

106TH CONGRESS  
2D SESSION

# H. R. 4119

To amend the Public Health Service Act to expand health care access and choice of coverage through Individual Membership Associations (IMAs).

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 2000

Mr. SHADEGG (for himself and Mr. LIPINSKI) introduced the following bill;  
which was referred to the Committee on Commerce

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## A BILL

To amend the Public Health Service Act to expand health care access and choice of coverage through Individual Membership Associations (IMAs).

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; CONSTITUTIONAL AUTHORITY.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Health Care Access and Availability Act of 2000”.

6       (b) CONSTITUTIONAL AUTHORITY TO ENACT THIS  
7       LEGISLATION.—The constitutional authority upon which  
8       this Act rests is the power of Congress to regulate com-  
9       merce with foreign nations and among the several States,

1 set forth in article I, section 8 of the United States Con-  
 2 stitution.

3 **SEC. 2. EXPANSION OF ACCESS AND CHOICE THROUGH IN-**  
 4 **DIVIDUAL MEMBERSHIP ASSOCIATIONS**  
 5 **(IMAs).**

6 The Public Health Service Act is amended by adding  
 7 at the end the following new title:

8 “TITLE XXVIII—INDIVIDUAL MEMBERSHIP  
 9 ASSOCIATIONS

10 **“SEC. 2801. DEFINITION OF INDIVIDUAL MEMBERSHIP AS-**  
 11 **SOCIATION (IMA).**

12 “(a) IN GENERAL.—For purposes of this title, the  
 13 terms ‘individual membership association’ and ‘IMA’  
 14 mean a legal entity that meets the following requirements:

15 “(1) ORGANIZATION.—The IMA is an organiza-  
 16 tion operated under the direction of an association  
 17 (as defined in section 2804(1)).

18 “(2) OFFERING HEALTH BENEFITS COV-  
 19 ERAGE.—

20 “(A) DIFFERENT GROUPS.—The IMA, in  
 21 conjunction with those health insurance issuers  
 22 that offer health benefits coverage through the  
 23 IMA, makes available health benefits coverage  
 24 in the manner described in subsection (b) to all  
 25 members of the IMA and the dependents of

1 such members in the manner described in sub-  
2 section (c)(2) at rates that are established by  
3 the health insurance issuer on a policy or prod-  
4 uct specific basis and that may vary only as  
5 permissible under State law.

6 “(B) NONDISCRIMINATION IN COVERAGE  
7 OFFERED.—

8 “(i) IN GENERAL.—Subject to clause  
9 (ii), the IMA may not offer health benefits  
10 coverage to a member of an IMA unless  
11 the same coverage is offered to all such  
12 members of the IMA.

13 “(ii) CONSTRUCTION.—Nothing in  
14 this title shall be construed as requiring or  
15 permitting a health insurance issuer to  
16 provide coverage outside the service area of  
17 the issuer, as approved under State law, or  
18 preventing a health insurance issuer from  
19 excluding or limiting the coverage on any  
20 individual, subject to the requirement of  
21 section 2741.

22 “(C) NO FINANCIAL UNDERWRITING.—The  
23 IMA provides health benefits coverage only  
24 through contracts with health insurance issuers

1           and does not assume insurance risk with re-  
2           spect to such coverage.

3           “(3) GEOGRAPHIC AREAS.—Nothing in this title  
4           shall be construed as preventing the establishment  
5           and operation of more than one IMA in a geographic  
6           area or as limiting the number of IMAs that may  
7           operate in any area.

8           “(4) PROVISION OF ADMINISTRATIVE SERVICES  
9           TO PURCHASERS.—

10           “(A) IN GENERAL.—The IMA may provide  
11           administrative services for members. Such serv-  
12           ices may include accounting, billing, and enroll-  
13           ment information.

14           “(B) CONSTRUCTION.—Nothing in this  
15           subsection shall be construed as preventing an  
16           IMA from serving as an administrative service  
17           organization to any entity.

