percentage shall be determined under tables prescribed by the Secretary which—

“(i) shall have income brackets of not more than \$50, and

“(ii) provide for a ratable increase in the amount of tax imposed by subsection (a) for modified adjusted gross incomes between the threshold amount and the sum of the threshold amount and \$10,000.

“(c) TITLE XXI PREMIUM LIABILITY.—For purposes of this section—

“(1) IN GENERAL.—The title XXI premium liability of any individual for any taxable year is the sum of—

“(A) the applicable title XXI premiums for each month of the taxable year as of the first day of which any dependent of the individual is

1 a title XXI covered individual who has not at-  
2 tained age 13, and

3 “(B) the applicable title XXI premium for  
4 the month of the taxable year during which the  
5 taxpayer (or spouse of the taxpayer) gives birth  
6 to any child if for such month the individual  
7 giving birth is a title XXI covered individual.

8 “(2) APPLICABLE TITLE XXI PREMIUM.—The  
9 term ‘applicable title XXI premium’ means, with re-  
10 spect to a month, such premium as determined  
11 under section 2123 of the Social Security Act for  
12 that month.

13 “(d) TITLE XXI COVERED INDIVIDUAL.—For pur-  
14 poses of this section—

15 “(1) IN GENERAL.—A dependent shall be treat-  
16 ed as a title XXI covered individual for any month  
17 unless—

18 “(A) for such month, such dependent is  
19 covered under a qualified health plan, and

20 “(B) the taxpayer furnishes to the Sec-  
21 retary (at such time and in such manner as the  
22 Secretary may prescribe) the required certifi-  
23 cation of such coverage for such month.

24 A similar rule shall apply to a woman for the month  
25 in which such woman gives birth to a child.

1           “(2) QUALIFIED HEALTH PLAN.—The term  
2           ‘qualified health plan’ means a plan of health insur-  
3           ance or coverage, an employee welfare benefit plan  
4           that provides health benefits, or other plan (other  
5           than under title XXI of the Social Security Act)  
6           under Federal or State law that provides coverage of  
7           benefits which the Secretary of Health and Human  
8           Services determines is substantially equivalent to the  
9           coverage of benefits provided under title XXI of the  
10          Social Security Act.

11          “(e) OTHER DEFINITIONS AND SPECIAL RULES.—  
12          For purposes of this section—

13               “(1) THRESHOLD AMOUNT.—

14                       “(A) IN GENERAL.—Except as provided in  
15                       subparagraph (B), the term ‘threshold amount’  
16                       means—

17                               “(i) \$20,000 in the case of a return  
18                               with respect to which 3 or fewer personal  
19                               exemptions are allowable under section  
20                               151, and

21                               “(ii) \$25,000 in the case of a return  
22                               with respect to which 4 or more personal  
23                               exemptions are allowable under section  
24                               151.

1           “(B) CERTAIN SEPARATE RETURNS.—The  
2           threshold amount shall be zero in the case of a  
3           taxpayer who—

4                   “(i) is married as of the close of the  
5                   taxable year but does not file a joint return  
6                   for such taxable year, and

7                   “(ii) does not live apart from his  
8                   spouse at all times during the last 6  
9                   months of the taxable year.

10           “(C) INFLATION ADJUSTMENTS.—In the  
11           case of a taxable year beginning in a calendar  
12           year after 1999, each dollar amount contained  
13           in subparagraph (A) shall be increased by an  
14           amount equal to—

15                   “(i) such dollar amount, multiplied by

16                   “(ii) the cost-of-living adjustment de-  
17                   termined under section 1(f)(3) for the cal-  
18                   endar year in which the taxable year be-  
19                   gins, by substituting ‘calendar year 1998’  
20                   for ‘calendar year 1992’ in subparagraph  
21                   (B) thereof.

22           “(2) MODIFIED ADJUSTED GROSS INCOME.—  
23           The term ‘modified adjusted gross income’ means  
24           adjusted gross income—

1           “(A) determined without regard to sections  
2           911, 931, and 933, and

3           “(B) increased by the amount of interest  
4           received or accrued by the individual during the  
5           taxable year which is exempt from tax.

6           The determination under the preceding sentence  
7           shall be made without regard to any carryover or  
8           carryback.

