114TH CONGRESS
1ST SESSION

H. R. 2653

To repeal the Patient Protection and Affordable Care Act and related reconciliation provisions, to promote patient-centered health care, to provide for the creation of a safe harbor for defendants in medical malpractice actions who demonstrate adherence to clinical practice guidelines, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 2015

Mr. Roe of Tennessee (for himself, Mr. Austin Scott of Georgia, Mr. Flores, Mr. Barr, Mrs. Blackburn, Mr. Carter of Georgia, Mrs. Ellmers of North Carolina, Mr. Fleming, Mr. Gosar, Mr. Harris, Mr. Hill, Mr. Rokita, Mr. Scalise, Mr. Bucshon, Mr. Gibbs, Mr. Bishop of Michigan, Mr. Walberg, Mr. Weber of Texas, Mr. Wenzel, Mr. Farenthold, Mr. Hultskamp, Mr. Byrne, Mr. Huizenga of Michigan, Mr. Rouzer, Mr. Yoder, Mr. Lamborn, Mr. Neugebauer, Mr. Franks of Arizona, Mr. Pittenger, Mr. Cole, Mr. Babin, Mr. Rooney of Florida, Mr. Stutzman, Mr. Rothfus, Mrs. Hartzler, Mrs. Wagner, Mr. DesJarlais, Mr. McKinley, Mr. Beshieck, Mr. Pincher, Mr. Wilson of South Carolina, Mr. Olson, Mr. Palazzo, Mr. Messer, Mr. McClintock, and Mr. McCaul) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, Education and the Workforce, the Judiciary, Natural Resources, House Administration, Rules, Appropriations, Veterans' Affairs, and the Budget, 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 repeal the Patient Protection and Affordable Care Act and related reconciliation provisions, to promote patient-centered health care, to provide for the creation of a
safe harbor for defendants in medical malpractice actions who demonstrate adherence to clinical practice guidelines, and for other purposes.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “American Health Care Reform Act of 2015”.

(b) Table of Contents.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—REPEAL OF OBAMACARE

Sec. 102. Budgetary effects.

TITLE II—INCREASING ACCESS TO PORTABLE, AFFORDABLE HEALTH INSURANCE


Subtitle A—Standard Deduction for Health Insurance

Sec. 201. Standard deduction for health insurance.
Sec. 202. Changes to existing tax preferences for medical coverage and costs for individuals eligible for standard deduction for health insurance.
Sec. 203. Exclusion of standard deduction for health insurance from employment taxes.
Sec. 204. Information reporting.
Sec. 205. Election to disregard inclusion of contributions by employer to accident or health plan.

Subtitle B—Enhancement of Health Savings Accounts

Sec. 221. Allow both spouses to make catch-up contributions to the same HSA account.
Sec. 222. Provisions relating to Medicare.
Sec. 223. Individuals eligible for veterans benefits for a service-connected disability.
Sec. 224. Individuals eligible for Indian Health Service assistance.
Sec. 225. Individuals eligible for TRICARE coverage.
Sec. 226. FSA and HRA interaction with HSAs.
Sec. 227. Purchase of health insurance from HSA account.
Sec. 228. Special rule for certain medical expenses incurred before establishment of account.
Sec. 229. Preventive care prescription drug clarification.
Sec. 230. Equivalent bankruptcy protections for health savings accounts as retirement funds.
Sec. 231. Administrative error correction before due date of return.
Sec. 232. Reauthorization of Medicaid health opportunity accounts.
Sec. 233. Members of health care sharing ministries eligible to establish health savings accounts.
Sec. 234. High deductible health plans renamed HSA qualified plans.
Sec. 235. Treatment of direct primary care service arrangements.
Sec. 236. Certain exercise equipment and physical fitness programs treated as medical care.
Sec. 237. Certain nutritional and dietary supplements to be treated as medical care.
Sec. 238. Certain provider fees to be treated as medical care.
Sec. 239. Increase the maximum contribution limit to an HSA to match deductible and out-of-pocket expense limitation.
Sec. 240. Child health savings account.
Sec. 241. Allowing minimum distributions from tax-deferred retirement accounts to be deposited into HSAs.
Sec. 242. Distributions for abortion expenses from health savings accounts included in gross income.

Subtitle C—Enhanced Wellness Incentives

Sec. 251. Providing financial incentives for treatment compliance.

TITLE III—IMPROVING ACCESS TO INSURANCE FOR VULNERABLE AMERICANS

Subtitle A—Eliminating Barriers to Insurance Coverage

Sec. 301. Elimination of certain requirements for guaranteed availability in individual market.

Subtitle B—Ensuring Coverage for Individuals With Preexisting Conditions and Multiple Health Care Needs Through High Risk Pools

Sec. 311. Improvement of high risk pools.

TITLE IV—ENCOURAGING A MORE COMPETITIVE HEALTH CARE MARKET

Subtitle A—Expanding Patient Choice

Sec. 401. Cooperative governing of individual health insurance coverage.

Subtitle B—McCarran-Ferguson Reform

Sec. 411. Restoring the application of antitrust laws to health sector insurers.

Subtitle C—Medicare Price Transparency

Sec. 421. Public availability of Medicare claims data.

Subtitle D—State Transparency Portals
Sec. 431. Providing information on health coverage options and health care providers.

Subtitle E—Protecting the Doctor-Patient Relationship

Sec. 441. Rule of construction.
Sec. 442. Repeal of Federal Coordinating Council for Comparative Effectiveness Research.

Subtitle F—Establishing Association Health Plans

Sec. 451. Rules governing association health plans.
Sec. 452. Clarification of treatment of single employer arrangements.
Sec. 453. Enforcement provisions relating to association health plans.
Sec. 454. Cooperation between Federal and State authorities.
Sec. 455. Effective date and transitional and other rules.

Subtitle G—Greater Choice for Veterans

Sec. 461. Removing barriers to health care choice for Category 1 veterans and medal of honor recipients.

TITLE V—REFORMING MEDICAL LIABILITY LAW

Sec. 501. Requirements for selection of clinical practice guidelines.
Sec. 502. Development.
Sec. 503. No liability for guideline producers.
Sec. 504. Internet publication of guidelines.
Sec. 505. State flexibility and protection of States’ rights.
Sec. 506. Federal cause of action.
Sec. 507. Right of removal.
Sec. 508. Mandatory review by independent medical panel.
Sec. 509. Definitions.

TITLE VI—MEDICAL BREAKTHROUGH FUND

Sec. 601. Medical Breakthrough Fund.

TITLE VII—OTHER PROVISIONS

Sec. 701. Respecting human life.
Sec. 702. Offsets.

1 TITLE I—REPEAL OF OBAMACARE


3 (a) PPACA.—Effective on January 1, 2016, the Patient Protection and Affordable Care Act (Public Law
111–148) is repealed, and the provisions of law amended
or repealed by such Act are restored or revived as if such
Act had not been enacted.

(b) Health Care-Related Provisions in the
Health Care and Education Reconciliation Act of
2010.—Effective on January 1, 2016, title I and subtitle
B of title II of the Health Care and Education Reconcili-
ation Act of 2010 (Public Law 111–152) are repealed, and
the provisions of law amended or repealed by such title
or subtitle, respectively, are restored or revived as if such
title and subtitle had not been enacted.

SEC. 102. BUDGETARY EFFECTS.

The budgetary effects of this Act shall not be entered
on either PAYGO scorecard maintained pursuant to sec-
tion 4(d) of the Statutory Pay-As-You-Go Act of 2010.

TITLE II—INCREASING ACCESS
TO PORTABLE, AFFORDABLE
HEALTH INSURANCE

SEC. 200. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in
this title an amendment or repeal is expressed in terms
of an amendment to, or repeal of, a section or other provi-
sion, the reference shall be considered to be made to a
section or other provision of the Internal Revenue Code
of 1986.
Subtitle A—Standard Deduction for Health Insurance

SEC. 201. STANDARD DEDUCTION FOR HEALTH INSURANCE.

(a) In General.—Part VII of subchapter B of chapter 1 is amended by redesignating section 224 as section 225 and by inserting after section 223 the following new section:

“SEC. 224. STANDARD DEDUCTION FOR HEALTH INSURANCE.

“(a) DEDUCTION ALLOWED.—In the case of an individual, there shall be allowed as a deduction to the taxpayer for the taxable year the standard deduction for health insurance.

“(b) STANDARD DEDUCTION FOR HEALTH INSURANCE.—For purposes of this section—

“(1) IN GENERAL.—The term ‘standard deduction for health insurance’ means the sum of the monthly limitations for months during the taxable year.

“(2) MONTHLY LIMITATION.—

“(A) In general.—The monthly limitation for any month is $20,500, in the case of a taxpayer who is allowed a deduction under
section 151 for more than one individual
who for such month is an eligible indi-
vidual, and

“(ii) $7,500, in the case of a taxpayer
who is allowed a deduction under section
151 for only one individual who for such
month is an eligible individual.

“(B) COST-OF-LIVING ADJUSTMENT.—

“(i) IN GENERAL.—In the case of tax-
able years beginning in calendar years
after the first calendar year to which this
section applies, the dollar amounts under
subparagraph (A) shall be increased by an
amount equal to—

“(I) such dollar amount, multi-
plied by

“(II) the cost-of-living adjust-
ment determined under section 1(f)(3)
for the calendar year in which such
taxable year begins, determined by
substituting ‘the calendar year pre-
ceding the first calendar year to which
section 224 applies’ for ‘calendar year
1992’ in subparagraph (B) thereof.
“(ii) Rounding.—If any increase under clause (i) is not a multiple of $50, such increase shall be rounded to the nearest multiple of $50.

“(3) Yearly Limitation.—The amount allowed as a deduction under subsection (a) for any taxable year shall not exceed the taxpayer’s earned income (as defined in section 32(c)(2)) for such taxable year.

“(c) Limitations and Special Rules Relating to Standard Deduction.—For purposes of this section—

“(1) Special rule for married individuals filing separately.—In the case of a married individual who files a separate return for the taxable year, the deduction allowed under subsection (a) shall be equal to one-half of the amount which would otherwise be determined under subsection (a) if such individual filed a joint return for the taxable year.

“(2) Denial of deduction to dependents.—No deduction shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the cal-
endar year in which such individual’s taxable year begins.

“(3) Coordination with other health tax incentives.—

“(A) Denial of deduction if health insurance costs credit allowed.—No deduction shall be allowed under this section to any taxpayer if a credit is allowed to the taxpayer under section 35 for the taxable year.

“(B) Reduction for insurance purchased with MSA or HSA funds.—The amount allowed as a deduction under subsection (a) for the taxable year shall be reduced by the aggregate amount—

“(i) paid during the taxable year from an Archer MSA to which section 220(d)(2)(B)(ii) (other than subclause (II) thereof) applies, and

“(ii) paid during the taxable year from a health savings account to which section 223(d)(2)(C) (other than clause (ii) thereof) applies.

“(4) Special rule for divorced parents, etc.—Notwithstanding subsection (b)(1), an individual who is a child may be taken into account on
the return of the parent other than the parent for
whom a deduction with respect to the child is al-
lowed under section 151 for a taxable year beginning
in a calendar year if—

“(A) the parent for whom the deduction
under section 151 is allowed for a taxable year
beginning in such calendar year signs a written
declaration (in such manner and form as the
Secretary may by regulations prescribe) that
such parent will not claim the deduction allow-
able under this section with respect to the child
for taxable years beginning in such calendar
year, and

“(B) the parent for whom the deduction
under section 151 is not allowed attaches such
written declaration to the parent’s return for
the taxable year beginning in such calendar
year.

“(d) OTHER DEFINITIONS.—For purposes of this
section—

“(1) ELIGIBLE INDIVIDUAL.—

“(A) IN GENERAL.—The term ‘eligible in-
dividual’ means, with respect to any month, an
individual who is covered under a qualified
health plan as of the 1st day of such month.
“(B) Coverage under Medicare, Medicaid, SCHIP, TRICARE, and Grandfathered Employer Coverage.—The term ‘eligible individual’ shall not include any individual who for any month is—

“(i) entitled to benefits under part A of title XVIII of the Social Security Act or enrolled under part B of such title,

“(ii) enrolled in the program under title XIX or XXI of such Act (other than under section 1928 of such Act),

“(iii) receiving benefits (other than under continuation coverage under section 4980B) which constitute medical care from an employer—

“(I) from whom such individual is separated from service at the time of receipt of such benefits, and

“(II) after such separation, if such benefits began before January 1, 2017, unless such individual is also covered by a qualified health plan as of the 1st day of such month, or

“(iv) entitled to receive benefits under chapter 55 of title 10, United States Code.
“(C) IDENTIFICATION REQUIREMENTS.—
The term ‘eligible individual’ shall not include any individual for any month unless the policy number associated with coverage under the qualified health plan and the TIN of each eligible individual covered under such coverage for such month is included on the return for the taxable year in which such month occurs.

“(2) QUALIFIED HEALTH PLAN.—

“(A) IN GENERAL.—The term ‘qualified health plan’ means a health plan (within the meaning of section 223(c)(2), without regard to subparagraph (A)(i) thereof) which, under regulations prescribed by the Secretary, meets the following requirements:

“(i) The plan has coverage for inpatient and outpatient care, emergency benefits, and physician care.

“(ii) The plan has coverage which meaningfully limits individual economic exposure to extraordinary medical expenses

“(B) EXCLUSION OF CERTAIN PLANS.—The term ‘qualified health plan’ does not include—
“(i) a health plan if substantially all of its coverage is coverage described in section 223(c)(1)(B),

“(ii) any program or benefits referred to in clause (i), (ii), or (iii) of paragraph (1)(B), and

“(iii) a Medicare supplemental policy (as defined in section 1882 of the Social Security Act).

“(e) Regulations.—The Secretary may prescribe such regulations as may be necessary to carry out this section.”.

(b) Deduction Allowed Whether or Not Individual Itemizes Other Deductions.—Subsection (a) of section 62 is amended by inserting before the last sentence at the end the following new paragraph:

“(22) Standard deduction for health insurance.—The deduction allowed by section 224.”.

(c) Election To Take Health Insurance Costs Credit.—Section 35(g) is amended by redesignating paragraphs (9), (10), and (11) as paragraphs (10), (11), and (12), respectively, and by inserting after paragraph (8) the following new paragraph:

“(9) Election not to claim credit.—This section shall not apply to a taxpayer for any taxable
year if such taxpayer elects to have this section not
apply for such taxable year.”.

(d) CLERICAL AMENDMENT.—The table of sections
for part VII of subchapter B of chapter 1 is amended by
striking the item relating to section 224 and adding at
the end the following new items:

“Sec. 224. Standard deduction for health insurance.
“Sec. 225. Cross reference.”.

(e) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after
December 31, 2015.

SEC. 202. CHANGES TO EXISTING TAX PREFERENCES FOR
MEDICAL COVERAGE AND COSTS FOR INDIVIDUALS ELIGIBLE FOR STANDARD DEDUCTION FOR HEALTH INSURANCE.

(a) EXCLUSION FOR CONTRIBUTIONS BY EMPLOYER TO ACCIDENT AND HEALTH PLANS.—

(1) IN GENERAL.—Section 106 is amended by
adding at the end the following new subsection:

“(g) Subsections (a) and (e) apply only to individu-
als covered by Medicare, Medicaid, SCHIP, TRICARE, or grandfathered employer plans.—

“(1) In general.—Except as provided in para-
graph (2), subsections (a) and (e) shall not apply for
any taxable year with respect to which a deduction
under section 224 is allowable.
“(2) Exception for individuals covered by Medicare, Medicaid, SCHIP, or grandfathered employer plans.—Paragraph (1) shall not apply to an individual for any taxable year if such individual is not an eligible individual (as defined in section 224(d)(1)) for any month during such taxable year by reason of coverage described in section 224(d)(1)(B).”.

(2) Conforming amendments.—

(A) Section 106(b)(1) is amended—

(i) by inserting “gross income does not include” before “amounts contributed”, and

(ii) by striking “shall be treated as employer-provided coverage for medical expenses under an accident or health plan”.

(B) Section 106(d)(1) is amended—

(i) by inserting “gross income does not include” before “amounts contributed”, and

(ii) by striking “shall be treated as employer-provided coverage for medical expenses under an accident or health plan”.

(b) Termination of deduction for health insurance costs of self-employed individuals.—
Subsection (l) of section 162 is amended by adding at the end the following new paragraph:

“(6) TERMINATION.—This subsection shall not apply to taxable years with respect to which a deduction under section 224 is allowable.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 203. EXCLUSION OF STANDARD DEDUCTION FOR HEALTH INSURANCE FROM EMPLOYMENT TAXES.

(a) IN GENERAL.—Chapter 25 is amended by adding at the end the following new section:

“SEC. 3512. EXCLUSION OF STANDARD DEDUCTION FROM EMPLOYMENT TAXES.

“(a) IN GENERAL.—For purposes of chapters 21, 22, and 23, each of the following amounts for any period (determined without regard to this section) shall be reduced by the portion of the standard deduction for health insurance (as defined in section 224) allocable to the period:

“(1) The amount of wages determined under section 3121(a).

“(2) The amount of compensation determined under section 3231(e).
“(3) The amount of wages determined under section 3306(b).

“(b) Determination of Standard Deduction Allocable to a Period.—For purposes of subsection (a)—

“(1) In general.—The determination of the portion of the standard deduction for health insurance allocable to a period shall be made on the basis of a qualified certificate of eligible coverage furnished by the employee to the employer.

“(2) Qualified certificate of eligible coverage.—The term ‘qualified certificate of eligible coverage’ means a statement of eligibility for the deduction allowable under section 224 which contains such information, is in such form, and is provided at such times, as the Secretary may prescribe.

“(3) Only 1 certificate in effect at a time.—Except as provided by the Secretary, an employee may have only 1 qualified certificate of eligible coverage in effect for any period.

“(4) Election.—An employee may elect not to have this section apply for any period for purposes of chapter 21 or 22.

“(c) Reconciliation of Erroneous Payments To Be Made at Employee Level.—
“(1) IN GENERAL.—If the application of this subsection results in an incorrect amount being treated as wages or compensation for purposes of chapter 21, 22, or 23, whichever is applicable, with respect to any employee for 1 or more periods ending within a taxable year of the employee—

“(A) in the case of an aggregate overpayment of the taxes imposed by any such chapter for all such periods, there shall be allowed as a credit against the tax imposed by chapter 1 for such taxable year on such employee an amount equal to the amount of such overpayment, and

“(B) in the case of an aggregate underpayment of the taxes imposed by any such chapter for all such periods, the employee shall be liable for payment of the entire amount of such underpayment.

“(2) CREDITS TREATED AS REFUNDABLE.—For purposes of this title, any credit determined under paragraph (1)(A) or subsection (d)(2) shall be treated as if it were a credit allowed under subpart C of part IV of subchapter A of chapter 1.

“(3) RULES FOR REPORTING AND COLLECTION OF TAX.—Any tax required to be paid by an employee under paragraph (1)(B) shall be included
with the employee's return of Federal income tax for
the taxable year.

“(4) Secretarial authority.—The Secretary
shall prescribe such rules as may be necessary to
carry out the provisions of this subsection.”.

(b) Self-Employment Income.—Section 1402 is
amended by adding at the end the following:

“(m) Standard Deduction for Health Insur-
ance.—For purposes of this chapter—

“(1) In general.—The self-employment in-
come of a taxpayer for any period (determined with-
out regard to this subsection) shall be reduced by
the excess (if any) of—

“(A) the portion of the standard deduction
for health insurance (as defined in section 224)
allocable to the period, over

“(B) the amount of any reduction in wages
or compensation for such period under section
3512.

“(2) Determination of standard deduc-
tion allocable to a period.—For purposes of
paragraph (1), the portion of the standard deduction
allocable to any period shall be determined in a man-
ner similar to the manner under section 3512.”.

(c) Conforming Amendments.—
(1) Section 3121(a)(2) is amended by inserting “which is excludable from gross income under section 105 or 106” after “such payment”).

(2) Subsection (a) of section 209 of the Social Security Act (42 U.S.C. 409) is amended by striking “or” at the end of paragraph (19), by striking the period at the end of paragraph (20) and inserting “; or”, and by inserting after paragraph (20) the following new paragraph:

“(21) any amount excluded from wages under section 3512(a) of the Internal Revenue Code of 1986 (relating to exclusion of standard deduction from employment taxes).”.

(3) Section 1324(b)(2) of title 31, United States Code, is amended by inserting “, or the credit under section 3512(c)(2) of such Code” before the period at the end.

(4) Section 209(k)(2) of the Social Security Act (42 U.S.C. 409(k)(2)) is amended by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively, and by inserting after subparagraph (B) the following new subparagraph:

“(C) by disregarding the exclusion from wages in subsection (a)(21),”.
(5) The table of sections for chapter 25 is amended by adding at the end the following new item:

“Sec. 3512. Exclusion of standard deduction from employment taxes.”.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to remuneration paid or accrued for periods on or after December 31, 2015.

(2) RECONCILIATION AND SELF-EMPLOYED.—Sections 3512(c) and (d)(2) of the Internal Revenue Code of 1986 (as added by subsection (a)), and the amendments made by subsection (b), shall apply to taxable years beginning after December 31, 2015.

SEC. 204. INFORMATION REPORTING.

