

108TH CONGRESS  
2D SESSION

# S. 2544

To provide for the certification of programs to provide uninsured employees of small businesses access to health coverage, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JUNE 17, 2004

Ms. STABENOW (for herself, Mrs. LINCOLN, and Mr. LEVIN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide for the certification of programs to provide uninsured employees of small businesses access to health coverage, and for other purposes.

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 “Health Care Access  
5       for Small Businesses Act of 2004”.

6       **SEC. 2. THREE-SHARE PROGRAMS.**

7       The Social Security Act (42 U.S.C. 301 et seq.) is  
8       amended by adding at the end the following:

**“TITLE XXII—PROVIDING FOR  
THE UNINSURED**

**“SEC. 2201. THREE-SHARE PROGRAMS.**

“(a) PILOT PROGRAMS.—The Secretary, acting through the Administrator, shall award grants under this section for the startup and operation of 50 eligible three-share pilot programs for a 5-year period.

“(b) GRANTS FOR THREE-SHARE PROGRAMS.—

“(1) ESTABLISHMENT.—The Administrator may award grants to eligible entities—

“(A) to establish three-share programs;

“(B) to provide for contributions to the premiums assessed for coverage under a three-share program as provided for in subsection (c)(2)(B)(iii); and

“(C) to establish risk pools.

“(2) THREE-SHARE PROGRAM PLAN.—Each entity desiring a grant under this subsection shall develop a plan for the establishment and operation of a three-share program that meets the requirements of paragraphs (2) and (3) of subsection (c).

“(3) APPLICATION.—Each entity desiring a grant under this subsection shall submit an application to the Administrator at such time, in such man-

1       ner and containing such information as the Adminis-  
2       trator may require, including—

3               “(A) the three-share program plan de-  
4       scribed in paragraph (2); and

5               “(B) an assurance that the eligible entity  
6       will—

7                       “(i) determine a benefit package;

8                       “(ii) recruit businesses and employees  
9       for the three-share program;

10                      “(iii) build and manage a network of  
11       health providers or contract with an exist-  
12       ing network or licensed insurance provider;

13                      “(iv) manage all administrative needs;  
14       and

15                      “(v) establish relationships among  
16       community, business, and provider inter-  
17       ests.

18               “(4) PRIORITY.—In awarding grants under this  
19       section the Secretary shall give priority to an appli-  
20       cant—

21               “(A) that is an existing three-share pro-  
22       gram;

23               “(B) that is an eligible three-share pro-  
24       gram that has demonstrated community sup-  
25       port; or

1           “(C) that is located in a State with insur-  
 2           ance laws and regulations that permit three-  
 3           share program expansion.

4           “(c) GRANT ELIGIBILITY.—

5           “(1) IN GENERAL.—The Secretary, acting  
 6           through the Administrator, shall promulgate regula-  
 7           tions providing for the eligibility of three-share pro-  
 8           grams for participation in the pilot program under  
 9           this section.

10           “(2) THREE-SHARE PROGRAM REQUIRE-  
 11           MENTS.—

12           “(A) IN GENERAL.—To be determined to  
 13           be an eligible three-share program for purposes  
 14           of participation in the pilot program under this  
 15           section a three-share program shall—

16           “(i) be either a non-profit or local  
 17           governmental entity;

18           “(ii) define the region in which such  
 19           program will provide services;

20           “(iii) have the capacity to carry out  
 21           administrative functions of managing  
 22           health plans, including monthly billings,  
 23           verification/enrollment of eligible employers  
 24           and employees, maintenance of member-  
 25           ship rosters, development of member mate-

1           rials (such as handbooks and identification  
2           cards), customer service, and claims proc-  
3           essing; and

4           “(iv) have demonstrated community  
5           involvement.

6           “(B) PAYMENT.—To be eligible under  
7           paragraph (1), a three-share program shall pay  
8           the costs of services provided under subpara-  
9           graph (A)(ii) by charging a monthly premium  
10          for each covered individual to be divided as fol-  
11          lows:

12           “(i) Not more than 30 percent of such  
13           premium shall be paid by a qualified em-  
14           ployee desiring coverage under the three-  
15           share program.

16           “(ii) Not more than 30 percent of  
17           such premium shall be paid by the quali-  
18           fied employer of such a qualified employee.

19           “(iii) At least 40 percent of such pre-  
20           mium shall be paid from amounts provided  
21           under a grant under this section.

22           “(iv) Any remaining amount shall be  
23           paid by the three-share program from  
24           other public, private, or charitable sources.

1 “(C) PROGRAM FLEXIBILITY.—A three-  
 2 share program may set an income eligibility  
 3 guideline for enrollment purposes.

4 “(3) COVERAGE.—

5 “(A) IN GENERAL.—To be an eligible  
 6 three-share program under this section, the  
 7 three-share program shall provide at least the  
 8 following benefits:

9 “(i) Physicians services.

10 “(ii) In-patient hospital services.

11 “(iii) Out-patient services.

12 “(iv) Emergency room visits.

13 “(v) Emergency ambulance services.

14 “(vi) Diagnostic lab fees and x-rays.

