

111TH CONGRESS
1ST SESSION

H. R. 3218

To provide a refundable tax credit for medical costs, to expand access to health insurance coverage through individual membership associations (IMAs), and to assist in the establishment of high risk pools.

IN THE HOUSE OF REPRESENTATIVES

JULY 14, 2009

Mr. SHADEGG (for himself, Mr. GINGREY of Georgia, Mr. BISHOP of Utah, Mr. BOUSTANY, Mr. HOEKSTRA, Mrs. BLACKBURN, Mr. FLEMING, Mr. FRANKS of Arizona, Mr. BUYER, and Mr. BURGESS) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide a refundable tax credit for medical costs, to expand access to health insurance coverage through individual membership associations (IMAs), and to assist in the establishment of high risk pools.

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

3 **SECTION 1. SHORT TITLE, ETC.**

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

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

- Sec. 1. Short title, etc.
 Sec. 2. Statement of constitutional authority.
 Sec. 3. Findings.

TITLE I—REFUNDABLE AND ADVANCEABLE CREDIT FOR
 MEDICAL COSTS

Sec. 101. Refundable and advanceable credit for medical costs.

TITLE II—EXPANSION OF ACCESS AND CHOICE OF HEALTH IN-
 SURANCE COVERAGE THROUGH INDIVIDUAL MEMBERSHIP AS-
 SOCIATIONS (IMAS)

Sec. 201. Expansion of access and choice of health insurance coverage through
 individual membership associations (IMAs).

TITLE III—FEDERAL MATCHING FUNDING FOR STATE
 INSURANCE EXPENDITURES

Sec. 301. Federal matching funding for State insurance expenditures.

3 **SEC. 2. STATEMENT OF CONSTITUTIONAL AUTHORITY.**

4 Congress enacts this Act pursuant to its authority
 5 under article I of the Constitution to regulate commerce.

6 **SEC. 3. FINDINGS.**

7 The Congress finds the following:

8 (1) Approximately 180 million Americans re-
 9 ceive health care through employer-sponsored cov-
 10 erage.

11 (2) Surveys indicate that 8 in 10 Americans are
 12 satisfied with the current employer-sponsored health
 13 care plan.

14 (3) Taxing employer-sponsored health care ben-
 15 efits, creating a new government-run health care
 16 plan, and expanding existing entitlement programs

1 will result in the loss of private health care coverage
2 for an estimated 120 million Americans.

3 **TITLE I—REFUNDABLE AND**
4 **ADVANCEABLE CREDIT FOR**
5 **MEDICAL COSTS**

6 **SEC. 101. REFUNDABLE AND ADVANCEABLE CREDIT FOR**
7 **MEDICAL COSTS.**

8 (a) IN GENERAL.—Subpart C of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of
10 1986 (relating to refundable credits) is amended by insert-
11 ing after section 36A the following new section:

12 **“SEC. 36B. MEDICAL COSTS.**

13 “(a) IN GENERAL.—In the case of an eligible indi-
14 vidual, there shall be allowed as a credit against the tax
15 imposed by this subtitle an amount equal to the sum of—

16 “(1) the amount paid by the taxpayer during
17 the taxable year for qualified health insurance for
18 coverage of the taxpayer, his spouse, and depend-
19 ents, and

20 “(2) the amount paid by the taxpayer during
21 the taxable year for medical care for the taxpayer,
22 his spouse, and his dependents.

23 “(b) LIMITATION.—The amount allowed as a credit
24 under subsection (a) for a taxable year shall not exceed
25 \$2,500 (\$5,000 in the case of a joint return).

1 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
2 section, the term ‘eligible individual’ means an individual
3 who is—

4 “(1) a citizen or national of the United States,
5 or
6 “(2) lawfully present in the United States.

7 “(d) MEDICAL CARE.—For purposes of this section,
8 the term ‘medical care’ has the meaning given such term
9 by section 213(d), determined without regard to subpara-
10 graphs (C) and (D) of paragraph (1) thereof.

11 “(e) QUALIFIED HEALTH INSURANCE.—For pur-
12 poses of this section—

13 “(1) IN GENERAL.—The term ‘qualified health
14 insurance’ means insurance which constitutes med-
15 ical care.

