

105TH CONGRESS
1ST SESSION

S. 1334

To amend title 10, United States Code, to establish a demonstration project to evaluate the feasibility of using the Federal Employees Health Benefits Program to ensure the availability of adequate health care for Medicare-eligible beneficiaries under the military health care system.

IN THE SENATE OF THE UNITED STATES

OCTOBER 29, 1997

Mr. BOND (for himself, Mr. SHELBY, Mr. WARNER, Mr. REID, Mr. JOHNSON, Mr. HOLLINGS, Mr. HUTCHINSON, Mr. MACK, Mrs. MURRAY, Mr. ASHCROFT, Mr. CRAIG, Mr. BUMPERS, Mr. LEAHY, Mrs. COLLINS, Mr. SESSIONS, Mr. ALLARD, Mr. BAUCUS, and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on Armed Services

A BILL

To amend title 10, United States Code, to establish a demonstration project to evaluate the feasibility of using the Federal Employees Health Benefits Program to ensure the availability of adequate health care for Medicare-eligible beneficiaries under the military health care system.

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

1 **SECTION 1. DEMONSTRATION PROJECT TO INCLUDE CER-**
2 **TAIN COVERED BENEFICIARIES WITHIN FED-**
3 **ERAL EMPLOYEES HEALTH BENEFITS PRO-**
4 **GRAM.**

5 (a) DEMONSTRATION PROJECT.—(1) Chapter 55 of
6 title 10, United States Code, is amended by adding at the
7 end the following new section:

8 **“§ 1107. Health care coverage through Federal Em-**
9 **ployees Health Benefits program: dem-**
10 **onstration project**

11 “(a) FEHBP OPTION DEMONSTRATION.—(1) Sub-
12 ject to paragraph (2), the Secretary of Defense, after con-
13 sulting with the other administering Secretaries, shall
14 enter into an agreement with the Office of Personnel Man-
15 agement to conduct a demonstration project under which
16 covered beneficiaries described in subsection (b) and resid-
17 ing within the area covered by the demonstration project
18 will be eligible to enroll in health benefits plans offered
19 through the Federal Employees Health Benefits program
20 under chapter 89 of title 5.

21 “(2) The authority to enter into the agreement de-
22 scribed in paragraph (1) and to conduct the demonstration
23 project provided for by the agreement shall be subject to
24 the availability of appropriations to carry out the dem-
25 onstration project.

1 “(b) ELIGIBLE COVERED BENEFICIARIES.—(1) A
2 covered beneficiary referred to in subsection (a) is a mem-
3 ber or former member of the uniformed services described
4 in section 1074(b) of this title, or a dependent of the mem-
5 ber described in section 1076(b) of this title, who is or
6 becomes entitled to hospital insurance benefits under part
7 A of title XVIII of the Social Security Act (42 U.S.C.
8 1395c et seq.).

9 “(2) A covered beneficiary described in paragraph (1)
10 shall not be required to satisfy any eligibility criteria speci-
11 fied in chapter 89 of title 5 as a condition for enrollment
12 in health benefits plans offered through the Federal Em-
13 ployee Health Benefits program under the demonstration
14 project. However, if the covered beneficiary is enrolled in
15 the supplemental medical insurance program under part
16 B of title XVIII of the Social Security Act (42 U.S.C.
17 1395j et seq.) before the covered beneficiary enrolls in a
18 health benefits plan offered pursuant to subsection (a), the
19 covered beneficiary shall be required to remain enrolled
20 in such supplemental medical insurance program during
21 the term of the demonstration project.

22 “(c) AREA OF DEMONSTRATION PROJECT.—The Sec-
23 retary of Defense shall carry out the demonstration
24 project in two geographic areas as follows:

1 “(1) One area shall include the catchment area
2 of one or more military medical treatment facilities,
3 within which not more than 25,000 eligible covered
4 beneficiaries reside.

5 “(2) The other area shall not include the
6 catchment area of any military medical treatment
7 facility and not more than 25,000 eligible covered
8 beneficiaries may reside in the area.

9 “(d) TIME FOR DEMONSTRATION PROJECT.—The
10 Secretary of Defense shall conduct the demonstration
11 project during at least two, but not more than three, con-
12 tract years under the Federal Employees Health Benefits
13 program.

14 “(e) MANAGEMENT OF PARTICIPATION.—The au-
15 thority responsible for approving retired or retainer pay
16 or equivalent pay in the case of a member or former mem-
17 ber shall manage the participation of the member or
18 former member, or dependents of the member or former
19 member, who enroll in health benefits plans offered
20 through the Federal Employee Health Benefits program
21 pursuant to subsection (a). Such authority shall distribute
22 program information to eligible covered beneficiaries,
23 process enrollment applications, forward all required con-
24 tributions to the Employees Health Benefits Fund estab-
25 lished under section 8909 of title 5 in a timely manner,

1 assist in the reconciliation of enrollment records with
2 health plans, and prepare such reports as the Office of
3 Personnel Management may require in its administration
4 of chapter 89 of title 5.