9           “(3) DEPENDENT.—The term ‘dependent’  
10          means, with respect to periods in any calendar year,  
11          any individual if an exemption is allowable under  
12          section 151(c) with respect to such individual to the  
13          taxpayer for a taxable year beginning in such cal-  
14          endar year.

15          “(4) REQUIRED CERTIFICATION.—The term ‘re-  
16          quired certification’ means the statement required to  
17          be provided under section 6050Q(b) (or a copy  
18          thereof) or any other statement approved by the  
19          Secretary for purposes of this section.

20          “(f) COORDINATION WITH OTHER PROVISIONS.—

21          “(1) TREATMENT AS MEDICAL EXPENSE.—For  
22          purposes of section 213, the tax imposed by this sec-  
23          tion for any taxable year shall be treated as an ex-  
24          pense paid during such taxable year for medical care  
25          of the taxpayer.



1           “(2) NOT TREATED AS TAX FOR CERTAIN PUR-  
2           POSES.—The tax imposed by this section shall not  
3           be treated as a tax imposed by this chapter for pur-  
4           poses of determining—

5                   “(A) the amount of any credit allowable  
6                   under this chapter, or

7                   “(B) the amount of the minimum tax im-  
8                   posed by section 55.

9           “(3) TREATMENT UNDER SUBTITLE F.—For  
10           purposes of subtitle F, the tax imposed by this sec-  
11           tion shall be treated as if it were a tax imposed by  
12           section 1.

13           “(g) EXEMPTIONS.—

14                   “(1) IN GENERAL.—No tax shall be imposed by  
15                   this section on any individual for any taxable year  
16                   if such individual is a nonresident alien.

17                   “(2) CERTAIN INDIVIDUALS NOT TAKEN INTO  
18                   ACCOUNT IN DETERMINING AMOUNT OF TAX.—For  
19                   purposes of this section, an individual shall be treat-  
20                   ed as not being a title XXI covered individual for  
21                   any month if—

22                           “(A) the principal place of abode of such  
23                           individual as of the first day of such month is  
24                           outside the United States, or

1           “(B) as of the first day of such month,  
2           there is in effect for such individual a qualified  
3           religious exemption.

4           “(3) QUALIFIED RELIGIOUS EXEMPTION.—For  
5           purposes of paragraph (2)—

6           “(A) IN GENERAL.—The term ‘qualified  
7           religious exemption’ means an exemption grant-  
8           ed by the Secretary of Health and Human  
9           Services to an individual—

10           “(i) who is a member of a recognized  
11           religious sect or division thereof with re-  
12           spect to which such Secretary makes the  
13           findings referred to in subparagraphs (C),  
14           (D), and (E) of section 1402(g)(1),

15           “(ii) who is an adherent of established  
16           tenets or teachings of such sect or division  
17           as described in such section, and

18           “(iii) who submits an application for  
19           such exemption which contains or is ac-  
20           companied by the evidence described in  
21           section 1402(g)(1)(A) and a waiver de-  
22           scribed in section 1402(g)(1)(B).

23           For purposes of the clause (iii), section  
24           1402(g)(1)(B) shall be treated as including a

1 reference to title XXI of the Social Security  
2 Act.

3 “(B) LIMITATION.—An exemption granted  
4 under this paragraph shall cease to apply begin-  
5 ning on the date such Secretary determines  
6 that the individual, or the sect or division,  
7 ceased to meet the requirements of subpara-  
8 graph (A).

9 “(4) SPECIAL RULE FOR INDIVIDUALS RESID-  
10 ING ABROAD WHO RECEIVE TITLE XXI SERVICES.—  
11 Paragraph (2)(A) shall not apply to any individual  
12 for any taxable year if, at any time during such tax-  
13 able year, such individual receives services under  
14 title XXI of the Social Security Act.

15 “(h) REGULATIONS.—The Secretary may prescribe  
16 such regulations as may be appropriate to carry out the  
17 purposes of this section, including regulations, prescribed  
18 after consultation with the Secretary of Health and  
19 Human Services, treating health plans of foreign govern-  
20 ments or foreign employers outside the United States as  
21 qualified health plans.”

