

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5269

To guarantee for all Americans quality, affordable, and comprehensive health insurance coverage.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 26, 2002

Ms. BALDWIN (for herself and Mr. OBEY) 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

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## A BILL

To guarantee for all Americans quality, affordable, and comprehensive health insurance 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Health Security for All Americans Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 the Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.

TITLE I—HEALTH SECURITY FOR ALL AMERICANS—EXPANSION  
PHASE (PHASE I)

Sec. 101. Expansion phase (phase I) voluntary State universal health insurance coverage plans.

“TITLE XXII—HEALTH SECURITY FOR ALL AMERICANS

“PART A—EXPANSION PHASE (PHASE I) PLANS

“Sec. 2201. Purpose; voluntary State plans.

“Sec. 2202. Plan requirements.

“Sec. 2203. Coverage requirements for expansion phase (phase I) plans.

“Sec. 2204. Allotments.

“Sec. 2205. Administration.

“Sec. 2206. Definitions.”.

TITLE II—HEALTH SECURITY FOR ALL AMERICANS—UNIVERSAL  
PHASE (PHASE II)

Sec. 201. Universal phase (phase II) State universal health insurance coverage plans.

“PART B—UNIVERSAL PHASE (PHASE II) PLANS

“Sec. 2211. Purpose; mandatory State plans.

“Sec. 2212. Plan requirements.

“Sec. 2213. Coverage requirements for universal phase (phase II) plans.

“Sec. 2214. Requirements for employers regarding the provision of benefits.

“Sec. 2215. Allotments.

“Sec. 2216. Administration; definitions.

Sec. 202. Consumer protections.

“PART C—CONSUMER PROTECTIONS

“Sec. 2221. Home care standards.

“Sec. 2222. Consumer protection in the event of termination or suspension of services.

“Sec. 2223. Consumer protection through disclosure of information.

“Sec. 2224. Consumer protection through notice of changes in health care delivery.

TITLE III—PATIENT PROTECTIONS

Sec. 301. Incorporation of certain protections.

TITLE IV—HEALTH CARE QUALITY, PATIENT SAFETY, AND  
WORKFORCE STANDARDS

Sec. 401. Health Care Quality, Patient Safety, and Workforce Standards Institute.

Sec. 402. Health Care Quality, Patient Safety, and Workforce Standards Advisory Committee.

TITLE V—IMPROVING MEDICARE BENEFITS

Sec. 501. Full mental health and substance abuse treatment benefits parity.

## TITLE VI—LONG-TERM AND HOME HEALTH CARE

Sec. 601. Studies and demonstration projects to identify model programs.

## TITLE VII—MISCELLANEOUS

Sec. 701. Nonapplication of ERISA.

Sec. 702. Sense of Congress regarding offsets.

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) The health of the American people is the  
4 foundation of American strength, productivity, and  
5 wealth.

6 (2) The guarantee of health care coverage and  
7 access to quality medical care to all Americans is a  
8 fundamental right and is essential to the general  
9 welfare.

10 (3) 38,700,000 Americans, more than  
11 8,500,000 of whom are children, have no health in-  
12 surance, and that number will grow to more than  
13 54,000,000 by 2007 even if the economy remains  
14 strong.

15 (4) Health insurance coverage is unstable; less  
16 than 1/2 of all adults have been in their current  
17 health plan for 3 years.

18 (5) The average American will hold at least 7  
19 jobs during their life, risking lack of health coverage  
20 every time they change or are between jobs.

21 (6) In 1998, annual health care expenditures in  
22 the United States totaled \$1,150,000,000,000, or

1       \$4,094 per person. National health expenditures are  
2       projected to total \$2,200,000,000,000 by 2008.

3           (7) In 1998, health care expenditures rep-  
4       resented 13.5 percent of the gross domestic product  
5       in the United States and grew at the rate of 5.6 per-  
6       cent while the gross domestic product grew only at  
7       the rate of 4.9 percent. By 2008, health care ex-  
8       penditures are projected to reach 16.2 percent of  
9       gross domestic product. Growth in health spending  
10      is projected to average 1.8 percentage points above  
11      the growth rate of the gross domestic product for  
12      the period beginning with 1998 and ending with  
13      2008.

14          (8) Although the United States spends consid-  
15      erably more in health care per person than any other  
16      nation, it ranks only fifteenth among countries  
17      worldwide on an overall index designed to measure  
18      a range of health goals according to the World  
19      Health Organization.

20          (9) One of 4 adults, about 40,000,000 people,  
21      say they have gone without needed medical care be-  
22      cause they couldn't afford it.

23          (10) Nearly 31,000,000 Americans face collec-  
24      tion agencies annually because they owe money for  
25      medical bills.

1           (11) The average American worker is paying 3  
2 times more for family coverage than 10 years ago,  
3 and more than 4 times more for employee-only cov-  
4 erage.

5           (12) Because many individuals do not have  
6 health insurance coverage, they may incur health  
7 care costs which they do not fully reimburse, result-  
8 ing in cost-shifting to others.

9           (13) As a consequence of the piecemeal health  
10 care system in the United States, administrative  
11 overhead costs approximately \$1,000 per person an-  
12 nually, while other Western industrialized nations  
13 with universal health care systems spend approxi-  
14 mately \$200 per person annually for administrative  
15 overhead.

16           (14) The United States should adopt national  
17 goals of universal, affordable, comprehensive health  
18 insurance coverage and should provide generous  
19 matching grants to the States to achieve those goals  
20 within 5 years of the date of enactment of this Act.

1 **TITLE I—HEALTH SECURITY FOR**  
 2 **ALL AMERICANS—EXPANSION**  
 3 **PHASE (PHASE I)**

4 **SEC. 101. EXPANSION PHASE (PHASE I) VOLUNTARY STATE**  
 5 **UNIVERSAL HEALTH INSURANCE COVERAGE**  
 6 **PLANS.**

7 The Social Security Act (42 U.S.C. 301 et seq.) is  
 8 amended by adding at the end the following:

9 **“TITLE XXII—HEALTH SECURITY**  
 10 **FOR ALL AMERICANS**

11 **“PART A—EXPANSION PHASE (PHASE I) PLANS**

12 **“SEC. 2201. PURPOSE; VOLUNTARY STATE PLANS.**

13 “(a) PURPOSE.—The purpose of this part is to pro-  
 14 vide funds to participating States to enable those States  
 15 to ensure universal health insurance coverage by estab-  
 16 lishing State administered systems targeted to State resi-  
 17 dents with a family income that does not exceed 300 per-  
 18 cent of the poverty line.

19 “(b) EXPANSION PHASE (PHASE I) PLAN RE-  
 20 QUIRED.—A State is not eligible for a payment under sec-  
 21 tion 2205(a) unless the State has submitted to the Sec-  
 22 retary a plan that—

23 “(1) sets forth how the State intends to use the  
 24 funds provided under this part to ensure universal,  
 25 affordable, and comprehensive health insurance cov-

1 erage to eligible residents of the State consistent  
2 with the provisions of this part; and

3 “(2) has been approved under section 2202(d).

4 **“SEC. 2202. PLAN REQUIREMENTS.**

5 “(a) IN GENERAL.—Every expansion phase (phase I)  
6 plan shall include provisions for the following:

7 “(1) INFORMATION ON THE LEVEL OF HEALTH  
8 INSURANCE COVERAGE.—

9 “(A) The level of health insurance coverage  
10 within the State as determined under sub-  
11 section (b).

12 “(B) The base coverage gap for the year  
13 involved as determined under subsection (b)(4).

14 “(C) State efforts to provide or obtain  
15 health insurance coverage for uncovered resi-  
16 dents of the State, including the steps the State  
17 is taking to identify and enroll all uncovered  
18 residents of the State who are eligible to par-  
19 ticipate in public or private health insurance  
20 programs.

