

108TH CONGRESS
2^D SESSION

H. R. 4964

To amend the Social Security Act and the Internal Revenue Code of 1986 to assure comprehensive, affordable health insurance coverage for all Americans through an American Health Benefits Program.

IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2004

Mr. LANGEVIN introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and 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

A BILL

To amend the Social Security Act and the Internal Revenue Code of 1986 to assure comprehensive, affordable health insurance coverage for all Americans through an American Health Benefits Program.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “American Health Benefits Program Act of 2004”.

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

1 (1) UNINSURED AMERICANS AND LACK OF AC-
2 CESS TO CHOICES.—

3 (A) In 2002, 43.6 million Americans were
4 uninsured, 80 percent of whom were employed
5 (or dependents of individuals who were em-
6 ployed).

7 (B) Health care providers provided to un-
8 insured Americans \$35 billion in care for which
9 they were not compensated by the individuals or
10 through insurance.

11 (C) Only 8 percent of employers providing
12 health benefits are able to offer their employees
13 a choice between two or more health plans.

14 (2) DOUBLE-DIGIT GROWTH IN EMPLOYER
15 COSTS.—In 2003 the average per capita cost for em-
16 ployers to provide health benefits coverage increased
17 by almost 14 percent. This was the third consecutive
18 year of double-digit increases in such cost.

19 (3) ADMINISTRATIVE EFFICIENCY OF USING
20 FEHBP MODEL FOR PROVIDING HEALTH INSURANCE
21 COVERAGE.—

22 (A) The private insurance market presents
23 increasing administrative challenges for employ-
24 ers in seeking out, contracting with, and admin-
25 istering health benefits.

1 (B) The Federal Employee Health Bene-
2 fits Program (FEHBP) currently manages ne-
3 gotiations with health insurers over premiums
4 and benefits on behalf of 8.6 million Federal
5 employees and retirees and their dependents.

6 (C) Overhead costs for employers providing
7 health benefits coverage can be over 30 percent
8 for employers with fewer than 10 employees
9 and about 12 percent for employers with more
10 than 500 employees.

11 (D) In comparison, the overhead cost of
12 coverage provided under FEHBP is about 3
13 percent.

14 (4) EXPANSION OF FEHBP MODEL TO COVER
15 UNINSURED AND OTHER AMERICANS.—Requiring
16 participation in an FEHBP-style program would ex-
17 pand consumer choice, ensure portability and con-
18 tinuity of coverage, improve incentives for cost con-
19 tainment, and stabilize the burden on businesses

20 (5) PERSONAL RESPONSIBILITY.—A recent sur-
21 vey indicates that a clear majority of Americans see
22 securing health insurance coverage as a personal re-
23 sponsibility for themselves and others.

24 (c) TABLE OF CONTENTS.—The table of contents of
25 this Act is as follows:

Sec. 1. Short title; findings; table of contents.

Sec. 2. Establishment of American Health Benefits Program.

“TITLE XXII—AMERICAN HEALTH BENEFITS PROGRAM

“Sec. 2201. Establishment of program.

“Sec. 2202. Eligibility; requirement of coverage.

“Sec. 2203. Qualified health plans; benefits; premiums.

“Sec. 2204. Government contribution; American Health Benefits Program Trust Fund.

“Sec. 2205. Premium and cost-sharing subsidies for lower income individuals.

“Sec. 2206. Administration.

“Sec. 2207. Definitions.

Sec. 3. Collection of premiums, subsidies, and employer funding.

Sec. 4. Amendments to the medicaid and SCHIP program.

Sec. 5. Studies.

1 **SEC. 2. ESTABLISHMENT OF AMERICAN HEALTH BENEFITS**

2 **PROGRAM.**

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

5 **“TITLE XXII—AMERICAN**
6 **HEALTH BENEFITS PROGRAM**

7 **“SEC. 2201. ESTABLISHMENT OF PROGRAM.**

8 “There is established under this title a program (to
9 be known as the ‘American Health Benefits Program’) to
10 provide comprehensive health insurance coverage to all
11 Americans who are not covered under certain Federal
12 health insurance programs. The coverage is provided in
13 a manner similar to the manner in which coverage has
14 been provided to Members of Congress and Federal gov-
15 ernment employees and retirees and their dependents
16 under the Federal Employees Health Benefits Program
17 (FEHBP).

1 **“SEC. 2202. ELIGIBILITY; REQUIREMENT OF COVERAGE.**

2 “(a) ELIGIBILITY.—

3 “(1) IN GENERAL.—Each AHBP-eligible indi-
4 vidual is eligible to enroll in a qualified health plan
5 offered under this title.

6 “(2) AHBP-ELIGIBLE INDIVIDUAL DEFINED.—

7 “(A) IN GENERAL.—For purposes of this
8 title, the term ‘AHBP-eligible individual’ means
9 an individual residing in the United States who
10 is—

11 “(i) a citizen or national of the United
12 States;

13 “(ii) an alien lawfully admitted to the
14 United States for permanent residence;

15 “(iii) an alien admitted into the
16 United States under section 207 of the Im-
17 migration and Nationality Act (relating to
18 refugees);

19 “(iv) an alien otherwise permanently
20 residing in the United States under color
21 of law (as specified by the Commissioner);
22 and

23 “(v) an alien with the status of a non-
24 immigrant who is within a class of long-
25 term nonimmigrants under section
26 101(a)(15) of the Immigration and Nation-

1 ality Act that the Commissioner deter-
2 mines, in consultation with the Secretary
3 of Homeland Security, to be appropriate.

4 “(B) EXCEPTION.—Such term does not in-
5 clude an individual who is incarcerated (as
6 specified by the Commissioner).

7 “(b) REQUIREMENT OF COVERAGE.—

8 “(1) IN GENERAL.—Except as provided in this
9 subsection, each AHBP-eligible individual shall be
10 enrolled in a qualified health plan under this title.

11 “(2) EXCEPTION FOR INDIVIDUALS DEM-
12 ONSTRATING PUBLIC HEALTH INSURANCE COV-
13 ERAGE.—The requirement of paragraph (1) shall
14 not apply to an individual who demonstrates cov-
15 erage under any of the following:

16 “(A) MEDICARE.—Coverage under parts A
17 and B (or under part C) of title XVIII.

18 “(B) MEDICAID.—Coverage under a State
19 plan under title XIX.

20 “(C) TRICARE/CHAMPUS.—Coverage
21 under the TRICARE program under chapter
22 55, of title 10, United States Code.