(a) HEALTH PLAN PROVIDERS.—Subpart B of part III of subchapter A of chapter 61 is amended by adding at the end the following new section:

“SEC. 6050X. COVERAGE UNDER QUALIFIED HEALTH PLAN.

“(a) IN GENERAL.—Every person providing coverage under a qualified health plan (as defined in section 224(d)(2)) during a calendar year shall, on or before January 31 of the succeeding year, make a return described in subsection (b) with respect to each individual who is covered by such person under a qualified health plan for any month during the calendar year.
“(b) RETURN.—A return is described in this subsection if such return—

“(1) is in such form as the Secretary prescribes, and

“(2) contains—

“(A) the name of the person providing coverage under the qualified health plan,

“(B) the name, address, and TIN of the individual covered by the plan,

“(C) if such individual is the owner of the policy under which such plan is provided, the name, address, and TIN of each other individual covered by such policy and the relationship of each such individual to such owner, and

“(D) the specific months of the year for which each individual referred to in subparagraph (B) is, as of the first day of each such month, covered by such plan.

“(c) STATEMENT TO BE FURNISHED WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return under subsection (b)(2)(A) a written statement showing—
“(1) the name, address, and phone number of
the information contact of the person required to
make such return, and
“(2) the information described in subsection
(b)(2).

The written statement required under the preceding sen-
tence shall be furnished on or before January 31 of the
year following the calendar year for which the return
under subsection (a) was required to be made.”.

(b) EMPLOYERS.—Subsection (a) of section 6051 is
amended by striking “and” at the end of paragraph (13),
by striking the period at the end of paragraph (14) and
inserting “, and”, and by inserting after paragraph (14)
the following new paragraph:
“(15) the value (determined under section
4980B(f)(4)) of employer-provided coverage for each
month under an accident or health plan and the cat-
egory of such coverage for purposes of section
6116.”.

(c) APPLICATION TO RETIREES.—Subsection (a) of
section 6051 is amended by adding at the end the fol-
lowing: “In the case of a retiree, this section shall (to the
extent established by the Secretary by regulation) apply
only with respect to paragraph (15).”.

(d) ASSESSABLE PENALTIES.—
(1) Subparagraph (B) of section 6724(d)(1) is amended by striking “or” at the end of clause (xxiv), by striking “and” at the end of clause (xxv) and inserting “or”, and by adding at the end the following new clause:

“(xxvi) section 6050X (relating to returns relating to payments for qualified health insurance), and”.

(2) Paragraph (2) of section 6724(d) is amended by striking “or” at the end of subparagraph (GG), by striking the period at the end of subparagraph (HH) and inserting “, or” and by adding at the end the following new subparagraph:

“(II) section 6050X(d) (relating to returns relating to payments for qualified health insurance).”.

(c) Clerical Amendment.—The table of sections for such subpart B is amended by adding at the end the following new item:

“Sec. 6050X. Coverage under qualified health plan.”.

(f) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2015.
SEC. 205. ELECTION TO DISREGARD INCLUSION OF CONTRIBUTIONS BY EMPLOYER TO ACCIDENT OR HEALTH PLAN.

(a) IN GENERAL.—Subparagraph (B) of section 32(c)(2) is amended by striking “and” at the end of clause (v), by striking the period at the end of clause (vi) and inserting “, and”, and by adding at the end the following new clause:

“(vii) a taxpayer may elect to exclude from earned income amounts that would have been excluded from gross income under section 106 but for subsection (g) thereof.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2015.

Subtitle B—Enhancement of Health Savings Accounts

SEC. 221. ALLOW BOTH SPOUSES TO MAKE CATCH-UP CONTRIBUTIONS TO THE SAME HSA ACCOUNT.

(a) IN GENERAL.—Paragraph (3) of section 223(b) is amended by adding at the end the following new subparagraph:

“(C) SPECIAL RULE WHERE BOTH SPOUSES ARE ELIGIBLE INDIVIDUALS WITH 1 ACCOUNT.—If—
“(i) an individual and the individual’s
spouse have both attained age 55 before
the close of the taxable year, and
“(ii) the spouse is not an account ben-
eficiary of a health savings account as of
the close of such year,
the additional contribution amount shall be 200
percent of the amount otherwise determined
under subparagraph (B).”.

(b) Effective Date.—The amendment made by
this section shall apply to taxable years beginning after
December 31, 2015.

SEC. 222. PROVISIONS RELATING TO MEDICARE.

(a) Individuals Over Age 65 Only Enrolled in
Medicare Part A.—Paragraph (7) of section 223(b) is
amended by adding at the end the following: “This para-
graph shall not apply to any individual during any period
for which the individual’s only entitlement to such benefits
is an entitlement to hospital insurance benefits under part
A of title XVIII of such Act pursuant to an enrollment
for such hospital insurance benefits under section
226(a)(1) of such Act.”.

(b) Medicare Beneficiaries Participating in
Medicare Advantage MSA May Contribute Their
Own Money to Their MSA.—
(1) IN GENERAL.—Subsection (b) of section 138 is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(2) CONFORMING AMENDMENT.—Paragraph (4) of section 138(c) is amended by striking “and paragraph (2)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 223. INDIVIDUALS ELIGIBLE FOR VETERANS BENEFITS FOR A SERVICE-CONNECTED DISABILITY.

(a) IN GENERAL.—Paragraph (1) of section 223(c) is amended by adding at the end the following new sub-paragraph:

“(C) SPECIAL RULE FOR INDIVIDUALS ELIGIBLE FOR CERTAIN VETERANS BENEFITS.—
For purposes of subparagraph (A)(ii), an individual shall not be treated as covered under a health plan described in such subparagraph merely because the individual receives periodic hospital care or medical services for a service-connected disability under any law administered by the Secretary of Veterans Affairs but only if
the individual is not eligible to receive such care
or services for any condition other than a serv-

cice-connected disability.”.

(b) Effective Date.—The amendment made by
this section shall apply to taxable years beginning after
December 31, 2015.

SEC. 224. INDIVIDUALS ELIGIBLE FOR INDIAN HEALTH

SERVICE ASSISTANCE.

(a) In General.—Paragraph (1) of section 223(c),
as amended by this Act, is amended by adding at the end
the following new subparagraph:

“(D) Special rule for individuals el-
gible for assistance under Indian
health service programs.—For purposes of
subparagraph (A)(ii), an individual shall not be
treated as covered under a health plan de-
scribed in such subparagraph merely because
the individual receives hospital care or medical
services under a medical care program of the
Indian Health Service or of a tribal organiza-
tion.”.

(b) Effective Date.—The amendment made by
this section shall apply to taxable years beginning after
December 31, 2015.
SEC. 225. INDIVIDUALS ELIGIBLE FOR TRICARE COVERAGE.

(a) In General.—Paragraph (1) of section 223(c), as amended by this Act, is amended by adding at the end the following new subparagraph:

“(E) Special rule for individuals eligible for assistance under TRICARE.—For purposes of subparagraph (A)(ii), an individual shall not be treated as covered under a health plan described in such subparagraph merely because the individual is eligible to receive hospital care, medical services, or prescription drugs under chapter 55 of title 10, United States Code, under TRICARE Extra or TRICARE Standard and such individual is not enrolled in TRICARE Prime.”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 226. FSA AND HRA INTERACTION WITH HSAS.

(a) Eligible Individuals Include FSA and HRA Participants.—Subparagraph (B) of section 223(c)(1) is amended—

(1) by striking “and” at the end of clause (ii),

(2) by striking the period at the end of clause (iii) and inserting “, and”, and
(3) by inserting after clause (iii) the following new clause:

“(iv) coverage under a health flexible spending arrangement or a health reimbursement arrangement in the plan year a qualified HSA distribution as described in section 106(e) is made on behalf of the individual if after the qualified HSA distribution is made and for the remaining duration of the plan year, the coverage provided under the health flexible spending arrangement or health reimbursement arrangement is converted to—

“(I) coverage that does not pay or reimburse any medical expense incurred before the minimum annual deductible under paragraph (2)(A)(i) (prorated for the period occurring after the qualified HSA distribution is made) is satisfied,

“(II) coverage that, after the qualified HSA distribution is made, does not pay or reimburse any medical expense incurred after the qualified HSA distribution is made other
than preventive care as defined in paragraph (2)(C),

“(III) coverage that, after the qualified HSA distribution is made, pays or reimburses benefits for coverage described in clause (ii) (but not through insurance or for long-term care services),

“(IV) coverage that, after the qualified HSA distribution is made, pays or reimburses benefits for permitted insurance or coverage described in clause (ii) (but not for long-term care services),

“(V) coverage that, after the qualified HSA distribution is made, pays or reimburses only those medical expenses incurred after an individual’s retirement (and no expenses incurred before retirement), or

“(VI) coverage that, after the qualified HSA distribution is made, is suspended, pursuant to an election made on or before the date the individual elects a qualified HSA distribu-
tion or, if later, on the date of the individual enrolls in a high deductible health plan, that does not pay or reimburse, at any time, any medical expense incurred during the suspension period except as defined in the preceding subclauses of this clause.”.

(b) Qualified HSA Distribution Shall Not Affect Flexible Spending Arrangement.—Paragraph (1) of section 106(e) is amended to read as follows:

“(1) In General.—A plan shall not fail to be treated as a health flexible spending arrangement under this section, section 105, or section 125, or as a health reimbursement arrangement under this section or section 105, merely because such plan provides for a qualified HSA distribution.”.

(c) FSA Balances at Year End Shall Not Forfeit.—Paragraph (2) of section 125(d) is amended by adding at the end the following new subparagraph:

“(E) Exception for Qualified HSA Distributions.—Subparagraph (A) shall not apply to the extent that there is an amount remaining in a health flexible spending account at the end of a plan year that an individual elects to contribute to a health savings account pursu-
ant to a qualified HSA distribution (as defined in section 106(e)(2)).”.

(d) **Simplification of Limitations on FSA and HRA Rollovers.**—Paragraph (2) of section 106(e) is amended to read as follows:

“(2) Qualified HSA Distribution.—

“(A) In General.—The term ‘qualified HSA distribution’ means a distribution from a health flexible spending arrangement or health reimbursement arrangement to the extent that such distribution does not exceed the lesser of—

“(i) the balance in such arrangement as of the date of such distribution, or

“(ii) the amount determined under subparagraph (B).

Such term shall not include more than 1 distribution with respect to any arrangement.

“(B) Dollar Limitations.—

“(i) Distributions from a Health Flexible Spending Arrangement.—A qualified HSA distribution from a health flexible spending arrangement shall not exceed the applicable amount.
“(ii) DISTRIBUTIONS FROM A HEALTH REIMBURSEMENT ARRANGEMENT.—A qualified HSA distribution from a health reimbursement arrangement shall not exceed—

“(I) the applicable amount divided by 12, multiplied by

“(II) the number of months during which the individual is a participant in the health reimbursement arrangement.

“(iii) APPLICABLE AMOUNT.—For purposes of this subparagraph, the applicable amount is—

“(I) $2,250 in the case of an eligible individual who has self-only coverage under a high deductible health plan at the time of such distribution, and

“(II) $4,500 in the case of an eligible individual who has family coverage under a high deductible health plan at the time of such distribution.”.
(c) Elimination of Additional Tax for Failure To Maintain High Deductible Health Plan Coverage.—Subsection (e) of section 106 is amended—

(1) by striking paragraph (3) and redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively, and

(2) by striking subparagraph (A) of paragraph (3), as so redesignated, and redesignating subparagraphs (B) and (C) of such paragraph as subparagraphs (A) and (B) thereof, respectively.

(f) Limited Purpose FSAs and HRAs.—Subsection (e) of section 106, as amended by this section, is amended by adding at the end the following new paragraph:

"(5) Limited Purpose FSAs and HRAs.—A plan shall not fail to be a health flexible spending arrangement or health reimbursement arrangement under this section or section 105 merely because the plan converts coverage for individuals who enroll in a high deductible health plan described in section 223(c)(2) to coverage described in section 223(c)(1)(B)(iv). Coverage for such individuals may be converted as of the date of enrollment in the high deductible health plan, without regard to the period of coverage under the health flexible spending ar-
rangement or health reimbursement arrangement, and without requiring any change in coverage to indi-

dividuals who do not enroll in a high deductible health plan.”.

(g) **Distribution Amounts Adjusted for Cost-of-Living.**—Subsection (e) of section 106, as amended by this section, is amended by adding at the end the following new paragraph:

“(6) **Cost-of-Living Adjustment.**—

“(A) In General.—In the case of any taxable year beginning in a calendar year after 2015, each of the dollar amounts in paragraph (2)(B)(iii) shall be increased by an amount equal to such dollar amount, multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which such taxable year begins by substituting ‘calendar year 2014’ for ‘calendar year 1992’ in subpara-

graph (B) thereof.

“(B) **Rounding.**—If any increase under paragraph (1) is not a multiple of $50, such in-

crease shall be rounded to the nearest multiple of $50.”.
(h) DISCLAIMER OF DISQUALIFYING COVERAGE.—

Subparagraph (B) of section 223(e)(1), as amended by this section, is amended—

(1) by striking “and” at the end of clause (iii),

(2) by striking the period at the end of clause (iv) and inserting “, and”, and

(3) by inserting after clause (iv) the following new clause:

“(v) any coverage (including prospective coverage) under a health plan that is not a high deductible health plan which is disclaimed in writing, at the time of the creation or organization of the health savings account, including by execution of a trust described in subsection (d)(1) through a governing instrument that includes such a disclaimer, or by acceptance of an amendment to such a trust that includes such a disclaimer.”.

(i) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.
SEC. 227. PURCHASE OF HEALTH INSURANCE FROM HSA ACCOUNT.

(a) In General.—Paragraph (2) of section 223(d) is amended to read as follows:

“(2) QUALIFIED MEDICAL EXPENSES.—

“(A) In General.—The term ‘qualified medical expenses’ means, with respect to an account beneficiary, amounts paid by such beneficiary for medical care (as defined in section 213(d)) for any individual covered by a high deductible health plan of the account beneficiary, but only to the extent such amounts are not compensated for by insurance or otherwise.

“(B) HEALTH INSURANCE MAY NOT BE PURCHASED FROM ACCOUNT.—Except as provided in subparagraph (C), subparagraph (A) shall not apply to any payment for insurance.

“(C) EXCEPTIONS.—Subparagraph (B) shall not apply to any expense for coverage under—

“(i) a health plan during any period of continuation coverage required under any Federal law,

“(ii) a qualified long-term care insurance contract (as defined in section 7702B(b)),

VerDate Sep 11 2014 20:34 Jun 08, 2015 Jkt 049200 PO 00000 Frm 00038 Fmt 6652 Sfmt 6201 E:\BILLS\H2653.IH H2653srobinson on DSK5SPTVN1PROD with BILLS
“(iii) a health plan during any period in which the individual is receiving unemployment compensation under any Federal or State law,

“(iv) a high deductible health plan, or

“(v) any health insurance under title XVIII of the Social Security Act, other than a Medicare supplemental policy (as defined in section 1882 of such Act).”.

(b) Effective Date.—The amendment made by this section shall apply with respect to insurance purchased after the date of the enactment of this Act in taxable years beginning after December 31, 2015.

SEC. 228. SPECIAL RULE FOR CERTAIN MEDICAL EXPENSES INCURRED BEFORE ESTABLISHMENT OF ACCOUNT.

(a) In General.—Paragraph (2) of section 223(d), as amended by this Act, is amended by adding at the end the following new subparagraph:

“(D) Certain medical expenses incurred before establishment of account treated as qualified.—An expense shall not fail to be treated as a qualified medical expense solely because such expense was incurred before
the establishment of the health savings account
if such expense was incurred—

“(i) during either—

“(I) the taxable year in which the
health savings account was estab-
ished, or

“(II) the preceding taxable year
in the case of a health savings ac-
count established after the taxable
year in which such expense was in-
curred but before the time prescribed
by law for filing the return for such
taxable year (not including extensions
thereof), and

“(ii) for medical care of an individual
during a period that such individual was
covered by a high deductible health plan
and met the requirements of subsection
(c)(1)(A)(ii) (after application of sub-
section (c)(1)(B)).”.

(b) EFFECTIVE DATE.—The amendment made by
this section shall apply to taxable years beginning after

December 31, 2015.
SEC. 229. PREVENTIVE CARE PRESCRIPTION DRUG CLARIFICATION.

(a) Clarify Use of Drugs in Preventive Care.—Subparagraph (C) of section 223(c)(2) is amended by adding at the end the following: “Preventive care shall include prescription and over-the-counter drugs and medicines which have the primary purpose of preventing the onset of, further deterioration from, or complications associated with chronic conditions, illnesses, or diseases.”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 230. EQUIVALENT BANKRUPTCY PROTECTIONS FOR HEALTH SAVINGS ACCOUNTS AS RETIREMENT FUNDS.

(a) In General.—Section 522 of title 11, United States Code, is amended by adding at the end the following new subsection:

“(r) Treatment of Health Savings Accounts.—For purposes of this section, any health savings account (as described in section 223 of the Internal Revenue Code of 1986) shall be treated in the same manner as an individual retirement account described in section 408 of such Code.”.

(b) Effective Date.—The amendment made by this section shall apply to cases commencing under title
11, United States Code, after the date of the enactment
of this Act.

SEC. 231. ADMINISTRATIVE ERROR CORRECTION BEFORE
DUE DATE OF RETURN.

(a) IN GENERAL.—Paragraph (4) of section 223(f)
is amended by adding at the end the following new sub-
paragraph:

“(D) EXCEPTION FOR ADMINISTRATIVE
ERRORS CORRECTED BEFORE DUE DATE OF RE-
TURN.—Subparagraph (A) shall not apply if
any payment or distribution is made to correct
an administrative, clerical or payroll contribu-
tion error and if—

“(i) such distribution is received by
the individual on or before the last day
prescribed by law (including extensions of
time) for filing such individual’s return for
such taxable year, and

“(ii) such distribution is accompanied
by the amount of net income attributable
to such contribution.

Any net income described in clause (ii) shall be
included in the gross income of the individual
for the taxable year in which it is received.”.
(b) Effective Date.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 232. REAUTHORIZATION OF MEDICAID HEALTH OPPORTUNITY ACCOUNTS.

(a) In General.—Section 1938 of the Social Security Act (42 U.S.C. 1396u–8) is amended—

(1) in subsection (a)—

(A) by striking paragraph (2) and inserting the following:

“(2) Initial Demonstration.—The demonstration program under this section shall begin again on January 1, 2016. The Secretary shall approve States to conduct demonstration programs under this section for a 5-year period, with each State demonstration program covering one or more geographic areas specified by the State. With respect to a State, after the initial 5-year period of any demonstration program conducted under this section by the State, unless the Secretary finds, taking into account cost-effectiveness and quality of care, that the State demonstration program has been unsuccessful, the demonstration program may be extended or made permanent in the State.”; and
(B) in paragraph (3), in the matter preceding subparagraph (A)—

(i) by striking “not”; and

(ii) by striking “unless” and inserting “if”;

(2) in subsection (b)—

(A) in paragraph (3), by inserting “clause (i) through (vii), (viii) (without regard to the amendment made by section 2004(c)(2) of Public Law 111–148), (x), or (xi) of” after “described in”; and

(B) by striking paragraphs (4), (5), and (6);

(3) in subsection (c)—

(A) in paragraph (6), by striking “Subject to subparagraphs (D) and (E)” and inserting “Subject to subparagraph (D)”;

(B) by striking paragraphs (3) and (4); and

(C) by redesignating paragraphs (5) through (8) as paragraphs (3) through (6), respectively; and

(4) in subsection (d)—

(A) in paragraph (2), by striking subparagraph (E); and
(B) in paragraph (3)—

(i) in subparagraph (A)(ii), by strik-
ing “Subject to subparagraph (B)(ii), in”
and inserting “In”; and

(ii) by striking subparagraph (B) and
inserting the following:

“(B) MAINTENANCE OF HEALTH OPPOR-
TUNITY ACCOUNT AFTER BECOMING INELI-
gible for public benefit.—Notwithstanding
any other provision of law, if an account holder
of a health opportunity account becomes ineli-
gible for benefits under this title because of an
increase in income or assets—

“(i) no additional contribution shall be
made into the account under paragraph
(2)(A)(i); and

“(ii) the account shall remain avail-
able to the account holder for 3 years after
the date on which the individual becomes
ineligible for such benefits for withdrawals
under the same terms and conditions as if
the account holder remained eligible for
such benefits, and such withdrawals shall
be treated as medical assistance in accord-
ance with subsection (c)(4).”.

•HR 2653 IH
(b) CONFORMING AMENDMENT.—Section 613 of the Children’s Health Insurance Program Reauthorization Act of 2009 (Public Law 111–3; 42 U.S.C. 1396u–8 note) is repealed.

SEC. 233. MEMBERS OF HEALTH CARE SHARING MINISTRIES ELIGIBLE TO ESTABLISH HEALTH SAVINGS ACCOUNTS.

(a) In General.—Section 223 is amended by adding at the end the following new subsection:

“(i) Application to Health Care Sharing Ministries.—For purposes of this section, membership in a health care sharing ministry (as defined in section 5000A(d)(2)(B)(ii)) shall be treated as coverage under a high deductible health plan.”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 234. HIGH DEDUCTIBLE HEALTH PLANS RENAMED HSA QUALIFIED PLANS.