21 “(2) DETAILS OF, AND TIMELINES FOR, EXPAN-  
22 SION PHASE (PHASE I) PLAN.—

23 “(A) USE OF FUNDS; COORDINATION.—

24 The activities that the State intends to carry  
25 out using funds received under this part, in-

1 including how the State will coordinate efforts  
2 under this part with existing State efforts to in-  
3 crease the health insurance coverage of individ-  
4 uals.

5 “(B) TIMELINES.—Consistent with sub-  
6 section (c), the manner in which the State will  
7 reduce the base coverage gap for the year in-  
8 volved, including a timetable with specified tar-  
9 gets for reducing the base coverage gap by—

10 “(i) 50 percent within 2 years after  
11 the date of approval of the expansion  
12 phase (phase I) plan; and

13 “(ii) 100 percent within 4 years after  
14 such date.

15 “(3) MAINTENANCE OF EFFORT.—The manner  
16 in which the State will ensure that—

17 “(A) employers within the State will con-  
18 tinue to provide not less than the level of finan-  
19 cial support toward the health insurance pre-  
20 miums required for coverage of their employees  
21 as such employers provided as of the date of en-  
22 actment of this title; and

23 “(B) the State will continue to provide not  
24 less than the level of State expenditures in-

1           curred for State-funded health programs as of  
2           such date.

3           For purposes of this paragraph, any population or  
4           service that was covered under the medicaid pro-  
5           gram under title XIX under a waiver under section  
6           1115 or section 1902(r)(2) shall be treated as if  
7           such State expenditures had been based on the en-  
8           hanced FMAP formula used under the State chil-  
9           dren’s health insurance program under title XXI.

10           “(4) STATE OUTREACH PROGRAMS; ACCESS.—

11           The manner in which, and a timetable for when, the  
12           State will—

13                   “(A) institute outreach programs; and

14                   “(B) ensure that all eligible residents of  
15           the State have access to the health insurance  
16           coverage provided under this part.

17           “(5) ASSURANCE OF COVERAGE OF ESSENTIAL

18           SERVICES.—An assurance that the State program  
19           established under this part will comply with the re-  
20           quirements of section 1867 (commonly referred to as  
21           the ‘Emergency Medical Treatment and Active  
22           Labor Act’).

23           “(6) REPRESENTATION ON BOARDS AND COM-

24           MISSIONS.—The manner in which the State will en-  
25           sure that all Boards and Commissions that the State

1 establishes to administer the plan will include,  
2 among others, representatives of providers, con-  
3 sumers, employers, and health worker unions.

4 “(7) DISCLOSURE OF INFORMATION TO THE  
5 PUBLIC.—The manner in which the State will ensure  
6 that, with respect to entities and individuals that  
7 provide services for which reimbursement is provided  
8 under this part—

9 “(A) financial arrangements between in-  
10 surers and providers and between providers and  
11 medical equipment suppliers are disclosed to the  
12 public; and

13 “(B) ownership interests and health care  
14 worker qualifications and credentials are dis-  
15 closed to the public.

16 “(8) CONSUMER PROTECTIONS.—The manner  
17 in which the State will ensure compliance with sec-  
18 tions 2221, 2222, 2223, and 2224.

19 “(9) PUBLIC REVIEW.—The manner in which  
20 the State will provide for the public review of insti-  
21 tutional changes in services provided, markets and  
22 regions covered, withdrawal or movement of services,  
23 closures or downsizing, and other actions that affect  
24 the provision of health insurance under the plan.

1           “(10) SERVICES IN RURAL AND UNDERSERVED  
2 AREAS; CULTURAL COMPETENCY.—The manner in  
3 which the State will ensure—

4                   “(A) coverage in rural and underserved  
5 areas; and

6                   “(B) that the needs of culturally diverse  
7 populations are met.

8           “(11) MECHANISMS TO MINIMIZE ADVERSE  
9 RISK SELECTION.—The manner in which the State  
10 will encourage mechanisms to minimize adverse risk  
11 selection that provide choice of health plans and con-  
12 trol costs.

13           “(12) LIMITATION ON ADMINISTRATIVE EX-  
14 PENDITURES.—The manner in which the State will  
15 ensure that all qualified plans in the State expend  
16 at least 90 percent (or, during the first 2 years of  
17 the plan, 85 percent) of total income received from  
18 premiums on the provision of covered health care  
19 benefits (excluding all costs for marketing, adver-  
20 tising, health plan administration, profits, or capital  
21 accumulation) to individuals.

22           “(13) SELF-EMPLOYED AND MULTI-  
23 EMPLOYED.—The manner in which the State will  
24 address self-employed individuals and multiwage  
25 earner families.

1           “(14) REQUIREMENT TO MAINTAIN MEDICAID  
2 BENEFITS.—The manner in which the State will en-  
3 sure that individuals who are eligible for medical as-  
4 sistance under title XIX and who receive benefits  
5 under the expansion phase (phase I) plan shall re-  
6 ceive any items or services that are not available  
7 under the expansion phase (phase I) plan but that  
8 are available under the State medicaid program  
9 under title XIX through ‘wraparound coverage’  
10 under such program.

11           “(15) COST CONTAINMENT; RISK SELECTION.—  
12 What cost containment strategies the State will em-  
13 ploy and how the State will reduce adverse risk se-  
14 lection.

15           “(16) OTHER MATTERS.—Any other matter de-  
16 termined appropriate by the Secretary.

17           “(b) CURRENT LEVEL OF COVERAGE.—

18           “(1) IN GENERAL.—The Secretary shall develop  
19 a standardized survey approach that provides timely  
20 and up-to-date data to determine the percentage of  
21 the population of each State that is currently cov-  
22 ered by a health insurance plan or program that  
23 provides coverage that meets the requirements of  
24 section 2203(a).

1           “(2) BIENNIAL SURVEY.—The Secretary shall  
2           provide for the conduct of the survey developed  
3           under paragraph (1) not less than biennially to  
4           make coverage determinations for purposes of para-  
5           graph (1).

6           “(3) USE OF ALTERNATIVE SYSTEM.—The Sec-  
7           retary shall permit a State to utilize an alternative  
8           population-based monitoring system to make deter-  
9           minations with respect to coverage in the State for  
10          purposes of paragraph (1) if the Secretary deter-  
11          mines that such system meets or exceeds the meth-  
12          odological standards utilized in the survey developed  
13          under paragraph (1).

14          “(4) BASE COVERAGE GAP.—For purposes of  
15          subsection (a)(1)(A), the base coverage gap for a  
16          State shall be equal to 100 percent of the eligible in-  
17          dividuals and families in the State for the year in-  
18          volved, less the current level of coverage for those in-  
19          dividuals and families for such year as determined  
20          under paragraph (1) or (3).

21          “(c) REDUCING THE LEVEL OF UNINSURED INDIVID-  
22          UALS.—

23                 “(1) IN GENERAL.—To be eligible to receive  
24                 funds under this part, a State shall agree to admin-  
25                 ister an expansion phase (phase I) plan with a goal

1 of providing health insurance coverage for 100 per-  
2 cent of the eligible residents of the State by not later  
3 than 4 years after the date of approval of the State’s  
4 expansion phase (phase I) plan.

5 “(2) PERMISSIBLE ACTIVITIES.—A State may  
6 use amounts provided under this part for any activi-  
7 ties consistent with this part that are appropriate to  
8 enroll individuals in health plans and health pro-  
9 grams to meet the targets contained in the State  
10 plan under subsection (a)(2)(B), including through  
11 the use of direct payments to health plans or, in the  
12 case of a single State plan, directly to providers of  
13 services.