23 “(D) INDIAN HEALTH SERVICES.—Cov-
24 erage under a medical care program of the In-
25 dian Health Service or of a tribal organization.

1 “(E) VETERANS HEALTH.—Coverage
2 under the veterans health care program under
3 chapter 17 of title 38, United States Code, if
4 the coverage for the individual involved is deter-
5 mined to be not less than the coverage provided
6 under a qualified health plan, based on the indi-
7 vidual’s priority for services as provided under
8 section 1705(a) of such title.

9 “(3) EXCEPTION FOR NONIMMIGRANTS.—The
10 requirement of paragraph (1) shall not apply to an
11 individual described in subsection (a)(2)(A)(v).

12 “(c) ENROLLMENT; DEFAULT ENROLLMENT.—

13 “(1) IN GENERAL.—The Commissioner shall es-
14 tablish a process for AHBP-eligible individuals to
15 enroll in qualified health plans. Such process shall
16 be based on the enrollment process used under
17 FEHBP and shall provide for the dissemination in-
18 formation to AHBP-eligible individuals on qualified
19 health plans being offered.

20 “(2) DEFAULT ENROLLMENT.—

21 “(A) IN GENERAL.—The Commissioner
22 shall establish a procedure under which an
23 AHBP-eligible individual who is required under
24 subsection (b) to enroll, but is not enrolled, in

1 a qualified health plan will be assigned to, and
2 enrolled in, such a plan.

3 “(B) RULES.—In carrying out subpara-
4 graph (A), the Commissioner shall assign
5 AHBP-eligible individuals and families to plans
6 the premium of which is below the average pre-
7 mium for the AHBP region or other area in
8 which the individuals or families reside.

9 “(3) CHANGES IN ENROLLMENT.—The Com-
10 missioner shall establish enrollment procedures that
11 include an annual open season and permitting
12 changes in enrollment with qualified health plans at
13 other times (such as by reason of changes in marital
14 or dependent status). Such procedures shall be based
15 on the enrollment procedures established under
16 FEHBP.

17 “(d) TREATMENT OF FAMILY MEMBERS.—The en-
18 rollment under this title shall include both individual and
19 family enrollment, in a manner similar to that provided
20 under FEHBP. To the extent consistent with eligibility
21 under subsection (a), the Commissioner shall provide rules
22 similar to the rules under FEHBP for the enrollment of
23 family members who are AHBP-eligible individuals in the
24 same plan, except that such rules shall permit a family

1 consisting only of a married couple to elect to enroll each
2 spouse in a different qualified health plan.

3 “(e) CHANGES IN PLAN ENROLLMENT.—The Com-
4 missioner shall provide for and permit changes in the
5 qualified health plan in which an individual or family is
6 enrolled under this section in a manner similar to the
7 manner in which such changes are provided or permitted
8 under FEHBP. The Commissioner shall provide for termi-
9 nation of such enrollment for an individual at the time
10 the individual is no longer an AHBP-eligible individual.

11 “(f) ENROLLMENT GUIDES.—The Commissioner
12 shall provide for the broad dissemination of information
13 on qualified health plans offered under this title. Such in-
14 formation shall be provided in a comparative manner,
15 similar to that used under FEHBP, and shall include in-
16 formation, collected through surveys of enrollees, on meas-
17 ures of enrollee satisfaction with the different plans.

18 **“SEC. 2203. QUALIFIED HEALTH PLANS; BENEFITS; PRE-**
19 **MIUMS.**

20 “(a) OFFERING OF PLANS.—

21 “(1) CONTRACTS.—The Commissioner shall
22 enter into contracts with entities for the offering of
23 qualified health plans in accordance with this title.
24 Such contracts shall be entered into in a manner
25 similar to the process by which the Director of the

1 Office of Personnel Management is authorized to
2 enter into contracts with health benefits plans under
3 FEHBP.

4 “(2) REQUIREMENTS FOR ENTITIES OFFERING
5 PLANS.— No such contract shall be entered into
6 with an entity for the offering of a qualified health
7 plan in a region unless the entity—

8 “(A) is licensed as a health maintenance
9 organization in that State or is licensed or to
10 sell group health insurance in that State;

11 “(B) meets such requirements, similar to
12 requirements under FEHBP, as the Commis-
13 sioner may establish relating to solvency, orga-
14 nization, structure, governance, access, and
15 quality; and

16 “(C) agrees to participate in the high-risk
17 reinsurance pool described in subsection (d).

18 “(3) CONTRACTING WITH LIMITED NUMBER OF
19 PLANS IN A REGION WITHIN TYPES OF PLANS.—

20 “(A) IN GENERAL.—The Commissioner
21 shall contract with only a limited number of
22 qualified health plans of each type (as specified
23 under subparagraph (B)) in each AHBP region.

24 “(B) TYPES OF PLANS.—For purposes of
25 subparagraph (A), the Commissioner shall clas-

1 sify the different types of qualified health plans,
2 such as fee-for-service plans, health mainte-
3 nance plans, preferred provider plans, and other
4 types of plans.

5 “(b) FEHBP SCOPE OF BENEFITS.—

6 “(1) COMPREHENSIVE BENEFITS.—Qualified
7 health plans shall provide for the same scope and
8 type of comprehensive benefits that have been pro-
9 vided under FEHBP, including the types of benefits
10 described in section 8904 of title 5, United States
11 Code and including benefits previously required by
12 regulation or direction (such as preventive benefits,
13 including childhood immunization and cancer screen-
14 ing, and mental health parity) under FEHBP.

15 “(2) NO EXCLUSION FOR PRE-EXISTING CONDI-
16 TIONS.—Qualified health plans shall not impose pre-
17 existing condition exclusions or otherwise discrimi-
18 nate against any enrollee based on the health status
19 of such enrollee (including genetic information relat-
20 ing to such enrollee) .

21 “(3) OTHER CONSUMER PROTECTIONS.—Quali-
22 fied health plans also shall meet consumer and pa-
23 tient protection requirements that the Commissioner
24 establishes, based on similar requirements previously
25 imposed under FEHBP, including protections of pa-

1 tients’ rights previously effected pursuant to Execu-
2 tive Memorandum.

3 “(c) COMMUNITY-RATED PREMIUMS.—

4 “(1) IN GENERAL.—The premiums established
5 for a qualified health plan under this title for indi-
6 vidual or family coverage shall be community-rated
7 and shall not vary based on age, gender, health sta-
8 tus (including genetic information), or other factors.

