

109TH CONGRESS
1ST SESSION

H. R. 462

To amend the Internal Revenue Code of 1986 to impose an excise tax
on the termination of retiree prescription drug coverage.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 1, 2005

Mr. ENGEL introduced the following bill; which was referred to the Committee
on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to impose
an excise tax on the termination of retiree prescription
drug coverage.

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 “Medicare Corporate
5 Accountability Act of 2004”.

6 **SEC. 2. EXCISE TAX ON TERMINATION OF RETIREE PRE-**
7 **SCRIPTION DRUG COVERAGE.**

8 (a) IN GENERAL.—Chapter 47 of the Internal Rev-
9 enue Code of 1986 (relating to certain group health plans)
10 is amended by adding at the end the following new section:

1 **“SEC. 5000A. TERMINATION OF RETIREE PRESCRIPTION**
2 **DRUG COVERAGE.**

3 “(a) IN GENERAL.—There is hereby imposed on any
4 employer or employee organization that contributes to a
5 group health plan (as defined in section 5000(b)) a tax
6 on the termination of the provision of prescription drug
7 benefits to any qualified retiree under the plan.

8 “(b) RATE OF TAX.—The rate of tax imposed under
9 the section is—

10 “(1) \$750 in the case of a qualified retiree with
11 self-only prescription drug coverage under the plan
12 (determined at the time of the termination of bene-
13 fits), and

14 “(2) \$1,500 in the case of any other qualified
15 retiree.

16 “(c) QUALIFIED RETIREE.—For purposes of this sec-
17 tion, the term ‘qualified retiree’ means any former em-
18 ployee of the employer—

19 “(1) who attained age 65 before the termi-
20 nation of benefits referred to in subsection (a), and

21 “(2) whose employment with the employer ter-
22 minated before the date of the enactment of this sec-
23 tion.

24 “(d) REGULATIONS.—The Secretary may issue regu-
25 lations to carry out the purposes of this section, including

1 regulations with respect to the meaning of the terms ‘ter-
2 mination’ and ‘prescription drug benefits’.

3 “(e) TRANSFERS TO MEDICARE PRESCRIPTION DRUG
4 ACCOUNT.—The Secretary shall from time to time trans-
5 fer from the general fund of the Treasury to the Medicare
6 Prescription Drug Account in the Federal Supplementary
7 Medical Insurance Trust Fund amounts equal to the taxes
8 imposed under this section.”.

9 (b) CLERICAL AMENDMENT.—The table of sections
10 for such chapter is amended by adding at the end the fol-
11 lowing new item:

“Sec. 5000A. Termination of retiree prescription drug coverage.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to terminations of benefits which
14 take effect on or after the date of the enactment of this
15 Act.

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