16 “(2) EMPLOYER SUBSIDIZED COVERAGE.—Such
17 term shall not include amounts paid for coverage of
18 any individual for any month for which such indi-
19 vidual participates in any subsidized health plan
20 maintained by any employer of the taxpayer or of
21 the spouse of the taxpayer. For purposes of the pre-
22 ceding sentence, the rule of the last sentence of sec-
23 tion 162(l)(2)(B) shall apply and health care flexible
24 spending accounts and health reimbursement ar-

1 rangements shall not be treated as a subsidized
2 health plan maintained by any employer.

3 “(3) GOVERNMENTAL COVERAGE.—Such term
4 shall not include medical care provided through a
5 program described in—

6 “(A) title XVIII or XIX of the Social Se-
7 curity Act,

8 “(B) chapter 55 of title 10, United States
9 Code,

10 “(C) chapter 17 of title 38, United States
11 Code,

12 “(D) chapter 89 of title 5, United States
13 Code, or

14 “(E) the Indian Health Care Improvement
15 Act, and

16 “(4) EXCLUSION OF CERTAIN PLANS.—Such
17 term does not include insurance if substantially all
18 of its coverage is coverage described in section
19 223(c)(1)(B).

20 “(f) SPECIAL RULES.—

21 “(1) COORDINATION WITH MEDICAL DEDUC-
22 TION, ETC.—Any amount paid by a taxpayer for in-
23 surance to which subsection (a) applies shall not be
24 taken into account in computing the amount allow-

1 able to the taxpayer as a credit under section 35 or
2 as a deduction under section 162(l) or 213(a).

3 “(2) COORDINATION WITH ADVANCE PAYMENTS
4 OF CREDIT; RECAPTURE OF EXCESS ADVANCE PAY-
5 MENTS.—With respect to any taxable year—

6 “(A) the amount which would (but for this
7 subsection) be allowed as a credit to the tax-
8 payer under subsection (a) shall be reduced
9 (but not below zero) by the aggregate amount
10 paid on behalf of such taxpayer under section
11 7529 for months beginning in such taxable
12 year, and

13 “(B) the tax imposed by section 1 for such
14 taxable year shall be increased by the excess (if
15 any) of—

16 “(i) the aggregate amount paid on be-
17 half of such taxpayer under section 7529
18 for months beginning in such taxable year,
19 over

20 “(ii) the amount which would (but for
21 this subsection) be allowed as a credit to
22 the taxpayer under subsection (a).

23 “(3) DENIAL OF CREDIT TO DEPENDENTS.—No
24 credit shall be allowed under this section to any indi-
25 vidual with respect to whom a deduction under sec-

1 tion 151 is allowable to another taxpayer for a tax-
2 able year beginning in the calendar year in which
3 such individual's taxable year begins.

4 “(4) MARRIED COUPLES MUST FILE JOINT RE-
5 TURN.—

6 “(A) IN GENERAL.—If the taxpayer is
7 married at the close of the taxable year, the
8 credit shall be allowed under subsection (a) only
9 if the taxpayer and his spouse file a joint return
10 for the taxable year.

11 “(B) MARITAL STATUS; CERTAIN MARRIED
12 INDIVIDUALS LIVING APART.—Rules similar to
13 the rules of paragraphs (3) and (4) of section
14 21(e) shall apply for purposes of this para-
15 graph.

16 “(5) VERIFICATION OF COVERAGE, ETC.—No
17 credit shall be allowed under this section to any indi-
18 vidual unless such individual's coverage under quali-
19 fied health insurance, and the amount paid for such
20 coverage, are verified in such manner as the Sec-
21 retary may prescribe.

22 “(6) COST-OF-LIVING ADJUSTMENT.—In the
23 case of any taxable year beginning in a calendar
24 year after 2010, each dollar amount contained in

1 subsection (b) shall be increased by an amount equal
2 to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-
5 mined under section 1(f)(3) for the calendar
6 year in which the taxable year begins by sub-
7 stituting ‘calendar year 2009’ for ‘calendar year
8 1992’ in subparagraph (B) thereof.