9 “(2) COLLECTION PROCESS.—The Commis-
10 sioner shall establish a process for the timely and
11 accurate collection of premiums owed by enrollees,
12 taking into account any Government contribution
13 under section 2204(a) and any premium subsidy re-
14 ferred to in section 2205(a). Such process shall in-
15 clude methods for payment through payroll with-
16 holding, as well as payment through automatic deb-
17 iting of accounts with financial institutions, and
18 shall be coordinated with the application of section
19 59B of the Internal Revenue Code of 1986. Such
20 premiums shall be deposited into the American
21 Health Benefits Program Trust Fund established
22 under section 2204(c).

23 “(d) HIGH-RISK REINSURANCE POOL.—The Com-
24 missioner shall establish an arrangement among the enti-
25 ties offering qualified health plans under which such enti-

1 ties contribute in an equitable manner (as determined by
 2 the Commissioner) into a fund that provides payment to
 3 plans for a percentage (specified by the Commissioner and
 4 not to exceed 90 percent) of the costs that they incur for
 5 enrollees beyond a predetermined threshold specified from
 6 time to time by the Commissioner.

7 “(e) **MARKETING PRACTICES AND COSTS.**—The
 8 Commissioner shall monitor marketing practices with re-
 9 spect to qualified health plans in order to assure—

10 “(1) the accuracy of the information dissemi-
 11 nated regarding such plans; and

12 “(2) that costs of marketing are reasonable and
 13 do not exceed a percentage of total costs that is
 14 specified by the Commissioner and that takes into
 15 account costs of market entry for new qualified
 16 health plans.

17 **“SEC. 2204. GOVERNMENT CONTRIBUTION; AMERICAN**
 18 **HEALTH BENEFITS PROGRAM TRUST FUND.**

19 “(a) **GOVERNMENT CONTRIBUTION.**—

20 “(1) **IN GENERAL.**—The Commissioner shall
 21 provide each year for a contribution under this sub-
 22 section towards the coverage provided under this
 23 title for those AHBP-eligible individuals who are re-
 24 quired to be enrolled in a qualified health plan under
 25 section 2202(b). Except as provided in this sub-

1 section, the amount of such contribution shall be de-
2 termined using the same methodology that is applied
3 for purposes of determining the Government con-
4 tribution under section 8906 of title 5, United
5 States Code and shall not exceed 75 percent of the
6 premium for the plan selected.

7 “(2) USE OF REGIONAL WEIGHTED AVERAGE.—
8 Instead of computing the Government contribution
9 using methodology under section 8906(b)(1) of title
10 5, United States Code, based on 72 percent of the
11 weighted average premium for qualified health plans
12 nationally, the Commissioner shall compute such
13 contribution based on 72 percent of the weighted av-
14 erage premium for qualified health plans in each re-
15 gion involved (as identified by the Commissioner).

16 “(b) PLAN PAYMENT.—

17 “(1) IN GENERAL.—The Commissioner shall
18 provide for payment of qualified health plans of the
19 premiums for such plans, as adjusted under this
20 subsection.

21 “(2) RISK ADJUSTED PAYMENT.—The payment
22 to a qualified health plan under this subsection shall
23 be adjusted in a budget-neutral manner specified the
24 Commissioner to reflect the actuarial risk of the en-

1 rollees in the plan compared to an average actuarial
2 risk.

3 “(3) REDUCTION FOR ADMINISTRATIVE EX-
4 PENSES AND CONTINGENCY RESERVE.—The Com-
5 missioner shall provide for a uniform percentage re-
6 duction in payment otherwise made to a qualified
7 health plan under this subsection. Such percentage
8 shall consist of the following:

9 “(A) CONTINGENCY RESERVE.—A percent-
10 age (not to exceed 3 percent) to provide for a
11 contingency reserve described in section
12 2206(h)(1).

13 “(B) FEDERAL ADMINISTRATIVE COSTS.—
14 A percentage (not to exceed 5 percent) to cover
15 Federal administrative costs in implementing
16 this title.

17 “(c) TRUST FUND.—

18 “(1) ESTABLISHMENT.—There is hereby estab-
19 lished a trust fund, to be known as the ‘American
20 Health Benefits Program Trust Fund’ (in this sub-
21 section referred to as the ‘Trust Fund’).

22 “(2) DEPOSITS.—The Trust Fund shall consist
23 of such gifts and bequests as may be provided in
24 section 201(i)(1) and such amounts as may be de-
25 posited in, or appropriated to, such fund as provided

1 in this title. There are hereby appropriated to the
2 Fund, out of any moneys in the Treasury not other-
3 wise appropriated, amounts equivalent to 100 per-
4 cent of—

5 “(A) the taxes imposed by section 3451 of
6 the Internal Revenue Code of 1986 with respect
7 to wages reported to the Secretary of the
8 Treasury or the Secretary ’s delegate pursuant
9 to subtitle F of such Code, as determined by
10 the Secretary of the Treasury by applying the
11 applicable rates of tax under such sections to
12 such wages, which wages shall be certified by
13 the Commissioner of Social Security on the
14 basis of records of wages established and main-
15 tained by such Commissioner in accordance
16 with such reports;

17 “(B) the taxes imposed by section 1401(c)
18 of the Internal Revenue Code of 1986 with re-
19 spect to self-employment income reported to the
20 Secretary of the Treasury or the Secretary ’s
21 delegate pursuant to subtitle F of such Code, as
22 determined by the Secretary of the Treasury by
23 applying the applicable rates of tax under such
24 sections to such self-employment income, which
25 self-employment income shall be certified by the

1 Commissioner of Social Security on the basis of
2 records of self-employment established and
3 maintained by such Commissioner in accord-
4 ance with such returns; and

5 “(C) the excess of the amounts imposed
6 under section 59B of the Internal Revenue
7 Code of 1986 over the amounts of credits al-
8 lowed under section 36.

9 The amounts appropriated by the preceding sentence
10 shall be transferred from time to time from the gen-
11 eral fund in the Treasury to the Trust Fund, such
12 amounts to be determined on the basis of estimates
13 by the Secretary of the Treasury of the taxes, speci-
14 fied in the preceding sentence, paid to or deposited
15 into the Treasury; and proper adjustments shall be
16 made in amounts subsequently transferred to the ex-
17 tent prior estimates were in excess of or were less
18 than the taxes specified in such sentence.

