

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 820

To promote the development of health care cooperatives that will help businesses to pool the health care purchasing power of employers, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

APRIL 15, 2005

Mr. FEINGOLD (for himself and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

---

## A BILL

To promote the development of health care cooperatives that will help businesses to pool the health care purchasing power of employers, and for other purposes.

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 “Promoting Health  
5       Care Purchasing Cooperatives Act”.

6       **SEC. 2. FINDINGS AND PURPOSE.**

7       (a) FINDINGS.—Congress makes the following find-  
8       ings:

1           (1) Health care spending in the United States  
2           has reached 15 percent of the Gross Domestic Prod-  
3           uct of the United States, yet 45,000,000 people, or  
4           15.6 percent of the population, remains uninsured.

5           (2) After nearly a decade of manageable in-  
6           creases in commercial insurance premiums, many  
7           employers are now faced with consecutive years of  
8           double digit premium increases.

9           (3) Purchasing cooperatives owned by partici-  
10          pating businesses are a proven method of achieving  
11          the bargaining power necessary to manage the cost  
12          and quality of employer-sponsored health plans and  
13          other employee benefits.

14          (4) The Employer Health Care Alliance Cooper-  
15          ative has provided its members with health care pur-  
16          chasing power through provider contracting, data  
17          collection, activities to enhance quality improvements  
18          in the health care community, and activities to pro-  
19          mote employee health care consumerism.

20          (5) According to the National Business Coali-  
21          tion on Health, there are nearly 80 employer-led  
22          coalitions across the United States that collectively  
23          purchase health care, proactively challenge high  
24          costs and the inefficient delivery of health care, and

1 share information on quality. These coalitions rep-  
 2 resent more than 10,000 employers.

3 (b) PURPOSE.—It is the purpose of this Act to build  
 4 off of successful local employer-led health insurance initia-  
 5 tives by improving the value of their employees’ health  
 6 care.

7 **SEC. 3. GRANTS TO SELF INSURED BUSINESSES TO FORM**  
 8 **HEALTH CARE COOPERATIVES.**

9 (a) AUTHORIZATION.—The Secretary of Health and  
 10 Human Services (in this Act referred to as the “Sec-  
 11 retary”), acting through the Director of the Agency for  
 12 Healthcare Research and Quality, is authorized to award  
 13 grants to eligible groups that meet the criteria described  
 14 in subsection (d), for the development of health care pur-  
 15 chasing cooperatives. Such grants may be used to provide  
 16 support for the professional staff of such cooperatives, and  
 17 to obtain contracted services for planning, development,  
 18 and implementation activities for establishing such health  
 19 care purchasing cooperatives.

20 (b) ELIGIBLE GROUP DEFINED.—

21 (1) IN GENERAL.—In this section, the term “el-  
 22 ible group” means a consortium of 2 or more self-  
 23 insured employers, including agricultural producers,  
 24 each of which are responsible for their own health  
 25 insurance risk pool with respect to their employees.

1           (2) NO TRANSFER OF RISK.—Individual em-  
2           ployers who are members of an eligible group may  
3           not transfer insurance risk to such group.

4           (c) APPLICATION.—An eligible group desiring a grant  
5           under this section shall submit to the Secretary an appli-  
6           cation at such time, in such manner, and accompanied by  
7           such information as the Secretary may require.

8           (d) CRITERIA.—

9           (1) FEASIBILITY STUDY GRANTS.—

10           (A) IN GENERAL.—An eligible group may  
11           submit an application under subsection (c) for  
12           a grant to conduct a feasibility study con-  
13           cerning the establishment of a health insurance  
14           purchasing cooperative. The Secretary shall ap-  
15           prove applications submitted under the pre-  
16           ceding sentence if the study will consider the  
17           criteria described in paragraph (2).

18           (B) REPORT.—After completion of a feasi-  
19           bility study under a grant under this section, an  
20           eligible group shall submit to the Secretary a  
21           report describing the results of such study.