(a) In General.—Section 223, as amended by this subtitle, is amended by striking “high deductible health plan” each place it appears and inserting “HSA qualified health plan”.

(b) Conforming Amendments.—
(1) Section 106(e), as amended by this subtitle, is amended by striking “high deductible health plan” each place it appears and inserting “HSA qualified health plan”.

(2) The heading for paragraph (2) of section 223(c) is amended by striking “HIGH DEDUCTIBLE HEALTH PLAN” and inserting “HSA QUALIFIED HEALTH PLAN”.

(3) Section 408(d)(9) is amended—

(A) by striking “high deductible health plan” each place it appears in subparagraph (C) and inserting “HSA qualified health plan”, and

(B) by striking “HIGH DEDUCTIBLE HEALTH PLAN” in the heading of subparagraph (D) and inserting “HSA QUALIFIED HEALTH PLAN”.

SEC. 235. TREATMENT OF DIRECT PRIMARY CARE SERVICE ARRANGEMENTS.

(a) IN GENERAL.—Section 223(c) is amended by adding at the end the following new paragraph:

“(6) TREATMENT OF DIRECT PRIMARY CARE SERVICE ARRANGEMENTS.—An arrangement under which an individual is provided coverage restricted to
primary care services in exchange for a fixed periodic fee—

“(A) shall not be treated as a health plan for purposes of paragraph (1)(A)(ii), and

“(B) shall not be treated as insurance for purposes of subsection (d)(2)(B).”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 236. CERTAIN EXERCISE EQUIPMENT AND PHYSICAL FITNESS PROGRAMS TREATED AS MEDICAL CARE.

(a) In General.—Subsection (d) of section 213 is amended by adding at the end the following new paragraph:

“(12) Exercise equipment and physical fitness programs.—

“(A) In general.—The term ‘medical care’ shall include amounts paid—

“(i) to purchase or use equipment used in a program (including a self-directed program) of physical exercise,

“(ii) to participate, or receive instruction, in a program of physical exercise, and
“(iii) for membership dues in a fitness club the primary purpose of which is to provide access to equipment and facilities for physical exercise.

“(B) LIMITATION.—Amounts treated as medical care under subparagraph (A) shall not exceed $1,000 with respect to any individual for any taxable year.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 237. CERTAIN NUTRITIONAL AND DIETARY SUPPLEMENTS TO BE TREATED AS MEDICAL CARE.

(a) IN GENERAL.—Subsection (d) of section 213, as amended by this Act, is amended by adding at the end the following new paragraph:

“(13) NUTRITIONAL AND DIETARY SUPPLEMENTS.—

“(A) IN GENERAL.—The term ‘medical care’ shall include amounts paid to purchase herbs, vitamins, minerals, homeopathic remedies, meal replacement products, and other dietary and nutritional supplements.

“(B) LIMITATION.—Amounts treated as medical care under subparagraph (A) shall not
exceed $1,000 with respect to any individual for any taxable year.

“(C) Meal replacement product.—
For purposes of this paragraph, the term ‘meal replacement product’ means any product that—

“(i) is permitted to bear labeling making a claim described in section 403(r)(3) of the Federal Food, Drug, and Cosmetic Act, and

“(ii) is permitted to claim under such section that such product is low in fat and is a good source of protein, fiber, and multiple essential vitamins and minerals.”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 238. CERTAIN PROVIDER FEES TO BE TREATED AS MEDICAL CARE.

(a) In General.—Subsection (d) of section 213, as amended by this Act, is amended by adding at the end the following new paragraph:

“(14) Periodic provider fees.—The term ‘medical care’ shall include periodic fees paid to a primary care physician for the right to receive medical services on an as-needed basis.”.
SEC. 239. INCREASE THE MAXIMUM CONTRIBUTION LIMIT TO AN HSA TO MATCH DEDUCTIBLE AND OUT-OF-POCKET EXPENSE LIMITATION.

(a) Self-Only Coverage.—Subparagraph (A) of section 223(b)(2) is amended by striking “$2,250” and inserting “the amount in effect under subsection (c)(2)(A)(ii)(I)”.

(b) Family Coverage.—Subparagraph (B) of section 223(b)(2) is amended by striking “$4,500” and inserting “the amount in effect under subsection (c)(2)(A)(ii)(II)”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 240. CHILD HEALTH SAVINGS ACCOUNT.

(a) In General.—Section 223, as amended by this Act, is amended by adding at the end the following new subsection:

“(j) Child Health Savings Accounts.—

“(1) In General.—In the case of an individual, in addition to any deduction allowed under subsection (a) for any taxable year, there shall be al-
allowed as a deduction under this section an amount equal to the aggregate amount paid in cash by the taxpayer during the taxable year to a child health savings account of a child of the taxpayer.

“(2) LIMITATION.—The amount taken into account under paragraph (1) with respect to each child of the taxpayer for the taxable year shall not exceed an amount equal to $3,000.

“(3) CHILD HEALTH SAVINGS ACCOUNT.—For purposes of this subsection, the term ‘child health savings account’ means a health savings account designated as a child health savings account and established for the benefit of a child of a taxpayer, but only if—

“(A) such account was established for the benefit of the child before the child attains the age of 5, and

“(B) under the written governing instrument creating the trust, no contribution will be accepted to the extent such contribution, when added to previous contributions to the trust for the calendar year, exceeds the dollar amount in effect under paragraph (2).

“(4) TREATMENT OF ACCOUNT BEFORE AGE 18.—For purposes of this section, except as other-
wise provided in this subsection, a child health savings account established for the benefit of the child of a taxpayer shall be treated as a health savings account of the taxpayer until the child attains the age of 18, after which such account shall be treated as a health savings account of the child.

“(5) DISTRIBUTIONS.—

“(A) IN GENERAL.—In the case of a child health savings account established under this section for the benefit of a child of a taxpayer—

“(i) BEFORE AGE 18.—Any amount paid or distributed out of such account before the child has attained the age of 18, shall be included in the gross income of the taxpayer, and subparagraph (A) of subsection (f) shall apply (relating to additional tax on distributions not used for qualified medical expenses).

“(ii) AGE 18 AND OLDER.—Any amount paid or distributed out of such account after the child has attained the age of 18 may only be treated as used to pay qualified medical expenses to the extent such child is not covered as a dependent
under insurance (other than permitted insurance) of a parent.

“(B) EXCEPTIONS FOR DISABILITY OR DEATH OF CHILD.—If the child becomes disabled within the meaning of section 72(m)(7) or dies—

“(i) subparagraph (A) shall not apply to any subsequent payment or distribution, and

“(ii) the taxpayer may rollover the amount in such account to an individual retirement plan of the taxpayer, to any health savings account of the taxpayer, or to any child health savings account of any other child of the taxpayer.

“(C) HEALTH INSURANCE MAY BE PURCHASED FROM ACCOUNT.—Subparagraph (B) of subsection (d)(2) shall not apply to any health savings account originally established as a child health savings account.

“(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including rules for determining application of this subsection in the case of legal guardians and in the case of parents
of a child who file separately, are separated, or are not married.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 241. ALLOWING MINIMUM DISTRIBUTIONS FROM TAX-DEFERRED RETIREMENT ACCOUNTS TO BE DEPOSITED INTO HSAS.

(a) Transfer From Retirement Plan.—

(1) INDIVIDUAL RETIREMENT ACCOUNTS.—Section 408(d) is amended by adding at the end the following new paragraph:

“(10) REQUIRED MINIMUM DISTRIBUTION TRANSFERRED TO HEALTH SAVINGS ACCOUNT.—

“(A) IN GENERAL.—In the case of an individual who has attained the age of 70 1/2 and who elects the application of this paragraph for a taxable year, gross income of the individual for the taxable year does not include a qualified HSA transfer to the extent such transfer is otherwise includible in gross income.

“(B) QUALIFIED HSA TRANSFER.—For purposes of this paragraph, the term ‘qualified HSA transfer’ means any distribution from an individual retirement plan—
“(i) to a health savings account of the individual in a direct trustee-to-trustee transfer,

“(ii) to the extent such distribution does not exceed the required minimum distribution determined under section 401(a)(9) for the distribution calendar year ending during the taxable year.

“(C) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which an amount is treated as a distribution for purposes of paragraph (1), the entire amount of the distribution shall be treated as includible in gross income without regard to paragraph (1) to the extent that such amount does not exceed the aggregate amount which would have been so includible if all amounts in all individual retirement plans of the individual were distributed during such taxable year and all such plans were treated as 1 contract for purposes of determining under section 72 the aggregate amount which would have been so includible. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.
“(D) COORDINATION.—An election may not be made under subparagraph (A) for a taxable year for which an election is in effect under paragraph (9).”.

(2) OTHER RETIREMENT PLANS.—Section 402 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(m) REQUIRED MINIMUM DISTRIBUTION TRANSFERRED TO HEALTH SAVINGS ACCOUNT.—

“(1) IN GENERAL.—In the case of an individual who has attained the age of 70½ and who elects the application of this subsection for a taxable year, gross income of the individual for the taxable year does not include a qualified HSA transfer to the extent such transfer is otherwise includible in gross income.

“(2) QUALIFIED HSA TRANSFER.—For purposes of this subsection, the term ‘qualified HSA transfer’ means any distribution from an individual retirement plan—

“(A) to a health savings account of the individual in a direct trustee-to-trustee transfer,

“(B) to the extent such distribution does not exceed the required minimum distribution determined under section 401(a)(9) for the dis-
tribution calendar year ending during the taxable year.

“(3) **APPLICATION OF SECTION 72.**—Notwithstanding section 72, in determining the extent to which an amount is treated as a distribution for purposes of paragraph (1), the entire amount of the distribution shall be treated as includible in gross income without regard to paragraph (1) to the extent that such amount does not exceed the aggregate amount which would have been so includible if all amounts in all eligible retirement plans of the individual were distributed during such taxable year and all such plans were treated as 1 contract for purposes of determining under section 72 the aggregate amount which would have been so includible. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

“(4) **ELIGIBLE RETIREMENT PLAN.**—For purposes of this subsection, the term ‘eligible retirement plan’ has the meaning given such term by subsection (c)(8)(B) (determined without regard to clauses (i) and (ii) thereof).”.

(b) **TRANSFER TO HEALTH SAVINGS ACCOUNT.**—
(1) IN GENERAL.—Subparagraph (A) of section 223(d)(1) is amended by striking “or” at the end of clause (i), by striking the period at the end of clause (ii)(II) and inserting “, or”, and by adding at the end the following new clause:

“(iii) unless it is in a qualified HSA transfer described in section 408(d)(10) or 402(m).”.

(2) EXCISE TAX INAPPLICABLE TO QUALIFIED HSA TRANSFER.—Paragraph (1) of section 4973(g) is amended by inserting “or in a qualified HSA transfer described in section 408(d)(10) or 402(m)” after “or 223(f)(5)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 242. DISTRIBUTIONS FOR ABORTION EXPENSES FROM HEALTH SAVINGS ACCOUNTS INCLUDED IN GROSS INCOME.

(a) IN GENERAL.—Subsection (f) of section 223 is amended by adding at the end the following new paragraph:

“(9) EXCEPTION FOR CERTAIN ABORTION EXPENSES.—
“(A) IN GENERAL.—Notwithstanding paragraph (1), any amount used to pay for an abortion (other than an abortion described in subparagraph (B)) shall be included in the gross income of such beneficiary.

“(B) EXCEPTIONS.—Subparagraph (A) shall not apply to—

“(i) an abortion—

“(I) in the case of a pregnancy that is the result of an act of rape or incest, or

“(II) in the case where a woman suffers from a physical disorder, physical injury, or physical illness that would, as certified by a physician, place the woman in danger of death unless an abortion is performed, including a life-endangering physical condition caused by or arising from the pregnancy, and

“(ii) the treatment of any infection, injury, disease, or disorder that has been caused by or exacerbated by the performance of an abortion.”.
(b) **Effective Date.**—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

**Subtitle C—Enhanced Wellness Incentives**

**SEC. 251. PROVIDING FINANCIAL INCENTIVES FOR TREATMENT COMPLIANCE.**

(a) **Limitation on Exception for Wellness Programs Under HIPAA Discrimination Rules.**—

(1) **Employee Retirement Income Security Act of 1974 Amendment.**—Section 702(b)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1182(b)(2)) is amended by adding at the end the following flush sentence:

“In applying subparagraph (B), a group health plan (or a health insurance issuer with respect to health insurance coverage) may vary premiums and cost-sharing by up to 50 percent of the value of the benefits under the plan (or coverage) based on participation (or lack of participation) in a standards-based wellness program.”.

(2) **PHS Act Amendment.**—Section 2705(b)(2) of the Public Health Service Act (42 U.S.C. 300gg–4(b)(2)) is amended by adding at the end the following flush sentence:
“In applying subparagraph (B), a group health plan (or a health insurance issuer with respect to health insurance coverage) may vary premiums and cost-sharing by up to 50 percent of the value of the benefits under the plan (or coverage) based on participation (or lack of participation) in a standards-based wellness program.”

(3) IRC AMENDMENT.—Section 9802(b)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following flush sentence:

“In applying subparagraph (B), a group health plan may vary premiums and cost-sharing by up to 50 percent of the value of the benefits under the plan based on participation (or lack of participation) in a standards-based wellness program.”

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to plan years beginning more than 1 year after the date of the enactment of this Act.
TITLE III—IMPROVING ACCESS TO INSURANCE FOR VULNERABLE AMERICANS

Subtitle A—Eliminating Barriers to Insurance Coverage

SEC. 301. ELIMINATION OF CERTAIN REQUIREMENTS FOR GUARANTEED AVAILABILITY IN INDIVIDUAL MARKET.

(a) IN GENERAL.—Section 2741(b) of the Public Health Service Act (42 U.S.C. 300gg–41(b)) is amended—

(1) in paragraph (1)—

(A) by striking “(1)(A)” and inserting “(1)”; and

(B) by striking “and (B)” and all that follows up to the semicolon at the end;

(2) by adding “and” at the end of paragraph (2);

(3) in paragraph (3)—

(A) by striking “(1)(A)” and inserting “(1)”; and

(B) by striking the semicolon at the end and inserting a period; and

(4) by striking paragraphs (4) and (5).
(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

Subtitle B—Ensuring Coverage for Individuals With Preexisting Conditions and Multiple Health Care Needs Through High Risk Pools

SEC. 311. IMPROVEMENT OF HIGH RISK POOLS.

Section 2745 of the Public Health Service Act (42 U.S.C. 300gg–45) is amended—

(1) in subsection (a), by adding at the end the following: “The Secretary shall provide from the funds appropriated under subsection (d)(3)(A) a grant of up to $5,000,000 to each State that has not created a qualified high risk pool as of September 1, 2015, for the State’s costs of creation and initial operation of such a pool.”;

(2) in paragraphs (1) and (2) of subsection (b), by striking “and (2)(A)” and inserting “(2)(A), (3)(B), and (4)” each place it appears;

(3) in subsection (b)(3), by inserting “with respect to funds made available for fiscal years before fiscal year 2014,” after “applicable standard risks,”;
(4) by adding at the end of subsection (b) the following new paragraph:

“(5) Verification of citizenship or alien qualification.—

“(A) In general.—Notwithstanding any other provision of law, effective upon the date of the enactment of this paragraph, only citizens and nationals of the United States shall be eligible to participate in a qualified high risk pool that receives funds under this section.

“(B) Condition of participation.—As a condition of a State receiving such funds under this subsection for a fiscal year beginning with fiscal year 2016, the Secretary shall require the State to certify, to the satisfaction of the Secretary, that such State requires all applicants for coverage in the qualified high risk pool to provide satisfactory documentation of citizenship or nationality in a manner consistent with section 1903(x) of the Social Security Act.

“(C) Records.—The Secretary shall keep sufficient records such that a determination of citizenship or nationality only has to be made once for any individual under this paragraph.”; and
(5) in subsection (d)—

(A) in paragraphs (1)(B) and (2) by striking “paragraph (4)” and inserting “paragraph (6)”;

(B) in paragraph (4), by striking “or (2)” and inserting “(2), (3)(B), or (4)”;

(C) by redesignating paragraphs (3) through (5) as paragraphs (5) through (7), respectively; and

(D) by inserting after paragraph (2) the following:

“(3) Authorization of Appropriations for Fiscal Year 2016.—There are authorized to be appropriated for fiscal year 2016—

“(A) $50,000,000 to carry out the second sentence of subsection (a); and

“(B) $2,450,000,000 which, subject to paragraph (6), shall be made available for allotments under subsection (b)(2).

“(4) Authorization of Appropriations for Fiscal Years 2017 through 2025.—There are authorized to be appropriated $2,500,000,000 for each of fiscal years 2017 through 2025 which, subject to paragraph (6), shall be made available for allotments under subsection (b)(2).”.
TITLE IV—ENCOURAGING A
MORE COMPETITIVE HEALTH
CARE MARKET
Subtitle A—Expanding Patient Choice

SEC. 401. COOPERATIVE GOVERNING OF INDIVIDUAL HEALTH INSURANCE COVERAGE.

(a) In General.—Title XXVII of the Public Health Service Act (42 U.S.C. 300gg et seq.) is amended by adding at the end the following new part:

“PART D—COOPERATIVE GOVERNING OF INDIVIDUAL HEALTH INSURANCE COVERAGE

“SEC. 2795. DEFINITIONS.

“In this part:

“(1) PRIMARY STATE.—The term ‘primary State’ means, with respect to individual health insurance coverage offered by a health insurance issuer, the State designated by the issuer as the State whose covered laws shall govern the health insurance issuer in the sale of such coverage under this part. An issuer, with respect to a particular policy, may only designate one such State as its primary State with respect to all such coverage it offers. Such an issuer may not change the designated primary State with respect to individual health insurance coverage.
once the policy is issued, except that such a change
may be made upon renewal of the policy. With re-
spect to such designated State, the issuer is deemed
to be doing business in that State.

“(2) SECONDARY STATE.—The term ‘secondary
State’ means, with respect to individual health insur-
ance coverage offered by a health insurance issuer,
any State that is not the primary State. In the case
of a health insurance issuer that is selling a policy
in, or to a resident of, a secondary State, the issuer
is deemed to be doing business in that secondary
State.

“(3) HEALTH INSURANCE ISSUER.—The term
‘health insurance issuer’ has the meaning given such
term in section 2791(b)(2), except that such an
issuer must be licensed in the primary State and be
qualified to sell individual health insurance coverage
in that State.

“(4) INDIVIDUAL HEALTH INSURANCE COV-
ERAGE.—The term ‘individual health insurance cov-
erage’ means health insurance coverage offered in
the individual market, as defined in section
2791(e)(1).

“(5) APPLICABLE STATE AUTHORITY.—The
term ‘applicable State authority’ means, with respect
to a health insurance issuer in a State, the State in-
surance commissioner or official or officials des-
ignated by the State to enforce the requirements of
this title for the State with respect to the issuer.

“(6) HAZARDOUS FINANCIAL CONDITION.—The
term ‘hazardous financial condition’ means that,
based on its present or reasonably anticipated finan-
cial condition, a health insurance issuer is unlikely
to be able—

“(A) to meet obligations to policyholders
with respect to known claims and reasonably
anticipated claims; or

“(B) to pay other obligations in the normal
course of business.

“(7) COVERED LAWS.—

“(A) IN GENERAL.—The term ‘covered
laws’ means the laws, rules, regulations, agree-
ments, and orders governing the insurance busi-
ness pertaining to—

“(i) individual health insurance cov-
erage issued by a health insurance issuer;

“(ii) the offer, sale, rating (including
medical underwriting), renewal, and
issuance of individual health insurance cov-
erage to an individual;
“(iii) the provision to an individual in relation to individual health insurance coverage of health care and insurance related services;

“(iv) the provision to an individual in relation to individual health insurance coverage of management, operations, and investment activities of a health insurance issuer; and

“(v) the provision to an individual in relation to individual health insurance coverage of loss control and claims administration for a health insurance issuer with respect to liability for which the issuer provides insurance.

“(B) EXCEPTION.—Such term does not include any law, rule, regulation, agreement, or order governing the use of care or cost management techniques, including any requirement related to provider contracting, network access or adequacy, health care data collection, or quality assurance.

“(8) STATE.—The term ‘State’ means the 50 States and includes the District of Columbia, Puerto
Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

“(9) UNFAIR CLAIMS SETTLEMENT PRACTICES.—The term ‘unfair claims settlement practices’ means only the following practices:

“(A) Knowingly misrepresenting to claimants and insured individuals relevant facts or policy provisions relating to coverage at issue.

“(B) Failing to acknowledge with reasonable promptness pertinent communications with respect to claims arising under policies.

“(C) Failing to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under policies.

“(D) Failing to effectuate prompt, fair, and equitable settlement of claims submitted in which liability has become reasonably clear.

“(E) Refusing to pay claims without conducting a reasonable investigation.

“(F) Failing to affirm or deny coverage of claims within a reasonable period of time after having completed an investigation related to those claims.

“(G) A pattern or practice of compelling insured individuals or their beneficiaries to in-
stitute suits to recover amounts due under its policies by offering substantially less than the amounts ultimately recovered in suits brought by them.