14 “(d) PROCESS FOR SUBMISSION, APPROVAL, AND  
15 AMENDMENT OF EXPANSION PHASE (PHASE I) PLAN.—  
16 The provisions of section 2106 apply to an expansion  
17 phase (phase I) plan under this part in the same manner  
18 as they apply to a State plan under title XXI, except that  
19 no expansion phase (phase I) plan may be effective earlier  
20 than January 1, 2003, and all expansion phase (phase I)  
21 plans must be submitted for approval by not later than  
22 December 31, 2004.

1 **“SEC. 2203. COVERAGE REQUIREMENTS FOR EXPANSION**  
2 **PHASE (PHASE I) PLANS.**

3 “(a) **REQUIRED SCOPE OF HEALTH INSURANCE COV-**  
4 **ERAGE.**—Health insurance coverage provided under this  
5 part shall consist of at least the benefits provided under  
6 the Federal Employees Health Benefits Program standard  
7 Blue Cross/Blue Shield preferred provider option service  
8 benefit plan, described in and offered under section  
9 8903(1) of part 5, United States Code, plus mental health  
10 and substance abuse treatment benefits parity for all indi-  
11 viduals, and benefits for early and periodic screening and  
12 diagnosis services (EPSDT) under section 1905(a)(4)(B)  
13 for all individuals under 21 years of age.

14 “(b) **LIMITATIONS ON PREMIUMS AND COST-SHAR-**  
15 **ING.**—

16 “(1) **DESCRIPTION; GENERAL CONDITIONS.**—An  
17 expansion phase (phase I) plan shall include a de-  
18 scription, consistent with this subsection, of the  
19 amount (if any) of premiums, cost-sharing, or other  
20 similar charges imposed. Any such charges shall be  
21 imposed pursuant to a public schedule.

22 “(2) **LIMITATIONS ON PREMIUMS AND COST-**  
23 **SHARING.**—

24 “(A) **INDIVIDUALS AND FAMILIES WITH IN-**  
25 **COME BELOW 150 PERCENT OF POVERTY**  
26 **LINE.**—In the case of an individual or family

1           whose income is at or below 150 percent of the  
2           poverty line—

3                   “(i) the State plan may not impose a  
4                   premium; and

5                   “(ii) the total annual aggregate  
6                   amount of cost-sharing imposed by a State  
7                   with respect to all individuals in a family  
8                   may not exceed 0.5 percent of the family’s  
9                   income for the year involved.

10                   “(B) INDIVIDUALS AND FAMILIES WITH  
11                   INCOME BETWEEN 150 AND 300 PERCENT OF  
12                   POVERTY LINE.—In the case of an individual or  
13                   family whose income exceeds 150 percent but  
14                   does not exceed 300 percent of the poverty  
15                   line—

16                   “(i) the State plan may not impose a  
17                   premium that exceeds an amount that is  
18                   equal to—

19                           “(I) 20 percent of the average  
20                           cost of providing benefits to an indi-  
21                           vidual (or a family) under this part in  
22                           the year involved; or

23                           “(II) 3 percent of the family’s in-  
24                           come for the year involved; and

1           “(ii) the total annual aggregate  
2           amount of premiums and cost-sharing  
3           (combined) imposed by a State with re-  
4           spect to all individuals in a family may not  
5           exceed 5 percent of the family’s income for  
6           the year involved.

7           “(C) INDIVIDUALS AND FAMILIES WITH IN-  
8           COME ABOVE 300 PERCENT OF POVERTY  
9           LINE.—In the case of an individual or family  
10          whose income exceeds 300 percent of the pov-  
11          erty line—

12           “(i) the State plan may not impose a  
13           premium that exceeds 20 percent of the  
14           average cost of providing benefits to an in-  
15           dividual (or a family of the size involved)  
16           under this part in the year involved; and

17           “(ii) the total annual aggregate  
18           amount of premiums and cost-sharing  
19           (combined) imposed by a State with re-  
20           spect to all individuals in a family may not  
21           exceed 7 percent of the family’s income for  
22           the year involved.

23           “(D) SELF-EMPLOYED INDIVIDUALS.—The  
24          State shall establish rules for self-employed in-

1           dividuals based on individual and family in-  
2           come.

3           “(3) COLLECTION.—The State shall establish  
4           procedures for collecting any premiums, cost-shar-  
5           ing, or other similar charges imposed under this  
6           part. Such procedures shall provide for annual rec-  
7           onciliations and adjustments.

8           “(c) APPLICATION OF CERTAIN REQUIREMENTS.—

9           “(1) RESTRICTION ON APPLICATION OF PRE-  
10          EXISTING CONDITION EXCLUSIONS.—The expansion  
11          phase (phase I) plan shall not permit the imposition  
12          of any preexisting condition exclusion for covered  
13          benefits under the plan.

14          “(2) CHOICE OF PLANS.—

15                 “(A) IN GENERAL.—Except as provided in  
16                 subparagraph (B), the expansion phase (phase  
17                 I) plan shall offer eligible individuals and fami-  
18                 lies a choice of qualified plans from which to re-  
19                 ceive benefits under this part. At least 1 plan  
20                 shall be a preferred provider option plan.

21                 “(B) WAIVER.—The Secretary—

22                         “(i) may waive the requirement under  
23                         subparagraph (A) if determined appro-  
24                         priate; and

1                   “(ii) shall waive such requirement in  
2                   the case of a State that establishes a single  
3                   State plan.

4 **“SEC. 2204. ALLOTMENTS.**

5           “(a) STATE ALLOTMENTS.—

6                   “(1) IN GENERAL.—With respect to a fiscal  
7                   year, the Secretary shall allot to each State with an  
8                   expansion phase (phase I) plan approved under this  
9                   part the amount determined under paragraph (2) for  
10                  such State for such fiscal year.

11                  “(2) DETERMINATION OF COST OF COV-  
12                  ERAGE.—The amount determined under this para-  
13                  graph is the amount equal to—

14                       “(A) the product of—

15                               “(i) the Federal participation rate for  
16                               the State as determined under subsection  
17                               (b) or, if applicable, the enhanced Federal  
18                               participation rate for the State, as deter-  
19                               mined under subsection (c);

20                               “(ii) the estimated cost for the min-  
21                               imum benefits package required to comply  
22                               under section 2203, not to exceed the sum  
23                               of—

24                                       “(I) the total annual Government  
25                                       and employee contributions required

1 for individual or self and family health  
2 benefits coverage under the Federal  
3 Employees Health Benefits Program  
4 standard Blue Cross/Blue Shield pre-  
5 ferred provider option service benefit  
6 plan, described in and offered under  
7 section 8903(1) of title 5, United  
8 States Code (adjusted for age and  
9 other factors, as the Secretary deter-  
10 mines appropriate); and

11 “(II) the estimated average cost-  
12 sharing expense for an individual or  
13 family; and

14 “(iii) the estimated number of resi-  
15 dents to be enrolled in the expansion phase  
16 (phase I) plan; less

17 “(B) the sum of—

18 “(i) the individual or family health in-  
19 surance contribution and cost-sharing pay-  
20 ments to be made in accordance with sec-  
21 tion 2203(b); and

22 “(ii) any applicable employer contribu-  
23 tion to such payments.

24 “(b) FEDERAL PARTICIPATION RATE.—For purposes  
25 of subsection (a)(2)(A)(i), the Federal participation rate

1 for a State shall be equal to the enhanced FMAP deter-  
2 mined for the State under section 2105(b).

3 “(c) ENHANCED FEDERAL PARTICIPATION RATE.—

4 “(1) IN GENERAL.—For purposes of subsection  
5 (a)(2)(A)(i), the enhanced Federal participation rate  
6 for a State shall be equal to the Federal participa-  
7 tion rate for such State under subsection (b), as ad-  
8 justed by the Secretary based on the decrease in the  
9 base coverage gap in the State.

