

110TH CONGRESS
1ST SESSION

H. R. 749

To amend the Social Security Act to improve choices available to Medicare eligible seniors by permitting them to elect (instead of regular Medicare benefits) to receive a voucher for a health savings account, for premiums for a high deductible health insurance plan, or both and by suspending Medicare late enrollment penalties between ages 65 and 70.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 2007

Mrs. BLACKBURN (for herself, Mr. SAM JOHNSON of Texas, Mr. WESTMORELAND, Mr. WILSON of South Carolina, Mr. FRANKS of Arizona, and Mr. SESSIONS) 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 to improve choices available to Medicare eligible seniors by permitting them to elect (instead of regular Medicare benefits) to receive a voucher for a health savings account, for premiums for a high deductible health insurance plan, or both and by suspending Medicare late enrollment penalties between ages 65 and 70.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Health Care Choices
3 for Seniors Act”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) The Social Security Administration’s Pro-
7 gram Operations Manual System section HI
8 00801.002, titled “Waiver of Hospital Insurance
9 Entitlement by Monthly Beneficiary”, provides that
10 an individual who does not sign up for part A of the
11 medicare program when the individual signs up for
12 social security benefits will lose such benefits, re-
13 gardless of the desire of the individual to not partici-
14 pate in the medicare program because of religious or
15 philosophical reasons or a preference to have private
16 health insurance.

17 (2) Congress recently increased health insur-
18 ance options by authorizing health savings accounts
19 into which individuals may make annual contribu-
20 tions that are allowable as deductions for income tax
21 purposes. Seniors are not allowed to deduct con-
22 tributions to their health savings account after the
23 date of the entitlement of such seniors to Medicare
24 benefits.

25 (3) Section 1802(b) of the Social Security Act
26 (42 U.S.C. 1395a(b)), added by section 4507 of the

1 Balanced Budget Act of 1997, states that a Medi-
 2 care beneficiary may only enter into a private con-
 3 tract with a physician for an item or service if no
 4 claim for payment under title XVIII of such Act will
 5 be submitted. In the case of such contract, the phy-
 6 sician must sign an affidavit that acknowledges such
 7 contract and that provides that the physician will
 8 not submit a claim, and will forgo reimbursement,
 9 under such title for an item or service provided to
 10 any Medicare beneficiary for a period of two years.

11 **SEC. 3. AUTHORITY TO ELECT VOUCHER PROGRAM IN-**
 12 **STEAD OF MEDICARE PART A ENTITLEMENT.**

13 (a) IN GENERAL.—Section 226 of the Social Security
 14 Act (42 U.S.C. 426) is amended by adding at the end the
 15 following new subsections:

16 “(k) WAIVER OF ENTITLEMENT AND ELECTION OF
 17 VOUCHER PROGRAM.—

18 “(1) IN GENERAL.—Notwithstanding the pre-
 19 vious provisions of this section, the Secretary shall
 20 establish a procedure under which an individual oth-
 21 erwise entitled under subsection (a) to benefits
 22 under part A of title XVIII may waive such entitle-
 23 ment and be automatically enrolled in the Medicare
 24 Alternative Voucher Program established under sub-
 25 section (l) if—

1 “(A) at the time such waiver is made the
2 individual—

3 “(i) has a health savings account de-
4 scribed in subsection (d) of section 223 of
5 the Internal Revenue Code of 1986 (26
6 U.S.C. 223); and

7 “(ii) is enrolled under a high deduct-
8 ible health plan, as defined in subsection
9 (c)(1) of such section; and

10 “(B) the individual makes such waiver dur-
11 ing the initial enrollment period described in
12 section 1837(d).

13 “(2) TREATMENT UNDER THE INTERNAL REV-
14 ENUE CODE OF 1986.—An individual who waives en-
15 titlement under paragraph (1) shall not be treated
16 as entitled to benefits under title XVIII for purposes
17 of section 223(b)(7) of the Internal Revenue Code of
18 1986.

19 “(3) INELIGIBILITY FOR PART B OR D BENE-
20 FITS.—An individual shall not be eligible for benefits
21 under part B or D of title XVIII during the period
22 for which the individual waives entitlement under
23 part A of such title under paragraph (1).

24 “(4) TERMINATION OF WAIVER AND REENROLL-
25 MENT UNDER MEDICARE PROGRAM.—The Secretary

1 shall establish a procedure under which an individual
 2 who waives entitlement under paragraph (1) may
 3 terminate such waiver during an annual period that
 4 shall be the same as the annual general enrollment
 5 period described in section 1837(e). For purposes of
 6 applying parts B and D of title XVIII, such indi-
 7 vidual shall be treated as if the individual were enti-
 8 tled to benefits under part A of such title as of the
 9 date such individual terminates the waiver under
 10 this paragraph. An individual who has terminated
 11 such a waiver may not subsequently make such a
 12 waiver.

13 “(1) MEDICARE ALTERNATIVE VOUCHER PRO-
 14 GRAM.—

15 “(1) ESTABLISHMENT OF PROGRAM.—The Sec-
 16 retary shall establish a program to be known as the
 17 Medicare Alternative Voucher Program (in this sub-
 18 section referred to as the ‘voucher program’) con-
 19 sistent with this subsection.

20 “(2) AUTOMATIC ENROLLMENT.—An individual
 21 who waives entitlement under subsection (k)(1) shall
 22 be enrolled in the voucher program for the period
 23 during which such waiver is in effect.