9 Any increase determined under the preceding sen-
10 tence shall be rounded to the nearest multiple of
11 \$10.”.

12 (b) ADVANCE PAYMENT.—

13 (1) IN GENERAL.—Chapter 77 of the Internal
14 Revenue Code of 1986 (relating to miscellaneous
15 provisions) is amended by adding at the end the fol-
16 lowing:

17 **“SEC. 7529. ADVANCE PAYMENT OF CREDIT FOR MEDICAL**
18 **COSTS.**

19 “The Secretary shall establish a program for—

20 “(1) making payments to providers of qualified
21 health insurance (as defined in section 36B(e)) on
22 behalf of taxpayers eligible for the credit under sec-
23 tion 36B, and

24 “(2) making payments relating to medical care
25 for which a credit is allowable under such section.”.

1 (2) INFORMATION REPORTING.—

2 (A) IN GENERAL.—Subpart B of part III
3 of subchapter A of chapter 61 of such Code (re-
4 lating to information concerning transactions
5 with other persons) is amended by adding at
6 the end the following new section:

7 **“SEC. 6050X. RETURNS RELATING TO CREDIT FOR MEDICAL**
8 **COSTS.**

9 “(a) REQUIREMENT OF REPORTING.—Every person
10 who receives payments for any month of any calendar year
11 under section 7529 with respect to any individual shall,
12 at such time as the Secretary may prescribe, make the
13 return described in subsection (b) with respect to each
14 such individual.

15 “(b) FORM AND MANNER OF RETURNS.—A return
16 is described in this subsection if such return—

17 “(1) is in such form as the Secretary may pre-
18 scribe, and

19 “(2) contains—

20 “(A) the name, address, and TIN of each
21 individual referred to in subsection (a), and

22 “(B) such other information as the Sec-
23 retary may prescribe.

24 “(c) STATEMENTS TO BE FURNISHED TO INDIVID-
25 UALS WITH RESPECT TO WHOM INFORMATION IS RE-

1 QUIRED.—Every person required to make a return under
2 subsection (a) shall furnish to each individual whose name
3 is required to be set forth in such return a written state-
4 ment showing—

5 “(1) the name and address of the person re-
6 quired to make such return and the phone number
7 of the information contact for such person, and

8 “(2) the information required to be shown on
9 the return with respect to such individual.

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

14 (B) ASSESSABLE PENALTIES.—

15 (i) Subparagraph (B) of section
16 6724(d)(1) of such Code (relating to defi-
17 nitions) is amended by striking “or” at the
18 end of clause (xxii), by striking “and” at
19 the end of clause (xxiii) and inserting “or”,
20 and by inserting after clause (xxiii) the fol-
21 lowing new clause:

22 “(xxiv) section 6050X (relating to re-
23 turns relating to credit for medical costs),
24 and”.

1 (ii) Paragraph (2) of section 6724(d)
2 of such Code is amended by striking the
3 period at the end of subparagraph (EE)
4 and inserting a comma, by striking the pe-
5 riod at the end of subparagraph (FF) and
6 inserting “, or”, and by adding after sub-
7 paragraph (FF) the following new sub-
8 paragraph:

9 “(GG) section 6050X (relating to returns
10 relating to credit for medical costs).”.

11 (3) CLERICAL AMENDMENTS.—

12 (A) The table of sections for chapter 77 of
13 such Code is amended by adding at the end the
14 following new item:

“Sec. 7529. Advance payment of credit for medical costs.”.

15 (B) The table of sections for subpart B of
16 part III of subchapter A of chapter 61 of such
17 Code is amended by adding at the end the fol-
18 lowing new item:

“Sec. 6050X. Returns relating to credit for medical costs.”.

19 (c) CONFORMING AMENDMENTS.—

20 (1) Paragraph (2) of section 1324(b) of title
21 31, United States Code, is amended by inserting
22 “36B,” after “35A,”.

23 (2) The table of sections for subpart C of part
24 IV of subchapter A of chapter 1 of the Internal Rev-

1 enue Code of 1986 is amended by striking the item
 2 relating to section 36 and inserting the following
 3 new items:

“Sec. 36B. Medical costs.”.

4 (d) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to taxable years beginning after
 6 December 31, 2009.