10 “(2) AMOUNT OF ADJUSTMENT AND APPLICA-  
11 TION.—

12 “(A) AMOUNT OF ADJUSTMENT.—The  
13 Federal participation rate under subsection (b)  
14 with respect to a State shall be increased by—

15 “(i) 1 percentage point if the base  
16 coverage gap of the State has decreased by  
17 at least 50 percent within 2 years after the  
18 date of approval of the expansion phase  
19 (phase I) plan, as determined by the Sec-  
20 retary; and

21 “(ii) 3 percentage points if the base  
22 coverage gap of the State has decreased by  
23 100 percent within 4 years after the date  
24 of approval of the expansion phase (phase  
25 I) plan, as determined by the Secretary.

1           “(B) APPLICATION.—The increase de-  
2           scribed in—

3                   “(i) subparagraph (A)(i) shall only  
4                   apply to a State for the period beginning  
5                   with the month of the determination under  
6                   such subparagraph and ending with the  
7                   month preceding the month of the deter-  
8                   mination under subparagraph (A)(ii) (if  
9                   any), but in no event for more than 24  
10                  months; and

11                   “(ii) subparagraph (A)(ii) shall apply  
12                   to a State for any year (or portion thereof)  
13                   beginning with the month of the deter-  
14                   mination under such subparagraph.

15           “(3) FULL COVERAGE.—For purposes of this  
16           part, a State shall be deemed to have decreased its  
17           base coverage gap by 100 percent if the Secretary  
18           determines that—

19                   “(A) 98 percent of all eligible residents of  
20                   the State are provided health insurance cov-  
21                   erage under the expansion phase (phase I) plan;  
22                   and

23                   “(B) the remaining 2 percent of such resi-  
24                   dents are served by alternative health care de-  
25                   livery systems as demonstrated by the State.

1       “(d) GRANTS TO INDIAN TRIBES, NATIVE HAWAIIAN  
2 ORGANIZATIONS, AND ALASKA NATIVE ORGANIZA-  
3 TIONS.—

4           “(1) IN GENERAL.—Out of funds appropriated  
5 under subsection (e), the Secretary shall reserve an  
6 amount, not to exceed 1 percent of the total allot-  
7 ments determined under subsection (a) for a fiscal  
8 year, to make grants to Indian tribes, Native Hawai-  
9 ian organizations, and Alaska Native organizations  
10 for development and implementation of universal  
11 health insurance coverage plans for members of such  
12 tribes and organizations.

13           “(2) PLAN.—To be eligible to receive a grant  
14 under paragraph (1), an Indian tribe, Native Hawai-  
15 ian organization, or Alaska Native organization shall  
16 submit a universal health insurance coverage plan to  
17 the Secretary at such time, in such manner, and  
18 containing such information, as the Secretary may  
19 require.

20           “(3) REGULATIONS.—The Secretary shall issue  
21 regulations specifying the requirements of this part  
22 that apply to Indian tribes, Native Hawaiian organi-  
23 zations, and Alaska Native organizations receiving  
24 grants under paragraph (1).

25       “(e) APPROPRIATION.—

1           “(1) IN GENERAL.—Out of any funds in the  
2 Treasury not otherwise appropriated, there is appro-  
3 priated to carry out this title such sums as may be  
4 necessary for fiscal year 2003 and each fiscal year  
5 thereafter.

6           “(2) BUDGET AUTHORITY.—Paragraph (1) con-  
7 stitutes budget authority in advance of appropria-  
8 tions Acts and represents the obligation of the Fed-  
9 eral Government to provide States, Indian tribes,  
10 Native Hawaiian organizations, and Alaska Native  
11 organizations with the allotments determined under  
12 this section and the grants for administrative and  
13 outreach activities under section 2205.

14 **“SEC. 2205. ADMINISTRATION.**

15           “(a) PAYMENTS.—

16           “(1) IN GENERAL.—

17           “(A) QUARTERLY.—Subject to subpara-  
18 graph (B) and subsection (b), the Secretary  
19 shall make quarterly payments to each State  
20 with an expansion phase (phase I) plan ap-  
21 proved under this part, from its allotment  
22 under section 2204.

23           “(B) FUNDING FOR ADMINISTRATION AND  
24 OUTREACH.—

1 “(i) AUTHORITY TO MAKE GRANTS.—

2 In addition to the allotments determined  
3 under section 2204, the Secretary may  
4 make grants to States, Indian tribes, Na-  
5 tive Hawaiian organizations, and Alaska  
6 Native organizations for expenditures for  
7 administrative and outreach activities.

8 “(ii) AMOUNTS.—

9 “(I) IN GENERAL.—A grant  
10 awarded under this subparagraph  
11 shall not exceed the applicable per-  
12 centage (as determined under sub-  
13 clause (II)) of the total amount allot-  
14 ted to the State, Indian tribe, Native  
15 Hawaiian organization, or Alaska Na-  
16 tive organization under section 2204.

17 “(II) APPLICABLE PERCENT-  
18 AGE.—For purposes of subclause (I),  
19 the applicable percentage is—

20 “(aa) 10 percent for 2004  
21 through 2008; and

22 “(bb) 3 percent for 2009  
23 and each year thereafter.

24 “(2) ADVANCE PAYMENT; RETROSPECTIVE AD-  
25 JUSTMENT.—The Secretary may make payments

1 under this part for each quarter on the basis of ad-  
2 vance estimates by the State and such other inves-  
3 tigation as the Secretary may find necessary, and  
4 may reduce or increase the payments as necessary to  
5 adjust for any overpayment or underpayment for  
6 prior quarters.

7 “(3) FLEXIBILITY IN SUBMITTAL OF CLAIMS.—  
8 Nothing in this subsection shall be construed as pre-  
9 venting a State from claiming as expenditures in the  
10 quarter expenditures that were incurred in a pre-  
11 vious quarter.

12 “(b) AUTHORITY FOR BLENDED RATE FOR HEALTH  
13 SECURITY, MEDICAID, AND SCHIP FUNDS.—The Sec-  
14 retary shall establish procedures for blending the pay-  
15 ments that a State is entitled to receive under this title,  
16 title XIX, and title XXI into 1 payment rate if—

17 “(1) the State requests such a blended pay-  
18 ment; and

19 “(2) the Secretary finds that the State meets  
20 maintenance of effort requirements established by  
21 the Secretary.

22 “(c) LIMITATIONS ON FEDERAL PAYMENTS BASED  
23 ON COST CONTAINMENT.—

24 “(1) DETERMINATION OF BASELINE.—Each  
25 year (beginning with 2003), the Secretary shall es-

1        establish a baseline projection for the national rate of  
2        growth in private health insurance premiums for  
3        such year.

4            “(2) REQUIREMENT.—Beginning with fiscal  
5        year 2004 and each fiscal year thereafter, any pay-  
6        ment made to a State under section 2204 shall not  
7        exceed the amount paid to the State under such sec-  
8        tion for the preceding fiscal year, adjusted for  
9        changes in enrollment and a premium inflation ad-  
10       justment that is 0.5 percent below the baseline pro-  
11       jection determined under paragraph (1) for the year,  
12       unless the State adopts (and the Secretary approves)  
13       cost containment strategy that will reduce the rate  
14       of growth of spending.

15        “(d) OTHER LIMITATIONS ON USE OF FUNDS.—

16            “(1) IN GENERAL.—A State participating under  
17        part A, and, effective January 1, 2007, all States  
18        under part B, shall ensure that any payments re-  
19        ceived by the State under section 2205 or 2116(a)  
20        are not used by any individual or entity, including  
21        providers or health plans that contract to provide  
22        services herein, to finance directly or indirectly, or to  
23        otherwise facilitate expenditures to influence health  
24        care workers of such individual or entity with re-  
25        spect to issues related to unionization.

1           “(2) CONSTRUCTION.—Nothing in this sub-  
2           section shall be construed to limit expenditures made  
3           for the purpose of good faith collective bargaining or  
4           pursuant to the terms of a bona fide collective bar-  
5           gaining agreement.