“(H) A pattern or practice of attempting to settle or settling claims for less than the amount that a reasonable person would believe the insured individual or his or her beneficiary was entitled by reference to written or printed advertising material accompanying or made part of an application.

“(I) Attempting to settle or settling claims on the basis of an application that was materially altered without notice to, or knowledge or consent of, the insured.

“(J) Failing to provide forms necessary to present claims within 15 calendar days of a request with reasonable explanations regarding their use.

“(K) Attempting to cancel a policy in less time than that prescribed in the policy or by the law of the primary State.

“(10) FRAUD AND ABUSE.—The term ‘fraud and abuse’ means an act or omission committed by a person who, knowingly and with intent to defraud,
commits, or conceals any material information concern-

"(A) Presenting, causing to be presented or preparing with knowledge or belief that it will be presented to or by an insurer, a reinsurer, broker or its agent, false information as part of, in support of or concerning a fact ma-

"(i) An application for the issuance or renewal of an insurance policy or reinsurance contract.

"(ii) The rating of an insurance policy or reinsurance contract.

"(iii) A claim for payment or benefit pursuant to an insurance policy or reinsurance contract.

"(iv) Premiums paid on an insurance policy or reinsurance contract.

"(v) Payments made in accordance with the terms of an insurance policy or reinsurance contract.

"(vi) A document filed with the com-
missioner or the chief insurance regulatory official of another jurisdiction.
“(vii) The financial condition of an insurer or reinsurer.

“(viii) The formation, acquisition, merger, reconsolidation, dissolution or withdrawal from one or more lines of insurance or reinsurance in all or part of a State by an insurer or reinsurer.

“(ix) The issuance of written evidence of insurance.

“(x) The reinstatement of an insurance policy.

“(B) Solicitation or acceptance of new or renewal insurance risks on behalf of an insurer reinsurer or other person engaged in the business of insurance by a person who knows or should know that the insurer or other person responsible for the risk is insolvent at the time of the transaction.

“(C) Transaction of the business of insurance in violation of laws requiring a license, certificate of authority or other legal authority for the transaction of the business of insurance.

“(D) Attempt to commit, aiding or abetting in the commission of, or conspiracy to commit—
mit the acts or omissions specified in this para-

graph.

SEC. 2796. APPLICATION OF LAW.

“(a) IN GENERAL.—Subject to section 701(d) of the
American Health Care Reform Act of 2015, the covered
laws of the primary State shall apply to individual health
insurance coverage offered by a health insurance issuer
in the primary State and in any secondary State, but only
if the coverage and issuer comply with the conditions of
this section with respect to the offering of coverage in any
secondary State.

“(b) EXEMPTIONS FROM COVERED LAWS IN A SEC-
ONDARY STATE.—Except as provided in this section, a
health insurance issuer with respect to its offer, sale, rat-
ing (including medical underwriting), renewal, and
issuance of individual health insurance coverage in any
secondary State is exempt from any covered laws of the
secondary State (and any rules, regulations, agreements,
or orders sought or issued by such State under or related
to such covered laws) to the extent that such laws would—

“(1) make unlawful, or regulate, directly or in-
directly, the operation of the health insurance issuer
operating in the secondary State, except that any
secondary State may require such an issuer—

•HR 2653 IH
“(A) to pay, on a nondiscriminatory basis, applicable premium and other taxes (including high risk pool assessments) which are levied on insurers and surplus lines insurers, brokers, or policyholders under the laws of the State;

“(B) to register with and designate the State insurance commissioner as its agent solely for the purpose of receiving service of legal documents or process;

“(C) to submit to an examination of its financial condition by the State insurance commissioner in any State in which the issuer is doing business to determine the issuer’s financial condition, if—

“(i) the State insurance commissioner of the primary State has not done an examination within the period recommended by the National Association of Insurance Commissioners; and

“(ii) any such examination is conducted in accordance with the examiners’ handbook of the National Association of Insurance Commissioners and is coordinated to avoid unjustified duplication and unjustified repetition;
“(D) to comply with a lawful order issued—

“(i) in a delinquency proceeding commenced by the State insurance commissioner if there has been a finding of financial impairment under subparagraph (C); or

“(ii) in a voluntary dissolution proceeding;

“(E) to comply with an injunction issued by a court of competent jurisdiction, upon a petition by the State insurance commissioner alleging that the issuer is in hazardous financial condition;

“(F) to participate, on a nondiscriminatory basis, in any insurance insolvency guaranty association or similar association to which a health insurance issuer in the State is required to belong;

“(G) to comply with any State law regarding fraud and abuse (as defined in section 2795(10)), except that if the State seeks an injunction regarding the conduct described in this subparagraph, such injunction must be obtained from a court of competent jurisdiction;
“(H) to comply with any State law regarding unfair claims settlement practices (as defined in section 2795(9)); or

“(I) to comply with the applicable requirements for independent review under section 2798 with respect to coverage offered in the State;

“(2) require any individual health insurance coverage issued by the issuer to be countersigned by an insurance agent or broker residing in that Secondary State; or

“(3) otherwise discriminate against the issuer issuing insurance in both the primary State and in any secondary State.

“(c) CLEAR AND CONSPICUOUS DISCLOSURE.—A health insurance issuer shall provide the following notice, in 12-point bold type, in any insurance coverage offered in a secondary State under this part by such a health insurance issuer and at renewal of the policy, with the blank spaces therein being appropriately filled with the name of the health insurance issuer, the name of primary State, the name of the secondary State, the name of the secondary State, and the name of the secondary State, respectively, for the coverage concerned:
“NOTICE

This policy is issued by _________ and is governed by the laws and regulations of the State of _________, and it has met all the laws of that State as determined by that State’s Department of Insurance. This policy may be less expensive than others because it is not subject to all of the insurance laws and regulations of the State of _________, including coverage of some services or benefits mandated by the law of the State of _________. Additionally, this policy is not subject to all of the consumer protection laws or restrictions on rate changes of the State of _________. As with all insurance products, before purchasing this policy, you should carefully review the policy and determine what health care services the policy covers and what benefits it provides, including any exclusions, limitations, or conditions for such services or benefits.’.

“(d) Prohibition on Certain Reclassifications and Premium Increases.—

“(1) In general.—For purposes of this section, a health insurance issuer that provides individual health insurance coverage to an individual under this part in a primary or secondary State may not upon renewal—
“(A) move or reclassify the individual insured under the health insurance coverage from the class such individual is in at the time of issue of the contract based on the health-status related factors of the individual; or

“(B) increase the premiums assessed the individual for such coverage based on a health status-related factor or change of a health status-related factor or the past or prospective claim experience of the insured individual.

“(2) CONSTRUCTION.—Nothing in paragraph (1) shall be construed to prohibit a health insurance issuer—

“(A) from terminating or discontinuing coverage or a class of coverage in accordance with subsections (b) and (e) of section 2742;

“(B) from raising premium rates for all policy holders within a class based on claims experience;

“(C) from changing premiums or offering discounted premiums to individuals who engage in wellness activities at intervals prescribed by the issuer, if such premium changes or incentives—
“(i) are disclosed to the consumer in the insurance contract;

“(ii) are based on specific wellness activities that are not applicable to all individuals; and

“(iii) are not obtainable by all individuals to whom coverage is offered;

“(D) from reinstating lapsed coverage; or

“(E) from retroactively adjusting the rates charged an insured individual if the initial rates were set based on material misrepresentation by the individual at the time of issue.

“(e) Prior Offering of Policy in Primary State.—A health insurance issuer may not offer for sale individual health insurance coverage in a secondary State unless that coverage is currently offered for sale in the primary State.

“(f) Licensing of Agents or Brokers for Health Insurance Issuers.—Any State may require that a person acting, or offering to act, as an agent or broker for a health insurance issuer with respect to the offering of individual health insurance coverage obtain a license from that State, with commissions or other compensation subject to the provisions of the laws of that State, except that a State may not impose any qualifica-
tion or requirement which discriminates against a non-
resident agent or broker.

“(g) DOCUMENTS FOR SUBMISSION TO STATE INSURANCE COMMISSIONER.—Each health insurance issuer issuing individual health insurance coverage in both pri-
mary and secondary States shall submit—

“(1) to the insurance commissioner of each State in which it intends to offer such coverage, before it may offer individual health insurance cov-
ere in such State—

“(A) a copy of the plan of operation or feas-
sibility study or any similar statement of the policy being offered and its coverage (which shall include the name of its primary State and its principal place of business);

“(B) written notice of any change in its designation of its primary State; and

“(C) written notice from the issuer of the issuer’s compliance with all the laws of the pri-
mary State; and

“(2) to the insurance commissioner of each sec-
ondary State in which it offers individual health in-
surance coverage, a copy of the issuer’s quarterly fi-
nancial statement submitted to the primary State, which statement shall be certified by an independent
public accountant and contain a statement of opinion on loss and loss adjustment expense reserves made by—

“(A) a member of the American Academy of Actuaries; or

“(B) a qualified loss reserve specialist.

“(h) Power of Courts To Enjoin Conduct.—Nothing in this section shall be construed to affect the authority of any Federal or State court to enjoin—

“(1) the solicitation or sale of individual health insurance coverage by a health insurance issuer to any person or group who is not eligible for such insurance; or

“(2) the solicitation or sale of individual health insurance coverage that violates the requirements of the law of a secondary State which are described in subparagraphs (A) through (H) of section 2796(b)(1).

“(i) Power of Secondary States To Take Administrative Action.—Nothing in this section shall be construed to affect the authority of any State to enjoin conduct in violation of that State’s laws described in section 2796(b)(1).

“(j) State Powers To Enforce State Laws.—
“(1) IN GENERAL.—Subject to the provisions of subsection (b)(1)(G) (relating to injunctions) and paragraph (2), nothing in this section shall be construed to affect the authority of any State to make use of any of its powers to enforce the laws of such State with respect to which a health insurance issuer is not exempt under subsection (b).

“(2) COURTS OF COMPETENT JURISDICTION.—If a State seeks an injunction regarding the conduct described in paragraphs (1) and (2) of subsection (h), such injunction must be obtained from a Federal or State court of competent jurisdiction.

“(k) STATES’ AUTHORITY TO SUE.—Nothing in this section shall affect the authority of any State to bring action in any Federal or State court.

“(l) GENERALLY APPLICABLE LAWS.—Nothing in this section shall be construed to affect the applicability of State laws generally applicable to persons or corporations.

“(m) GUARANTEED AVAILABILITY OF COVERAGE TO HIPAA ELIGIBLE INDIVIDUALS.—To the extent that a health insurance issuer is offering coverage in a primary State that does not accommodate residents of secondary States or does not provide a working mechanism for residents of a secondary State, and the issuer is offering cov-
verage under this part in such secondary State which has
not adopted a qualified high risk pool as its acceptable
alternative mechanism (as defined in section 2744(c)(2)),
the issuer shall, with respect to any individual health in-
surance coverage offered in a secondary State under this
part, comply with the guaranteed availability requirements
for eligible individuals in section 2741.

“SEC. 2797. PRIMARY STATE MUST MEET FEDERAL FLOOR
BEFORE ISSUER MAY SELL INTO SECONDARY
STATES.

“A health insurance issuer may not offer, sell, or
issue individual health insurance coverage in a secondary
State if the State insurance commissioner does not use
a risk-based capital formula for the determination of cap-
ital and surplus requirements for all health insurance
issuers.

“SEC. 2798. INDEPENDENT EXTERNAL APPEALS PROCE-
DURES.

“(a) Right to External Appeal.—A health insur-
ance issuer may not offer, sell, or issue individual health
insurance coverage in a secondary State under the provi-
sions of this title unless—

“(1) both the secondary State and the primary
State have legislation or regulations in place estab-
lishing an independent review process for individuals
who are covered by individual health insurance coverage, or

“(2) in any case in which the requirements of subparagraph (A) are not met with respect to the either of such States, the issuer provides an independent review mechanism substantially identical (as determined by the applicable State authority of such State) to that prescribed in the ‘Health Carrier External Review Model Act’ of the National Association of Insurance Commissioners for all individuals who purchase insurance coverage under the terms of this part, except that, under such mechanism, the review is conducted by an independent medical reviewer, or a panel of such reviewers, with respect to whom the requirements of subsection (b) are met.

“(b) QUALIFICATIONS OF INDEPENDENT MEDICAL REVIEWERS.—In the case of any independent review mechanism referred to in subsection (a)(2)—

“(1) IN GENERAL.—In referring a denial of a claim to an independent medical reviewer, or to any panel of such reviewers, to conduct independent medical review, the issuer shall ensure that—

“(A) each independent medical reviewer meets the qualifications described in paragraphs (2) and (3);
“(B) with respect to each review, each reviewer meets the requirements of paragraph (4) and the reviewer, or at least 1 reviewer on the panel, meets the requirements described in paragraph (5); and

“(C) compensation provided by the issuer to each reviewer is consistent with paragraph (6).

“(2) LICENSURE AND EXPERTISE.—Each independent medical reviewer shall be a physician (allopathic or osteopathic) or health care professional who—

“(A) is appropriately credentialed or licensed in 1 or more States to deliver health care services; and

“(B) typically treats the condition, makes the diagnosis, or provides the type of treatment under review.

“(3) INDEPENDENCE.—

“(A) IN GENERAL.—Subject to subparagraph (B), each independent medical reviewer in a case shall—

“(i) not be a related party (as defined in paragraph (7));
“(ii) not have a material familial, financial, or professional relationship with such a party; and

“(iii) not otherwise have a conflict of interest with such a party (as determined under regulations).

“(B) EXCEPTION.—Nothing in subparagraph (A) shall be construed to—

“(i) prohibit an individual, solely on the basis of affiliation with the issuer, from serving as an independent medical reviewer if—

“(I) a non-affiliated individual is not reasonably available;

“(II) the affiliated individual is not involved in the provision of items or services in the case under review;

“(III) the fact of such an affiliation is disclosed to the issuer and the enrollee (or authorized representative) and neither party objects; and

“(IV) the affiliated individual is not an employee of the issuer and does not provide services exclusively or primarily to or on behalf of the issuer;
“(ii) prohibit an individual who has staff privileges at the institution where the treatment involved takes place from serv-
ing as an independent medical reviewer merely on the basis of such affiliation if the affiliation is disclosed to the issuer and the enrollee (or authorized representative), and neither party objects; or

“(iii) prohibit receipt of compensation by an independent medical reviewer from an entity if the compensation is provided consistent with paragraph (6).

“(4) PRACTICING HEALTH CARE PROFESSIONAL IN SAME FIELD.—

“(A) IN GENERAL.—In a case involving treatment, or the provision of items or serv-
ces—

“(i) by a physician, a reviewer shall be a practicing physician (allopathic or osteo-
pathic) of the same or similar specialty, as a physician who, acting within the appro-
priate scope of practice within the State in which the service is provided or rendered,
typically treats the condition, makes the
diagnosis, or provides the type of treatment under review; or

“(ii) by a non-physician health care professional, the reviewer, or at least 1 member of the review panel, shall be a practicing non-physician health care professional of the same or similar specialty as the non-physician health care professional who, acting within the appropriate scope of practice within the State in which the service is provided or rendered, typically treats the condition, makes the diagnosis, or provides the type of treatment under review.

“(B) Practicing Defined.—For purposes of this paragraph, the term ‘practicing’ means, with respect to an individual who is a physician or other health care professional, that the individual provides health care services to individual patients on average at least 2 days per week.

“(5) Pediatric Expertise.—In the case of an external review relating to a child, a reviewer shall have expertise under paragraph (2) in pediatrics.
“(6) LIMITATIONS ON REVIEWER COMPENSATION.—Compensation provided by the issuer to an independent medical reviewer in connection with a review under this section shall—

“(A) not exceed a reasonable level; and

“(B) not be contingent on the decision rendered by the reviewer.

“(7) RELATED PARTY DEFINED.—For purposes of this section, the term ‘related party’ means, with respect to a denial of a claim under a coverage relating to an enrollee, any of the following:

“(A) The issuer involved, or any fiduciary, officer, director, or employee of the issuer.

“(B) The enrollee (or authorized representative).

“(C) The health care professional that provides the items or services involved in the denial.

“(D) The institution at which the items or services (or treatment) involved in the denial are provided.

“(E) The manufacturer of any drug or other item that is included in the items or services involved in the denial.
“(F) Any other party determined under any regulations to have a substantial interest in the denial involved.

“(8) DEFINITIONS.—For purposes of this subsection:

“(A) ENROLLEE.—The term ‘enrollee’ means, with respect to health insurance coverage offered by a health insurance issuer, an individual enrolled with the issuer to receive such coverage.

“(B) HEALTH CARE PROFESSIONAL.—The term ‘health care professional’ means an individual who is licensed, accredited, or certified under State law to provide specified health care services and who is operating within the scope of such licensure, accreditation, or certification.

“SEC. 2799. ENFORCEMENT.

“(a) IN GENERAL.—Subject to subsection (b) and section 701(d) of the American Health Care Reform Act of 2015, with respect to specific individual health insurance coverage the primary State for such coverage has sole jurisdiction to enforce the primary State’s covered laws in the primary State and any secondary State.

“(b) SECONDARY STATE’S AUTHORITY.—Nothing in subsection (a) shall be construed to affect the authority
of a secondary State to enforce its laws as set forth in the exception specified in section 2796(b)(1).

“(c) COURT INTERPRETATION.—In reviewing action initiated by the applicable secondary State authority, the court of competent jurisdiction shall apply the covered laws of the primary State.

“(d) NOTICE OF COMPLIANCE FAILURE.—In the case of individual health insurance coverage offered in a secondary State that fails to comply with the covered laws of the primary State, the applicable State authority of the secondary State may notify the applicable State authority of the primary State.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individual health insurance coverage offered, issued, or sold after the date that is one year after the date of the enactment of this Act.

(c) GAO ONGOING STUDY AND REPORTS.—

(1) STUDY.—The Comptroller General of the United States shall conduct an ongoing study concerning the effect of the amendment made by subsection (a) on—

(A) the number of uninsured and under-insured;
(B) the availability and cost of health insurance policies for individuals with pre-existing medical conditions;

(C) the availability and cost of health insurance policies generally;

(D) the elimination or reduction of different types of benefits under health insurance policies offered in different States; and

(E) cases of fraud or abuse relating to health insurance coverage offered under such amendment and the resolution of such cases.

(2) ANNUAL REPORTS.—The Comptroller General shall submit to Congress an annual report, after the end of each of the 5 years following the effective date of the amendment made by subsection (a), on the ongoing study conducted under paragraph (1).

Subtitle B—McCarran-Ferguson Reform

SEC. 411. RESTORING THE APPLICATION OF ANTITRUST LAWS TO HEALTH SECTOR INSURERS.

(a) Amendment to McCarran-Ferguson Act.—Section 3 of the Act of March 9, 1945 (15 U.S.C. 1013), commonly known as the McCarran-Ferguson Act, is amended by adding at the end the following:
“(c)(1) Nothing contained in this Act shall modify, impair, or supersede the operation of any of the antitrust laws with respect to the business of health insurance (including the business of dental insurance). For purposes of the preceding sentence, the term ‘antitrust laws’ has the meaning given it in subsection (a) of the first section of the Clayton Act, except that such term includes section 5 of the Federal Trade Commission Act to the extent that such section 5 applies to unfair methods of competition.

“(2) For purposes of paragraph (1), the term ‘business of health insurance (including the business of dental insurance)’ does not include—

“(A) the business of life insurance (including annuities); or

“(B) the business of property or casualty insurance, including but not limited to, any insurance or benefits defined as ‘excepted benefits’ under paragraph (1), subparagraphs (B) or (C) of paragraph (2), or paragraph (3) of section 9832(c) of the Internal Revenue Code of 1986 (26 U.S.C. 9832(c)) whether offered separately or in combination with insurance or benefits described in paragraph (2)(A) of such section.”.

(b) RELATED PROVISION.—For purposes of section 5 of the Federal Trade Commission Act (15 U.S.C. 45)
to the extent such section applies to unfair methods of
competition, section 3(e) of the McCarran-Ferguson Act
shall apply with respect to the business of health insurance
without regard to whether such business is carried on for
profit, notwithstanding the definition of “Corporation”
contained in section 4 of the Federal Trade Commission
Act.

Subtitle C—Medicare Price
Transparency

SEC. 421. PUBLIC AVAILABILITY OF MEDICARE CLAIMS
DATA.

(a) IN GENERAL.—Section 1128J of the Social Secu-

rity Act (42 U.S.C. 1320a–7k) is amended by adding at

the end the following new subsection:

“(f) PUBLIC AVAILABILITY OF MEDICARE CLAIMS

DATA.—

“(1) IN GENERAL.—The Secretary shall, to the

extent consistent with applicable information, pri-

vacy, security, and disclosure laws, including the

regulations promulgated under the Health Insurance

Portability and Accountability Act of 1996 and sec-

tion 552a of title 5, United States Code, make avail-

able to the public claims and payment data of the

Department of Health and Human Services related
to title XVIII, including data on payments made to any provider of services or supplier under such title.

“(2) IMPLEMENTATION.—

“(A) IN GENERAL.—Not later than December 31, 2015, the Secretary shall promulgate regulations to carry out this subsection.

