

107TH CONGRESS
2D SESSION

H. R. 4021

To provide incentives to States to apply for section 1115 waivers to use Federal funds to provide for affordable employer-based health insurance coverage for the uninsured workers of small businesses in the State.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2002

Mr. ALLEN (for himself, Mr. BALDACCI, Mr. BARRETT of Wisconsin, Ms. CARSON of Indiana, Mr. CUMMINGS, Mr. CONYERS, Mr. FROST, Mr. LANGEVIN, and Mr. SHOWS) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, 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

A BILL

To provide incentives to States to apply for section 1115 waivers to use Federal funds to provide for affordable employer-based health insurance coverage for the uninsured workers of small businesses in the State.

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; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Small Business Health Insurance Relief Act of 2002”.

6 (b) FINDINGS.—The Congress finds the following:

1 (1) Of the 39,000,000 uninsured Americans, 72
2 percent are either full-time workers or dependents of
3 those workers.

4 (2) Of the uninsured working population, 56
5 percent are employed by small businesses.

6 (3) Of the working population, more than 74
7 percent are covered by employer-sponsored health in-
8 surance.

9 (4) Small businesses are less likely to offer
10 health insurance to their employees, and employees
11 of those small businesses are less likely to partici-
12 pate in a health plan when it is offered to them,
13 when compared with larger businesses and employ-
14 ees of larger businesses.

15 (5) Implementation of the policy set forth in
16 this Act in participating States will reduce the num-
17 ber of low-income workers without health insurance
18 in those States.

19 (6) Because individuals without health insur-
20 ance do not seek preventive care or early interven-
21 tion, when those individuals suffer from a serious
22 medical condition, they are often faced with large
23 medical bills which they cannot pay.

1 (7) The costs of unpaid medical bills by individ-
2 uals without health insurance are often shifted to
3 private and Government payers.

4 (8) By increasing access to affordable health in-
5 surance for low-income workers, this Act will con-
6 tribute to the health and well-being of those individ-
7 uals, as well as reduce costs for those who bear the
8 burden of uncompensated care.

9 **SEC. 2. INCENTIVES TO PROVIDE HEALTH INSURANCE COV-**
10 **ERAGE FOR THE WORKING UNINSURED.**

11 (a) IN GENERAL.—For each State that applies for
12 a waiver under section 1115 of the Social Security Act
13 (42 U.S.C. 1315) that includes, as a part of that waiver,
14 the use of funds otherwise paid to the State under the
15 medicaid program or the State children’s health insurance
16 program to provide eligible uninsured employees health in-
17 surance coverage that meets the requirements of sub-
18 section (b), the Secretary may award the State, upon ap-
19 proval of that waiver, an incentive payment (not to exceed
20 \$1,000,000) to assist the State in carrying out the waiver.

21 (b) REQUIREMENTS.—To be eligible for an incentive
22 payment under subsection (a), an application for a section
23 1115 waiver, with respect to health insurance coverage,
24 shall meet the following requirements:

1 (1) COVERAGE.—Provide a process and a
2 timeline for achieving coverage of all eligible unin-
3 sured employees statewide, without regard to health
4 status or preexisting condition, or location of resi-
5 dency within the State.

6 (2) MANNER OF PROVISION OF HEALTH INSUR-
7 ANCE COVERAGE.—Provide health insurance cov-
8 erage through employer-sponsored health insurance
9 or by buying into the medicaid or the State chil-
10 dren’s health insurance programs, including the pro-
11 vision of wraparound health benefits.

12 (3) BENEFITS.—

13 (A) ACTUARIAL EQUIVALENCE.—(i) In the
14 case of health insurance coverage provided
15 through employer-sponsored health insurance
16 coverage or by purchasing coverage through the
17 State children’s health insurance programs,
18 provides for a benefit package that is at least
19 actuarially equivalent to the required scope of
20 health insurance coverage under section 2103 of
21 the Social Security Act (42 U.S.C. 1397cc) (re-
22 lating to coverage requirements for children’s
23 health insurance under the State children’s
24 health insurance program).