6           “(e) WAIVER OF FEDERAL REQUIREMENTS.—A  
7           State may request (and the Secretary may grant) a waiver  
8           of any provision of Federal law that the State determines  
9           is necessary in order to carry out an approved expansion  
10          phase (phase I) plan under this part.

11          “(f) REPORT.—Not later than January 1, 2004, and  
12          each January 1 thereafter, the Secretary, in consultation  
13          with the General Accounting Office and the Congressional  
14          Budget Office, shall prepare and submit to the appro-  
15          priate committees of Congress a report on the number of  
16          States receiving payments under this part for the year for  
17          which the report is being prepared as well as the level of  
18          insurance coverage attained by each such State.

19          **“SEC. 2206. DEFINITIONS.**

20          “In this title:

21                 “(1) COST-SHARING.—The term ‘cost-sharing’  
22                 has the meaning given such term under the Federal  
23                 Employees Health Benefits Program standard Blue  
24                 Cross/Blue Shield preferred provider option service  
25                 benefit plan described in and offered under section

1 8903(1) of part 5, United States Code, and includes  
2 deductibles, copayments, coinsurance, as such terms  
3 are defined for purposes of such plan.

4 “(2) ELIGIBLE RESIDENTS OF A STATE.—

5 “(A) IN GENERAL.—The term ‘eligible  
6 residents of a State’ means an individual or  
7 family who—

8 “(i) is (or consists of) a resident of  
9 the State involved;

10 “(ii) except as provided in subpara-  
11 graph (B), has a family income that does  
12 not exceed 300 percent of the poverty line;

13 “(iii) is (or consists of) a citizen of  
14 the United States, a legal resident alien, or  
15 an individual otherwise residing in the  
16 United States under the authority of Fed-  
17 eral law; and

18 “(iv) in the case of an individual, is  
19 not eligible for benefits under the medicare  
20 program under title XVIII or for medical  
21 assistance under the medicaid program  
22 under title XIX (other than under the ap-  
23 plication of section  
24 1902(a)(10)(A)(ii)(XIV)).

1           “(B) OPTION TO PROVIDE COVERAGE FOR  
2 INDIVIDUALS AND FAMILIES WITH HIGHER IN-  
3 COME.—If approved by the Secretary, a State  
4 may increase the percentage described in sub-  
5 paragraph (A)(ii), or eliminate all income eligi-  
6 bility criteria in order to provide coverage under  
7 this part to more individuals and families.

8           “(3) EXPANSION PHASE (PHASE I) PLAN.—The  
9 term ‘expansion phase (phase I) plan’ means the  
10 State universal health insurance coverage plan sub-  
11 mitted under section 2201(b).

12           “(4) HEALTH CARE SERVICES.—The term  
13 ‘health care services’ includes medical, surgical,  
14 mental health, and substance abuse services, wheth-  
15 er provided on an inpatient or outpatient basis.

16           “(5) HEALTH CARE WORKER.—The term  
17 ‘health care worker’ means an individual employed  
18 by an employer that provides—

19                 “(A) health care services; or

20                 “(B) necessary related services, including  
21 administrative, food service, janitorial, or main-  
22 tenance service to an entity that provides such  
23 health care services.

24           “(6) HEALTH PLAN.—The term ‘health plan’  
25 includes health insurance coverage, as defined in sec-

1 tion 2791(b)(1) of the Public Health Service Act (42  
2 U.S.C. 300gg-91(b)(1)) and group health plans, as  
3 defined in section 2791(a) of such Act (42 U.S.C.  
4 300gg91(b)(1)).

5 “(7) MENTAL HEALTH AND SUBSTANCE ABUSE  
6 TREATMENT BENEFITS PARITY.—

7 “(A) IN GENERAL.—The term ‘mental  
8 health and substance abuse treatment benefits  
9 parity’ means, with respect to health coverage,  
10 that the coverage does not impose treatment  
11 limitations or financial requirements on the cov-  
12 erage of mental health benefits if similar re-  
13 quirements are not imposed on coverage of  
14 medical and surgical benefits in comparable set-  
15 tings (including inpatient and outpatient set-  
16 tings).

17 “(B) TREATMENT LIMITATIONS.—The  
18 term ‘treatment limitations’ means limits on the  
19 frequency of treatment, number of visits, or  
20 other limits on the scope and duration of treat-  
21 ment, as covered by a group health plan (or  
22 health insurance coverage offered in connection  
23 with such a plan). Such term does not include  
24 limits on benefits or coverage based solely on  
25 medical necessity.

1           “(C) FINANCIAL REQUIREMENTS.—The  
2           term ‘financial requirements’ means copay-  
3           ments, deductibles, out-of-network charges, out-  
4           of-pocket contributions or fees, annual limits,  
5           and lifetime aggregate limits imposed on cov-  
6           ered individuals.

7           “(8) POVERTY LINE.—The term ‘poverty line’  
8           has the meaning given such term in section 673(2)  
9           of the Community Services Block Grant Act (42  
10          U.S.C. 9902(2)), including any revision required by  
11          such section.

12          “(9) PREMIUM.—The term ‘premium’ includes  
13          any enrollment fees and other similar charges.

14          “(10) QUALIFIED PLAN.—The term ‘qualified  
15          plan’ means a health plan that satisfies the coverage  
16          requirements described under section 2203 and par-  
17          ticipates in an expansion phase (phase I) plan.”.

18       **TITLE II—HEALTH SECURITY**  
19       **FOR ALL AMERICANS—UNI-**  
20       **VERSAL PHASE (PHASE II)**

21       **SEC. 201. UNIVERSAL PHASE (PHASE II) STATE UNIVERSAL**  
22       **HEALTH INSURANCE COVERAGE PLANS.**

23          Title XXII of the Social Security Act, as added by  
24          section 101, is amended by adding at the end the fol-  
25          lowing:

1 **“PART B—UNIVERSAL PHASE (PHASE II) PLANS**

2 **“SEC. 2211. PURPOSE; MANDATORY STATE PLANS.**

3 “(a) PURPOSE.—The purposes of this part are to—

4 “(1) require States to establish and implement  
5 State-administered systems to ensure universal  
6 health insurance coverage; and

7 “(2) provide funds to States for the establish-  
8 ment and implementation of such systems.

9 “(b) UNIVERSAL PHASE (PHASE II) PLAN RE-  
10 QUIRED.—

11 “(1) IN GENERAL.—Except as provided in para-  
12 graph (2), not later than January 1, 2006, a State  
13 shall submit to the Secretary a plan that sets forth  
14 how the State intends to use the funds provided  
15 under this part to ensure universal, affordable, and  
16 comprehensive health insurance coverage to eligible  
17 residents of the State consistent with the provisions  
18 of this part.

19 “(2) STATES WITH PHASE I PLANS.—

20 “(A) IN GENERAL.—Not later than Janu-  
21 ary 1, 2006, a State with a phase I State plan  
22 shall submit an addendum to such plan that  
23 provides assurances to the Secretary that such  
24 plan conforms to the requirements of this part.

25 “(B) CONVERSION TO UNIVERSAL PHASE  
26 (PHASE II) PLAN.—If an addendum to an ex-

1           pansion phase (phase I) plan is approved by the  
2           Secretary—

3                   “(i) the plan shall be automatically  
4                   converted to a universal phase (phase II)  
5                   plan; and

6                   “(ii) section 2214 and any provision  
7                   of part A that is inconsistent with this  
8                   part shall not apply to the plan.

9           “(3) FAILURE TO SUBMIT PLAN OR ADDEN-  
10          DUM.—If a State fails to submit a plan as required  
11          in paragraph (1) (or an addendum as required in  
12          paragraph (2)), or fails to have such plan or adden-  
13          dum approved by the Secretary, such State shall be  
14          in violation of this part; and any residents of such  
15          a State may bring a cause of action against the  
16          State in Federal district court to require the State  
17          to comply with the provisions of this part.

