

105TH CONGRESS
1ST SESSION

H. R. 1807

To impose a limitation on lifetime aggregate limits imposed by health plans.

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 1997

Ms. ESHOO (for herself, Mr. McDERMOTT, Mr. SCHUMER, Mr. MILLER of California, Mr. TIERNEY, and Mr. WEYGAND) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on Education and the Workforce, 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 impose a limitation on lifetime aggregate limits imposed
by health plans.

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. AMENDMENTS TO THE EMPLOYEE RETIRE-**
4 **MENT INCOME SECURITY ACT OF 1974.**

5 (a) IN GENERAL.—Subpart B of part 7 of subtitle
6 B of title I of the Employee Retirement Income Security
7 Act of 1974 (as added by section 603(a) of the Newborns'
8 and Mothers' Health Protection Act of 1996 and amended

1 by section 702(a) of the Mental Health Parity Act of
2 1996) is amended by adding at the end the following new
3 section:

4 **“SEC. 713. LIMITATION ON LIFETIME AGGREGATE LIMITS.**

5 “(a) IN GENERAL.—A group health plan and a health
6 insurance issuer providing health insurance coverage in
7 connection with a group health plan, may not impose an
8 aggregate dollar lifetime limit of less than—

9 “(1) with respect to the first 3 plan years after
10 the effective date of this section, \$5,000,000; and

11 “(2) with respect to subsequent plan years,
12 \$10,000,000;

13 with respect to benefits payable under the plan or cov-
14 erage.

15 “(b) SMALL EMPLOYERS.—

16 “(1) IN GENERAL.—Subsection (a) shall not
17 apply to any group health plan (and group health in-
18 surance coverage offered in connection with a group
19 health plan) offered to or maintained for employees
20 of a small employer.

21 “(2) SMALL EMPLOYER.—For purposes of
22 paragraph (1), the term ‘small employer’ means an
23 employer who normally employed fewer than 20 em-
24 ployees on a typical business day during the preced-

1 ing calendar year and who employs fewer than 20
2 employees on the first day of the plan year.

3 “(3) APPLICATION OF CERTAIN RULES IN DE-
4 TERMINATION OF EMPLOYER SIZE.—For purposes of
5 this subsection—

6 “(A) APPLICATION OF AGGREGATION RULE
7 FOR EMPLOYERS.—Rules similar to the rules
8 under subsections (b), (c), (m), and (o) of sec-
9 tion 414 of the Internal Revenue Code of 1986
10 shall apply for purposes of treating persons as
11 a single employer.

12 “(B) EMPLOYERS NOT IN EXISTENCE IN
13 PRECEDING YEAR.—In the case of an employer
14 which was not in existence throughout the pre-
15 ceding calendar year, the determination of
16 whether such employer is a small employer shall
17 be based on the number of employees that it is
18 reasonably expected such employer will normally
19 employ on a typical business day in the current
20 calendar year.

21 “(C) PREDECESSORS.—Any reference in
22 this subsection to an employer shall include a
23 reference to any predecessor of such employer.

24 “(c) DEFINITION.—In this section, the term ‘aggre-
25 gate dollar lifetime limit’ means, with respect to benefits

1 under a group health plan or health insurance coverage,
2 a dollar limitation on the total amount that may be paid
3 with respect to such benefits under the plan or health in-
4 surance coverage with respect to an individual or other
5 coverage unit.”.

6 (b) CLERICAL AMENDMENT.—The table of contents
7 in section 1 of such Act, as amended by section 603 of
8 the Newborns’ and Mothers’ Health Protection Act of
9 1996 and section 702 of the Mental Health Parity Act
10 of 1996, is amended by inserting after the item relating
11 to section 712 the following new item:

“Sec. 713. Limitation on lifetime aggregate limits.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply with respect to plan years begin-
14 ning on or after the date that is 2 years after the date
15 of enactment of this Act.

16 **SEC. 2. AMENDMENTS TO THE PUBLIC HEALTH SERVICE**
17 **ACT RELATING TO THE GROUP MARKET.**

18 (a) IN GENERAL.—Subpart 2 of part A of title
19 XXVII of the Public Health Service Act (as added by sec-
20 tion 604(a) of the Newborns’ and Mothers’ Health Protec-
21 tion Act of 1996 and amended by section 703(a) of the
22 Mental Health Parity Act of 1996) is amended by adding
23 at the end the following new section:

1 **“SEC. 2706. LIMITATION ON LIFETIME AGGREGATE LIMITS.**

2 “(a) IN GENERAL.—A group health plan and a health
3 insurance issuer providing health insurance coverage in
4 connection with a group health plan, may not impose an
5 aggregate dollar lifetime limit of less than—

6 “(1) with respect to the first 3 plan years after
7 the effective date of this section, \$5,000,000; and

8 “(2) with respect to subsequent plan years,
9 \$10,000,000;

10 with respect to benefits payable under the plan or cov-
11 erage.

12 “(b) SMALL EMPLOYERS.—

13 “(1) IN GENERAL.—Subsection (a) shall not
14 apply to any group health plan (and group health in-
15 surance coverage offered in connection with a group
16 health plan) offered to or maintained for employees
17 of a small employer.

18 “(2) SMALL EMPLOYER.—For purposes of
19 paragraph (1), the term ‘small employer’ means an
20 employer who normally employed fewer than 20 em-
21 ployees on a typical business day during the preced-
22 ing calendar year and who employs fewer than 20
23 employees on the first day of the plan year.

24 “(3) APPLICATION OF CERTAIN RULES IN DE-
25 TERMINATION OF EMPLOYER SIZE.—For purposes of
26 this subsection—

1 “(A) APPLICATION OF AGGREGATION RULE
2 FOR EMPLOYERS.—Rules similar to the rules
3 under subsections (b), (c), (m), and (o) of sec-
4 tion 414 of the Internal Revenue Code of 1986
5 shall apply for purposes of treating persons as
6 a single employer.

7 “(B) EMPLOYERS NOT IN EXISTENCE IN
8 PRECEDING YEAR.—In the case of an employer
9 which was not in existence throughout the pre-
10 ceding calendar year, the determination of
11 whether such employer is a small employer shall
12 be based on the number of employees that it is
13 reasonably expected such employer will normally
14 employ on a typical business day in the current
15 calendar year.

16 “(C) PREDECESSORS.—Any reference in
17 this subsection to an employer shall include a
18 reference to any predecessor of such employer.

19 “(c) DEFINITION.—In this section, the term ‘aggre-
20 gate dollar lifetime limit’ means, with respect to benefits
21 under a group health plan or health insurance coverage,
22 a dollar limitation on the total amount that may be paid
23 with respect to such benefits under the plan or health in-
24 surance coverage with respect to an individual or other
25 coverage unit.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply with respect to plan years begin-
3 ning on or after the date that is 2 years after the date
4 of enactment of this Act.

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