“(B) REQUIREMENTS.—The regulations promulgated under subparagraph (A) shall ensure that—

“(i) the data described in paragraph (1) is made available to the public through a searchable database that the public can access at no cost;

“(ii) such database—

“(I) includes the amount paid to each provider of services or supplier under title XVIII, the items or services for which such payment was made, and the location of the provider of services or supplier;

“(II) is organized based on the specialty or the type of provider of services or supplier involved;
“(III) is searchable based on the type of items or services furnished; and

“(IV) includes a disclaimer that the aggregate data in the database does not reflect on the quality of the items or services furnished or of the provider of services or supplier who furnished the items or services; and

“(iii) each provider of services or supplier in the database is identified by a unique identifier that is available to the public (such as the National Provider Identifier of the provider of services or supplier).

“(C) Scope of Data.—The database shall include data for fiscal year 2016, and each year fiscal year thereafter.”.

(b) Information Not Exempt Under the Freedom of Information Act.—The term “personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy”, as used in section 552(b)(6) of title 5, United States Code, does not include the information required to be made available to the public under section
•HR 2653 IH

1128J(f) of the Social Security Act, as added by subsection (a).

Subtitle D—State Transparency Portals

SEC. 431. PROVIDING INFORMATION ON HEALTH COVERAGE OPTIONS AND HEALTH CARE PROVIDERS.

(a) State-Based Portal.—A State (by itself or jointly with other States) may contract with a private entity to establish a Health Plan and Provider Portal Web site (referred to in this section as a “plan portal”) for the purposes of providing standardized information—

(1) on health insurance plans that have been certified to be available for purchase in that State; and

(2) on price and quality information on health care providers (including physicians, hospitals, and other health care institutions).

(b) Prohibitions.—

(1) Direct Enrollment.—A plan portal may not directly enroll individuals in health insurance plans or under a State Medicaid plan or a State children’s health insurance plan.

(2) Conflicts of Interest.—
(A) COMPANIES.—A health insurance issuer offering a health insurance plan through a plan portal may not—

(i) be the private entity developing and maintaining a plan portal under this section; or

(ii) have an ownership interest in such private entity or in the plan portal.

(B) INDIVIDUALS.—An individual employed by a health insurance issuer offering a health insurance plan through a plan portal may not serve as a director or officer for—

(i) the private entity developing and maintaining a plan portal under this section; or

(ii) the plan portal.

(c) CONSTRUCTION.—Nothing in this section shall be construed to prohibit health insurance brokers and agents from—

(1) utilizing the plan portal for any purpose; or

(2) marketing or offering health insurance products.

(d) STATE DEFINED.—In this section, the term “State” has the meaning given such term for purposes of title XIX of the Social Security Act.
(e) Health Insurance Plans.—For purposes of this section, the term “health insurance plan” does not include coverage of excepted benefits, as defined in section 2791(c) of the Public Health Service Act (42 U.S.C. 300gg–91(c)).

(f) Authorization of Appropriations.—There are authorized to be appropriated $50,000,000 for fiscal year 2016 to provide funding for the Secretary of Health and Human Services to award grants to States to enter into contracts to establish a portal plan under this section, to remain available until expended.

Subtitle E—Protecting the Doctor-Patient Relationship

SEC. 441. RULE OF CONSTRUCTION.

Nothing in this Act shall be construed to interfere with the doctor-patient relationship or the practice of medicine.

SEC. 442. REPEAL OF FEDERAL COORDINATING COUNCIL FOR COMPARATIVE EFFECTIVENESS RESEARCH.

Effective on the date of the enactment of this Act, section 804 of the American Recovery and Reinvestment Act of 2009 (42 U.S.C. 299b–8) is repealed.
Subtitle F—Establishing
Association Health Plans

SEC. 451. RULES GOVERNING ASSOCIATION HEALTH PLANS.

(a) In General.—Subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by adding after part 7 the following new part:

“PART 8—RULES GOVERNING ASSOCIATION HEALTH PLANS

“SEC. 801. ASSOCIATION HEALTH PLANS.

“(a) In General.—For purposes of this part, the term ‘association health plan’ means a group health plan whose sponsor is (or is deemed under this part to be) described in subsection (b).

“(b) Sponsorship.—The sponsor of a group health plan is described in this subsection if such sponsor—

“(1) is organized and maintained in good faith, with a constitution and bylaws specifically stating its purpose and providing for periodic meetings on at least an annual basis, as a bona fide trade association, a bona fide industry association (including a rural electric cooperative association or a rural telephone cooperative association), a bona fide professional association, or a bona fide chamber of commerce (or similar bona fide business association, in-
including a corporation or similar organization that operates on a cooperative basis (within the meaning of section 1381 of the Internal Revenue Code of 1986)), for substantial purposes other than that of obtaining or providing medical care;

“(2) is established as a permanent entity which receives the active support of its members and requires for membership payment on a periodic basis of dues or payments necessary to maintain eligibility for membership in the sponsor; and

“(3) does not condition membership, such dues or payments, or coverage under the plan on the basis of health status-related factors with respect to the employees of its members (or affiliated members), or the dependents of such employees, and does not condition such dues or payments on the basis of group health plan participation.

Any sponsor consisting of an association of entities which meet the requirements of paragraphs (1), (2), and (3) shall be deemed to be a sponsor described in this subsection.

“SEC. 802. CERTIFICATION OF ASSOCIATION HEALTH PLANS.

“(a) IN GENERAL.—The applicable authority shall prescribe by regulation a procedure under which, subject
to subsection (b), the applicable authority shall certify as-
association health plans which apply for certification as 
meeting the requirements of this part.

“(b) Standards.—Under the procedure prescribed 
pursuant to subsection (a), in the case of an association 
health plan that provides at least one benefit option which 
does not consist of health insurance coverage, the applicable 
authority shall certify such plan as meeting the re-
quirements of this part only if the applicable authority is 
satisfied that the applicable requirements of this part are 
met (or, upon the date on which the plan is to commence 
operations, will be met) with respect to the plan.

“(c) Requirements Applicable to Certified 
Plans.—An association health plan with respect to which 
certification under this part is in effect shall meet the ap-
pllicable requirements of this part, effective on the date 
of certification (or, if later, on the date on which the plan 
is to commence operations).

“(d) Requirements for Continued Certification. —The applicable authority may provide by regula-
tion for continued certification of association health plans 
under this part.

“(e) Class Certification for Fully Insured 
Plans.—The applicable authority shall establish a class 
certification procedure for association health plans under
which all benefits consist of health insurance coverage.

Under such procedure, the applicable authority shall pro-
vide for the granting of certification under this part to
the plans in each class of such association health plans
upon appropriate filing under such procedure in connec-
tion with plans in such class and payment of the pre-
scribed fee under section 807(a).

“(f) Certification of Self-Insured Association
Health Plans.—An association health plan which offers
one or more benefit options which do not consist of health
insurance coverage may be certified under this part only
if such plan consists of any of the following:

“(1) a plan which offered such coverage on the
date of the enactment of this part,

“(2) a plan under which the sponsor does not
restrict membership to one or more trades and busi-
nesses or industries and whose eligible participating
employers represent a broad cross-section of trades
and businesses or industries, or

“(3) a plan whose eligible participating employ-
ers represent one or more trades or businesses, or
one or more industries, consisting of any of the fol-
lowing: agriculture; equipment and automobile deal-
erships; barbering and cosmetology; certified public
accounting practices; child care; construction; dance,
theatrical and orchestra productions; disinfecting and pest control; financial services; fishing; food service establishments; hospitals; labor organizations; logging; manufacturing (metals); mining; medical and dental practices; medical laboratories; professional consulting services; sanitary services; transportation (local and freight); warehousing; wholesaling/distributing; or any other trade or business or industry which has been indicated as having average or above-average risk or health claims experience by reason of State rate filings, denials of coverage, proposed premium rate levels, or other means demonstrated by such plan in accordance with regulations.

“SEC. 803. REQUIREMENTS RELATING TO SPONSORS AND BOARDS OF TRUSTEES.

“(a) Sponsor.—The requirements of this subsection are met with respect to an association health plan if the sponsor has met (or is deemed under this part to have met) the requirements of section 801(b) for a continuous period of not less than 3 years ending with the date of the application for certification under this part.

“(b) Board of Trustees.—The requirements of this subsection are met with respect to an association health plan if the following requirements are met:
“(1) Fiscal Control.—The plan is operated, pursuant to a trust agreement, by a board of trustees which has complete fiscal control over the plan and which is responsible for all operations of the plan.

“(2) Rules of Operation and Financial Controls.—The board of trustees has in effect rules of operation and financial controls, based on a 3-year plan of operation, adequate to carry out the terms of the plan and to meet all requirements of this title applicable to the plan.

“(3) Rules Governing Relationship to Participating Employers and to Contractors.—

“(A) Board Membership.—

“(i) In general.—Except as provided in clauses (ii) and (iii), the members of the board of trustees are individuals selected from individuals who are the owners, officers, directors, or employees of the participating employers or who are partners in the participating employers and actively participate in the business.

“(ii) Limitation.—
“(I) General rule.—Except as provided in subclauses (II) and (III), no such member is an owner, officer, director, or employee of, or partner in, a contract administrator or other service provider to the plan.

“(II) Limited exception for providers of services solely on behalf of the sponsor.—Officers or employees of a sponsor which is a service provider (other than a contract administrator) to the plan may be members of the board if they constitute not more than 25 percent of the membership of the board and they do not provide services to the plan other than on behalf of the sponsor.

“(III) Treatment of providers of medical care.—In the case of a sponsor which is an association whose membership consists primarily of providers of medical care, subclause (I) shall not apply in the case of any service provider described
(i) who is a provider of medical care under the plan.

“(iii) Certain plans excluded.—
Clause (i) shall not apply to an association health plan which is in existence on the date of the enactment of this part.

“(B) Sole authority.—The board has sole authority under the plan to approve applications for participation in the plan and to contract with a service provider to administer the day-to-day affairs of the plan.

“(c) Treatment of Franchise Networks.—In the case of a group health plan which is established and maintained by a franchiser for a franchise network consisting of its franchisees—

“(1) the requirements of subsection (a) and section 801(a) shall be deemed met if such requirements would otherwise be met if the franchiser were deemed to be the sponsor referred to in section 801(b), such network were deemed to be an association described in section 801(b), and each franchisee were deemed to be a member (of the association and the sponsor) referred to in section 801(b); and

“(2) the requirements of section 804(a)(1) shall be deemed met.
The Secretary may by regulation define for purposes of this subsection the terms ‘franchiser’, ‘franchise network’, and ‘franchisee’.

"SEC. 804. PARTICIPATION AND COVERAGE REQUIREMENTS.

“(a) COVERED EMPLOYERS AND INDIVIDUALS.—The requirements of this subsection are met with respect to an association health plan if, under the terms of the plan—

“(1) each participating employer must be—

“(A) a member of the sponsor,

“(B) the sponsor, or

“(C) an affiliated member of the sponsor with respect to which the requirements of subsection (b) are met,

except that, in the case of a sponsor which is a professional association or other individual-based association, if at least one of the officers, directors, or employees of an employer, or at least one of the individuals who are partners in an employer and who actively participates in the business, is a member or such an affiliated member of the sponsor, participating employers may also include such employer; and
“(2) all individuals commencing coverage under
the plan after certification under this part must
be—

“(A) active or retired owners (including
self-employed individuals), officers, directors, or
employees of, or partners in, participating em-
ployers; or

“(B) the beneficiaries of individuals de-
scribed in subparagraph (A).

“(b) COVERAGE OF PREVIOUSLY UNINSURED EM-
PLOYEES.—In the case of an association health plan in
existence on the date of the enactment of this part, an
affiliated member of the sponsor of the plan may be of-
fered coverage under the plan as a participating employer
only if—

“(1) the affiliated member was an affiliated
member on the date of certification under this part;
or

“(2) during the 12-month period preceding the
date of the offering of such coverage, the affiliated
member has not maintained or contributed to a
group health plan with respect to any of its employ-
ees who would otherwise be eligible to participate in
such association health plan.
“(c) INDIVIDUAL MARKET UNAFFECTED.—The requirements of this subsection are met with respect to an association health plan if, under the terms of the plan, no participating employer may provide health insurance coverage in the individual market for any employee not covered under the plan which is similar to the coverage contemporaneously provided to employees of the employer under the plan, if such exclusion of the employee from coverage under the plan is based on a health status-related factor with respect to the employee and such employee would, but for such exclusion on such basis, be eligible for coverage under the plan.

“(d) PROHIBITION OF DISCRIMINATION AGAINST EMPLOYERS AND EMPLOYEES ELIGIBLE TO PARTICIPATE.—The requirements of this subsection are met with respect to an association health plan if—

“(1) under the terms of the plan, all employers meeting the preceding requirements of this section are eligible to qualify as participating employers for all geographically available coverage options, unless, in the case of any such employer, participation or contribution requirements of the type referred to in section 2711 of the Public Health Service Act are not met;
“(2) upon request, any employer eligible to par-
ticipate is furnished information regarding all cov-
erage options available under the plan; and
“(3) the applicable requirements of sections
701, 702, and 703 are met with respect to the plan.

“SEC. 805. OTHER REQUIREMENTS RELATING TO PLAN
DOCUMENTS, CONTRIBUTION RATES, AND
BENEFIT OPTIONS.
“(a) IN GENERAL.—The requirements of this section
are met with respect to an association health plan if the
following requirements are met:
“(1) CONTENTS OF GOVERNING INSTRU-
MENTS.—The instruments governing the plan in-
clude a written instrument, meeting the require-
ments of an instrument required under section
402(a)(1), which—
“(A) provides that the board of trustees
serves as the named fiduciary required for plans
under section 402(a)(1) and serves in the ca-
pacity of a plan administrator (referred to in
section 3(16)(A));
“(B) provides that the sponsor of the plan
is to serve as plan sponsor (referred to in sec-
tion 3(16)(B)); and
“(C) incorporates the requirements of section 806.

“(2) Contribution rates must be non-discriminatory.—

“(A) The contribution rates for any participating small employer do not vary on the basis of any health status-related factor in relation to employees of such employer or their beneficiaries and do not vary on the basis of the type of business or industry in which such employer is engaged.

“(B) Nothing in this title or any other provision of law shall be construed to preclude an association health plan, or a health insurance issuer offering health insurance coverage in connection with an association health plan, from—

“(i) setting contribution rates based on the claims experience of the plan; or

“(ii) varying contribution rates for small employers in a State to the extent that such rates could vary using the same methodology employed in such State for regulating premium rates in the small group market with respect to health insur-
ance coverage offered in connection with
bona fide associations (within the meaning
of section 2791(d)(3) of the Public Health
Service Act),

subject to the requirements of section 702(b)
relating to contribution rates.

“(3) Floor for number of covered indi-
viduals with respect to certain plans.—If
any benefit option under the plan does not consist
of health insurance coverage, the plan has as of the
beginning of the plan year not fewer than 1,000 par-
ticipants and beneficiaries.

“(4) Marketing requirements.—

“(A) In general.—If a benefit option
which consists of health insurance coverage is
offered under the plan, State-licensed insurance
agents shall be used to distribute to small em-
ployers coverage which does not consist of
health insurance coverage in a manner com-
parable to the manner in which such agents are
used to distribute health insurance coverage.

“(B) State-licensed insurance
agents.—For purposes of subparagraph (A),
the term ‘State-licensed insurance agents’
means one or more agents who are licensed in
a State and are subject to the laws of such State relating to licensure, qualification, testing, examination, and continuing education of persons authorized to offer, sell, or solicit health insurance coverage in such State.

“(5) Regulatory requirements.—Such other requirements as the applicable authority determines are necessary to carry out the purposes of this part, which shall be prescribed by the applicable authority by regulation.

“(b) Ability of Association Health Plans To Design Benefit Options.—Subject to section 514(d), nothing in this part or any provision of State law (as defined in section 514(c)(1)) shall be construed to preclude an association health plan, or a health insurance issuer offering health insurance coverage in connection with an association health plan, from exercising its sole discretion in selecting the specific items and services consisting of medical care to be included as benefits under such plan or coverage, except (subject to section 514) in the case of (1) any law to the extent that it is not preempted under section 731(a)(1) with respect to matters governed by section 711, 712, or 713, (2) any law of the State with which filing and approval of a policy type offered by the plan was initially obtained to the extent that such law prohibits
an exclusion of a specific disease from such coverage, or
(3) any law described in section 701(d) of the American
Health Care Reform Act of 2015.

“SEC. 806. MAINTENANCE OF RESERVES AND PROVISIONS
FOR SOLVENCY FOR PLANS PROVIDING
HEALTH BENEFITS IN ADDITION TO HEALTH
INSURANCE COVERAGE.

“(a) IN GENERAL.—The requirements of this section
are met with respect to an association health plan if—
“(1) the benefits under the plan consist solely
of health insurance coverage; or
“(2) if the plan provides any additional benefit
options which do not consist of health insurance cov-
verage, the plan—
“(A) establishes and maintains reserves
with respect to such additional benefit options,
in amounts recommended by the qualified actu-
ary, consisting of—
“(i) a reserve sufficient for unearned
contributions;
“(ii) a reserve sufficient for benefit li-
abilities which have been incurred, which
have not been satisfied, and for which risk
of loss has not yet been transferred, and
for expected administrative costs with respect to such benefit liabilities;

“(iii) a reserve sufficient for any other obligations of the plan; and

“(iv) a reserve sufficient for a margin of error and other fluctuations, taking into account the specific circumstances of the plan; and

“(B) establishes and maintains aggregate and specific excess/stop loss insurance and solvency indemnification, with respect to such additional benefit options for which risk of loss has not yet been transferred, as follows:

“(i) The plan shall secure aggregate excess/stop loss insurance for the plan with an attachment point which is not greater than 125 percent of expected gross annual claims. The applicable authority may by regulation provide for upward adjustments in the amount of such percentage in specified circumstances in which the plan specifically provides for and maintains reserves in excess of the amounts required under subparagraph (A).
“(ii) The plan shall secure specific excess/stop loss insurance for the plan with an attachment point which is at least equal to an amount recommended by the plan’s qualified actuary. The applicable authority may by regulation provide for adjustments in the amount of such insurance in specified circumstances in which the plan specifically provides for and maintains reserves in excess of the amounts required under subparagraph (A).

“(iii) The plan shall secure indemnification insurance for any claims which the plan is unable to satisfy by reason of a plan termination.

Any person issuing to a plan insurance described in clause (i), (ii), or (iii) of subparagraph (B) shall notify the Secretary of any failure of premium payment meriting cancellation of the policy prior to undertaking such a cancellation. Any regulations prescribed by the applicable authority pursuant to clause (i) or (ii) of subparagraph (B) may allow for such adjustments in the required levels of excess/stop loss insurance as the qualified actuary may recommend, taking into account the specific circumstances of the plan.
“(b) Minimum Surplus in Addition to Claims Reserves.—In the case of any association health plan described in subsection (a)(2), the requirements of this subsection are met if the plan establishes and maintains surplus in an amount at least equal to—

“(1) $500,000, or

“(2) such greater amount (but not greater than $2,000,000) as may be set forth in regulations prescribed by the applicable authority, considering the level of aggregate and specific excess/stop loss insurance provided with respect to such plan and other factors related to solvency risk, such as the plan’s projected levels of participation or claims, the nature of the plan’s liabilities, and the types of assets available to assure that such liabilities are met.

“(c) Additional Requirements.—In the case of any association health plan described in subsection (a)(2), the applicable authority may provide such additional requirements relating to reserves, excess/stop loss insurance, and indemnification insurance as the applicable authority considers appropriate. Such requirements may be provided by regulation with respect to any such plan or any class of such plans.

“(d) Adjustments for Excess/Stop Loss Insurance.—The applicable authority may provide for adjust-
ments to the levels of reserves otherwise required under subsections (a) and (b) with respect to any plan or class of plans to take into account excess/stop loss insurance provided with respect to such plan or plans.

“(e) Alternative Means of Compliance.—The applicable authority may permit an association health plan described in subsection (a)(2) to substitute, for all or part of the requirements of this section (except subsection (a)(2)(B)(iii)), such security, guarantee, hold-harmless arrangement, or other financial arrangement as the applicable authority determines to be adequate to enable the plan to fully meet all its financial obligations on a timely basis and is otherwise no less protective of the interests of participants and beneficiaries than the requirements for which it is substituted. The applicable authority may take into account, for purposes of this subsection, evidence provided by the plan or sponsor which demonstrates an assumption of liability with respect to the plan. Such evidence may be in the form of a contract of indemnification, lien, bonding, insurance, letter of credit, recourse under applicable terms of the plan in the form of assessments of participating employers, security, or other financial arrangement.

“(f) Measures To Ensure Continued Payment of Benefits by Certain Plans in Distress.—
“(1) Payments by certain plans to association health plan fund.—

“(A) In general.—In the case of an association health plan described in subsection (a)(2), the requirements of this subsection are met if the plan makes payments into the Association Health Plan Fund under this subparagraph when they are due. Such payments shall consist of annual payments in the amount of $5,000, and, in addition to such annual payments, such supplemental payments as the Secretary may determine to be necessary under paragraph (2). Payments under this paragraph are payable to the Fund at the time determined by the Secretary. Initial payments are due in advance of certification under this part. Payments shall continue to accrue until a plan’s assets are distributed pursuant to a termination procedure.