18   **“SEC. 2212. PLAN REQUIREMENTS.**

19           “(a) IN GENERAL.—A universal phase (phase II)  
20          plan shall include a description, consistent with the re-  
21          quirements of this part, of the following:

22                   “(1) DETAILS OF THE UNIVERSAL PHASE  
23                   (PHASE II) PLAN.—The activities that the State in-  
24                   tends to carry out using funds received under this  
25                   part to ensure that all eligible residents of the State

1 have access to the coverage provided under this part,  
2 including how the State will coordinate efforts under  
3 the program under this part with existing State ef-  
4 forts to increase to 100 percent the health insurance  
5 coverage of eligible residents of the State by Janu-  
6 ary 1, 2008.

7 “(2) REQUIREMENTS FOR EMPLOYERS.—The  
8 manner in which the State will ensure that employ-  
9 ers within the State will comply with the require-  
10 ments of section 2214.

11 “(3) PART A PROVISIONS.—The following provi-  
12 sions apply to a universal phase (phase II) plan  
13 under this part in the same manner as such provi-  
14 sions apply to an expansion phase (phase I) plan  
15 under part A:

16 “(A) STATE OUTREACH PROGRAMS; AC-  
17 CESS.—Section 2202(a)(4).

18 “(B) ASSURANCE OF COVERAGE OF ESSEN-  
19 TIAL SERVICES.—Section 2202(a)(5).

20 “(C) REPRESENTATION ON BOARDS AND  
21 COMMISSIONS.—Section 2202(a)(6).

22 “(D) DISCLOSURE OF INFORMATION TO  
23 THE PUBLIC.—Section 2202(a)(7).

24 “(E) CONSUMER PROTECTIONS AND WORK-  
25 FORCE STANDARDS.—Section 2202(a)(8).

1           “(F) PUBLIC REVIEW.—Section  
2           2202(a)(9).

3           “(G) SERVICES IN RURAL AND UNDER-  
4           SERVED AREAS; CULTURAL COMPETENCY.—Sec-  
5           tion 2202(a)(10).

6           “(H) PURCHASING POOLS.—Section  
7           2202(a)(11).

8           “(I) LIMITATION ON ADMINISTRATIVE EX-  
9           PENDITURES.—Section 2202(a)(12).

10          “(J) SELF-EMPLOYED AND MULTI-  
11          EMPLOYED.—Section 2202(a)(13).

12          “(K) MEDICAID WRAPAROUND COV-  
13          ERAGE.—Section 2202(a)(14).

14          “(4) OTHER MATTERS.—Any other matter de-  
15          termined appropriate by the Secretary.

16          “(b) PERMISSIBLE ACTIVITIES.—A State may use  
17          amounts provided under this part for any activities con-  
18          sistent with this part that are appropriate to enroll indi-  
19          viduals in health plans to ensure that all eligible residents  
20          of the State are provided coverage under this part, includ-  
21          ing through the use of direct payments to health plans  
22          or providers of services.

23          “(c) COST CONTAINMENT; COMPETITIVE BIDDING.—  
24          Notwithstanding subsection (b), State purchasing pools  
25          shall solicit bids from health plans at least annually.



1 **“SEC. 2214. REQUIREMENTS FOR EMPLOYERS REGARDING**  
2 **THE PROVISION OF BENEFITS.**

3 “(a) REQUIREMENTS.—Subject to subsection  
4 (c)(2)(B), an employer in a State shall comply with the  
5 following requirements:

6 “(1) EMPLOYERS WITH LESS THAN 500 EM-  
7 PLOYEES.—

8 “(A) IN GENERAL.—An employer with less  
9 than 500 employees shall enroll each employee  
10 in a State-designated purchasing pool.

11 “(B) CONTRIBUTIONS.—

12 “(i) IN GENERAL.—Notwithstanding  
13 subparagraph (A) and subject to clause  
14 (ii), the employer shall make a contribution  
15 on behalf of each employee for health in-  
16 surance coverage that is equal to at least  
17 80 percent of the total premiums for such  
18 coverage for employees and their families if  
19 the employee elects dependent coverage.

20 “(ii) LIMITATION.—An employer shall  
21 not be liable under subparagraph (B) for  
22 more than 10 percent of each employee’s  
23 annual wages.

24 “(2) EMPLOYERS WITH AT LEAST 500 EMPLOY-  
25 EES.—

1           “(A) IN GENERAL.—An employer with at  
2           least 500 employees, a majority of whose wages  
3           fall below an amount equal to 300 percent of  
4           the poverty line applicable to a family of the  
5           size involved, shall comply with the require-  
6           ments applicable to an employer under para-  
7           graph (1).

8           “(B) OTHER EMPLOYERS.—

9           “(i) IN GENERAL.—An employer with  
10           at least 500 employees that is not de-  
11           scribed in subparagraph (A) shall, at the  
12           option of the employer, either—

13                   “(I) comply with the require-  
14                   ments applicable to an employer  
15                   under paragraph (1); or

16                   “(II) provide health insurance  
17                   coverage to all employees and their  
18                   families (if the employee elects de-  
19                   pendent coverage) that meets the re-  
20                   quirements of section 2213 and the  
21                   employer contribution required under  
22                   paragraph (1)(B).

23           “(ii) ADDITIONAL EMPLOYER CON-  
24           TRIBUTION.—An employer that elects to  
25           comply with clause (i)(I) shall contribute

1           an additional 1 percent of payroll into the  
2           State-designated purchasing pool in which  
3           it participates.

4           “(3) RULE OF CONSTRUCTION.—Nothing in  
5           this title shall be construed as prohibiting a labor or-  
6           ganization from collectively bargaining for an em-  
7           ployer contribution that is greater than the contribu-  
8           tion that is required under paragraph (1)(B) or, as  
9           applicable, for health insurance benefits that are  
10          greater than the coverage required under paragraph  
11          section 2203(a).

12          “(4) PART-TIME EMPLOYEES.—An employer  
13          shall be responsible for meeting the requirements  
14          under this subsection for all employees of the em-  
15          ployer.

16          “(5) MULTIEMPLOYER FAMILIES.—In the case  
17          of a family with more than 1 employer, the employ-  
18          ers of individuals within the family shall apportion  
19          their contributions in accordance with rules estab-  
20          lished by the State.

21          “(b) NONAPPLICABILITY.—This section shall not  
22          apply—

23                 “(1) to any State that establishes a single  
24                 payor system; or

1           “(2) to any State that established a universal  
2 phase (phase II) plan through an approved adden-  
3 dum to an expansion phase (phase I) plan.

4           “(c) PRIVATE CAUSE OF ACTION.—

5           “(1) LIABILITY.—An employer that fails to  
6 comply with the requirements of subsection (a) or  
7 otherwise takes adverse action against an employee  
8 for the purpose of interfering with the attainment of  
9 any right to which the employee may be entitled to  
10 under this title, shall be liable to the employee af-  
11 fected.

12           “(2) AMOUNT.—The amount of the liability de-  
13 scribed in paragraph (1) shall be an amount equal  
14 to—

15           “(A) the contributions that otherwise  
16 would have been made by the employer on be-  
17 half of the employee under this section;

18           “(B) an additional amount as liquidated  
19 damages; and

20           “(C) consequential damages for reasonably  
21 foreseeable injuries resulting from such action.

22           “(3) JURISDICTION; EQUITABLE RELIEF.—

23           “(A) JURISDICTION.—An action under this  
24 subsection may be maintained against any em-

1           employer in any Federal or State court of com-  
2           petent jurisdiction by any 1 or more employees.

3           “(B) **EQUITABLE RELIEF.**—In addition to  
4           the damages described in paragraph (2), a  
5           court may enjoin any act or practice that vio-  
6           lates this title.