1 (ii) In the case of health insurance cov-
2 erage provided by purchasing coverage through
3 the medicaid program, provides for a benefit
4 package that is at least actuarially equivalent to
5 the required scope of medical assistance (as de-
6 fined in section 1905(a) of the Social Security
7 Act (42 U.S.C. 1396d(a)) under the State plan
8 of the State.

9 (B) LIMIT ON EMPLOYEE COST SHAR-
10 ING.—Provide that an employee covered under
11 the program pay no more than a nominal
12 amount of the employee’s income (as deter-
13 mined by the State) for costs of premiums,
14 deductibles, coinsurance, and copayments under
15 the plan.

16 (4) CONSULTATION WITH AFFECTED ENTI-
17 TIES.—Provide for consultation with representatives
18 of affected entities and organizations, both public
19 and private, in developing a plan to provide such
20 health insurance coverage.

21 (5) OUTREACH MECHANISMS.—Describe the
22 outreach mechanisms to be used to assure coverage
23 of all eligible individuals, including measures to as-
24 sure coverage of individuals in hard-to-reach popu-

1 lations and to assure benefits are provided to eligible
2 individuals located in underserved areas.

3 (6) QUALITY ASSURANCE.—Provide, and de-
4 scribe, mechanisms to be used to assure, monitor,
5 and maintain the quality of items and services fur-
6 nished under the waiver.

7 (7) MAINTENANCE OF EFFORT.—Provide that
8 employers who, as of the date of the enactment of
9 this Act, offer health insurance coverage to or pay
10 a percentage of premiums for such health insurance
11 coverage for employees and who participate under
12 the demonstration project maintain or increase levels
13 of coverage or contributions to employees health in-
14 surance over those levels in effect before the imple-
15 mentation of the waiver.

16 (8) BUDGET.—Incorporate a budget. Such
17 budget shall include a description (and an estimate
18 of costs) of transitional activities to be undertaken
19 in implementing the proposed plan.

20 (9) IMPLEMENTATION.—Describe the method
21 (including a timetable and period of transition) for
22 implementing the waiver.

23 (c) CONSTRUCTION.—Nothing in this Act shall be
24 construed as preempting State laws that provide greater

1 protections or benefits than the protections or benefits re-
2 quired under this Act.

3 (d) DEFINITIONS.—As used in this Act:

4 (1) ELIGIBLE UNINSURED EMPLOYEES.—The
5 term “eligible uninsured employees” means—

6 (A) any resident of the United States—

7 (i) who is a citizen or national of the
8 United States, or lawful resident alien;

9 (ii) who resides in any particular
10 State;

11 (iii) who is employed in a work site of
12 an employer that is a small business lo-
13 cated in the State;

14 (iv)(I) whose employer does not offer
15 employer-sponsored health insurance; or

16 (II) whose employer offers such insur-
17 ance but at a cost that is not affordable
18 for the resident (as determined by the
19 State); and

20 (v) who is not entitled to benefits
21 under title XIX or XXI of the Social Secu-
22 rity Act based on eligibility requirements
23 under those titles in effect on or after the
24 date of the enactment of this Act; and

1 (B) the spouse and dependent children of
2 such resident

3 (2) **LAWFUL RESIDENT ALIEN.**—The term
4 “lawful resident alien” means an alien lawfully ad-
5 mitted for permanent residence and any other alien
6 lawfully residing permanently in the United States
7 under color of law, including an alien granted asy-
8 lum or with lawful temporary resident status under
9 section 210, 210A, or 245A of the Immigration and
10 Nationality Act.

11 (3) **SMALL BUSINESS.**—The term “small busi-
12 ness” means an employer who employs 50 or fewer
13 employees.

14 (4) **SECRETARY.**—The term “Secretary” means
15 the Secretary of Health and Human Services.

16 (5) **STATE.**—The term “State” means a State,
17 the District of Columbia, the Commonwealth of
18 Puerto Rico, the United States Virgin Islands,
19 Guam, American Samoa, and the Commonwealth of
20 the Northern Mariana Islands.

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