5 “(f) SEPARATE RISK POOLS; CHARGES.—(1) The Of-
6 fice of Personnel Management shall require health benefits
7 plans under chapter 89 of title 5 that participate in the
8 demonstration project to maintain a separate risk pool for
9 purposes of establishing premium rates for covered bene-
10 ficiaries who enroll in such a plan in accordance with this
11 section.

12 “(2) The Office shall determine total subscription
13 charges for self only or for family coverage for covered
14 beneficiaries who enroll in a health benefits plan under
15 chapter 89 of title 5 in accordance with this section, which
16 shall include premium charges paid to the plan and
17 amounts described in section 8906(c) of title 5 for admin-
18 istrative expenses and contingency reserves.

19 “(g) GOVERNMENT CONTRIBUTIONS.—The Secretary
20 of Defense shall be responsible for the Government con-
21 tribution for an eligible covered beneficiary who enrolls in
22 a health benefits plan under chapter 89 of title 5 in ac-
23 cordance with this section, except that the amount of the
24 contribution may not exceed the amount of the Govern-
25 ment contribution which would be payable if the electing

1 individual were an employee enrolled in the same health
2 benefits plan and level of benefits.

3 “(h) EFFECT OF CANCELLATION.—The cancellation
4 by a covered beneficiary of coverage under the Federal
5 Employee Health Benefits program shall be irrevocable
6 during the term of the demonstration project.

7 “(i) REPORTING REQUIREMENTS.—Not later than
8 May 31 of each year in which the demonstration project
9 is conducted, the Secretary of Defense and the Director
10 of the Office of Personnel Management shall jointly sub-
11 mit a report to Congress describing the provision of health
12 care services to covered beneficiaries under this section
13 during the preceding calendar year. The report shall ad-
14 dress or contain the following:

15 “(1) The number of covered beneficiaries en-
16 rolled in health benefits plans offered through the
17 Federal Employee Health Benefits program pursu-
18 ant to subsection (a), both in terms of total number
19 and as a percentage of all covered beneficiaries re-
20 ceiving health care through the health care system
21 of the uniformed services.

22 “(2) Any changes in enrollment patterns and
23 numbers compared to previous open seasons under
24 the demonstration project.

1 “(3) The out-of-pocket cost to enrollees under
2 such health benefits plans and a comparison of those
3 costs to the costs incurred by other enrollees under
4 the Federal Employee Health Benefits program.

5 “(4) The cost to the Government (including the
6 Department of Defense, the Department of Trans-
7 portation, and the Department of Health and
8 Human Services) of providing care under such
9 health benefits plans.

10 “(5) A comparison of the costs determined
11 under paragraphs (3) and (4) and the costs that
12 would have otherwise been incurred by the Govern-
13 ment and enrollees under alternative health care op-
14 tions available to the administering Secretaries.

15 “(6) The effect of this section on the cost, ac-
16 cess, and utilization rates of other health care op-
17 tions under the health care system of the uniformed
18 services.”.

19 (2) The table of sections at the beginning of such
20 chapter is amended by adding at the end the following
21 new item:

“1107. Health care coverage through Federal Employees Health Benefits pro-
program: demonstration project.”.

22 (b) CONFORMING AMENDMENTS TO TITLE 5, UNIT-
23 ED STATES CODE.—Chapter 89 of title 5, United States
24 Code, is amended—

1 (1) in section 8905—

2 (A) by redesignating subsections (d)
3 through (f) as subsections (e) through (g), re-
4 spectively; and

5 (B) by inserting after subsection (c) the
6 following new subsection:

7 “(d) An individual whom the Secretary of Defense de-
8 termines is an eligible covered beneficiary under sub-
9 section (b) of section 1107 of title 10 may enroll, as part
10 of the demonstration project under such section, in a
11 health benefits plan under this chapter in accordance with
12 the agreement under subsection (a) of such section be-
13 tween the Secretary and the Office and applicable regula-
14 tions under this chapter.”;

15 (2) in section 8906(b)—

16 (A) in paragraph (1), by striking “para-
17 graphs (2) and (3)” and inserting in lieu there-
18 of “paragraphs (2), (3), and (4)”; and

19 (B) by adding at the end the following new
20 paragraph:

21 “(4) In the case of individuals who enroll, as part
22 of the demonstration project under section 1107 of title
23 10, in a health benefits plan in accordance with section
24 8905(d) of this title, the Government contribution shall

1 be determined in accordance with section 1107(g) of title
2 10.”; and

3 (3) in section 8906(g)—

4 (A) in paragraph (1), by striking “para-
5 graph (2)” and inserting in lieu thereof “para-
6 graphs (2) and (3)”;

7 (B) by adding at the end the following new
8 paragraph:

9 “(3) The Government contribution described in sub-
10 section (b)(4) for beneficiaries who enroll, as part of the
11 demonstration project under section 1107 of title 10, in
12 accordance with section 8905(d) of this title shall be paid
13 as provided in section 1107(g) of title 10.”.

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