19 “(3) APPLICATION OF TRUST FUND PROVI-
20 SIONS.—The provisions of subsections (b) through
21 (f) of section 1817 shall apply to the Trust Fund in
22 the same manner as they apply to the Federal Hos-
23 pital Insurance Trust Fund, except that, for pur-
24 poses of this paragraph, any reference in such sub-
25 sections to a provision of the Internal Revenue Code

1 of 1986 is deemed a reference to the corresponding
2 provision of such Code referred to in paragraph (2)
3 of this subsection.

4 **“SEC. 2205. PREMIUM AND COST-SHARING SUBSIDIES FOR**
5 **LOWER INCOME INDIVIDUALS.**

6 “(a) PREMIUM SUBSIDIES.—The Commissioner, in
7 consultation with the Secretary of the Treasury, shall as-
8 sist individuals in estimating the amount of the premium
9 subsidy which will be allowed to such individual under sec-
10 tion 36 of the Internal Revenue Code of 1986 with respect
11 to any month, and shall take the estimated amount of such
12 premium subsidy into account for purposes of collecting
13 any premium under section 2203(b)(2).

14 “(b) COST-SHARING SUBSIDIES.—

15 “(1) NO COST-SHARING FOR INDIVIDUALS WITH
16 FAMILY INCOME BELOW LOWEST INCOME THRESH-
17 OLD.—In the case of a cost-sharing subsidy-eligible
18 individual whose family income is less than the low-
19 est income threshold, there shall be a cost-sharing
20 subsidy so the cost-sharing is reduced to zero.

21 “(2) NO COST-SHARING FOR PREGNANT WOMEN
22 AND CHILDREN.—In the case of a cost-sharing sub-
23 sidy-eligible individual who is under 18 years of age
24 or who is a pregnant woman, there shall be a cost-

1 sharing subsidy so the cost-sharing is reduced to
2 zero.

3 “(3) SLIDING SCALE FOR OTHER INDIVID-
4 UALS.—In the case of cost-sharing subsidy-eligible
5 individuals not described in paragraph (1) or (2),
6 the Commissioner of Health Benefits, in consulta-
7 tion with the Secretary of the Treasury, shall estab-
8 lish a schedule of cost-sharing subsidies consistent
9 with this paragraph. Under such schedule the
10 amount of cost-sharing subsidy for such individuals
11 shall—

12 “(A) be such that the cost-sharing is nomi-
13 nal (as defined for purposes of section
14 1916(a)(3)) for individuals whose family income
15 is at the lowest income threshold; and

16 “(B) be such that, as the family income in-
17 creases from such lowest income threshold to
18 twice such threshold, the cost-sharing subsidy is
19 reduced in a ratable matter to zero.

20 “(4) APPLICATION OF A PREVIOUS YEAR’S FAM-
21 ILY INCOME.—In applying this subsection for cost-
22 sharing subsidies for expenses incurred for services
23 furnished in a year, family income shall be deter-
24 mined based on the modified AGI for taxable years
25 ending in or with the previous year (or, if informa-

1 tion on such modified AGI for such taxable years is
2 not available on a timely basis, for the most recent
3 taxable years for which such information is so avail-
4 able).

5 “(5) APPLICATION FOR SUBSIDIES.—A cost-
6 sharing subsidy shall not be available to a cost-shar-
7 ing subsidy-eligible individual under this subsection
8 unless there has been an application, in a form and
9 manner and containing such information and in such
10 frequency as the Commissioner shall specify, has
11 been made for such subsidy.

12 “(6) PAYMENT OF SUBSIDIES TO PLANS.—The
13 Commissioner shall establish the form of additional
14 payments to qualified health plans to compensate
15 such plans for cost-sharing subsidies provided to en-
16 rollees under this subsection. Such payments may be
17 in such form as the Commissioner specifies and may
18 include—

19 “(A) a capitation payment, in an amount
20 that reflects the per capita actuarial value of
21 such subsidies;

22 “(B) reimbursement for the reductions in
23 cost-sharing made to carry out this subsection;

24 or

1 “(C) a combination of the methodologies
2 under paragraphs (1) and (2).

3 “(7) DEFINITIONS.—For purposes of this sub-
4 section:

5 “(A) COST-SHARING SUBSIDY-ELIGIBLE IN-
6 DIVIDUAL DEFINED.—The term ‘cost-sharing
7 subsidy-eligible individual’ means an AHBP-eli-
8 gible individual—

9 “(i) who is enrolled, and required
10 under section 2202(b) to be enrolled, in a
11 qualified health plan under this title;

12 “(ii) whose family income does not ex-
13 ceed twice the lowest income threshold (as
14 defined in subparagraph (B)); and

15 “(iii) who does not have in effect (and
16 any of whose family members does not
17 have in effect), in a form and manner
18 specified by the Commissioner in consulta-
19 tion with the Secretary of the Treasury,
20 for any portion of the year involved an ob-
21 jection to the release of information under
22 section 6103(l)(21) of the Internal Rev-
23 enue Code of 1986.

1 “(B) LOWEST INCOME THRESHOLD.—The
2 term ‘lowest income threshold’ means, with re-
3 spect to coverage consisting of—

4 “(i) only an individual, 125 percent of
5 the poverty line (as defined in section
6 673(2) of the Community Services Block
7 Grant Act (42 U.S.C. 9902(2)), including
8 any revision required by such section) for
9 a single individual; or

10 “(ii) a family of two or more individ-
11 uals, 150 percent of the poverty line (as so
12 defined) for a family of the size involved.

13 “(C) FAMILY INCOME.—The term ‘family
14 income’ means, with respect to an AHBP-eligi-
15 ble individual who is enrolled in a qualified
16 health plan—

17 “(i) for individual-only coverage, the
18 modified AGI of the individual; or

19 “(ii) for coverage that includes other
20 family members, the sum of the modified
21 AGI of the individual and of each other in-
22 dividual covered under the plan as a family
23 member of the individual.

24 The Commissioner, in consultation with the
25 Secretary of the Treasury, may provide for ex-

1 elusion from family income under subparagraph
2 (B) of family members (such as children) who
3 have de minimis income (as specified by such
4 Commissioner).

5 “(D) MODIFIED AGI DEFINED.—The term
6 ‘modified AGI’ means adjusted gross income
7 (as defined in section 62 of the Internal Rev-
8 enue Code of 1986)—

9 “(i) determined without regard to sec-
10 tions 135, 911, 931, and 933 of such
11 Code; and

12 “(ii) increased by the amount of inter-
13 est received or accrued during the taxable
14 year which is exempt from tax under such
15 Code.