22 (b) TECHNICAL AMENDMENTS.—

23 (1) Subsection (a) of section 6012 of such Code  
24 is amended by inserting after paragraph (9) the fol-  
25 lowing new paragraph:

1           “(10) Every individual who has a title XXI pre-  
 2           mium liability (as defined in section 59B) for the  
 3           taxable year.”

4           (2) Subparagraph (A) of section 1(f)(6) of such  
 5           Code is amended by inserting “section  
 6           59B(e)(1)(C),” after paragraph (2)(A),”.

7           (c) CLERICAL AMENDMENT.—The table of parts for  
 8           subchapter A of chapter 1 is amended by adding at the  
 9           end the following new item:

“Part VIII. Individual share of title XXI premiums.”

10          (d) EFFECTIVE DATE.—The amendments made by  
 11          this section shall apply to months beginning after Decem-  
 12          ber 31, 1998, in taxable years ending after such date.

13       **SEC. 4. REPORTING REQUIREMENTS.**

14          (a) IN GENERAL.—Subpart B of part III of sub-  
 15          chapter A of chapter 61 of the Internal Revenue Code of  
 16          1986 (relating to information concerning transactions  
 17          with others) is amended by adding at the end the following  
 18          new sections:

19       **“SEC. 6050Q. RETURNS RELATING TO QUALIFIED HEALTH**  
 20               **PLANS.**

21          “(a) REQUIREMENT OF REPORTING.—The adminis-  
 22          trator of any qualified health plan (as defined in section  
 23          59B(d)) shall make a return for each calendar year setting  
 24          forth—

1           “(1) the name and TIN of each individual cov-  
2           ered under such plan or program at any time during  
3           such taxable year as a primary insured or as the  
4           spouse of a primary insured,

5           “(2) the name and TIN (to the extent avail-  
6           able) of each individual covered under such plan or  
7           program at any time during such taxable year as a  
8           dependent (as defined in section 59B(e)(3)) of a pri-  
9           mary insured, and

10           “(3) the months during such calendar year for  
11           which such individuals were so covered.

12 Such return shall be made at such time and in such form  
13 as the Secretary may by regulations prescribe.

14           “(b) STATEMENTS TO PRIMARY INSURED INDIVID-  
15 UALS.—Every administrator required to make a return  
16 under subsection (a) shall furnish to each individual whose  
17 name is required to be set forth in such return by reason  
18 of being a primary insured a written statement showing—

19           “(1) the name of the qualified health plan and  
20           the address of its administrator, and

21           “(2) the information required to be shown on  
22           the return with respect to such primary insured.

1 The written statement required under the preceding sen-  
 2 tence shall be furnished to the person on or before Janu-  
 3 ary 31 of the year following the calendar year for which  
 4 the return under subsection (a) was required to be made.

5 “(c) STATEMENT TO SPOUSE OR DEPENDENTS OF  
 6 PRIMARY INSURED ON REQUEST.—At the request of an  
 7 individual who, at any time during a calendar year, was  
 8 the spouse or a dependent (as defined in section  
 9 59B(e)(3)) of a primary insured who is required to receive  
 10 a statement under subsection (b) from an administrator,  
 11 such administrator shall furnish to such individual a copy  
 12 of such statement with respect to such insured for such  
 13 calendar year.”

14 (b) UNIFORM PENALTY PROVISIONS MADE APPLICA-  
 15 BLE.—

16 (1) Subparagraph (B) of section 6724(d)(1) of  
 17 such Code is amended by inserting after the item re-  
 18 lating to clause (viii) the following new item (and re-  
 19 designating the following clauses accordingly):

20 “(ix) section 6050Q(a) (relating to re-  
 21 turns regarding qualified health plans),”.

22 (2) Paragraph (2) of section 6724(d) of such  
 23 Code is amended by inserting after subparagraph  
 24 (P) the following new subparagraph (and by redesign-  
 25 ating the following subparagraphs accordingly):

1                   “(Q) subsection (b) or (c) of section  
2                   6050Q (relating to returns regarding qualified  
3                   health plans),”.

4           (c) CLERICAL AMENDMENT.—The table of sections  
5 for subpart B of part III of subchapter A of chapter 61  
6 of such Code is amended by adding at the end the follow-  
7 ing new item:

                  “Sec. 6050Q. Returns relating to qualified health plans.”

8           (d) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to calendar years after 1998.

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