7           “(4) **ATTORNEY’S FEES.**—If a plaintiff or plain-  
8           tiffs prevail in an action brought under this sub-  
9           section, the court shall, in addition to any judgment  
10          awarded to the plaintiff or plaintiffs, award the rea-  
11          sonable attorney’s fees and costs associated with the  
12          bringing of the action.

13   **“SEC. 2215. ALLOTMENTS.**

14          “(a) **STATE ALLOTMENTS.**—Subsections (a) and (b)  
15          of section 2204 apply to a universal phase (phase II) plan  
16          under this part in the same manner as such subsections  
17          apply to an expansion phase (phase I) plan under part  
18          A.

19          “(b) **SPECIAL RULE FOR EXPANSION PHASE (PHASE**  
20          **I) PLANS.**—A State that operated an expansion phase  
21          (phase I) plan and converted such plan to a universal  
22          phase (phase II) plan pursuant to section 2211(b)(2)(B)  
23          shall continue to be eligible for the enhanced Federal par-  
24          ticipation rate determined under section 2204(c).

1       “(c) GRANTS TO INDIAN TRIBES, NATIVE HAWAIIAN  
2 ORGANIZATIONS, AND ALASKA NATIVE ORGANIZA-  
3 TIONS.—Section 2204(d) applies to a universal phase  
4 (phase II) plan under this part.

5       “(d) APPROPRIATION.—

6           “(1) IN GENERAL.—Out of any funds in the  
7 Treasury not otherwise appropriated, there is appro-  
8 priated to carry out this title such sums as may be  
9 necessary for fiscal year 2007 and each fiscal year  
10 thereafter.

11           “(2) BUDGET AUTHORITY.—Paragraph (1) con-  
12 stitutes budget authority in advance of appropria-  
13 tions Acts and represents the obligation of the Fed-  
14 eral Government to provide States, Indian tribes,  
15 Native Hawaiian organizations, and Alaska Native  
16 organizations with the allotments determined under  
17 this section and the grants for administrative and  
18 outreach activities under section 2205(a)(1)(B) (as  
19 applied to this part under section 2216(a)).

20 **“SEC. 2216. ADMINISTRATION; DEFINITIONS.**

21       “(a) ADMINISTRATION.—The provisions of section  
22 2205 (other than subsection (c) of such section) apply to  
23 a universal phase (phase II) plan under this part in the  
24 same manner as such provisions apply to an expansion  
25 phase (phase I) plan under part A.

1 “(b) DEFINITIONS.—

2 “(1) APPLICATION OF SECTION 2206.—The defi-  
3 nitions set forth in section 2206 apply to a universal  
4 phase (phase II) plan under this part in the same  
5 manner as such provisions apply to an expansion  
6 phase (phase I) plan under part A except that for  
7 purposes of this part, the definition of ‘eligible resi-  
8 dents of a State’ set forth in section 2206(2) shall  
9 be applied without regard to subparagraphs (A)(ii)  
10 and (B).

11 “(2) UNIVERSAL PHASE (PHASE II) PLAN.—In  
12 this title, the term ‘universal phase (phase II) plan’  
13 means the State universal health insurance coverage  
14 plan submitted under section 2211(b).”.

15 **SEC. 202. CONSUMER PROTECTIONS.**

16 Title XXII of the Social Security Act, as amended  
17 by section 201, is amended by adding at the end the fol-  
18 lowing:

19 **“PART C—CONSUMER PROTECTIONS**

20 **“SEC. 2221. HOME CARE STANDARDS.**

21 “In order to ensure that home care services are pro-  
22 vided in a consumer-directed manner, a State partici-  
23 pating under part A, and, effective January 1, 2007, all  
24 States under part B, shall satisfy the Secretary that any  
25 health plan that provides home care services under this

1 title creates, or contracts with, a viable entity other than  
2 the consumer or individual provider to provide effective  
3 billing, payments for services, tax withholding, unemploy-  
4 ment insurance, and workers compensation coverage, and  
5 to serve as the statutory employer of the home care pro-  
6 vider. Recipients of such services shall retain the right to  
7 independently select, hire, terminate, and direct the work  
8 of the home care provider.

9 **“SEC. 2222. CONSUMER PROTECTION IN THE EVENT OF**  
10 **TERMINATION OR SUSPENSION OF SERVICES.**

11 “A State participating under part A, and, effective  
12 January 1, 2007, all States under part B, shall satisfy  
13 the Secretary that any health plan providing services  
14 under this title shall ensure that enrollees will receive con-  
15 tinued health services in the event that the plan’s health  
16 care services are terminated or suspended, including as  
17 the result of the plan filing for bankruptcy relief under  
18 title 11, United States Code, or the failure of the plan  
19 to provide payments to providers, lockouts, work stop-  
20 pages, or other labor management problems.

21 **“SEC. 2223. CONSUMER PROTECTION THROUGH DISCLO-**  
22 **SURE OF INFORMATION.**

23 “(a) IN GENERAL.—A State participating under part  
24 A, and, effective January 1, 2007, all States under part  
25 B, shall satisfy the Secretary that any health care provider

1 that provides services to individuals under this title shall  
2 provide to the State information regarding the identity,  
3 employment location, and qualifications of health care  
4 workers providing services under—

5 “(1) the licensure of the provider; or

6 “(2) a contract between the provider and a  
7 health plan or the State.

8 “(b) AVAILABILITY TO PUBLIC.—A health care pro-  
9 vider shall make the information described in subsection  
10 (a) available to the public.

11 **“SEC. 2224. CONSUMER PROTECTION THROUGH NOTICE OF**  
12 **CHANGES IN HEALTH CARE DELIVERY.**

13 “A State participating under part A, and, effective  
14 January 1, 2007, all States under part B, shall describe  
15 how the State will provide, at a minimum, the following  
16 protections:

17 “(1) Adequate advance notice to the public, the  
18 affected health care workers, and labor organizations  
19 representing such workers, of a pending—

20 “(A) facility or operating unit closure;

21 “(B) sale, merger, or consolidation of a fa-  
22 cility or operating unit;

23 “(C) transfer of work from 1 facility or en-  
24 tity to another facility or entity; or

25 “(D) reduction of services.

1           “(2) A right of first refusal for similar vacant  
2 positions with—

3           “(A) the resulting entity, in the case of a  
4 health care worker whose position was elimi-  
5 nated following a merger of the worker’s origi-  
6 nal employer with a new entity; or

7           “(B) the contractor, in the case of a health  
8 care worker whose position was eliminated fol-  
9 lowing the contracting out of the work the  
10 worker formerly performed.”.

## 11           **TITLE III—PATIENT** 12           **PROTECTIONS**

### 13   **SEC. 301. INCORPORATION OF CERTAIN PROTECTIONS.**

14           (a) INCORPORATION.—The provisions of the following  
15 bills are hereby enacted into law:

16           (1) S. 1052 of the 107th Congress, as passed  
17 by the Senate on June 29, 2001.

18           (2) H.R. 2340 of the 107th Congress, as intro-  
19 duced on June 27, 2001.

20           (b) PUBLICATION.—In publishing this Act in slip  
21 form and in the United States Statutes at Large pursuant  
22 to section 112, of title 1, United States Code, the Archivist  
23 of the United States shall include after the date of ap-  
24 proval at the end appendixes setting forth the texts of the  
25 bills referred to in subsection (a) of this section.

1 **TITLE IV—HEALTH CARE QUAL-**  
2 **ITY, PATIENT SAFETY, AND**  
3 **WORKFORCE STANDARDS**

4 **SEC. 401. HEALTH CARE QUALITY, PATIENT SAFETY, AND**  
5 **WORKFORCE STANDARDS INSTITUTE.**

6 (a) ESTABLISHMENT.—

7 (1) INSTITUTE.—There is established within  
8 the Agency for Healthcare Research and Quality, an  
9 institute to be known as the Health Care Quality,  
10 Patient Safety, and Workforce Standards Institute  
11 (in this section referred to as the “Institute”).