16 In the case of an individual filing a joint return,
17 any reference in this subsection to the modified
18 adjusted gross income of such individual shall
19 be to $\frac{1}{2}$ such return’s modified adjusted gross
20 income.

21 **“SEC. 2206. ADMINISTRATION.**

22 “(a) APPLICATION OF FEHBP RULES.—

23 “(1) IN GENERAL.—Except as otherwise pro-
24 vided in this title, the program under this title shall
25 be administered in the same manner as FEHBP.

1 “(2) SPECIFIC PROVISIONS.—In carrying out
2 this title, the Commissioner pursuant to paragraph
3 (1) shall provide for the following:

4 “(A) Approval and disapproval of plans as
5 qualified health plans.

6 “(B) Negotiation of plan benefits (includ-
7 ing cost-sharing) and plan premiums.

8 “(b) ESTABLISHMENT OF HEALTH BENEFITS AD-
9 MINISTRATION.—There is hereby established, as an inde-
10 pendent agency in the executive branch of Government,
11 a Health Benefits Administration (in this title referred to
12 as the ‘Administration’).

13 “(c) DUTIES.—

14 “(1) IN GENERAL.—It shall be the duty of the
15 Administration to administer the program under this
16 title and, with respect to application of any provi-
17 sions of FEHBP under this title, any reference in
18 FEHBP to the Director of the Office of Manage-
19 ment and Budget is deemed a reference to the Com-
20 missioner of Health Benefits appointed under sub-
21 section (d)(1).

22 “(2) ESTABLISHMENT OF AHBP REGIONS.—For
23 purposes of carrying out this title, the Commissioner
24 shall divide the United States into, and establish,
25 AHBP regions.

1 “(d) OFFICERS.—

2 “(1) COMMISSIONER OF HEALTH BENEFITS.—

3 “(A) IN GENERAL.—There shall be in the
4 Administration a Commissioner of Health Ben-
5 efits who shall be appointed by the President,
6 by and with the advice and consent of the Sen-
7 ate.

8 “(B) COMPENSATION.—The Commissioner
9 shall be compensated at the rate provided for
10 level I of the Executive Schedule.

11 “(C) TERM.—The provisions of section
12 702(b)(2) shall apply to the Commissioner in
13 the same manner as they apply to the Commis-
14 sioner of Social Security, except that any ref-
15 erence to January 19, 2001, shall be treated as
16 a reference to the date that is January 19 of
17 the fifth year that begins after the date of the
18 enactment of this title.

19 “(2) DEPUTY COMMISSIONER.—

20 “(A) IN GENERAL.—There shall be in the
21 Administration a Deputy Commissioner for
22 Health Benefits, who shall be appointed by the
23 President, by and with the advice and consent
24 of the Senate.

1 “(B) APPLICATION OF SSA PROVISIONS.—

2 The provisions of paragraphs (2) through (4) of
3 section 701(c) shall apply to the Deputy Com-
4 missioner in the same manner as they apply to
5 the Deputy Commissioner of Social Security,
6 except that any reference to January 19, 2001,
7 shall be treated as a reference to the date speci-
8 fied under paragraph (3).

9 “(3) OTHER OFFICERS.—There shall be in the
10 Administration a Chief Actuary, Chief Financial Of-
11 ficer, and Inspector General. The provisions of sub-
12 sections (c) through (e) of section 701 shall apply
13 with respect to such officers in the same manner as
14 they apply with respect to comparable officers in the
15 Social Security Administration.

16 “(4) PERSONNEL; BUDGETARY MATTERS; SEAL
17 OF OFFICE.—The provisions of subsections (a)(1),
18 (a)(2), (b), and (d) of section 704 shall apply to the
19 Commissioner and Administration in the same man-
20 ner as they apply to the Commissioner of Social Se-
21 curity and the Social Security Administration, re-
22 spectively.

23 “(e) AUTHORITY AND RULEMAKING.—The provisions
24 of paragraphs (4) through (7) of section 701(b) and sec-
25 tion 704 shall apply to the Administration and Commis-

1 sioner in the same manner as they apply to the Social Se-
2 curity Administration and the Commissioner of Social Se-
3 curity.

4 “(f) USE OF REGIONAL AND FIELD OFFICES.—The
5 Commissioner shall establish such regional and field of-
6 fices as may be appropriate for the convenient and effi-
7 cient administration of this title.

8 “(g) COVERAGE OF ADMINISTRATION COSTS.—The
9 Commissioner shall provide for the collection of adminis-
10 trative costs of offering coverage under this title from enti-
11 ties offering qualified health plans in the same manner
12 as FEHBP provides for coverage of its administrative
13 costs.

14 “(h) CONTINGENCY RESERVES.—

15 “(1) AHBP CONTINGENCY RESERVE.—The
16 Commissioner is authorized to establish and main-
17 tain a contingency reserve for purposes of carrying
18 out this title and is authorized to impose a premium
19 surcharge of up to 3 percent in order to provide fi-
20 nancing for such reserve.

21 “(2) PLAN RESERVES.—A qualified health plan
22 may establish contingency reserves, that are in addi-
23 tion to the reserve described in paragraph (1), in a
24 manner similar to that permitted under FEHBP.

1 **“SEC. 2207. DEFINITIONS.**

2 “For purposes of this title:

3 “(1) The term ‘Administration’ means the
4 Health Benefits Administration established under
5 section 2206(a).6 “(2) The term ‘AHBP-eligible individual’
7 means an individual described in section 2202(a).8 “(3) The term ‘AHBP region’ means a region
9 as specified by the Commissioner under section
10 2206(e)(2).11 “(4) The term ‘Commissioner’ means the Com-
12 missioner of Health Benefits appointed under sec-
13 tion 2206(c).14 “(5) The term ‘FEHBP’ means the program
15 under chapter 89 of title 5, United States Code, as
16 in effect before the date of the enactment of this
17 title.18 “(6) The term ‘qualified health plan’ means
19 such a plan offered under this title.”.20 (b) EFFECTIVE DATE; COLLECTIVE BARGAINING
21 AGREEMENTS.—22 (1) BENEFITS.—Title XXII of the Social Secu-
23 rity Act shall first apply to benefits for items and
24 services furnished on or after January 1, 2007.25 (2) EFFECT ON COLLECTIVE BARGAINING
26 AGREEMENTS.—Nothing in this Act shall be con-

1 strued as preventing a collectively bargained agree-
 2 ment from providing coverage that is additional to,
 3 or supplementary of, benefits provided under the
 4 American Health Benefits Program.