18           “(5) FILING INFORMATION.—The IMA files  
19           with the Secretary information that demonstrates  
20           the IMA’s compliance with the applicable require-  
21           ments of this title.

22           “(b) HEALTH BENEFITS COVERAGE REQUIRE-  
23           MENTS.—

1           “(1) COMPLIANCE WITH CONSUMER PROTEC-  
2           TION REQUIREMENTS.—Any health benefits coverage  
3           offered through an IMA shall—

4                   “(A) be underwritten by a health insurance  
5           issuer that—

6                           “(i) is licensed (or otherwise regu-  
7                           lated) under State law,

8                           “(ii) meets all applicable State stand-  
9                           ards relating to consumer protection, sub-  
10                          ject to section 2802(2), and

11                          “(iii) offers the coverage under a con-  
12                          tract with the IMA; and

13                          “(B) subject to paragraph (2) and section  
14                          2902(2), be approved or otherwise permitted to  
15                          be offered under State law.

16           “(2) EXAMPLES OF TYPES OF COVERAGE.—The  
17           benefits coverage made available through an IMA  
18           may include, but is not limited to, any of the fol-  
19           lowing if it meets the other applicable requirements  
20           of this title:

21                          “(A) Coverage through a health mainte-  
22                          nance organization.

23                          “(B) Coverage in connection with a pre-  
24                          ferred provider organization.

1           “(C) Coverage in connection with a li-  
2           censed provider-sponsored organization.

3           “(D) Indemnity coverage through an insur-  
4           ance company.

5           “(E) Coverage offered in connection with a  
6           contribution into a medical savings account or  
7           flexible spending account.

8           “(F) Coverage that includes a point-of-  
9           service option.

10          “(G) Any combination of such types of  
11          coverage.

12          “(3) HEALTH INSURANCE COVERAGE OP-  
13          TIONS.—An IMA shall include a minimum of 2  
14          health insurance coverage options. At least 1 option  
15          shall meet all applicable State benefit mandates.

16          “(4) WELLNESS BONUSES FOR HEALTH PRO-  
17          MOTION.—Nothing in this title shall be construed as  
18          precluding a health insurance issuer offering health  
19          benefits coverage through an IMA from establishing  
20          premium discounts or rebates for members or from  
21          modifying otherwise applicable copayments or  
22          deductibles in return for adherence to programs of  
23          health promotion and disease prevention so long as  
24          such programs are agreed to in advance by the IMA  
25          and comply with all other provisions of this title and

1 do not discriminate among similarly situated mem-  
2 bers.

3 “(c) MEMBERS; HEALTH INSURANCE ISSUERS.—

4 “(1) MEMBERS.—

5 “(A) IN GENERAL.—Under rules estab-  
6 lished to carry out this title, with respect to an  
7 individual who is a member of an IMA, the in-  
8 dividual may apply for health benefits coverage  
9 (including coverage for dependents of such indi-  
10 vidual) offered by a health insurance issuer  
11 through the IMA.

12 “(B) RULES FOR ENROLLMENT.—Nothing  
13 in this paragraph shall preclude an IMA from  
14 establishing rules of enrollment and reenroll-  
15 ment of members. Such rules shall be applied  
16 consistently to all members within the IMA and  
17 shall not be based in any manner on health sta-  
18 tus-related factors.

19 “(2) HEALTH INSURANCE ISSUERS.—The con-  
20 tract between an IMA and a health insurance issuer  
21 shall provide, with respect to a member enrolled with  
22 health benefits coverage offered by the issuer  
23 through the IMA, for the payment of the premiums  
24 collected by the issuer.

1 **“SEC. 2802. APPLICATION OF CERTAIN LAWS AND REQUIRE-**  
2 **MENTS.**

3 “State laws insofar as they relate to any of the fol-  
4 lowing are superseded and shall not apply to health bene-  
5 fits coverage made available through an IMA:

6 “(1) Benefit requirements for health benefits  
7 coverage offered through an IMA, including (but not  
8 limited to) requirements relating to coverage of spe-  
9 cific providers, specific services or conditions, or the  
10 amount, duration, or scope of benefits, but not in-  
11 cluding requirements to the extent required to imple-  
12 ment title XXVII or other Federal law and to the  
13 extent the requirement prohibits an exclusion of a  
14 specific disease from such coverage.