12 (2) DIRECTOR.—The Secretary of Health and  
13 Human Services shall appoint a director of the Insti-  
14 tute. The director shall administer the Institute and  
15 carry out the duties of the director under this sec-  
16 tion subject to the authority, direction, and control  
17 of the Secretary.

18 (b) MISSION.—The mission of the Institute is to—

19 (1) demonstrate how patient safety issues and  
20 workplace conditions are linked to quality patient  
21 care and the reduction of the incidence of medical  
22 errors; and

23 (2) reduce the incidence of medical errors and  
24 improve patient safety and quality of care.

1           (c) DUTIES.—In carrying out the mission of the In-  
2 stitute, the director of the Institute shall—

3           (1) work closely with the director of the Agency  
4 for Healthcare Research and Quality to ensure that  
5 issues related to workplace conditions are reflected  
6 in the activities conducted by such agency in order  
7 to reduce the incidence of medical errors and im-  
8 prove patient safety and quality of care, including—

9                   (A) the establishment of national goals;

10                   (B) the development and implementation  
11 of a research agenda;

12                   (C) the development and promotion of best  
13 practices;

14                   (D) the development of performance and  
15 staffing standards in consultation with the  
16 Health Care Financing Administration and  
17 other Federal agencies, as appropriate; and

18                   (E) the development and dissemination of  
19 information, educational and training materials,  
20 and other criteria as it relates to the delivery of  
21 quality care;

22           (2) provide recommendations to the Secretary  
23 of Health and Human Services and other Federal  
24 agencies with responsibility for health care quality  
25 and the development of standards that impact on

1 the delivery of quality patient care on standards re-  
2 lated to workplace conditions and patient safety;

3 (3) support the activities of the Health Care Fi-  
4 nancing Administration related to the development  
5 of new or revised conditions of participation under  
6 the medicare and medicaid programs and subsequent  
7 rulemaking on issues related to workplace condi-  
8 tions, medical errors, and patient safety and quality  
9 of care; and

10 (4) conduct other activities determined appro-  
11 priate by the director of the Institute.

12 (d) WORKPLACE CONDITIONS.—For purposes of this  
13 section, the term “workplace conditions” shall include  
14 issues related to—

15 (1) health care worker staffing;

16 (2) hours of work;

17 (3) confidentiality and whistleblower protec-  
18 tions;

19 (4) employee participation in decisionmaking  
20 roles that contribute to improved quality of care and  
21 the reduction of the incidence of medical errors;

22 (5) workforce training; and

23 (6) the impact of health care delivery restruc-  
24 turing on communities and health care workers.

25 (e) DEFINITION OF HEALTH CARE WORKER.—



1           (1) ADVICE TO INSTITUTE.—The Committee  
2 shall provide advice to the Director of the Health  
3 Care Quality, Patient Safety, and Workforce Stand-  
4 ards Institute established under section 401 on  
5 issues related to the duties of the Director.

6           (2) INITIAL REPORT.—Not later than December  
7 31, 2003, the Committee shall submit an initial re-  
8 port to the Secretary that contains—

9                   (A) recommendations regarding minimal  
10 workforce standards that are critical for im-  
11 proved health care quality and patient safety;  
12 and

13                   (B) recommendations regarding additional  
14 ways to reduce the incidence of medical errors  
15 and to improve patient safety and quality of  
16 care.

17           (3) FINAL REPORT.—Not later than December  
18 31, 2004, the Committee shall submit a final report  
19 to the Secretary of Health and Human Services re-  
20 garding the recommendations contained in the initial  
21 report required under paragraph (2), including any  
22 modifications of such recommendations.

23           (c) STRUCTURE AND MEMBERSHIP OF THE COM-  
24 MITTEE.—

1           (1) STRUCTURE.—The Committee shall be com-  
2           posed of the Director of the Health Care Quality,  
3           Patient Safety, and Workforce Standards Institute  
4           established under section 401 and 15 additional  
5           members who shall be appointed by the Secretary of  
6           Health and Human Services.

7           (2) MEMBERSHIP.—

8                   (A) IN GENERAL.—The members of the  
9           Committee shall be chosen on the basis of their  
10          integrity, impartiality, and good judgment, and  
11          shall be individuals who are, by reason of their  
12          education, experience, and attainments, excep-  
13          tionally qualified to perform the duties of mem-  
14          bers of the Committee.

15                  (B) SPECIFIC MEMBERS.—In making ap-  
16          pointments under paragraph (1), the Secretary  
17          of Health and Human Services shall ensure  
18          that the following groups are represented:

19                          (i) Health care providers and health  
20                          care workers, including labor unions rep-  
21                          resenting health care workers.

22                          (ii) Consumer organizations.

23                          (iii) Health care institutions.

24                          (iv) Health education organizations.

1 (d) CHAIRMAN.—The Director of the Health Care  
2 Quality, Patient Safety, and Workforce Standards Insti-  
3 tute established under section 401 shall chair the Com-  
4 mittee.

5 **TITLE V—IMPROVING MEDICARE**  
6 **BENEFITS**

7 **SEC. 501. FULL MENTAL HEALTH AND SUBSTANCE ABUSE**  
8 **TREATMENT BENEFITS PARITY.**

9 Notwithstanding any provision of title XVIII of the  
10 Social Security Act (42 U.S.C. 1395 et seq.), beginning  
11 January 1, 2003, each individual who is entitled to bene-  
12 fits under part A or enrolled under part B of the medicare  
13 program, including an individual enrolled in a  
14 Medicare+Choice plan offered by a Medicare+Choice or-  
15 ganization under part C of such program, shall be pro-  
16 vided full mental health and substance abuse treatment  
17 parity under the medicare program established under such  
18 title of such Act consistent with title XXII of the Social  
19 Security Act (as added by this Act).

20 **TITLE VI—LONG-TERM AND**  
21 **HOME HEALTH CARE**

22 **SEC. 601. STUDIES AND DEMONSTRATION PROJECTS TO**  
23 **IDENTIFY MODEL PROGRAMS.**

24 The Secretary of Health and Human Services shall—

1           (1) conduct studies and demonstration projects,  
2           through grant, contract, or interagency agreement,  
3           that are designed to identify model programs for the  
4           provision of long-term and home health care serv-  
5           ices;

6           (2) report regularly to Congress on the results  
7           of such studies and demonstration projects; and

8           (3) include in such report any recommendations  
9           for legislation to expand or continue such studies  
10          and projects.

## 11       **TITLE VII—MISCELLANEOUS**

### 12       **SEC. 701. NONAPPLICATION OF ERISA.**

13          The provisions of section 514 of the Employee Retire-  
14       ment Income Security Act of 1974 (29 U.S.C. 1144) shall  
15       not apply with respect to health benefits provided under  
16       a group health plan (as defined in section 733(a) of that  
17       Act (29 U.S.C. 1191b(a))) qualified to offer such benefits  
18       under an expansion phase (phase I) plan under title XXII  
19       of the Social Security Act (as added by this Act) or under  
20       a universal phase (phase II) plan under such title.

### 21       **SEC. 702. SENSE OF CONGRESS REGARDING OFFSETS.**

22          It is the sense of Congress that any sums necessary  
23       for the implementation of this Act, and the amendments  
24       made by this Act, should be offset by—

1           (1) general revenues available as a result of an  
2 on-budget surplus for a fiscal year;

3           (2) direct savings in health care expenditures  
4 resulting from the implementation of this Act; and

5           (3) reductions in unnecessary Federal tax bene-  
6 fits available only to individuals and large corpora-  
7 tions that are in the maximum tax brackets.

○