5 **SEC. 3. COLLECTION OF PREMIUMS, SUBSIDIES, AND EM-**
 6 **PLOYER FUNDING.**

7 (a) PREMIUM COLLECTION.—

8 (1) IN GENERAL.—Subchapter A of chapter 1
 9 of the Internal Revenue Code of 1986 (relating to
 10 determination of tax liability) is amended by adding
 11 at the end the following new part:

12 **“PART VIII—AMERICAN HEALTH BENEFITS**
 13 **PROGRAM PREMIUMS**

 “Sec. 59B. American Health Benefits Program premiums.

14 **“SEC. 59B. AMERICAN HEALTH BENEFITS PROGRAM PRE-**
 15 **MIUMS.**

16 “(a) IN GENERAL.—In the case of a specified indi-
 17 vidual who is enrolled in a qualified health plan under title
 18 XXII of the Social Security Act (including by reason of
 19 a default enrollment under section 2202(c)(2)), there is
 20 hereby imposed (in addition to any other amount imposed
 21 by this subtitle) for the taxable year an amount equal to
 22 the aggregate premiums established under such title with
 23 respect to the coverage under such title which covers such
 24 individual for months beginning in such taxable year. The

1 amount imposed under this subsection shall be reduced by
2 the amount of any government contribution under section
3 2204(a) of such Act which relates to such coverage.

4 “(b) SPECIFIED INDIVIDUAL.—For purposes of this
5 section, the term ‘specified individual’ means, with respect
6 to coverage under title XXII of the Social Security Act
7 for any month beginning in a taxable year—

8 “(1) in the case of self-only coverage, the indi-
9 vidual covered under such coverage, and

10 “(2) in the case of family coverage, each indi-
11 vidual covered under such coverage unless such indi-
12 vidual is covered under such coverage by reason of
13 being a member of the family (other than a spouse).

14 “(c) JOINT AND SEVERAL LIABILITY.—In the case
15 of an individual and such individual’s spouse covered
16 under family coverage—

17 “(1) each such individual shall be jointly and
18 severally liable for the amount imposed under sub-
19 section (a), and

20 “(2) the aggregate amount imposed under sub-
21 section (a) with respect to such coverage may not
22 exceed the amount imposed with respect to either
23 such individual.

24 “(d) COORDINATION WITH OTHER PROVISIONS.—

1 “(1) NOT TREATED AS MEDICAL EXPENSE.—
2 For purposes of section 213, the amount imposed by
3 this section for any taxable year shall not be treated
4 as an expense paid for medical care.

5 “(2) NOT TREATED AS TAX FOR CERTAIN PUR-
6 POSES.—The amount imposed by this section shall
7 not be treated as a tax imposed by this chapter for
8 purposes of determining—

9 “(A) the amount of any credit allowable
10 under this chapter, or

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

13 “(3) TREATMENT UNDER SUBTITLE F.—For
14 purposes of subtitle F, the amount imposed by this
15 section shall be treated as if it were a tax imposed
16 by section 1.

17 “(4) SECTION 15 NOT TO APPLY.—Section 15
18 shall not apply to the amount imposed by this sec-
19 tion.

20 “(5) SECTION NOT TO AFFECT LIABILITY OF
21 POSSESSIONS, ETC.—This section shall not apply for
22 purposes of determining liability to any possession of
23 the United States. For purposes of section 932 and
24 7654, the amount imposed under this section shall
25 not be treated as a tax imposed by this chapter.

1 “(e) REGULATIONS.—The Secretary may prescribe
2 such regulations as may be appropriate to carry out the
3 purposes of this section.”.

4 (2) ADJUSTMENTS TO WITHHOLDING.—Sub-
5 section (a) of section 3402 of such Code (relating to
6 income tax collected at source) is amended by add-
7 ing at the end the following new paragraph:

8 “(3) SPECIAL RULE FOR AMOUNTS IMPOSED BY
9 SECTION 59B.—

10 “(A) IN GENERAL.—In determining the
11 amount required to be deducted and withheld
12 from wages paid to an individual during any
13 month by such individual’s employer, the
14 amount imposed by section 59B shall be taken
15 into account.

16 “(B) WAGES NOT REDUCED BY EXEMP-
17 TIONS.—In determining the amount to be de-
18 ducted and withheld by reason of subparagraph
19 (A), the amount of wages shall not be reduced
20 as provided in paragraph (2).”.

21 (3) CLERICAL AMENDMENT.—The table of
22 parts for subchapter A of chapter 1 of such Code is
23 amended by adding at the end the following new
24 item:

“PART VIII. AMERICAN HEALTH BENEFITS PROGRAM PREMIUMS”.

1 (b) CREDIT FOR SUBSIDY AND PREPAYMENTS OF
2 AMERICAN HEALTH BENEFITS PREMIUMS.—

3 (1) IN GENERAL.—Subpart C of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code
5 of 1986 is amended by redesignating section 36 as
6 section 37 and by inserting after section 35 the fol-
7 lowing new section:

8 **“SEC. 36. SUBSIDY AND PREPAYMENT OF AMERICAN**
9 **HEALTH BENEFITS PREMIUMS.**

10 “(a) IN GENERAL.—In the case of a specified indi-
11 vidual (as defined in section 59B(b)), there shall be al-
12 lowed as a credit against the tax imposed by this subtitle
13 for the taxable year an amount equal to the sum of—

14 “(1) the aggregate amount of premiums paid
15 (other than any government contribution under sec-
16 tion 2204(a) of the Social Security Act) with respect
17 to the coverage of such individual under title XXII
18 of the Social Security Act, and

19 “(2) in the case of any premium subsidy-eligible
20 individual, the applicable premium subsidy.

21 “(b) APPLICABLE PREMIUM SUBSIDY.—

22 “(1) IN GENERAL.—For purposes of this sec-
23 tion, the term ‘applicable premium subsidy’ means,
24 with respect to any premium subsidy-eligible indi-
25 vidual, the weighted average premium in effect for

1 the calendar year in which the taxable year begins
2 (for the type of coverage involved) for plans in the
3 AHBP region involved, as determined by the Com-
4 missioner of Health Benefits.

