

105TH CONGRESS
1ST SESSION

S. 1114

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

IN THE SENATE OF THE UNITED STATES

JULY 31, 1997

Mr. JEFFORDS (for himself, Mr. ROCKEFELLER, Ms. MIKULSKI, Mr. INOUE, Mr. DASCHLE, Mr. KERRY, Mrs. BOXER, Mrs. FEINSTEIN, Mr. DODD, Mr. WELLSTONE, Mr. HARKIN, and Mr. HOLLINGS) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

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. SHORT TITLE.**

4 This Act may be cited as the “Lifetime Caps Dis-
5 crimination Prevention Act”.

6 **SEC. 2. AMENDMENTS TO THE EMPLOYEE RETIREMENT IN-** 7 **COME SECURITY ACT OF 1974.**

8 (a) IN GENERAL.—Subpart B of part 7 of subtitle
9 B of title I of the Employee Retirement Income Security

1 Act of 1974 (as added by section 603(a) of the Newborns’
 2 and Mothers’ Health Protection Act of 1996 and amended
 3 by section 702(a) of the Mental Health Parity Act of
 4 1996) is amended by adding at the end the following new
 5 section:

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

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

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

13 “(2) with respect to subsequent plan years,
 14 \$10,000,000;

15 with respect to benefits payable under the plan or cov-
 16 erage.

17 “(b) SMALL EMPLOYERS.—

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

23 “(2) SMALL EMPLOYER.—For purposes of
 24 paragraph (1), the term ‘small employer’ means an
 25 employer who normally employed fewer than 20 em-

1 employees on a typical business day during the preced-
2 ing calendar year and who employs fewer than 20
3 employees on the first day of the plan year.

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

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

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

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

1 “(c) DEFINITION.—In this section, the term ‘aggre-
 2 gate dollar lifetime limit’ means, with respect to benefits
 3 under a group health plan or health insurance coverage,
 4 a dollar limitation on the total amount that may be paid
 5 with respect to such benefits under the plan or health in-
 6 surance coverage with respect to an individual or other
 7 coverage unit.”.

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

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

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

18 **SEC. 3. AMENDMENTS TO THE PUBLIC HEALTH SERVICE**
 19 **ACT RELATING TO THE GROUP MARKET.**

20 (a) IN GENERAL.—Subpart 2 of part A of title
 21 XXVII of the Public Health Service Act (as added by sec-
 22 tion 604(a) of the Newborns’ and Mothers’ Health Protec-
 23 tion Act of 1996 and amended by section 703(a) of the
 24 Mental Health Parity Act of 1996) is amended by adding
 25 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.