“(B) Penalties for failure to make payments.—If any payment is not made by a plan when it is due, a late payment charge of not more than 100 percent of the payment which was not timely paid shall be payable by the plan to the Fund.
“(C) Continued duty of the secretary.—The Secretary shall not cease to carry out the provisions of paragraph (2) on account of the failure of a plan to pay any payment when due.

“(2) Payments by secretary to continue excess/stop loss insurance coverage and indemnification insurance coverage for certain plans.—In any case in which the applicable authority determines that there is, or that there is reason to believe that there will be: (A) a failure to take necessary corrective actions under section 809(a) with respect to an association health plan described in subsection (a)(2); or (B) a termination of such a plan under section 809(b) or 810(b)(8) (and, if the applicable authority is not the Secretary, certifies such determination to the Secretary), the Secretary shall determine the amounts necessary to make payments to an insurer (designated by the Secretary) to maintain in force excess/stop loss insurance coverage or indemnification insurance coverage for such plan, if the Secretary determines that there is a reasonable expectation that, without such payments, claims would not be satisfied by reason of termination of such coverage. The Secretary shall, to
the extent provided in advance in appropriation
Acts, pay such amounts so determined to the insurer
designated by the Secretary.

“(3) ASSOCIATION HEALTH PLAN FUND.—

“(A) IN GENERAL.—There is established
on the books of the Treasury a fund to be
known as the ‘Association Health Plan Fund’.
The Fund shall be available for making pay-
ments pursuant to paragraph (2). The Fund
shall be credited with payments received pursu-
ant to paragraph (1)(A), penalties received pur-
suant to paragraph (1)(B); and earnings on in-
vestments of amounts of the Fund under sub-
paragraph (B).

“(B) INVESTMENT.—Whenever the Sec-
retary determines that the moneys of the fund
are in excess of current needs, the Secretary
may request the investment of such amounts as
the Secretary determines advisable by the Sec-
retary of the Treasury in obligations issued or
guaranteed by the United States.

“(g) EXCESS/STOP LOSS INSURANCE.—For purposes
of this section—

“(1) AGGREGATE EXCESS/STOP LOSS INSUR-
ANCE.—The term ‘aggregate excess/stop loss insur-
ance’ means, in connection with an association health plan, a contract—

“(A) under which an insurer (meeting such minimum standards as the applicable authority may prescribe by regulation) provides for payment to the plan with respect to aggregate claims under the plan in excess of an amount or amounts specified in such contract;

“(B) which is guaranteed renewable; and

“(C) which allows for payment of premiums by any third party on behalf of the insured plan.

“(2) SPECIFIC EXCESS/STOP LOSS INSURANCE.—The term ‘specific excess/stop loss insurance’ means, in connection with an association health plan, a contract—

“(A) under which an insurer (meeting such minimum standards as the applicable authority may prescribe by regulation) provides for payment to the plan with respect to claims under the plan in connection with a covered individual in excess of an amount or amounts specified in such contract in connection with such covered individual;

“(B) which is guaranteed renewable; and
“(C) which allows for payment of premiums by any third party on behalf of the insured plan.

“(h) INDEMNIFICATION INSURANCE.—For purposes of this section, the term ‘indemnification insurance’ means, in connection with an association health plan, a contract—

“(1) under which an insurer (meeting such minimum standards as the applicable authority may prescribe by regulation) provides for payment to the plan with respect to claims under the plan which the plan is unable to satisfy by reason of a termination pursuant to section 809(b) (relating to mandatory termination);

“(2) which is guaranteed renewable and noncancellable for any reason (except as the applicable authority may prescribe by regulation); and

“(3) which allows for payment of premiums by any third party on behalf of the insured plan.

“(i) RESERVES.—For purposes of this section, the term ‘reserves’ means, in connection with an association health plan, plan assets which meet the fiduciary standards under part 4 and such additional requirements regarding liquidity as the applicable authority may prescribe by regulation.
“(j) Solvency Standards Working Group.—

“(1) In general.—Within 90 days after the date of the enactment of this part, the applicable authority shall establish a Solvency Standards Working Group. In prescribing the initial regulations under this section, the applicable authority shall take into account the recommendations of such Working Group.

“(2) Membership.—The Working Group shall consist of not more than 15 members appointed by the applicable authority. The applicable authority shall include among persons invited to membership on the Working Group at least one of each of the following:

“(A) a representative of the National Association of Insurance Commissioners;

“(B) a representative of the American Academy of Actuaries;

“(C) a representative of the State governments, or their interests;

“(D) a representative of existing self-insured arrangements, or their interests;

“(E) a representative of associations of the type referred to in section 801(b)(1), or their interests; and
“(F) a representative of multiemployer plans that are group health plans, or their interests.

“SEC. 807. REQUIREMENTS FOR APPLICATION AND RELATED REQUIREMENTS.

“(a) Filing Fee.—Under the procedure prescribed pursuant to section 802(a), an association health plan shall pay to the applicable authority at the time of filing an application for certification under this part a filing fee in the amount of $5,000, which shall be available in the case of the Secretary, to the extent provided in appropriation Acts, for the sole purpose of administering the certification procedures applicable with respect to association health plans.

“(b) Information To Be Included in Application for Certification.—An application for certification under this part meets the requirements of this section only if it includes, in a manner and form which shall be prescribed by the applicable authority by regulation, at least the following information:

“(1) Identifying Information.—The names and addresses of—

“(A) the sponsor; and

“(B) the members of the board of trustees of the plan.
“(2) States in which plan intends to do business.—The States in which participants and beneficiaries under the plan are to be located and the number of them expected to be located in each such State.

“(3) Bonding requirements.—Evidence provided by the board of trustees that the bonding requirements of section 412 will be met as of the date of the application or (if later) commencement of operations.

“(4) Plan documents.—A copy of the documents governing the plan (including any bylaws and trust agreements), the summary plan description, and other material describing the benefits that will be provided to participants and beneficiaries under the plan.

“(5) Agreements with service providers.—A copy of any agreements between the plan and contract administrators and other service providers.

“(6) Funding report.—In the case of association health plans providing benefits options in addition to health insurance coverage, a report setting forth information with respect to such additional benefit options determined as of a date within the
120-day period ending with the date of the application, including the following:

“(A) Reserves.—A statement, certified by the board of trustees of the plan, and a statement of actuarial opinion, signed by a qualified actuary, that all applicable requirements of section 806 are or will be met in accordance with regulations which the applicable authority shall prescribe.

“(B) Adequacy of Contribution Rates.—A statement of actuarial opinion, signed by a qualified actuary, which sets forth a description of the extent to which contribution rates are adequate to provide for the payment of all obligations and the maintenance of required reserves under the plan for the 12-month period beginning with such date within such 120-day period, taking into account the expected coverage and experience of the plan. If the contribution rates are not fully adequate, the statement of actuarial opinion shall indicate the extent to which the rates are inadequate and the changes needed to ensure adequacy.

“(C) Current and Projected Value of Assets and Liabilities.—A statement of ac-
tuarial opinion signed by a qualified actuary, which sets forth the current value of the assets and liabilities accumulated under the plan and a projection of the assets, liabilities, income, and expenses of the plan for the 12-month period referred to in subparagraph (B). The income statement shall identify separately the plan’s administrative expenses and claims.

“(D) Costs of coverage to be charged and other expenses.—A statement of the costs of coverage to be charged, including an itemization of amounts for administration, reserves, and other expenses associated with the operation of the plan.

“(E) Other information.—Any other information as may be determined by the applicable authority, by regulation, as necessary to carry out the purposes of this part.

“(c) Filing Notice of Certification With States.—A certification granted under this part to an association health plan shall not be effective unless written notice of such certification is filed with the applicable State authority of each State in which at least 25 percent of the participants and beneficiaries under the plan are located. For purposes of this subsection, an individual
shall be considered to be located in the State in which a
known address of such individual is located or in which
such individual is employed.

“(d) Notice of Material Changes.—In the case
of any association health plan certified under this part,
descriptions of material changes in any information which
was required to be submitted with the application for the
certification under this part shall be filed in such form
and manner as shall be prescribed by the applicable au-
thority by regulation. The applicable authority may re-
quire by regulation prior notice of material changes with
respect to specified matters which might serve as the basis
for suspension or revocation of the certification.

“(e) Reporting Requirements for Certain As-
sociation Health Plans.—An association health plan
certified under this part which provides benefit options in
addition to health insurance coverage for such plan year
shall meet the requirements of section 103 by filing an
annual report under such section which shall include infor-
mation described in subsection (b)(6) with respect to the
plan year and, notwithstanding section 104(a)(1)(A), shall
be filed with the applicable authority not later than 90
days after the close of the plan year (or on such later date
as may be prescribed by the applicable authority). The ap-
applicable authority may require by regulation such interim reports as it considers appropriate.

“(f) ENGAGEMENT OF QUALIFIED ACTUARY.—The board of trustees of each association health plan which provides benefits options in addition to health insurance coverage and which is applying for certification under this part or is certified under this part shall engage, on behalf of all participants and beneficiaries, a qualified actuary who shall be responsible for the preparation of the materials comprising information necessary to be submitted by a qualified actuary under this part. The qualified actuary shall utilize such assumptions and techniques as are necessary to enable such actuary to form an opinion as to whether the contents of the matters reported under this part—

“(1) are in the aggregate reasonably related to the experience of the plan and to reasonable expectations; and

“(2) represent such actuary’s best estimate of anticipated experience under the plan.

The opinion by the qualified actuary shall be made with respect to, and shall be made a part of, the annual report.
“SEC. 808. NOTICE REQUIREMENTS FOR VOLUNTARY TERMINATION.

“Except as provided in section 809(b), an association health plan which is or has been certified under this part may terminate (upon or at any time after cessation of accruals in benefit liabilities) only if the board of trustees, not less than 60 days before the proposed termination date—

“(1) provides to the participants and beneficiaries a written notice of intent to terminate stating that such termination is intended and the proposed termination date;

“(2) develops a plan for winding up the affairs of the plan in connection with such termination in a manner which will result in timely payment of all benefits for which the plan is obligated; and

“(3) submits such plan in writing to the applicable authority.

Actions required under this section shall be taken in such form and manner as may be prescribed by the applicable authority by regulation.

“SEC. 809. CORRECTIVE ACTIONS AND MANDATORY TERMINATION.

“(a) Actions To Avoid Depletion of Reserves.—An association health plan which is certified under this part and which provides benefits other than
health insurance coverage shall continue to meet the requirements of section 806, irrespective of whether such certification continues in effect. The board of trustees of such plan shall determine quarterly whether the requirements of section 806 are met. In any case in which the board determines that there is reason to believe that there is or will be a failure to meet such requirements, or the applicable authority makes such a determination and so notifies the board, the board shall immediately notify the qualified actuary engaged by the plan, and such actuary shall, not later than the end of the next following month, make such recommendations to the board for corrective action as the actuary determines necessary to ensure compliance with section 806. Not later than 30 days after receiving from the actuary recommendations for corrective actions, the board shall notify the applicable authority (in such form and manner as the applicable authority may prescribe by regulation) of such recommendations of the actuary for corrective action, together with a description of the actions (if any) that the board has taken or plans to take in response to such recommendations. The board shall thereafter report to the applicable authority, in such form and frequency as the applicable authority may specify to the board, regarding corrective action taken by the board until the requirements of section 806 are met.
“(b) Mandatory Termination.—In any case in which—

“(1) the applicable authority has been notified under subsection (a) (or by an issuer of excess/stop loss insurance or indemnity insurance pursuant to section 806(a)) of a failure of an association health plan which is or has been certified under this part and is described in section 806(a)(2) to meet the requirements of section 806 and has not been notified by the board of trustees of the plan that corrective action has restored compliance with such requirements; and

“(2) the applicable authority determines that there is a reasonable expectation that the plan will continue to fail to meet the requirements of section 806,

the board of trustees of the plan shall, at the direction of the applicable authority, terminate the plan and, in the course of the termination, take such actions as the applicable authority may require, including satisfying any claims referred to in section 806(a)(2)(B)(iii) and recovering for the plan any liability under subsection (a)(2)(B)(iii) or (e) of section 806, as necessary to ensure that the affairs of the plan will be, to the maximum extent
possible, wound up in a manner which will result in timely provision of all benefits for which the plan is obligated.

“SEC. 810. TRUSTEESHIP BY THE SECRETARY OF INSOLVENT ASSOCIATION HEALTH PLANS PROVIDING HEALTH BENEFITS IN ADDITION TO HEALTH INSURANCE COVERAGE.

“(a) APPOINTMENT OF SECRETARY AS TRUSTEE FOR INSOLVENT PLANS.—Whenever the Secretary determines that an association health plan which is or has been certified under this part and which is described in section 806(a)(2) will be unable to provide benefits when due or is otherwise in a financially hazardous condition, as shall be defined by the Secretary by regulation, the Secretary shall, upon notice to the plan, apply to the appropriate United States district court for appointment of the Secretary as trustee to administer the plan for the duration of the insolvency. The plan may appear as a party and other interested persons may intervene in the proceedings at the discretion of the court. The court shall appoint such Secretary trustee if the court determines that the trusteeship is necessary to protect the interests of the participants and beneficiaries or providers of medical care or to avoid any unreasonable deterioration of the financial condition of the plan. The trusteeship of such Secretary shall continue until the conditions described in the first sen-
(b) POWERS AS TRUSTEE.—The Secretary, upon appointment as trustee under subsection (a), shall have the power—

“(1) to do any act authorized by the plan, this title, or other applicable provisions of law to be done by the plan administrator or any trustee of the plan;

“(2) to require the transfer of all (or any part) of the assets and records of the plan to the Secretary as trustee;

“(3) to invest any assets of the plan which the Secretary holds in accordance with the provisions of the plan, regulations prescribed by the Secretary, and applicable provisions of law;

“(4) to require the sponsor, the plan administrator, any participating employer, and any employee organization representing plan participants to furnish any information with respect to the plan which the Secretary as trustee may reasonably need in order to administer the plan;

“(5) to collect for the plan any amounts due the plan and to recover reasonable expenses of the trusteeship;
“(6) to commence, prosecute, or defend on behalf of the plan any suit or proceeding involving the plan;

“(7) to issue, publish, or file such notices, statements, and reports as may be required by the Secretary by regulation or required by any order of the court;

“(8) to terminate the plan (or provide for its termination in accordance with section 809(b)) and liquidate the plan assets, to restore the plan to the responsibility of the sponsor, or to continue the trusteeship;

“(9) to provide for the enrollment of plan participants and beneficiaries under appropriate coverage options; and

“(10) to do such other acts as may be necessary to comply with this title or any order of the court and to protect the interests of plan participants and beneficiaries and providers of medical care.

“(c) NOTICE OF APPOINTMENT.—As soon as practicable after the Secretary’s appointment as trustee, the Secretary shall give notice of such appointment to—

“(1) the sponsor and plan administrator;

“(2) each participant;
“(3) each participating employer; and

“(4) if applicable, each employee organization
which, for purposes of collective bargaining, rep-
resents plan participants.

“(d) ADDITIONAL DUTIES.—Except to the extent in-
consistent with the provisions of this title, or as may be
otherwise ordered by the court, the Secretary, upon ap-
pointment as trustee under this section, shall be subject
to the same duties as those of a trustee under section 704
of title 11, United States Code, and shall have the duties
of a fiduciary for purposes of this title.

“(e) OTHER PROCEEDINGS.—An application by the
Secretary under this subsection may be filed notwith-
standing the pendency in the same or any other court of
any bankruptcy, mortgage foreclosure, or equity receiver-
ship proceeding, or any proceeding to reorganize, conserve,
or liquidate such plan or its property, or any proceeding
to enforce a lien against property of the plan.

“(f) JURISDICTION OF COURT.—

“(1) IN GENERAL.—Upon the filing of an appli-
cation for the appointment as trustee or the issuance
of a decree under this section, the court to which the
application is made shall have exclusive jurisdiction
of the plan involved and its property wherever lo-
cated with the powers, to the extent consistent with
the purposes of this section, of a court of the United
States having jurisdiction over cases under chapter
11 of title 11, United States Code. Pending an adju-
dication under this section such court shall stay, and
upon appointment by it of the Secretary as trustee,
such court shall continue the stay of, any pending
mortgage foreclosure, equity receivership, or other
proceeding to reorganize, conserve, or liquidate the
plan, the sponsor, or property of such plan or spon-
sor, and any other suit against any receiver, conserv-
vator, or trustee of the plan, the sponsor, or prop-
erty of the plan or sponsor. Pending such adjudica-
tion and upon the appointment by it of the Sec-
retary as trustee, the court may stay any proceeding
to enforce a lien against property of the plan or the
sponsor or any other suit against the plan or the
sponsor.

“(2) VENUE.—An action under this section
may be brought in the judicial district where the
sponsor or the plan administrator resides or does
business or where any asset of the plan is situated.
A district court in which such action is brought may
issue process with respect to such action in any
other judicial district.
“(g) PERSONNEL.—In accordance with regulations which shall be prescribed by the Secretary, the Secretary shall appoint, retain, and compensate accountants, actuaries, and other professional service personnel as may be necessary in connection with the Secretary’s service as trustee under this section.

“SEC. 811. STATE ASSESSMENT AUTHORITY.

“(a) IN GENERAL.—Notwithstanding section 514, a State may impose by law a contribution tax on an association health plan described in section 806(a)(2), if the plan commenced operations in such State after the date of the enactment of this part.

“(b) CONTRIBUTION TAX.—For purposes of this section, the term ‘contribution tax’ imposed by a State on an association health plan means any tax imposed by such State if—

“(1) such tax is computed by applying a rate to the amount of premiums or contributions, with respect to individuals covered under the plan who are residents of such State, which are received by the plan from participating employers located in such State or from such individuals;

“(2) the rate of such tax does not exceed the rate of any tax imposed by such State on premiums or contributions received by insurers or health main-
tenance organizations for health insurance coverage offered in such State in connection with a group health plan;

“(3) such tax is otherwise nondiscriminatory; and

“(4) the amount of any such tax assessed on the plan is reduced by the amount of any tax or assessment otherwise imposed by the State on premiums, contributions, or both received by insurers or health maintenance organizations for health insurance coverage, aggregate excess/stop loss insurance (as defined in section 806(g)(1)), specific excess/stop loss insurance (as defined in section 806(g)(2)), other insurance related to the provision of medical care under the plan, or any combination thereof provided by such insurers or health maintenance organizations in such State in connection with such plan.

“SEC. 812. DEFINITIONS AND RULES OF CONSTRUCTION.

“(a) DEFINITIONS.—For purposes of this part—

“(1) GROUP HEALTH PLAN.—The term ‘group health plan’ has the meaning provided in section 733(a)(1) (after applying subsection (b) of this section).

“(2) MEDICAL CARE.—The term ‘medical care’ has the meaning provided in section 733(a)(2).
“(3) Health insurance coverage.—The term ‘health insurance coverage’ has the meaning provided in section 733(b)(1).

“(4) Health insurance issuer.—The term ‘health insurance issuer’ has the meaning provided in section 733(b)(2).

“(5) Applicable authority.—The term ‘applicable authority’ means the Secretary, except that, in connection with any exercise of the Secretary’s authority regarding which the Secretary is required under section 506(d) to consult with a State, such term means the Secretary, in consultation with such State.

“(6) Health status-related factor.—The term ‘health status-related factor’ has the meaning provided in section 733(d)(2).

“(7) Individual market.—

“(A) In general.—The term ‘individual market’ means the market for health insurance coverage offered to individuals other than in connection with a group health plan.

“(B) Treatment of very small groups.—

“(i) In general.—Subject to clause (ii), such term includes coverage offered in
connection with a group health plan that
has fewer than 2 participants as current
employees or participants described in sec-
tion 732(d)(3) on the first day of the plan
year.

“(ii) State exception.—Clause (i)
shall not apply in the case of health insur-
ance coverage offered in a State if such
State regulates the coverage described in
such clause in the same manner and to the
same extent as coverage in the small group
market (as defined in section 2791(e)(5) of
the Public Health Service Act) is regulated
by such State.

“(8) Participating employer.—The term
‘participating employer’ means, in connection with
an association health plan, any employer, if any indi-
vidual who is an employee of such employer, a part-
tner in such employer, or a self-employed individual
who is such employer (or any dependent, as defined
under the terms of the plan, of such individual) is
or was covered under such plan in connection with
the status of such individual as such an employee,
partner, or self-employed individual in relation to the
plan.
“(9) APPLICABLE STATE AUTHORITY.—The term ‘applicable State authority’ means, with respect to a health insurance issuer in a State, the State insurance commissioner or official or officials designated by the State to enforce the requirements of title XXVII of the Public Health Service Act for the State involved with respect to such issuer.

“(10) QUALIFIED ACTUARY.—The term ‘qualified actuary’ means an individual who is a member of the American Academy of Actuaries.

“(11) AFFILIATED MEMBER.—The term ‘affiliated member’ means, in connection with a sponsor—

“(A) a person who is otherwise eligible to be a member of the sponsor but who elects an affiliated status with the sponsor;

“(B) in the case of a sponsor with members which consist of associations, a person who is a member of any such association and elects an affiliated status with the sponsor, or

“(C) in the case of an association health plan in existence on the date of the enactment of this part, a person eligible to be a member of the sponsor or one of its member associations.
“(12) **LARGE EMPLOYER.**—The term ‘large employer’ means, in connection with a group health plan with respect to a plan year, an employer who employed an average of at least 51 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

“(13) **SMALL EMPLOYER.**—The term ‘small employer’ means, in connection with a group health plan with respect to a plan year, an employer who is not a large employer.