5 “(2) REDUCTION BASED ON FAMILY INCOME.—
6 The amount otherwise determined under paragraph
7 (1) shall be reduced (but not below zero) by an
8 amount which bears the same ratio to the amount
9 so determined as—

10 “(A) the amount (if any) by which the tax-
11 payer’s family income for the taxable year ex-
12 ceeds the lowest income threshold, bears to

13 “(B) the lowest income threshold.

14 “(c) PREMIUM SUBSIDY-ELIGIBLE INDIVIDUAL.—
15 For purposes of this section, the term ‘premium subsidy-
16 eligible individual’ means an individual—

17 “(1) who is enrolled, and required to be en-
18 rolled, in a qualified health plan under title XXII of
19 the Social Security Act,

20 “(2) whose family income does not exceed twice
21 the lowest income threshold, and

22 “(3) who does not have in effect (and, in the
23 case of family coverage, each other individual cov-
24 ered under such coverage does not have in effect),
25 in a form and manner specified by the Secretary of

1 the Treasury in consultation with the Commissioner
2 of Health Benefits, for any portion of the taxable
3 year of such individual an objection to the release of
4 information under section 6103(k)(10)).

5 “(d) LOWEST INCOME THRESHOLD.—For purposes
6 of this section, the term ‘lowest income threshold’ means,
7 with respect to coverage consisting of—

8 “(1) only an individual, 125 percent of the pov-
9 erty line (as defined in section 673(2) of the Com-
10 munity Services Block Grant Act (42 U.S.C.
11 9902(2)), including any revision required by such
12 section) for a single individual for the calendar year
13 which includes the close of the taxable year, or

14 “(2) a family of two or more individuals, 150
15 percent of the poverty line (as so defined) for a fam-
16 ily of the size involved for the calendar year which
17 includes the close of the taxable year.

18 “(e) FAMILY INCOME.—For purposes of this sec-
19 tion—

20 “(1) IN GENERAL.—The term ‘family income’
21 means, with respect to a specified individual (as de-
22 fined in section 59B(b)) covered under coverage con-
23 sisting of—

24 “(A) only such individual, the modified ad-
25 justed gross income of such individual, or

1 “(B) two or more individuals, the sum of
2 the modified adjusted gross income of the speci-
3 fied individual and the modified adjusted gross
4 income of each other individual covered under
5 the plan for the taxable year that ends in or
6 with the taxable year of the specified individual.

7 “(2) MODIFIED ADJUSTED GROSS INCOME.—
8 The term ‘modified adjusted gross income’ means
9 adjusted gross income—

10 “(A) determined without regard to sections
11 135, 911, 931, and 933, and

12 “(B) increased by the amount of interest
13 received or accrued during the taxable year
14 which is exempt from tax under this title.

15 “(f) REGULATIONS.—The Secretary may prescribe
16 such regulations as are necessary or appropriate to carry
17 out this section, including regulations which provide for
18 not taking into account individuals with de minimis in-
19 come for purposes of determining family income for pur-
20 poses of this section.”.

21 (2) CONFORMING AMENDMENTS.—

22 (A) Paragraph (2) of section 1324(b) of
23 title 31, United States Code, is amended by in-
24 serting “or 36” after “section 35”.

1 (B) The table of section for subpart C of
 2 part IV of subchapter A of chapter 1 of the In-
 3 ternal Revenue Code of 1986 is amended by
 4 striking the item relating to section 36 and in-
 5 serting the following new items:

“Sec. 36. Subsidy and prepayment of American Health Benefits premiums.
 “Sec. 37. Overpayments of tax.”.

6 (c) EMPLOYER FUNDING.—

7 (1) IN GENERAL.—Subtitle C of the Internal
 8 Revenue Code of 1986 (relating to employment
 9 taxes) is amended by redesignating chapter 25 as
 10 chapter 26 and by inserting after chapter 24 the fol-
 11 lowing new chapter:

12 **“CHAPTER 25—AMERICAN HEALTH**
 13 **BENEFITS PROGRAM**

“Sec. 3451. Tax on employers.
 “Sec. 3452. Instrumentalities of the United States.

14 **“SEC. 3451. TAX ON EMPLOYERS.**

15 “(a) IMPOSITION OF TAX.—In addition to other
 16 taxes, there is hereby imposed on every employer an excise
 17 tax, with respect to having individuals in his employ, equal
 18 to 6 percent of the wages paid by him with respect to em-
 19 ployment.

20 “(b) NO COVER OVER TO POSSESSIONS.—Notwith-
 21 standing any other provision of law, no amount collected
 22 under this chapter shall be covered over to any possession
 23 of the United States.

1 “(c) OTHER DEFINITIONS.—For purposes of this
2 chapter, the terms ‘wages’, ‘employer’, and ‘employment’
3 have the same respective meanings as when used in chap-
4 ter 21: except that, for purposes of this chapter, section
5 3121(a)(1) shall not apply.

6 **“SEC. 3452. INSTRUMENTALITIES OF THE UNITED STATES.**

7 “Notwithstanding any other provision of law (wheth-
8 er enacted before or after the enactment of this section)
9 which grants to any instrumentality of the United States
10 an exemption from taxation, such instrumentality shall
11 not be exempt from the tax imposed by section 3451 un-
12 less such other provision of law grants a specific exemp-
13 tion, by reference to section 3451, from the tax imposed
14 by such section.”.

15 (2) SELF-EMPLOYMENT.—Section 1401 of such
16 Code is amended by redesignating subsection (c) as
17 subsection (d) and by inserting after subsection (b)
18 the following new subsection:

19 “(c) AMERICAN HEALTH BENEFITS PROGRAM.—In
20 addition to other taxes, there shall be imposed for each
21 taxable year, on the self-employment income of every indi-
22 vidual, a tax equal to 6 percent of the amount of the self-
23 employment income for such taxable year.”.