7 **TITLE II—EXPANSION OF AC-**
 8 **CESS AND CHOICE OF**
 9 **HEALTH INSURANCE COV-**
 10 **ERAGE THROUGH INDI-**
 11 **VIDUAL MEMBERSHIP ASSO-**
 12 **CIATIONS (IMAS)**

13 **SEC. 201. EXPANSION OF ACCESS AND CHOICE OF HEALTH**
 14 **INSURANCE COVERAGE THROUGH INDI-**
 15 **VIDUAL MEMBERSHIP ASSOCIATIONS (IMAS).**

16 The Public Health Service Act is amended by adding
 17 at the end the following new title:

18 **“TITLE XXXI—INDIVIDUAL**
 19 **MEMBERSHIP ASSOCIATIONS**

20 **“SEC. 3101. DEFINITION OF INDIVIDUAL MEMBERSHIP AS-**
 21 **SOCIATION (IMA).**

22 “(a) IN GENERAL.—For purposes of this title, the
 23 terms ‘individual membership association’ and ‘IMA’
 24 mean a legal entity that meets the following requirements:

1 “(1) ORGANIZATION.—The IMA is an organiza-
2 tion operated under the direction of an association
3 (as defined in section 3104(1)).

4 “(2) OFFERING HEALTH BENEFITS COV-
5 ERAGE.—

6 “(A) DIFFERENT GROUPS.—The IMA, in
7 conjunction with those health insurance issuers
8 that offer health benefits coverage through the
9 IMA, makes available health benefits coverage
10 in the manner described in subsection (b) to all
11 members of the IMA and the dependents of
12 such members in the manner described in sub-
13 section (c)(2) at rates that are established by
14 the health insurance issuer on a policy or prod-
15 uct specific basis and that may vary only as
16 permissible under State law.

17 “(B) NONDISCRIMINATION IN COVERAGE
18 OFFERED.—

19 “(i) IN GENERAL.—Subject to clause
20 (ii), the IMA may not offer health benefits
21 coverage to a member of an IMA unless
22 the same coverage is offered to all such
23 members of the IMA.

24 “(ii) CONSTRUCTION.—Nothing in
25 this title shall be construed as requiring or

1 permitting a health insurance issuer to
2 provide coverage outside the service area of
3 the issuer, as approved under State law, or
4 requiring a health insurance issuer from
5 excluding or limiting the coverage on any
6 individual, subject to the requirement of
7 section 2741.

8 “(C) NO FINANCIAL UNDERWRITING.—The
9 IMA provides health benefits coverage only
10 through contracts with health insurance issuers
11 and does not assume insurance risk with re-
12 spect to such coverage.

13 “(3) GEOGRAPHIC AREAS.—Nothing in this title
14 shall be construed as preventing the establishment
15 and operation of more than one IMA in a geographic
16 area or as limiting the number of IMAs that may
17 operate in any area.

18 “(4) PROVISION OF ADMINISTRATIVE SERVICES
19 TO PURCHASERS.—

20 “(A) IN GENERAL.—The IMA may provide
21 administrative services for members. Such serv-
22 ices may include accounting, billing, and enroll-
23 ment information.

24 “(B) CONSTRUCTION.—Nothing in this
25 subsection shall be construed as preventing an

1 IMA from serving as an administrative service
2 organization to any entity.

3 “(5) FILING INFORMATION.—The IMA files
4 with the Secretary information that demonstrates
5 the IMA’s compliance with the applicable require-
6 ments of this title.

7 “(b) HEALTH BENEFITS COVERAGE REQUIRE-
8 MENTS.—

9 “(1) COMPLIANCE WITH CONSUMER PROTEC-
10 TION REQUIREMENTS.—Any health benefits coverage
11 offered through an IMA shall—

12 “(A) be underwritten by a health insurance
13 issuer that—

14 “(i) is licensed (or otherwise regu-
15 lated) under State law,

16 “(ii) meets all applicable State stand-
17 ards relating to consumer protection, sub-
18 ject to section 3002(b), and

19 “(B) subject to paragraph (2), be approved
20 or otherwise permitted to be offered under
21 State law.

22 “(2) EXAMPLES OF TYPES OF COVERAGE.—The
23 benefits coverage made available through an IMA
24 may include, but is not limited to, any of the fol-

1 lowing if it meets the other applicable requirements
2 of this title:

3 “(A) Coverage through a health mainte-
4 nance organization.

5 “(B) Coverage in connection with a pre-
6 ferred provider organization.

7 “(C) Coverage in connection with a li-
8 censed provider-sponsored organization.

9 “(D) Indemnity coverage through an insur-
10 ance company.

11 “(E) Coverage offered in connection with a
12 contribution into a medical savings account,
13 health savings account, or flexible spending ac-
14 count.