22           (2) GRANT CRITERIA.—The criteria described  
23           in this paragraph include the following with respect  
24           to the eligible group:

1           (A) The ability of the group to effectively  
2 pool the health care purchasing power of em-  
3 ployers.

4           (B) The ability of the group to provide  
5 data to employers to enable such employers to  
6 make data-based decisions regarding their  
7 health plans.

8           (C) The ability of the group to drive qual-  
9 ity improvement in the health care community.

10          (D) The ability of the group to promote  
11 health care consumerism through employee edu-  
12 cation, self-care, and comparative provider per-  
13 formance information.

14          (E) The ability of the group to meet any  
15 other criteria determined appropriate by the  
16 Secretary.

17          (e) COOPERATIVE GRANTS.—After the submission of  
18 a report by an eligible group under subsection (d)(1)(B),  
19 the Secretary shall determine whether to award the group  
20 a grant for the establishment of a cooperative under sub-  
21 section (a). In making a determination under the pre-  
22 ceding sentence, the Secretary shall consider the criteria  
23 described in subsection (d)(2) with respect to the group.

24          (f) COOPERATIVES.—

1           (1) IN GENERAL.—An eligible group awarded a  
2 grant under subsection (a) shall establish or expand  
3 a health insurance purchasing cooperative that  
4 shall—

5                   (A) be a nonprofit organization;

6                   (B) be wholly owned, and democratically  
7 governed by its member-employers;

8                   (C) exist solely to serve the membership  
9 base;

10                  (D) be governed by a board of directors  
11 that is democratically elected by the cooperative  
12 membership using a 1-member, 1-vote standard;  
13 and

14                  (E) accept any new member in accordance  
15 with specific criteria, including a limitation on  
16 the number of members, determined by the Sec-  
17 retary.

18           (2) AUTHORIZED COOPERATIVE ACTIVITIES.—A  
19 cooperative established under paragraph (1) shall—

20                   (A) assist the members of the cooperative  
21 in pooling their health care insurance pur-  
22 chasing power;

23                   (B) provide data to improve the ability of  
24 the members of the cooperative to make data-  
25 based decisions regarding their health plans;

1 (C) conduct activities to enhance quality  
2 improvement in the health care community;

3 (D) work to promote health care con-  
4 sumerism through employee education, self-  
5 care, and comparative provider performance in-  
6 formation; and

7 (E) conduct any other activities deter-  
8 mined appropriate by the Secretary.

9 (g) REVIEW.—

10 (1) IN GENERAL.—Not later than 1 year after  
11 the date on which grants are awarded under this  
12 section, and every 2 years thereafter, the Secretary  
13 shall study programs funded by grants under this  
14 section and provide to the appropriate committees of  
15 Congress a report on the progress of such programs  
16 in improving the access of employees to quality, af-  
17 fordable health insurance.

18 (2) SLIDING SCALE FUNDING.—The Secretary  
19 shall use the information included in the report  
20 under paragraph (1) to establish a schedule for scal-  
21 ing back payments under this section with the goal  
22 of ensuring that programs funded with grants under  
23 this section are self sufficient within 10 years.

1 **SEC. 4. GRANTS TO SMALL BUSINESSES TO FORM HEALTH**  
2 **CARE COOPERATIVES.**

3 The Secretary shall carry out a grant program that  
4 is identical to the grant program provided in section 3,  
5 except that an eligible group for a grant under this section  
6 shall be a consortium of 2 or more employers, including  
7 agricultural producers, each of which—

8 (1) have 99 employees or less; and

9 (2) are purchasers of health insurance (are not  
10 self-insured) for their employees.

11 **SEC. 5. AUTHORIZATION OF APPROPRIATIONS.**

12 From the administrative funds provided to the Sec-  
13 retary, the Secretary may use not more than a total of  
14 \$60,000,000 for fiscal years 2006 through 2015 to carry  
15 out this Act.

○