

108TH CONGRESS  
1ST SESSION

# S. 39

To promote the development of health care cooperatives that will help businesses to pool the health care purchasing power of employers, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 7, 2003

Mr. FEINGOLD (for himself and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To promote the development of health care cooperatives that will help businesses to pool the health care purchasing power of employers, 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 “Promoting Health  
5       Care Purchasing Cooperatives Act”.

6       **SEC. 2. FINDINGS AND PURPOSE.**

7       (a) FINDINGS.—Congress makes the following find-  
8       ings:

1           (1) Health care spending in the United States  
2           has reached 13 percent of the Gross Domestic Prod-  
3           uct of the United States, yet 42,500,000 people, or  
4           15.5 percent of the population, remains uninsured.

5           (2) After nearly a decade of manageable in-  
6           creases in commercial insurance premiums, many  
7           employers are now faced with consecutive years of  
8           double digit premium increases.

9           (3) Purchasing cooperatives owned by partici-  
10          pating businesses are a proven method of achieving  
11          the bargaining power necessary to manage the cost  
12          and quality of employer-sponsored health plans and  
13          other employee benefits.

14          (4) The Employer Health Care Alliance Cooper-  
15          ative has provided its members with health care pur-  
16          chasing power through provider contracting, data  
17          collection, activities to enhance quality improvements  
18          in the health care community, and activities to pro-  
19          mote employee health care consumerism.

20          (5) According to the National Business Coali-  
21          tion on Health, there are more than 90 employer-led  
22          coalitions across the United States that collectively  
23          purchase health care, proactively challenge high  
24          costs and the inefficient delivery of health care, and  
25          share information on quality. These coalitions rep-

1       resent over 7,000 employers and approximately  
2       34,000,000 employees.

3       (b) PURPOSE.—It is the purpose of this Act to build  
4       off of successful local employer-led health insurance initia-  
5       tives by improving the value of their employees health  
6       care.

7       **SEC. 3. GRANTS TO SELF INSURED BUSINESSES TO FORM**  
8       **HEALTH CARE COOPERATIVES.**

9       (a) AUTHORIZATION.—The Secretary of Health and  
10      Human Services (in this Act referred to as the “Sec-  
11      retary”), acting through the Director of the Agency for  
12      Healthcare Research and Quality, is authorized to award  
13      grants to eligible groups who meet the criteria described  
14      in subsection (d), for the development of health care pur-  
15      chasing cooperatives. Such grants may be used to provide  
16      support for the professional staff of such cooperatives, and  
17      to obtain contracted services for planning, development,  
18      and implementation activities for establishing such health  
19      care purchasing cooperatives.

20      (b) ELIGIBLE GROUP DEFINED.—

21              (1) IN GENERAL.—For purposes of this section  
22      the term “eligible group” means a consortia of—

23                      (A) two or more self-insured employers  
24              each of which are responsible for their own

1 health insurance risk pool with respect to their  
2 employees; or

3 (B) two or more employers each of  
4 which—

5 (i) have 99 employees or less; and

6 (ii) are purchasers of health insurance  
7 (are not self-insured) for their employees.

8 (2) NO TRANSFER OF RISK.—Individual em-  
9 ployers who are members of an eligible group may  
10 not transfer insurance risk to such group.

11 (c) APPLICATION.—An eligible entity desiring a grant  
12 under this section shall submit to the Secretary an appli-  
13 cation at such time, in such manner, and accompanied by  
14 such information as the Secretary may require.

15 (d) CRITERIA.—

16 (1) FEASIBILITY STUDY GRANTS.—

17 (A) IN GENERAL.—An eligible group may  
18 submit an application under subsection (c) for  
19 a grant to conduct a feasibility study con-  
20 cerning the establishment of a health insurance  
21 purchasing cooperative. The Secretary shall ap-  
22 prove applications submitted under the pre-  
23 ceding sentence if the study will consider the  
24 criteria described in paragraph (2).

1 (B) REPORT.—After completion of a feasi-  
2 bility study under a grant under this section, an  
3 eligible group shall submit to the Secretary a  
4 report describing the results of such study.

5 (2) GRANT CRITERIA.—The criteria described  
6 in this paragraph include the following with respect  
7 to the eligible group:

8 (A) The ability of the group to effectively  
9 pool the health care purchasing power of em-  
10 ployers.

11 (B) The ability of the group to provide  
12 data to employers to enable such employers to  
13 make data-based decisions regarding their  
14 health plans.

15 (C) The ability of the group to drive qual-  
16 ity improvement in the health care community.

17 (D) The ability of the group to promote  
18 health care consumerism through employee edu-  
19 cation, self-care, and comparative provider per-  
20 formance information.

21 (E) The ability of the group to meet any  
22 other criteria determined appropriate by the  
23 Secretary.

24 (e) COOPERATIVE GRANTS.—After the submission of  
25 a report by an eligible group under subsection (d)(1)(B),

1 the Secretary shall determine whether to award the group  
 2 a grant for the establishment of a cooperative under sub-  
 3 section (a). In making a determination under the pre-  
 4 ceding sentence, the Secretary shall consider the criteria  
 5 described in subsection (d)(2) with respect to the group.

6 (f) COOPERATIVES.—

7 (1) IN GENERAL.—An eligible group awarded a  
 8 grant under subsection (a) shall establish or expand  
 9 a health insurance purchasing cooperative that  
 10 shall—

11 (A) be a nonprofit organization;

12 (B) be wholly owned, and democratically  
 13 governed by its member-employers;

14 (C) exist solely to serve the membership  
 15 base;

16 (D) be governed by a board of directors  
 17 that is democratically elected by the cooperative  
 18 membership using a 1-member, 1-vote standard;  
 19 and

20 (E) accept any new member in accordance  
 21 with specific criteria, including a limitation on  
 22 the number of members, determined by the Sec-  
 23 retary.

24 (2) AUTHORIZED COOPERATIVE ACTIVITIES.—A  
 25 cooperative established under paragraph (1) shall—

1 (A) assist the members of the cooperative  
 2 in pooling their health care insurance pur-  
 3 chasing power;

4 (B) provide data to improve the ability of  
 5 the members of the cooperative to make data-  
 6 based decisions regarding their health plans;

7 (C) conduct activities to enhance quality  
 8 improvement in the health care community;

9 (D) the ability of the group to promote  
 10 health care consumerism through employee edu-  
 11 cation, self-care, and comparative provider per-  
 12 formance information; and

13 (E) conduct any other activities deter-  
 14 mined appropriate by the Secretary.

15 (g) REVIEW.—

16 (1) IN GENERAL.—Not later than 1 year after  
 17 the date on which grants are awarded under this  
 18 section, and every 2 years thereafter, the Secretary  
 19 shall study programs funded by grants under this  
 20 section and provide to the appropriate committees of  
 21 Congress a report on the progress of such programs  
 22 in improving the access of employees to quality, af-  
 23 fordable health insurance.

24 (2) SLIDING SCALE FUNDING.—The Secretary  
 25 shall use the information included in the report

1       under paragraph (1) to establish a schedule for scal-  
2       ing back payments under this section with the goal  
3       of ensuring that programs funded with grants under  
4       this section are self sufficient within 10 years.

5   **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

6       From the administrative funds provided to the Sec-  
7   retary of Health and Human Services, the Secretary may  
8   use not more than a total of \$60,000,000 for fiscal years  
9   2003 through 2012 to carry out this Act.

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