15 “(F) Coverage that includes a point-of-
16 service option.

17 “(G) Any combination of such types of
18 coverage.

19 “(3) WELLNESS BONUSES FOR HEALTH PRO-
20 MOTION.—Nothing in this title shall be construed as
21 precluding a health insurance issuer offering health
22 benefits coverage through an IMA from establishing
23 premium discounts or rebates for members or from
24 modifying otherwise applicable copayments or
25 deductibles in return for adherence to programs of

1 health promotion and disease prevention so long as
2 such programs are agreed to in advance by the IMA
3 and comply with all other provisions of this title and
4 do not discriminate among similarly situated mem-
5 bers.

6 “(c) MEMBERS; HEALTH INSURANCE ISSUERS.—

7 “(1) MEMBERS.—

8 “(A) IN GENERAL.—Under rules estab-
9 lished to carry out this title, with respect to an
10 individual who is a member of an IMA, the in-
11 dividual may enroll for health benefits coverage
12 (including coverage for dependents of such indi-
13 vidual) offered by a health insurance issuer
14 through the IMA.

15 “(B) RULES FOR ENROLLMENT.—Nothing
16 in this paragraph shall preclude an IMA from
17 establishing rules of enrollment and reenroll-
18 ment of members. Such rules shall be applied
19 consistently to all members within the IMA and
20 shall not be based in any manner on health sta-
21 tus-related factors.

22 “(2) HEALTH INSURANCE ISSUERS.—The con-
23 tract between an IMA and a health insurance issuer
24 shall provide, with respect to a member enrolled with
25 health benefits coverage offered by the issuer

1 through the IMA, for the payment of the premiums
2 collected by the issuer.

3 **“SEC. 3102. APPLICATION OF CERTAIN LAWS AND REQUIRE-**
4 **MENTS.**

5 “State laws insofar as they relate to any of the fol-
6 lowing are superseded and shall not apply to health bene-
7 fits coverage made available through an IMA:

8 “(1) Benefit requirements for health benefits
9 coverage offered through an IMA, including (but not
10 limited to) requirements relating to coverage of spe-
11 cific providers, specific services or conditions, or the
12 amount, duration, or scope of benefits, but not in-
13 cluding requirements to the extent required to imple-
14 ment title XXVII or other Federal law and to the
15 extent the requirement prohibits an exclusion of a
16 specific disease from such coverage.

17 “(2) Any other requirements (including limita-
18 tions on compensation arrangements) that, directly
19 or indirectly, preclude (or have the effect of pre-
20 cluding) the offering of such coverage through an
21 IMA, if the IMA meets the requirements of this
22 title.

23 Any State law or regulation relating to the composition
24 or organization of an IMA is preempted to the extent the

1 law or regulation is inconsistent with the provisions of this
2 title.

3 **“SEC. 3103. ADMINISTRATION.**

4 “(a) IN GENERAL.—The Secretary shall administer
5 this title and is authorized to issue such regulations as
6 may be required to carry out this title. Such regulations
7 shall be subject to Congressional review under the provi-
8 sions of chapter 8 of title 5, United States Code. The Sec-
9 retary shall incorporate the process of ‘deemed file and
10 use’ with respect to the information filed under section
11 3001(a)(5)(A) and shall determine whether information
12 filed by an IMA demonstrates compliance with the applica-
13 ble requirements of this title. The Secretary shall exercise
14 authority under this title in a manner that fosters and
15 promotes the development of IMAs in order to improve
16 access to health care coverage and services.

17 “(b) PERIODIC REPORTS.—The Secretary shall sub-
18 mit to Congress a report every 30 months, during the 10-
19 year period beginning on the effective date of the rules
20 promulgated by the Secretary to carry out this title, on
21 the effectiveness of this title in promoting coverage of un-
22 insured individuals. The Secretary may provide for the
23 production of such reports through one or more contracts
24 with appropriate private entities.

1 **“SEC. 3104. DEFINITIONS.**

2 “For purposes of this title:

3 “(1) ASSOCIATION.—The term ‘association’
4 means, with respect to health insurance coverage of-
5 fered in a State, an association which—

6 “(A) has been actively in existence for at
7 least 5 years;

8 “(B) has been formed and maintained in
9 good faith for purposes other than obtaining in-
10 surance;

11 “(C) does not condition membership in the
12 association on any health status-related factor
13 relating to an individual (including an employee
14 of an employer or a dependent of an employee);
15 and

16 “(D) does not make health insurance cov-
17 erage offered through the association available
18 other than in connection with a member of the
19 association.