“(b) **RULES OF CONSTRUCTION.**—

“(1) **EMPLOYERS AND EMPLOYEES.**—For purposes of determining whether a plan, fund, or program is an employee welfare benefit plan which is an association health plan, and for purposes of applying this title in connection with such plan, fund, or program so determined to be such an employee welfare benefit plan—

“(A) in the case of a partnership, the term ‘employer’ (as defined in section 3(5)) includes the partnership in relation to the partners, and the term ‘employee’ (as defined in section 3(6)) includes any partner in relation to the partnership; and
“(B) in the case of a self-employed individual, the term ‘employer’ (as defined in section 3(5)) and the term ‘employee’ (as defined in section 3(6)) shall include such individual.

“(2) Plans, funds, and programs treated as employee welfare benefit plans.—In the case of any plan, fund, or program which was established or is maintained for the purpose of providing medical care (through the purchase of insurance or otherwise) for employees (or their dependents) covered thereunder and which demonstrates to the Secretary that all requirements for certification under this part would be met with respect to such plan, fund, or program if such plan, fund, or program were a group health plan, such plan, fund, or program shall be treated for purposes of this title as an employee welfare benefit plan on and after the date of such demonstration.”.

(b) Conforming Amendments to Preemption Rules.—

(1) Section 514(b)(6) of such Act (29 U.S.C. 1144(b)(6)) is amended by adding at the end the following new subparagraph:

“(E) The preceding subparagraphs of this paragraph do not apply with respect to any State law in the case
of an association health plan which is certified under part 8.”.

(2) Section 514 of such Act (29 U.S.C. 1144) is amended—

(A) in subsection (b)(4), by striking “Subsection (a)” and inserting “Subsections (a) and (f)”;

(B) in subsection (b)(5), by striking “subsection (a)” in subparagraph (A) and inserting “subsection (a) of this section and subsections (a)(2)(B) and (b) of section 805”, and by striking “subsection (a)” in subparagraph (B) and inserting “subsection (a) of this section or subsection (a)(2)(B) or (b) of section 805”; and

(C) by adding at the end the following new subsection:

“(f)(1) Except as provided in subsection (b)(4), the provisions of this title shall supersede any and all State laws insofar as they may now or hereafter preclude, or have the effect of precluding, a health insurance issuer from offering health insurance coverage in connection with an association health plan which is certified under part 8.

“(2) Except as provided in paragraphs (4) and (5) of subsection (b) of this section—
“(A) In any case in which health insurance coverage of any policy type is offered under an association health plan certified under part 8 to a participating employer operating in such State, the provisions of this title shall supersede any and all laws of such State insofar as they may preclude a health insurance issuer from offering health insurance coverage of the same policy type to other employers operating in the State which are eligible for coverage under such association health plan, whether or not such other employers are participating employers in such plan.

“(B) In any case in which health insurance coverage of any policy type is offered in a State under an association health plan certified under part 8 and the filing, with the applicable State authority (as defined in section 812(a)(9)), of the policy form in connection with such policy type is approved by such State authority, the provisions of this title shall supersede any and all laws of any other State in which health insurance coverage of such type is offered, insofar as they may preclude, upon the filing in the same form and manner of such policy form with the applicable State authority in such other State, the approval of the filing in such other State.
“(3) Nothing in subsection (b)(6)(E) or the preceding provisions of this subsection shall be construed, with respect to health insurance issuers or health insurance coverage, to supersede or impair the law of any State—

“(A) providing solvency standards or similar standards regarding the adequacy of insurer capital, surplus, reserves, or contributions, or

“(B) relating to prompt payment of claims.

“(4) For additional provisions relating to association health plans, see subsections (a)(2)(B) and (b) of section 805.

“(5) For purposes of this subsection, the term ‘association health plan’ has the meaning provided in section 801(a), and the terms ‘health insurance coverage’, ‘participating employer’, and ‘health insurance issuer’ have the meanings provided such terms in section 812, respectively.”.

(3) Section 514(b)(6)(A) of such Act (29 U.S.C. 1144(b)(6)(A)) is amended—

(A) in clause (i)(II), by striking “and” at the end;

(B) in clause (ii), by inserting “and which does not provide medical care (within the meaning of section 733(a)(2)),” after “arrange-
ment,”, and by striking “title.” and inserting “title, and”; and

(C) by adding at the end the following new clause:

“(iii) subject to subparagraph (E), in the case of any other employee welfare benefit plan which is a multiple employer welfare arrangement and which provides medical care (within the meaning of section 733(a)(2)), any law of any State which regulates insurance may apply.”.

(4) Section 514(d) of such Act (29 U.S.C. 1144(d)) is amended—

(A) by striking “Nothing” and inserting “(1) Except as provided in paragraph (2), nothing”; and

(B) by adding at the end the following new paragraph:

“(2) Nothing in any other provision of law enacted on or after the date of the enactment of this paragraph shall be construed to alter, amend, modify, invalidate, impair, or supersede any provision of this title, except by specific cross-reference to the affected section.”.

(e) PLAN SPONSOR.—Section 3(16)(B) of such Act (29 U.S.C. 102(16)(B)) is amended by adding at the end the following new sentence: “Such term also includes a
person serving as the sponsor of an association health plan
under part 8.’’.

(d) Disclosure of Solvency Protections Related to Self-Insured and Fully Insured Options Under Association Health Plans.—Section 102(b) of such Act (29 U.S.C. 102(b)) is amended by adding at the end the following: “An association health plan shall include in its summary plan description, in connection with each benefit option, a description of the form of solvency or guarantee fund protection secured pursuant to this Act or applicable State law, if any.”.

(e) Savings Clause.—Section 731(c) of such Act is amended by inserting “or part 8” after “this part”.

(f) Report to the Congress Regarding Certification of Self-Insured Association Health Plans.—Not later than January 1, 2014, the Secretary of Labor shall report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate the effect association health plans have had, if any, on reducing the number of uninsured individuals.

(g) Clerical Amendment.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 734 the following new items:

“Part 8—Rules Governing Association Health Plans

•HR 2653 IH
801. Association health plans.
802. Certification of association health plans.
803. Requirements relating to sponsors and boards of trustees.
804. Participation and coverage requirements.
805. Other requirements relating to plan documents, contribution rates, and
benefit options.
806. Maintenance of reserves and provisions for solvency for plans providing
health benefits in addition to health insurance coverage.
807. Requirements for application and related requirements.
808. Notice requirements for voluntary termination.
809. Corrective actions and mandatory termination.
810. Trusteeship by the Secretary of insolvent association health plans pro-
viding health benefits in addition to health insurance coverage.
811. State assessment authority.

SEC. 452. CLARIFICATION OF TREATMENT OF SINGLE EMP-
LOYER ARRANGEMENTS.

Section 3(40)(B) of the Employee Retirement Income
Security Act of 1974 (29 U.S.C. 1002(40)(B)) is amend-
ed—

(1) in clause (i), by inserting after “control
group,” the following: “except that, in any case in
which the benefit referred to in subparagraph (A)
consists of medical care (as defined in section
812(a)(2)), two or more trades or businesses, wheth-
er or not incorporated, shall be deemed a single em-
ployer for any plan year of such plan, or any fiscal
year of such other arrangement, if such trades or
businesses are within the same control group during
such year or at any time during the preceding 1-year
period,”;

(2) in clause (iii), by striking “(iii) the deter-
mination” and inserting the following:
“(iii)(I) in any case in which the benefit referred to in subparagraph (A) consists of medical care (as defined in section 812(a)(2)), the determination of whether a trade or business is under ‘common control’ with another trade or business shall be determined under regulations of the Secretary applying principles consistent and coextensive with the principles applied in determining whether employees of two or more trades or businesses are treated as employed by a single employer under section 4001(b), except that, for purposes of this paragraph, an interest of greater than 25 percent may not be required as the minimum interest necessary for common control, or

“(II) in any other case, the determination’’;

(3) by redesignating clauses (iv) and (v) as clauses (v) and (vi), respectively; and

(4) by inserting after clause (iii) the following new clause:

“(iv) in any case in which the benefit referred to in subparagraph (A) consists of medical care (as defined in section 812(a)(2)), in determining, after the application of clause (i), whether benefits are provided to employees of two or more employers, the arrangement shall be treated as having only one par-
participating employer if, after the application of clause (i), the number of individuals who are employees and former employees of any one participating employer and who are covered under the arrangement is greater than 75 percent of the aggregate number of all individuals who are employees or former employees of participating employers and who are covered under the arrangement,”.

SEC. 453. ENFORCEMENT PROVISIONS RELATING TO ASSOCIATION HEALTH PLANS.

(a) CRIMINAL PENALTIES FOR CERTAIN WILLFUL MISREPRESENTATIONS.—Section 501 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131) is amended by adding at the end the following new subsection:

“(c) Any person who willfully falsely represents, to any employee, any employee’s beneficiary, any employer, the Secretary, or any State, a plan or other arrangement established or maintained for the purpose of offering or providing any benefit described in section 3(1) to employees or their beneficiaries as—

“(1) being an association health plan which has been certified under part 8;

“(2) having been established or maintained under or pursuant to one or more collective bar-
gaining agreements which are reached pursuant to
collective bargaining described in section 8(d) of the
National Labor Relations Act (29 U.S.C. 158(d)) or
paragraph Fourth of section 2 of the Railway Labor
Act (45 U.S.C. 152, paragraph Fourth) or which are
reached pursuant to labor-management negotiations
under similar provisions of State public employee re-
lations laws; or
“(3) being a plan or arrangement described in
section 3(40)(A)(i),
shall, upon conviction, be imprisoned not more than 5
years, be fined under title 18, United States Code, or
both.”.

(b) CEASE ACTIVITIES ORDERS.—Section 502 of
such Act (29 U.S.C. 1132) is amended by adding at the
end the following new subsection:
“(n) ASSOCIATION HEALTH PLAN CEASE AND De-
sist ORDERS.—
“(1) IN GENERAL.—Subject to paragraph (2),
upon application by the Secretary showing the oper-
ation, promotion, or marketing of an association
health plan (or similar arrangement providing bene-
fits consisting of medical care (as defined in section
733(a)(2))) that—
“(A) is not certified under part 8, is subject under section 514(b)(6) to the insurance laws of any State in which the plan or arrangement offers or provides benefits, and is not licensed, registered, or otherwise approved under the insurance laws of such State; or

“(B) is an association health plan certified under part 8 and is not operating in accordance with the requirements under part 8 for such certification,

a district court of the United States shall enter an order requiring that the plan or arrangement cease activities.

“(2) Exception.—Paragraph (1) shall not apply in the case of an association health plan or other arrangement if the plan or arrangement shows that—

“(A) all benefits under it referred to in paragraph (1) consist of health insurance coverage; and

“(B) with respect to each State in which the plan or arrangement offers or provides benefits, the plan or arrangement is operating in accordance with applicable State laws that are not superseded under section 514.
“(3) ADDITIONAL EQUITABLE RELIEF.—The court may grant such additional equitable relief, including any relief available under this title, as it deems necessary to protect the interests of the public and of persons having claims for benefits against the plan.”.

(c) RESPONSIBILITY FOR CLAIMS PROCEDURE.—

Section 503 of such Act (29 U.S.C. 1133) is amended by inserting “(a) IN GENERAL.—” before “In accordance”, and by adding at the end the following new subsection:

“(b) ASSOCIATION HEALTH PLANS.—The terms of each association health plan which is or has been certified under part 8 shall require the board of trustees or the named fiduciary (as applicable) to ensure that the requirements of this section are met in connection with claims filed under the plan.”.

SEC. 454. COOPERATION BETWEEN FEDERAL AND STATE AUTHORITIES.

Section 506 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1136) is amended by adding at the end the following new subsection:

“(d) CONSULTATION WITH STATES WITH RESPECT TO ASSOCIATION HEALTH PLANS.—

“(1) AGREEMENTS WITH STATES.—The Secretary shall consult with the State recognized under
paragraph (2) with respect to an association health plan regarding the exercise of—

“(A) the Secretary’s authority under sections 502 and 504 to enforce the requirements for certification under part 8; and

“(B) the Secretary’s authority to certify association health plans under part 8 in accordance with regulations of the Secretary applicable to certification under part 8.

“(2) RECOGNITION OF PRIMARY DOMICILE STATE.—In carrying out paragraph (1), the Secretary shall ensure that only one State will be recognized, with respect to any particular association health plan, as the State with which consultation is required. In carrying out this paragraph—

“(A) in the case of a plan which provides health insurance coverage (as defined in section 812(a)(3)), such State shall be the State with which filing and approval of a policy type offered by the plan was initially obtained, and

“(B) in any other case, the Secretary shall take into account the places of residence of the participants and beneficiaries under the plan and the State in which the trust is maintained.”.
SEC. 455. EFFECTIVE DATE AND TRANSITIONAL AND OTHER RULES.

(a) EFFECTIVE DATE.—The amendments made by this subtitle shall take effect 1 year after the date of the enactment of this Act. The Secretary of Labor shall first issue all regulations necessary to carry out the amendments made by this subtitle within 1 year after the date of the enactment of this Act.

(b) TREATMENT OF CERTAIN EXISTING HEALTH BENEFITS PROGRAMS.—

(1) IN GENERAL.—In any case in which, as of the date of the enactment of this Act, an arrangement is maintained in a State for the purpose of providing benefits consisting of medical care for the employees and beneficiaries of its participating employers, at least 200 participating employers make contributions to such arrangement, such arrangement has been in existence for at least 10 years, and such arrangement is licensed under the laws of one or more States to provide such benefits to its participating employers, upon the filing with the applicable authority (as defined in section 812(a)(5) of the Employee Retirement Income Security Act of 1974 (as amended by this subtitle)) by the arrangement of an application for certification of the ar-
rangement under part 8 of subtitle B of title I of such Act—

(A) such arrangement shall be deemed to be a group health plan for purposes of title I of such Act;

(B) the requirements of sections 801(a) and 803(a) of the Employee Retirement Income Security Act of 1974 shall be deemed met with respect to such arrangement;

(C) the requirements of section 803(b) of such Act shall be deemed met, if the arrangement is operated by a board of directors which—

(i) is elected by the participating employers, with each employer having one vote; and

(ii) has complete fiscal control over the arrangement and which is responsible for all operations of the arrangement;

(D) the requirements of section 804(a) of such Act shall be deemed met with respect to such arrangement; and

(E) the arrangement may be certified by any applicable authority with respect to its op-
The provisions of this subsection shall cease to apply with respect to any such arrangement at such time after the date of the enactment of this Act as the applicable requirements of this subsection are not met with respect to such arrangement.

(2) Definitions.—For purposes of this subsection, the terms “group health plan”, “medical care”, and “participating employer” shall have the meanings provided in section 812 of the Employee Retirement Income Security Act of 1974, except that the reference in paragraph (7) of such section to an “association health plan” shall be deemed a reference to an arrangement referred to in this subsection.

Subtitle G—Greater Choice for Veterans

SEC. 461. REMOVING BARRIERS TO HEALTH CARE CHOICE FOR CATEGORY 1 VETERANS AND MEDAL OF HONOR RECIPIENTS.

Section 101(b)(2) of the Veterans Access, Choice, and Accountability Act of 2014 (Public Law 113–146; 38 U.S.C. 1701 note) is amended—
(1) in subparagraph (C)(ii), by striking the “or” at the end;

(2) in subparagraph (D)(ii)(II), by striking the period at the end and inserting “; or”; and

(3) by adding at the end the following new subparagraph:

“(E) is a veteran described in section 1705(a)(1) of title 38, United States Code or a veteran who was awarded the medal of honor under section 3741, 6241, or 8741 of title 10 or section 491 of title 14.”.

TITLE V—REFORMING MEDICAL LIABILITY LAW

SEC. 501. REQUIREMENTS FOR SELECTION OF CLINICAL PRACTICE GUIDELINES.

(a) Selection.—Not later than 6 months after the date of enactment of this Act, eligible professional organizations that have established, published, maintained, and updated on a regular basis, clinical practice guidelines, including when applicable, appropriate use criteria, that incorporate best practices, may submit such guidelines to the Secretary. Not later than 6 months after the last day for submitting such guidelines, the Secretary shall select and designate one or more eligible professional organizations to provide and maintain such clinical practice guide-
lines on behalf of the Secretary. Not later than 6 months after designating each such eligible professional organization, the Secretary shall enter into an agreement with each such eligible professional organization for maintenance, publication, and updating of such clinical practice guidelines.

(b) Maintenance.—

(1) Periodic review.—Not later than 5 years the Secretary enters into an agreement with each eligible professional organization under subsection (a), and every 5 years thereafter, the Secretary shall review the clinical practice guidelines of such organization and shall, as necessary, enter into agreements with additional eligible professional organizations, as appropriate, in accordance with subsection (a).

(2) Update by eligible professional organization.—An eligible professional organization that collaborated in the establishment of a clinical practice guidelines may submit amendments to that clinical practice guideline at any time to the Secretary for review by the Secretary.

(3) Notification required for certain updates.—An amendment under paragraph (2) may not add, materially change, or remove a guideline from a set of guidelines, unless notification of such
update is made available to applicable eligible professionals.

SEC. 502. DEVELOPMENT.

(a) GUIDELINE STANDARDS.—The Secretary shall ensure that, to the extent practicable, the development of clinical practice guidelines are guided by the Standards for Developing Trustworthy Clinical Practice Guidelines of the Institute of Medicine and—

(1) are developed through a transparent process that minimizes conflicts of interest;

(2) are developed by a knowledgeable, multidisciplinary panel of experts and representatives from key affected groups;

(3) take into consideration important patient subgroups and patient preferences, as appropriate;

(4) are based on a systematic review of the existing evidence;

(5) provide a clear explanation of the relationship between care options and health outcomes;

(6) provide ratings of both the quality of evidence and strength of recommendation;

(7) are reconsidered and revised when new evidence emerges; and

(8) clearly identify any exceptions to the application of the clinical practice guideline.
(b) Required Disclosures From Eligible Professional Organizations.—Any person who is affiliated with an eligible professional organization and who directly participated in the creation of a clinical practice guideline shall disclose any conflicts of interest pertaining to the development of the clinical practice guideline, including any conflict of interest pertaining to any instrument, medicine, drug, or any other substance, device, or means included in the clinical practice guideline. Disclosures to the Secretary by eligible professional organizations shall be made promptly, upon submission of the guidelines, and during every review of the guidelines. Disclosures shall include the following:

(1) Scientific methodology and evidence that supports clinical practice guidelines.

(2) Outside collaborators.

(3) Endorsements.

SEC. 503. NO LIABILITY FOR GUIDELINE PRODUCERS.

Neither an eligible professional organization nor the participants in its guideline development and approval process, may be held liable for any injury alleged to be caused by adhering to a clinical practice guideline to which they contributed.
SEC. 504. INTERNET PUBLICATION OF GUIDELINES.

The Secretary shall publish on the Internet through the National Guideline Clearinghouse or other appropriate sites or sources, all clinical practice guidelines, including all data and methodology used in the development and selection of the guidelines in compliance with data disclosure standards in the Health Insurance Portability and Accountability Act of 1996 (Public Law 104–191).

SEC. 505. STATE FLEXIBILITY AND PROTECTION OF STATES’ RIGHTS.

(a) LIMITATION.—This Act shall not preempt or supersede any State or Federal law that—

(1) imposes procedural or substantive protections for health care providers and health care organizations from liability, loss, or damages greater than such protections provided by this title; or

(2) creates a cause of action related to the provision of health care goods or services.

(b) STATE FLEXIBILITY.—No provision of this Act shall be construed to preempt any defense available to a party in a health care liability action under any other provision of State or Federal law.

SEC. 506. FEDERAL CAUSE OF ACTION.

(a) IN GENERAL.—Chapter 85 of title 28, United States Code, is amended by adding at the end the following:

• HR 2653 IH
§ 1370. Health care liability claims

“(a) DEFINITIONS.—In this section, the terms ‘applicable eligible professional’, ‘health care goods or services’, ‘health care liability action’, ‘health care liability claim’, ‘health care organization’, and ‘health care provider’ have the meaning given such terms in section 10 of the Saving Lives, Saving Costs Act.

“(b) JURISDICTION OF CLAIMS.—The district courts shall have original jurisdiction of a health care liability action against an applicable eligible professional, health care provider, or health care organization.

“(c) SUBSTANTIVE LAW.—The substantive law for decision in a health care liability action brought under subsection (b) shall be derived from the law, including choice of law principles, of the State in which the provision of, use of, or payment for (or the failure to provide, use, or pay for) health care goods or services giving rise to the health care liability claim occurred unless such law is inconsistent with or preempted by Federal law.”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 85 of title 28, United States Code, is amended by adding at the end the following:

“1370. Health care liability claims.”.
SEC. 507. RIGHT OF REMOVAL.

Section 1441 of title 28, United States Code, is amended by adding at the end the following:

“(g) CERTAIN ACTIONS AGAINST MEDICAL PROFESSIONALS.—(1) A health care liability action brought in a State court against an applicable eligible professional, health care provider, or health care organization may be removed by any defendant or the defendants to the district court of the United States for the district and division embracing the place where such action is pending.