15 “(vii) Prescription drug benefits.

16 “(B) LIMITATION.—Nothing in subpara-  
 17 graph (A) shall be construed to require that a  
 18 three-share program provide coverage for serv-  
 19 ices performed outside the region described in  
 20 paragraph (2)(A)(i).

21 “(C) PREEXISTING CONDITIONS.—A pro-  
 22 gram described in subparagraph (A) shall not  
 23 be an eligible three-share program under para-  
 24 graph (1) if any individual can be excluded

1 from coverage under such program because of  
2 a preexisting health condition.

3 “(d) GRANTS FOR EXISTING THREE-SHARE PRO-  
4 GRAMS TO MEET CERTIFICATION REQUIREMENTS.—

5 “(1) IN GENERAL.—The Administrator may  
6 award grants to three-share programs that are oper-  
7 ating on the date of enactment of this section.

8 “(2) APPLICATION.—Each eligible entity desir-  
9 ing a grant under this subsection shall submit an  
10 application to the Administrator at such time, in  
11 such manner, and containing such information as  
12 the Administrator may require.

13 “(e) APPLICATION OF STATE LAWS.—Nothing in this  
14 section shall be construed to preempt State law.

15 “(f) DISTRESSED BUSINESS FORMULA.—

16 “(1) IN GENERAL.—Not later than 60 days  
17 after the date of enactment of this section, the Ad-  
18 ministrator of the Health Resources and Services  
19 Administration shall develop a formula to determine  
20 which businesses qualify as distressed businesses for  
21 purposes of this section.

22 “(2) EFFECT ON INSURANCE MARKET.—Grant-  
23 ing eligibility to a distressed business using the for-  
24 mula under paragraph (1) shall not interfere with  
25 the insurance market. Any business found to have

1 reduced benefits to qualify as a distressed business  
 2 under the formula under paragraph (1) shall not be  
 3 eligible to be a three-share program for purposes of  
 4 this section.

5 “(g) DEFINITIONS.—In this section:

6 “(1) ADMINISTRATOR.—The term ‘Adminis-  
 7 trator’ means the Administrator of the Health Re-  
 8 sources and Services Administration.

9 “(2) COVERED INDIVIDUAL.—The term ‘cov-  
 10 ered individual’ means—

11 “(A) a qualified employee; or

12 “(B) a child under the age of 23 or a  
 13 spouse of such qualified employee who—

14 “(i) lacks access to health care cov-  
 15 erage through their employment or em-  
 16 ployer;

17 “(ii) lacks access to health coverage  
 18 through a family member;

19 “(iii) is not eligible for coverage under  
 20 the medicare program under title XVIII or  
 21 the medicaid program under title XIX; and

22 “(iv) does not qualify for benefits  
 23 under the State Children’s Health Insur-  
 24 ance Program under title XXI.



1           “(3) DISTRESSED BUSINESS.—The term ‘dis-  
2       tressed business’ means a business that—

3           “(A) in light of economic hardship and ris-  
4       ing health care premiums may be forced to dis-  
5       continue or scale back its health care coverage;  
6       and

7           “(B) qualifies as a distressed business ac-  
8       cording to the formula under subsection (g).

9           “(4) ELIGIBLE ENTITY.—The term ‘eligible en-  
10      tity’ means an entity that meets the requirements of  
11      subsection (a)(2)(A).

12          “(5) QUALIFIED EMPLOYEE.—The term ‘quali-  
13      fied employee’ means any individual employed by a  
14      qualified employer who meets certain criteria includ-  
15      ing—

16          “(A) lacking access to health coverage  
17      through a family member or common law part-  
18      ner;

19          “(B) not being eligible for coverage under  
20      the medicare program under title XVIII or the  
21      medicaid program under title XIX; and

22          “(C) agreeing that the share of fees de-  
23      scribed in subsection (a)(2)(B)(i) shall be paid  
24      in the form of payroll deductions from the  
25      wages of such individual.

1           “(6) QUALIFIED EMPLOYER.—The term ‘quali-  
2       fied employer’ means an employer as defined in sec-  
3       tion 3(d) of the Fair Labor Standards Act of 1938  
4       (29 U.S.C. 203(d)) who—

5           “(A) is a small business concern as defined  
6       in section 3(a) of the Small Business Act (15  
7       U.S.C. 632);

8           “(B) is located in the region described in  
9       subsection (a)(2)(A)(i); and

10          “(C) has not contributed to the health care  
11       benefits of its employees for at least 12 months  
12       consecutively or currently provides insurance  
13       but is classified as a distressed business.

14          “(h) EVALUATION.—Not later than 90 days after the  
15       end of the 5-year period during which grants are available  
16       under this section, the General Accounting Office shall  
17       submit to the Secretary and the appropriate committees  
18       of Congress a report concerning—

19          “(1) the effectiveness of the programs estab-  
20       lished under this section;

21          “(2) the number of individuals covered under  
22       such programs;

23          “(3) any resulting best practices; and

24          “(4) the level of community involvement.

1       “(i) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated to carry out this section  
3 \$100,000,000 for each of fiscal years 2005 through  
4 2010.”.

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