24 “(3) AMOUNT OF VOUCHER.—

25 “(A) AMOUNT BASED ON AGE COHORT.—

1 “(i) IN GENERAL.—Subject to clause
2 (ii), for each month that an individual
3 within an age cohort is enrolled in the
4 voucher program, the Secretary shall pro-
5 vide a voucher to such individual in an
6 amount that is equal to the monthly actu-
7 arial rate for that month computed under
8 section 1818(d)(1) multiplied by the age
9 cohort adjustment factor for such age co-
10 hort under subparagraph (B).

11 “(ii) MONTHLY LIMIT.—The amount
12 of a voucher provided to an individual for
13 a month may not exceed \$200.

14 “(B) AGE COHORT ADJUSTMENT FAC-
15 TOR.—For each age cohort the Secretary shall
16 determine an age cohort adjustment factor
17 equal to the ratio of—

18 “(i) the monthly actuarial rate de-
19 scribed in section 1818(d)(1) as deter-
20 mined by the Secretary for individuals in
21 such age cohort, to

22 “(ii) the monthly actuarial rate de-
23 scribed in such section.

24 “(C) AGE COHORT DEFINED.—For pur-
25 poses of this paragraph, an ‘age cohort’ means

1 a group of individuals whose age falls within a
2 span of five consecutive years, consistent with
3 the following:

4 “(i) The first such span begins at age
5 65.

6 “(ii) Other spans follow consecutively.

7 “(4) PERMISSIBLE USE OF VOUCHER.—A
8 voucher under paragraph (3) may be used only for
9 the following purposes:

10 “(A) As a contribution into a health sav-
11 ings account established by such individual, as
12 described in subsection (k)(1)(A).

13 “(B) For payment of premiums for enroll-
14 ment of such individual under a high deductible
15 health plan described in such subsection.

16 “(5) EFFECT OF SUBSEQUENT TERMINATION
17 OF WAIVER.—If an individual terminates a waiver
18 under subsection (k)(4), the enrollment of such indi-
19 vidual in the voucher program shall be terminated
20 on the date on which the termination becomes effec-
21 tive.”.

22 (b) AMENDMENT OF INTERNAL REVENUE CODE OF
23 1986.—Paragraph (7) of section 223(b) of the Internal
24 Revenue Code of 1986 (relating to medicare eligible indi-
25 viduals) is amended to read as follows:

1 “(7) MEDICARE ELIGIBLE INDIVIDUALS.—

2 “(A) IN GENERAL.—The limitation under
3 this subsection for any month with respect to
4 an individual shall be zero for any month such
5 individual is entitled to benefits under title
6 XVIII of the Social Security Act.

7 “(B) MEDICARE ALTERNATIVE VOUCHER
8 PROGRAM.—In the case of an individual who is
9 enrolled in the Medicare Alternative Voucher
10 Program under section 226(l) of the Social Se-
11 curity Act, the applicable limitation under sub-
12 paragraphs (A) and (B) of paragraph (2) shall
13 be increased by the amount of the voucher de-
14 scribed in paragraph (3) of such section which
15 is contributed to a health savings account of
16 such individual.”.

17 (c) EFFECTIVE DATE.—

18 (1) IN GENERAL.—The amendment made by
19 subsection (a) shall take effect on the date that is
20 six months after the date of the enactment of this
21 Act and shall apply to an individual who becomes
22 entitled to benefits under part A of title XVIII of
23 the Social Security Act on or after such date of the
24 enactment.

1 (2) AMENDMENT OF INTERNAL REVENUE CODE
 2 OF 1986.—The amendment made by subsection (b)
 3 shall apply to months ending after the date referred
 4 to in paragraph (1), in taxable years ending after
 5 such date.

6 **SEC. 4. SUSPENSION OF MEDICARE LATE ENROLLMENT**
 7 **PENALTIES BETWEEN AGES 65 AND 70 IF THE**
 8 **INDIVIDUAL IS ENROLLED IN THE MEDICARE**
 9 **ALTERNATIVE VOUCHER PROGRAM.**

10 (a) PART B.—The second sentence of section 1839(b)
 11 of the Social Security Act (42 U.S.C. 1395r(b)) is amend-
 12 ed by inserting before the period the following: “and there
 13 shall not be taken into account (for individuals not entitled
 14 to benefits under section 226A) any month during any
 15 part of which the individual attained age 65 and had not
 16 attained age 70 and was enrolled in the Medicare Alter-
 17 native Voucher Program under section 226(l)”.

18 (b) PART D.—

19 (1) IN GENERAL.—Section 1860D–13(b)(2) of
 20 such Act (42 U.S.C. 1395w–113(b)(2)) is amended
 21 by adding at the end the following sentence: “For
 22 purposes of the preceding sentence, in the case of an
 23 individual not entitled to benefits under part A
 24 under section 226A, a continuous period of eligibility
 25 shall not include any month during any part of

1 which the individual attained age 65 and had not at-
2 tained age 70 and was enrolled in the Medicare Al-
3 ternative Voucher Program under section 226(l).”.

4 (2) CONFORMING AMENDMENT.—Section
5 1860D–1(b)(6)(A) of such Act (42 U.S.C. 1395w–
6 101(b)(6)(A)) is amended by inserting after “para-
7 graph (2)” the following: “, but excluding the period
8 between 65 and 70 years of age if the individual was
9 enrolled in the Medicare Alternative Voucher Pro-
10 gram under section 226(l)”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to individuals who attain 65 years
13 of age in a month after the month in which this Act is
14 enacted.

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