24 (3) CLERICAL AMENDMENT.—The table of
25 chapters for subtitle C of such Code is amended by

1 striking the item relating to chapter 25 and insert-
 2 ing the following:

“CHAPTER 25. AMERICAN HEALTH BENEFITS PROGRAM

“CHAPTER 26. GENERAL PROVISIONS RELATING TO EMPLOYMENT TAXES

3 (d) DISCLOSURE OF TAXPAYER RETURN INFORMA-
 4 TION TO CARRY OUT COST-SHARING SUBSIDIES.—

5 (1) IN GENERAL.—Section 6103(l) of the Inter-
 6 nal Revenue Code of 1986 is amended by adding at
 7 the end the following new paragraph:

8 “(21) DISCLOSURE OF RETURN INFORMATION
 9 TO CARRY OUT AMERICAN HEALTH BENEFITS PRO-
 10 GRAM.—

11 “(A) IN GENERAL.—The Secretary shall,
 12 upon written request from the Commissioner of
 13 Health Benefits, disclose to officers, employees,
 14 and contractors of the Health Benefits Admin-
 15 istration return information of a taxpayer who
 16 is, according to the records of the Secretary, a
 17 cost-sharing subsidy-eligible individual (as de-
 18 fined in section 2205(b)(7)(A) of the Social Se-
 19 curity Act) or a family member of such an indi-
 20 vidual. Such return information shall be limited
 21 to—

22 “(i) taxpayer identity information
 23 with respect to such taxpayer,

1 “(ii) the filing status of such tax-
2 payer,

3 “(iii) the adjusted gross income of
4 such taxpayer,

5 “(iv) the amounts excluded from such
6 taxpayer’s gross income under sections 135
7 and 911 to the extent such information is
8 available,

9 “(v) the interest received or accrued
10 during the taxable year which is exempt
11 from the tax imposed by chapter 1 to the
12 extent such information is available,

13 “(vi) the amounts excluded from such
14 taxpayer’s gross income by sections 931
15 and 933 to the extent such information is
16 available, and

17 “(vii) the taxable year with respect to
18 which the preceding information relates.

19 “(B) RESTRICTION ON USE OF DISCLOSED
20 INFORMATION.—Return information disclosed
21 under subparagraph (A) may be used by offi-
22 cers, employees, and contractors of the Health
23 Benefits Administration only for the purposes
24 of, and to the extent necessary in, establishing
25 the appropriate amount of any cost-sharing

1 subsidies under section 2205 of the Social Secu-
2 rity Act.”.

3 (2) CONFORMING AMENDMENTS.—

4 (A) Paragraph (3) of section 6103(a) of
5 such Code is amended by striking “or (20)”
6 and inserting “(20), or (21)”.

7 (B) Paragraph (4) of section 6103(p) of
8 such Code is amended by striking “(l)(16),
9 (17), (19), or (20)” each place it appears and
10 inserting “(l)(16), (17), (19), (20), or (21)”.

11 (C) Paragraph (2) of section 7213(a) of
12 such Code is amended by striking “or (20)”
13 and inserting “(20), or (21)”.

14 (e) DISCLOSURE OF TAXPAYER RETURN INFORMA-
15 TION TO CARRY OUT PREMIUM SUBSIDIES.—Section
16 6103(k) of the Internal Revenue Code of 1986 is amended
17 by adding at the end the following new paragraph:

18 “(10) DISCLOSURE OF INFORMATION TO AD-
19 MINISTER PREMIUM SUBSIDY UNDER SECTION 36.—
20 To the extent that Secretary determines that disclo-
21 sure is necessary to permit the effective administra-
22 tion of section 36, the Secretary may disclose the
23 modified adjusted gross income (as defined in sec-
24 tion 36) of any individual whose modified adjusted

1 gross income is taken into account in determining
2 the amount of any credit under such section.”.

3 (f) EFFECTIVE DATE.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), the amendments made by this section
6 shall take effect on January 1, 2007.

7 (2) SUBSECTIONS (a) AND (b).—The amend-
8 ments made by subsections (a) and (b) shall apply
9 to months beginning after December 31, 2006, in
10 taxable years ending after such date.

11 **SEC. 4. AMENDMENTS TO THE MEDICAID AND SCHIP PRO-**
12 **GRAM.**

13 (a) INCREASE IN FMAP UNDER MEDICAID FOR
14 AHBP-COVERED SERVICES.—Section 1905 of the Social
15 Security Act (42 U.S.C. 1396d) is amended—

16 (1) in subsection (b), by inserting “subsection
17 (x) and” after “Subject to”; and

18 (2) by adding at the end the following new sub-
19 section::

20 “(x)(1) Subject to the succeeding provisions of this
21 subsection, the Federal medical assistance percentage
22 under this title for calendar quarters in a fiscal year (be-
23 ginning with the calendar quarter that begins on the effec-
24 tive date of the American Health Benefits Program under
25 title XXII) shall be increased by a number of percentage

1 points (rounded to the nearest 1/100th of a percentage
2 point) equal to 40 percent of the number of percentage
3 points by which 100 percent exceeds the Federal medical
4 assistance percentage otherwise determined for the State
5 without regard to this subsection.

6 “(2) Paragraph (1) shall only apply with respect to
7 medical assistance for AHBP-eligible individuals (as de-
8 fined in section 2207(2)) and only for items and services
9 for which benefits are generally provided under qualified
10 health plans under title XXII, as determined by the Sec-
11 retary in consultation with the Commission of Health Ben-
12 efits.

13 “(3) The Secretary shall provide for such special
14 rules concerning the application of this subsection to the
15 territories as the Secretary finds appropriate and equi-
16 table.”.

17 (b) SUNSET OF SCHIP FUNDING.—Section 2105 of
18 such Act (42 U.S.C. 1397ee) is amended by adding at the
19 end the following new subsection:

20 “(h) SUNSET OF PROGRAM UPON INITIATION OF
21 AMERICAN HEALTH BENEFITS PROGRAM.—No payment
22 shall be made under this title to a State for items and
23 services furnished after the effective date of the American
24 Health Benefits Program under title XXII.”.

1 **SEC. 5. STUDIES.**

2 (a) STUDIES.—The Comptroller General of the
3 United States shall provide for the following studies:

4 (1) INTEGRATION WITH OTHER PUBLIC
5 HEALTH INSURANCE COVERAGE.—A study of the
6 cost effectiveness and quality of care under the
7 American Health Benefits Program under title XXII
8 of the Social Security Act compared to the public
9 health insurance programs described in section
10 2202(b)(2) of such Act and the feasibility and desir-
11 ability of integrating such programs with the Pro-
12 gram under such title. Such study shall be con-
13 ducted in consultation with the Federal officials
14 overseeing such programs.

15 (2) GROWTH OF PRESCRIPTION DRUG COSTS.—
16 A study of the rate of growth of prescription drug
17 costs under such Program compared to such rate of
18 growth under such public health insurance pro-
19 grams.

20 (b) REPORTS.—Not later than January 1, 2009, the
21 Comptroller General shall submit to Congress a report on
22 the studies conducted under subsection (a).

○