20 “(2) DEPENDENT.—The term ‘dependent’, as
21 applied to health insurance coverage offered by a
22 health insurance issuer licensed (or otherwise regu-
23 lated) in a State, shall have the meaning applied to
24 such term with respect to such coverage under the
25 laws of the State relating to such coverage and such

1 an issuer. Such term may include the spouse and
2 children of the individual involved.

3 “(3) HEALTH BENEFITS COVERAGE.—The term
4 ‘health benefits coverage’ has the meaning given the
5 term health insurance coverage in section
6 2791(b)(1).

7 “(4) HEALTH INSURANCE ISSUER.—The term
8 ‘health insurance issuer’ has the meaning given such
9 term in section 2791(b)(2).

10 “(5) HEALTH STATUS-RELATED FACTOR.—The
11 term ‘health status-related factor’ has the meaning
12 given such term in section 2791(d)(9).

13 “(6) IMA; INDIVIDUAL MEMBERSHIP ASSOCIA-
14 TION.—The terms ‘IMA’ and ‘individual membership
15 association’ are defined in section 3101(a).

16 “(7) MEMBER.—The term ‘member’ means,
17 with respect to an IMA, an individual who is a mem-
18 ber of the association to which the IMA is offering
19 coverage.”.

1 **TITLE III—FEDERAL MATCHING**
2 **FUNDING FOR STATE INSUR-**
3 **ANCE EXPENDITURES**

4 **SEC. 301. FEDERAL MATCHING FUNDING FOR**
5 **STATFEDERAL MATCHING FUNDING FOR**
6 **STATE INSURANCE EXPENDITURESE INSUR-**
7 **ANCE EXPENDITURES.**

8 (a) IN GENERAL.—Subject to the succeeding provi-
9 sions of this section, each State shall receive from the Sec-
10 retary of Health and Human Services an amount equal
11 to 50 percent of the funds expended by the State in pro-
12 viding for the use, in connection with providing health ben-
13 efits coverage, of a high-risk pool, a reinsurance pool, or
14 other risk-adjustment mechanism used for the purpose of
15 subsidizing the purchase of private health insurance.

16 (b) FUNDING LIMITATION.—A State shall not receive
17 under this section for a fiscal year more than a total of
18 50 cents multiplied by the average number of residents
19 (as estimated by the Secretary) in the State in the fiscal
20 year.

21 (c) ADMINISTRATION.—The Secretary of Health and
22 Human Services shall provide for the administration of
23 this section and may establish such terms and conditions,
24 including the requirement of an application, as may be ap-
25 propriate to carry out this section.

1 (d) CONSTRUCTION.—Nothing in this section shall be
2 construed as requiring a State to operate a reinsurance
3 pool (or other risk-adjustment mechanism) under this sec-
4 tion or as preventing a State from operating such a pool
5 or mechanism through one or more private entities.

6 (e) HIGH-RISK POOL.—For purposes of this section,
7 the term “high-risk pool” means any qualified high risk
8 pool (as defined in section 2744(c)(2) of the Public Health
9 Service Act).

10 (f) REINSURANCE POOL OR OTHER RISK-ADJUST-
11 MENT MECHANISM DEFINED.—For purposes of this sec-
12 tion, the term “reinsurance pool or other risk-adjustment
13 mechanism” means any State-based risk spreading mecha-
14 nism to subsidize the purchase of private health insurance
15 for the high-risk population.

16 (g) HIGH-RISK POPULATION.—For purposes of this
17 section, the term “high-risk population” means—

18 (1) individuals who, by reason of the existence
19 or history of a medical condition, are able to acquire
20 health coverage only at rates which are at least 150
21 percent of the standard risk rates for such coverage,
22 and

23 (2) individuals who are provided health cov-
24 erage by a high-risk pool.

1 (h) STATE DEFINED.—For purposes of this section,
2 the term “State” includes the District of Columbia, Puer-
3 to Rico, the Virgin Islands, Guam, American Samoa, and
4 the Northern Mariana Islands.

○