15 “(2) Any other requirements (including limita-  
16 tions on compensation arrangements) that, directly  
17 or indirectly, preclude (or have the effect of pre-  
18 cluding) the offering of such coverage through an  
19 IMA, if the IMA meets the requirements of this  
20 title.

21 Any State law or regulation relating to the composition  
22 or organization of an IMA is preempted to the extent the  
23 law or regulation is inconsistent with the provisions of this  
24 title.



1   **“SEC. 2803. ADMINISTRATION.**

2           “(a) IN GENERAL.—The Secretary shall administer  
3 this title and is authorized to issue such regulations as  
4 may be required to carry out this title. Such regulations  
5 shall be subject to Congressional review under the provi-  
6 sions of chapter 8 of title 5, United States Code. The Sec-  
7 retary shall incorporate the process of ‘deemed file and  
8 use’ with respect to the information filed under section  
9 2801(a)(5)(A) and shall determine whether information  
10 filed by an IMA demonstrates compliance with the applica-  
11 ble requirements of this title. The Secretary shall exercise  
12 authority under this title in a manner that fosters and  
13 promotes the development of IMAs in order to improve  
14 access to health care coverage and services.

15           “(b) PERIODIC REPORTS.—The Secretary shall sub-  
16 mit to Congress a report every 30 months, during the 10-  
17 year period beginning on the effective date of the rules  
18 promulgated by the Secretary to carry out this title, on  
19 the effectiveness of this title in promoting coverage of un-  
20 insured individuals. The Secretary may provide for the  
21 production of such reports through one or more contracts  
22 with appropriate private entities.

23   **“SEC. 2804. DEFINITIONS.**

24           “For purposes of this title:

1           “(1) ASSOCIATION.—The term ‘association’  
2 means, with respect to health insurance coverage of-  
3 fered in a State, an association which—

4           “(A) has been actively in existence for at  
5 least 5 years;

6           “(B) has been formed and maintained in  
7 good faith for purposes other than obtaining in-  
8 surance;

9           “(C) does not condition membership in the  
10 association on any health status-related factor  
11 relating to an individual (including an employee  
12 of an employer or a dependent of an employee);  
13 and

14           “(D) does not make health insurance cov-  
15 erage offered through the association available  
16 other than in connection with a member of the  
17 association.

18           “(2) DEPENDENT.—The term ‘dependent’, as  
19 applied to health insurance coverage offered by a  
20 health insurance issuer licensed (or otherwise regu-  
21 lated) in a State, shall have the meaning applied to  
22 such term with respect to such coverage under the  
23 laws of the State relating to such coverage and such  
24 an issuer. Such term may include the spouse and  
25 children of the individual involved.

1           “(3) HEALTH BENEFITS COVERAGE.—The term  
2           ‘health benefits coverage’ has the meaning given the  
3           term health insurance coverage in section  
4           2791(b)(1).

5           “(4) HEALTH INSURANCE ISSUER.—The term  
6           ‘health insurance issuer’ has the meaning given such  
7           term in section 2791(b)(2).

8           “(5) HEALTH STATUS-RELATED FACTOR.—The  
9           term ‘health status-related factor’ has the meaning  
10          given such term in section 2791(d)(9).

11          “(6) IMA; INDIVIDUAL MEMBERSHIP ASSOCIA-  
12          TION.—The terms ‘IMA’ and ‘individual membership  
13          association’ are defined in section 2801(a).

14          “(7) MEMBER.—The term ‘member’ means,  
15          with respect to an IMA, an individual who is a mem-  
16          ber of the association to which the IMA is offering  
17          coverage.”.

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