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112TH CONGRESS
2D SESSION

H. R. 6234

To amend the Patient Protection and Affordable Care Act to provide for savings to the Federal Government by permitting pass-through funding for State authorized public entity health benefits pools.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2012

Mr. HALL (for himself and Mr. THORNBERRY) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, 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 Patient Protection and Affordable Care Act to provide for savings to the Federal Government by permitting pass-through funding for State authorized public entity health benefits pools.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SAVINGS FROM STATE AUTHORIZED PUBLIC ENTITY HEALTH BENEFITS POOLS.

The Patient Protection and Affordable Care Act (Public Law 111–148) is amended by inserting after section 1332 (42 U.S.C. 18052) the following new section (and inserting a corresponding item in the table of contents of the Act):

"SEC. 1332A. SAVINGS FROM STATE AUTHORIZED PUBLIC ENTITY BENEFITS POOLS.

"(a) APPLICATION.—

"(1) IN GENERAL.—A State authorized public entity health benefits pool (in this section referred to as a 'pool') may apply to the Secretary for a pass through of funding described in subsection (b) with respect to health care benefits provided through that pool for coverage years beginning on or after January 1, 2014.

"(2) APPROVAL OF APPLICATION.—The Secretary shall approve such an application of a pool if the Secretary determines that the pool—

"(A) will provide coverage that is at least as comprehensive as the coverage defined in section 1302(b);

"(B) will provide coverage and cost sharing protections against excessive out-of-pocket spending that are at least as affordable as the provisions of this title would provide; and

"(C) will result in cost savings to the Federal Government because, due to the cost of providing health care benefits to individuals through the pool being less than the cost of providing health care benefits to such individuals had they become participants in a qualified health plan offered through an Exchange, the payment amount under subsection (b) will be less than the total of premium tax credits, cost-sharing reductions, or small business credits that would otherwise be required if individuals and small employers in the pool were instead participants in an Exchange.

"(3) CONSIDERATION.—Not later than March 1, 2013, the Secretary shall promulgate regulations relating to pass through of funding under this section. The Secretary shall begin accepting applications under this section no later than July 1, 2013.

"(4) ADDITIONAL CONSEQUENCES OF APPROVAL.—An individual receiving health care benefits through such a pool for which such an application is approved under this section shall be treated, for purposes of section 5000A of the Internal Revenue Code of 1986, as being covered under minimum essential coverage described in subsection (f)(1)(E) of such section.

"(b) PASS THROUGH OF FUNDING.—

"(1) IN GENERAL.—With respect to a pool application under subsection (a)(1), under which individuals and small employers in the pool would not qualify for the premium tax credits, cost-sharing reductions, or small business credits under sections 36B or 45R of the Internal Revenue Code of 1986 for which they would otherwise be eligible if they had entered an Exchange, the Secretary shall provide for an alternative means by which an aggregate amount determined under paragraph (2) shall be paid to the pool for purposes of implementing the application.

"(2) PAYMENT DETERMINATION.—The amount to be paid under paragraph (1) shall be determined—

"(A) based on the sum of premium tax credits, cost-sharing reductions, and small business credits under sections 36B or 45R of the Internal Revenue Code of 1986 that would have been provided with respect to individuals in the pool had the health care benefits provided by the pool been a qualified health plan offered in an Exchange, but taking into account the lower cost of providing health care benefits to individuals through the pool; and

"(B) annually by the Secretary, taking into consideration the experience of individuals and small employers participating in Exchanges.

"(c) TIMELY DETERMINATION BY SECRETARY.—The Secretary shall make a determination under subsection (a)(1) with respect to the application of a pool not later than 180 days after the date of receipt of such application, and shall notify the pool involved of such determination.

"(d) DEFINITIONS.—In this section:

"(1) The term 'public entity' means a county, municipality, special district, school district, junior college district, housing authority, or other political subdivision or public entity defined under State law.

"(2) The term 'State authorized public entity health benefits pool' means a risk pool authorized or permitted by State statute or otherwise regulated by a State agency under which—

"(A) a public entity or group of public entities, directly or through a pool, provide health care benefits primarily for public entity officials, employees, and retirees and their dependents; and officials, employees, and retirees and dependents of affiliated service contractors of such public entities; and

"(B) such pool may provide health care benefits from the assets of the pool or its member public entities through any combination of self-funded arrangements or fully insured products.

"(3) The term 'affiliated service contractor' means an organization that provides governmental or quasi-governmental services on behalf of a public entity when such contractor is eligible to obtain health care benefits through a state authorized public entity health benefits pool for its officials, employees, retirees and their dependents.".

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