“(2) In this subsection, the terms ‘applicable eligible professional’, ‘health care liability action’, ‘health care organization’, and ‘health care provider’ have the meaning given such terms in section 10 of the Saving Lives, Saving Costs Act.”.

SEC. 508. MANDATORY REVIEW BY INDEPENDENT MEDICAL PANEL.

(a) IN GENERAL.—If, in any health care liability action removed to Federal court pursuant to section 1441(g) of title 28, United States Code, against an applicable eligible professional, health care provider, or health care organization, the applicable eligible professional, health care provider, or health care organization alleges, in response to a filing of the claimant, that the applicable eligible professional, health care provider, or health care organization adhered to an applicable clinical practice guideline in the

•HR 2653 IH
provision of health care goods or services to the claimant, then the court shall suspend further proceedings on the health care liability action prior to discovery proceedings, until the completion of a review of the action by an independent medical review panel.

(b) Independent Medical Review Panel.—

(1) Composition.—An independent medical review panel under this section shall be composed of 3 members who are experts in the relevant field of clinical practice, appointed in accordance with paragraph (5).

(2) Requirements for Member Eligibility.—

(A) In general.—To be eligible to serve on an independent medical review panel, a member shall—

(i) be an experienced physician certified by a board recognized by the American Board of Medical Specialties;

(ii) not earlier than 2 years prior to the date of selection to the board, have been in active medical practice or devoted a substantial portion of his or her time to teaching at an accredited medical school, or have been engaged in university-based
research in relation to the medical care
and type of treatment at issue; and

(iii) be approved by his or her spe-
cialty society.

(B) REGIONAL PREFERENCE.—When pos-
sible, members should be from the region where
the case in question originates to account for
geographical practice variation.

(3) NO CIVIL LIABILITY FOR MEMBERS.—No
civil action shall be brought in any court against any
member for any act, failure to act, or statement or
opinion made, within the scope of his or her duties
as a member of the independent medical review
panel.

(4) CONSIDERATIONS IN MAKING DETERMINA-
tions.—The members of the independent medical
review panel shall acknowledge that, under certain
circumstances, it may be appropriate for a physician
to depart from the recommendations in clinical prac-
tice guidelines in the care of individual patients.

(5) SELECTION OF MEMBERS.—Each member
of the independent medical review panel shall be
jointly selected by the parties. A member whose se-
lection one party does not concur in may not serve
on the panel, except that, if, not later than 30 days
after a response to the health care liability action is
filed, 3 members have not been selected by the par-
ties, the court shall appoint any remaining members.

(6) COMPENSATION OF MEMBERS.—The costs
of compensation to the members of the independent
medical review panel shall be shared between the
parties equally, unless otherwise agreed to by the
parties.

(e) TERMS OF REVIEW.—A review by an independent
medical review panel under this section shall comply with
the following:

(1) STANDARD OF CONDUCT.—The mandatory
independent medical review panel that is charged
with the responsibility of making a preliminary find-
ing as to liability of the defendant applicable eligible
professional shall deem the prescribed clinical prac-
tice guidelines as the standard of conduct, care, and
skill expected of members of the medical profession
engaged in the defendant’s field of practice under
the same or similar circumstances, subject to the
provisions of subsection (b)(4).

(2) RECORD FOR REVIEW.—The independent
medical review panel shall make a preliminary find-
ing based solely upon the pre-discovery evidence sub-
mitted to it pursuant to Rule 26 of the Federal
Rules of Civil Procedure, any medical records that would be discoverable if the lawsuit advances to trial, and the applicable prescribed clinical practice guidelines.

(3) LIMITATION.—The independent medical review panel shall not make a finding of negligence from the mere fact that a treatment or procedure was unsuccessful or failed to bring the best result, or that the patient died.

(4) USE AT TRIAL OF WORK PRODUCT OF REVIEW PANEL.—No preliminary finding by the independent medical review panel that the defendant applicable eligible professional breached the standard of care as set forth under the prescribed clinical practice guidelines shall constitute negligence per se or conclusive evidence of liability, but findings, opinions, and conclusions of the review panel shall be admissible as evidence in any and all subsequent proceedings before the court, including for purposes of motions for summary judgment and at trial.

(d) RESULTS OF REVIEW.—

(1) IN GENERAL.—Not later than 60 days after all members of the independent medical review panel have been selected, the panel shall complete a review
of the record of the liability action and shall make a finding under this subsection.

(2) FINDING DESCRIBED.—A finding under this subsection shall include the following:

(A) A determination of whether there are any applicable clinical practice guidelines to the health care liability action that substantively pertains to the injury suffered by the claimant.

(B) Whether the applicable eligible professional has alleged adherence to any such guideline.

(C) Whether the applicable eligible professional adhered to any such guideline.

(D) Whether there is a reasonable probability that—

(i) the applicable eligible professional violated the applicable clinical practice guideline;

(ii) that violation proximately caused the claimant’s alleged injury; and

(iii) the claimant suffered damages as a result of the injury.

(3) USE AT TRIAL.—The finding under this subsection may be received into evidence by the court. If the independent medical review panel made
any finding under paragraph (2)(D) that there was no reasonable probability of the matters described in clauses (i) through (iii), the court may issue a summary judgment in favor of the applicable eligible professional unless the claimant is able to show otherwise by clear and convincing evidence. If the panel made a finding under subparagraphs (A) through (C) of paragraph (2) that there was an applicable clinical practice guideline that the defendant adhered to, the court shall issue summary judgment in favor of the applicable eligible professional unless the claimant is able to show otherwise by clear and convincing evidence. Any preliminary finding that the defendant applicable eligible professional did not breach the standard of care as set forth under the prescribed medical practice guidelines or that the defendant applicable eligible professional’s nonadherence to the applicable standard was neither the cause in fact nor the proximate cause of the plaintiff’s injury or that the plaintiff did not incur any damages as a result shall be given deference by the court and shall entitle the defendant applicable eligible professional to summary judgment unless the plaintiff is able to show by clear and convincing evidence that the independent medical review panel was
in error and that there is a genuine issue as to a material fact in the case.

SEC. 509. DEFINITIONS.

In this Act:

(1) APPLICABLE ELIGIBLE PROFESSIONAL.—The term “applicable eligible professional” means a physician practicing within clinical practice guidelines submitted by an eligible professional organization and includes employees and agents of a physician.

(2) APPROPRIATE USE CRITERIA.—The term “appropriate use criteria” means established evidence-based guidelines developed or endorsed by an eligible professional organization that specify when the health benefits of a procedure or service exceed the expected health risks by a significantly wide margin.

(3) CLINICAL PRACTICE GUIDELINE.—The term “clinical practice guideline” means systematically developed statements based on the review of clinical evidence for assisting a health care provider to determine the appropriate health care in specific clinical circumstances.

(4) ELIGIBLE PROFESSIONAL ORGANIZATION.—The term “eligible professional organization” means
a national or State medical society or medical specialty society.

(5) **FEDERAL PAYOR.**—The term “Federal payor” includes reimbursements made under the Medicare program under title XVIII of the Social Security Act or the Medicaid program under title XIX of the Social Security Act, or medical screenings, treatments, or transfer services provided pursuant to section 1867 of the Social Security Act is not made by the individual or any non-Federal third party on behalf of the individual.

(6) **HEALTH CARE GOODS OR SERVICES.**—The term “health care goods or services” means any goods or services provided by a health care organization, provider, or by any individual working under the supervision of a health care provider, that relates to the diagnosis, prevention, or treatment of any human disease or impairment, or the assessment or care of the health of human beings.

(7) **HEALTH CARE LIABILITY ACTION.**—The term “health care liability action” means a civil action against an applicable eligible professional, a health care provider, or a health care organization, regardless of the theory of liability on which the claim is based, or the number of plaintiffs, defend-
ants, or other parties, or the number of causes of action, in which the claimant alleges a health care liability claim.

(8) Health Care Liability Claim.—The term “health care liability claim” means a claim by any person against an applicable eligible professional, a health care provider, or a health care organization which is based upon the provision of, use of, or payment for (or the failure to provide, use, or pay for) health care goods or services for which at least partial payment was made by a Federal payor or which was mandated by Federal law, regardless of the theory of liability on which the claim is based.

(9) Health Care Organization.—The term “health care organization” means any person or entity which is obligated to provide or pay for health benefits under any health plan, including any person or entity acting under a contract or arrangement with a health care organization to provide or administer any health benefit.

(10) Health Care Provider.—The term “health care provider” means any person or entity required by State or Federal laws or regulations to be licensed, registered, or certified to provide health care services, and being either so licensed, reg-
istered, or certified, or exempted from such require-
ment by other statute or regulation.

(11) SECRETARY.—The term “Secretary”
means the Secretary of Health and Human Services.

**TITLE VI—MEDICAL BREAKTHROUGH FUND**

**SEC. 601. MEDICAL BREAKTHROUGH FUND.**

Section 402A of the Public Health Service Act (42
U.S.C. 282a) is amended—

(1) by redesignating subsection (e) as sub-
section (f); and

(2) by inserting after subsection (d) the fol-
lowing:

“(e) MEDICAL BREAKTHROUGH FUND.—

“(1) ESTABLISHMENT.—There is established a
fund to be known as the Medical Breakthrough
Fund to support biomedical research through the
funding of basic, translational, and clinical research.

“(2) AMOUNTS FOR THE FUND.—

“(A) IN GENERAL.—There are authorized
to be appropriated, and appropriated, to the
Medical Breakthrough Fund out of any funds
in the Treasury not otherwise appropriated, in
addition to any amounts otherwise made avail-
able to the National Institutes of Health, the following amounts for the following fiscal years:

“(i) For fiscal year 2017—

“(I) $1,000,000,000 for the CV Prize (described in paragraph (5)) to remain available until expended; and

“(II) $500,000,000.

“(ii) For fiscal year 2018, $1,500,000,000.

“(iii) For each of fiscal years 2019 through 2024, $2,000,000,000.

“(B) AVAILABILITY SUBJECT TO APPROPRIATIONS.—Amounts in the Medical Breakthrough Fund shall not be available except to the extent and in such amounts as are provided in appropriation Acts.

“(C) ALLOCATION OF AMOUNTS FOR RESEARCH.—The Director of NIH shall allocate the amounts available in the Medical Breakthrough Fund for a fiscal year for research (not including the CV Prize) consistent with the following:

“(i) 100 percent of such amounts shall be for research related to Alzheimer’s
disease, cancer, heart disease, stoke, or diabetes.

“(ii) Not less than 35 percent of such amounts shall be for research by early stage investigators (as defined in paragraph (7)).

“(iii) Not less than 20 percent of such amounts shall be for research that pursues innovative approaches to major contemporary challenges in biomedical research that involve inherent high risk, but have the potential to lead to breakthroughs.

“(iv) Not more than 10 percent of such amounts may be for intramural research.

“(v) No amount may be used for facilities and administration fees in connection with a research program or project in excess of 50 percent of the direct costs of such program or project provided under this subsection.

“(D) INAPPLICABILITY OF CERTAIN PROVISIONS.—Amounts in the Medical Breakthrough Fund are not subject to—
“(i) any transfer authority of the Secretary or the Director of NIH under section 241, subsection (c), subsection (d), or any other provision of law; or

“(ii) the nonrecurring expenses fund under section 223 of division G of the Consolidated Appropriations Act, 2008 (42 U.S.C. 3514a).

“(E) SUPPLEMENT, NOT SUPPLANT.—Amounts appropriated and made available pursuant to this paragraph shall be used to supplement, not supplant, the funds otherwise allocated by the National Institutes of Health for biomedical research.

“(3) AUTHORIZED USES.—Amounts in the Medical Breakthrough Fund established under paragraph (1) may be used only to develop and implement the strategic plan under paragraph (6), to administer and award the CV Prize, or to conduct and support innovative biomedical research through the following:

“(A) Research in which—

“(i) a principal investigator has a specific project or specific objectives; and
“(ii) funding is tied to pursuit of such project or objectives.

“(B) Research in which—

“(i) a principal investigator has shown promise in biomedical research; and

“(ii) funding is not tied to a specific project or specific objectives.

“(C) Research to be carried out principally by a small business concern (as defined in section 3 of the Small Business Act).

“(4) COORDINATION.—In funding programs and activities through the Medical Breakthrough Fund, the Secretary, acting through the Director of NIH, shall—

“(A) ensure coordination among the national research institutes, the national centers, and other departments, agencies, and offices of the Federal Government; and

“(B) minimize unnecessary duplication.

“(5) CV PRIZE.—

“(A) AWARDBING THE CV PRIZE.—The Director of NIH shall award a Cure and Vaccine Prize (in this subsection referred to as the ‘CV Prize’) consisting of the $1,000,000,000 appropriated under paragraph (2)(A)(i)(I) to the first
applicant who the Director determines in accordance with this paragraph has developed a cure or vaccine for Alzheimer’s disease.

“(B) Publishing criteria.—Not later than 10 days after receiving recommendations under subparagraph (F)(ii)(I), the Director of NIH shall publish criteria for determining what constitutes a cure or vaccine of Alzheimer’s disease on the website of the National Institutes of Health.

“(C) Receiving applications.—The Director of NIH shall—

“(i) receive applications of applicants claiming to have developed a cure or vaccine that meets the criteria published under subparagraph (B); and

“(ii) send a copy of any applications so received to the CV Advisory Prize Board established under paragraph (F)(i).

“(D) Evaluating applications.—The Director of NIH shall—

“(i) determine if a cure or vaccine for Alzheimer’s disease described in an application received under subparagraph (C)
meets the criteria published under subparagraph (B); and

“(ii) when making a determination under clause (i), take into consideration the recommendations submitted under subparagraph (F)(ii)(III)).

“(E) AWARDING THE PRIZE.—If the Director of NIH determines under subparagraph (D) that a cure or vaccine described in an application received under subparagraph (C) meets criteria published under subparagraph (B), not later than 90 days after the date of such determination, the Director shall award the CV Prize to the applicant who submitted the application.

“(F) CV PRIZE ADVISORY BOARD.—

“(i) Establishment.—Not later than 120 days after the date of the enactment of this subsection, the Director of NIH shall establish a CV Prize Advisory Board to advise the Director with respect to awarding the CV Prize.

“(ii) Duties of the Board.—The CV Prize Advisory Board shall—
“(I) not later than 180 days after the date of the enactment of this subsection, recommend to the Director of NIH criteria for determining what constitutes a cure or vaccine of Alzheimer’s disease;

“(II) review applications of applicants claiming to have developed a cure or vaccine that meets the criteria published under subparagraph (B); and

“(III) submit recommendations to the Director of NIH as to whether the cure or vaccine described in such application has met such criteria.

“(iii) MEMBERS OF THE BOARD.—The CV Prize Advisory Board shall consist of 14 members as follows:

“(I) 8 members appointed by the Director of NIH.

“(II) 1 member appointed by the Speaker of the House of Representatives.

“(III) 1 member appointed by the majority leader of the Senate.
“(IV) 1 member appointed by the minority leader of the House of Representatives.

“(V) 1 member appointed by the minority leader of the Senate.

“(VI) The Director of NIH, who shall serve ex-officio.

“(VII) The Secretary, who shall serve ex-officio.

“(6) STRATEGIC PLAN.—

“(A) IN GENERAL.—The Director of NIH shall ensure that scientifically based strategic planning is implemented in support of research priorities of the Medical Breakthrough Fund, including through the development, use, and updating of a strategic research investment plan that—

“(i) is designed to increase the efficient and effective focus of biomedical research in a manner that leverages the best scientific opportunities through a deliberative planning process;

“(ii) identifies strategic focus areas in which the resources of the Medical Breakthrough Fund can address, and find more
effective treatments for, Alzheimer’s disease, cancer, heart disease, stroke, and diabetes;

“(iii) includes objectives for each such strategic focus area; and

“(iv) ensures that basic research remains a priority.

“(B) ADVISORY COUNCIL.—The Director of NIH shall appoint 18 members to an advisory council to offer recommendations to the Director on the strategic research investment plan implemented pursuant to subparagraph (A). The 18 members shall consist of—

“(i) 3 members who specialize in Alzheimer’s disease;

“(ii) 3 members who specialize in cancer;

“(iii) 3 members who specialize in heart disease;

“(iv) 3 members who specialize in stroke;

“(v) 3 members who specialize in diabetes; and

“(vi) 3 members who have broad experience in biomedical research.
“(C) UPDATES AND REVIEWS.—The Director shall review and, as appropriate, update the research strategic investment plan under subparagraph (A) not less than often every 18 months.

“(7) DEFINITION OF EARLY STAGE INVESTIGATOR.—In this subsection, the term ‘early stage investigator’ means, with respect to a research project or program funded under this subsection, an investigator who—

“(A) is the principal investigator or the program director of such project or program;
“(B) has never been awarded, or has been awarded only once, a substantial, competing grant by the National Institutes of Health for independent research; and
“(C) at the time of initial funding for such project or program, is within 10 years of having completed—
“(i) the investigator’s terminal degree;
or
“(ii) a medical residency (or the equivalent).”.
TITLE VII—OTHER PROVISIONS

SEC. 701. RESPECTING HUMAN LIFE.

(a) Prohibition on Abortion Mandates.—Nothing in this Act (or any amendment made by this Act) shall be construed to require any health plan (including any high-risk pool) to provide coverage of, or access to, abortion services or to allow the Secretary of the Treasury, the Secretary of Labor, the Secretary of Health and Human Services, or any other Federal or non-Federal person or entity in implementing this Act (or an amendment made by this Act) to require coverage of, or access to, abortion services.

(b) Prohibition on Certain Research Funding.—

(1) In general.—No funds authorized or appropriated by this Act (or an amendment made by this Act) may be used to conduct or support research that includes embryo-destructive stem cell research and human cloning.

(2) Human cloning defined.—In this subsection, the term “human cloning” means human asexual reproduction accomplished by introducing the nuclear material from a human diploid cell into an oocyte to produce a living organism at any stage
of development with a human or predominantly human genetic constitution.

(3) Construction.—Nothing in this subsection may be construed to prohibit conducting or supporting research that does not include embryodestructive stem cell research or human cloning, including research involving nuclear transfer or other cloning techniques to produce molecules, DNA, cells other than human embryos, tissues, or animals other than humans.

(c) Limitation on Abortion Funding.—

(1) In general.—No funds authorized or appropriated by this Act (or an amendment made by this Act) may be used to pay for any abortion or to cover any part of the costs of any health plan that includes coverage of abortion (including a high risk pool described in section 2745 of the Public Health Service Act (42 U.S.C. 300gg–45), as amended by section 311 of this Act), except—

(A) if the pregnancy is the result of an act of rape or incest; or

(B) in the case where a pregnant female suffers from a physical disorder, physical injury, or physical illness that would, as certified by a physician, place the female in danger of
death unless an abortion is performed, including a life-endangering physical condition caused by or arising from the pregnancy itself.

(2) Option to Purchase Separate Coverage or Plan.—Nothing in this subsection shall be construed as prohibiting any non-Federal entity (including an individual or a State or local government) from purchasing separate coverage for abortions for which funding is prohibited under this subsection, or a health plan that includes such abortions, so long as such coverage or plan is paid for entirely using only funds not authorized or appropriated by this Act.

(3) Option to Offer Coverage or Plan.—Nothing in this subsection shall restrict any non-Federal health insurance issuer offering a health plan from offering separate coverage for abortions for which funding is prohibited under this subsection, or a health plan that includes such abortions, so long as—

(A) premiums for such separate coverage or plan are paid for entirely with funds not authorized or appropriated by this Act; and

(B) administrative costs and all services offered through such coverage or plan are paid
for using only premiums collected for such coverage or plan.

(4) **Administrative Expenses.**—No funds authorized or appropriated by this Act shall be available to pay for administrative expenses in connection with any health plan (including an association health plan that has entered into trusteeship) which provides any benefits or coverage for abortions except where the life of the mother would be endangered if the fetus were carried to term, or the pregnancy is the result of an act of rape or incest.

(d) **No Preemption of State Laws.**—Nothing in this Act (or an amendment made by this Act) shall be construed to preempt or otherwise have any effect on State laws—

(1) protecting conscience rights or restricting or prohibiting abortion or coverage or funding of abortion, as in effect on the date of the enactment of this Act; or

(2) establishing procedural requirements on abortions, including parental notification or consent for the performance of an abortion on a minor.

(e) **Definitions.**—In this section:

(1) The term “association health plan” has the meaning given to such term in section 801 of the
Employee Retirement Income Security Act of 1974, as added by section 451 of this Act.

(2) The term “high-risk pool” means a high-risk pool described in section 2745 of the Public Health Service Act (42 U.S.C. 300gg–45), as amended by section 311 of this Act.

SEC. 702. OFFSETS.

Section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901) is amended as follows:

(1) In paragraph (4)(B), by striking the dollar amount and inserting “$496,400,000,000”.

(2) In paragraph (5)(B), by striking the dollar amount and inserting “$507,300,000,000”.

(3) In paragraph (6)(B), by striking the dollar amount and inserting “$523,700,000,000”.

(4) In paragraph (7)(B), by striking the dollar amount and inserting “$534,900,000,000”.

(5) In paragraph (8)(B), by striking the dollar amount and inserting “$546,700,000,000”.

○