

I

100TH CONGRESS
1ST SESSION

H. R. 1734

To amend the Federal employee health benefit provisions of title 5, United States Code, to increase the Government contribution rate, to extend coverage for employees who are separated due to reductions in force, to require carriers to obtain reinsurance or stop-loss insurance (or to otherwise demonstrate financial responsibility), to assure adequate mental health benefit levels and otherwise limit benefit reductions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 1987

Ms. OAKAR introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

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

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the “Fed-
3 eral Employees Health Benefits Reform Act of 1987”.

4 (b) **TABLE OF CONTENTS.**—The table of contents for
5 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Increase in Government contribution rate; repeal of 75 percent maximum;
Government differential.
- Sec. 3. Continuation of coverage for employees separated due to a reduction in
force, and certain others.
- Sec. 4. Financial responsibility requirement.
- Sec. 5. Mental health benefits.
- Sec. 6. Comprehensive dental benefits.
- Sec. 7. Limitations on benefit reductions and Office of Personnel Management con-
tracting discretion.
- Sec. 8. Employee status.

6 **SEC. 2. INCREASE IN GOVERNMENT CONTRIBUTION RATE;**
7 **REPEAL OF 75 PERCENT MAXIMUM; GOVERN-**
8 **MENT DIFFERENTIAL.**

9 (a) **INCREASED GOVERNMENT CONTRIBUTION.**—Sec-
10 tion 8906(b)(1) of title 5, United States Code, relating to the
11 Government contribution, is amended by striking out “60
12 percent” and inserting in lieu thereof “75 percent”.

13 (b) **REPEAL OF 75 PERCENT MAXIMUM.**—Section
14 8906(b)(2) of title 5, United States Code, is amended by
15 striking out “75 percent” and inserting in lieu thereof “100
16 percent”.

17 (c) **GOVERNMENT DIFFERENTIAL.**—Section 8906(b) of
18 title 5, United States Code, is amended by adding at the end
19 thereof the following new paragraph:

1 “(4) In addition to the Government contribution, a Gov-
2 ernment differential shall be paid in the case of each employ-
3 ee or annuitant who is 65 years of age or older, who is not
4 entitled to hospital insurance benefits under part A of title
5 XVIII of the Social Security Act (42 U.S.C. 1395c and fol-
6 lowing), and who is enrolled in an approved health benefits
7 plan. Such differential shall be equal to 5 percent of the aver-
8 age subscription charge determined under subsection (a) of
9 this section. The Government differential under this para-
10 graph shall be treated the same as the Government contribu-
11 tion except that—

12 “(A) such differential shall not be taken into
13 account in determining the amount to be paid by the
14 employee or annuitant; and

15 “(B) such differential shall be paid to the health
16 benefits plan in which the employee or annuitant is en-
17 rolled.”.

18 (d) EFFECTIVE DATE.—The amendments made by this
19 section shall become effective with respect to contracts en-
20 tered into or renewed for any calendar year beginning after
21 the date of the enactment of this Act.

1 **SEC. 3. CONTINUATION OF COVERAGE FOR EMPLOYEES SEPA-**
2 **RATED DUE TO A REDUCTION IN FORCE, AND**
3 **CERTAIN OTHERS.**

4 (a) **IN GENERAL.**—(1) Chapter 89 of title 5, United
5 States Code, is amended by adding after section 8906 the
6 following new section:

7 **“§ 8906a. Continuation of coverage**

8 “(a) An individual described in paragraph (1), (2), or (3)
9 of subsection (b) may elect to continue coverage under an
10 approved health benefits plan in accordance with the provi-
11 sions of this section.

12 “(b)(1) An employee who is involuntarily separated from
13 the civil service due to a reduction in force, and who was
14 enrolled in an approved health benefits plan immediately
15 before the separation, may continue such individual’s enroll-
16 ment for self alone or for self and family (as the case may be).

17 “(2) An individual who elects to receive the lump-sum
18 credit under section 8342(a) or 8424(a) of this title, and who
19 was enrolled in an approved health benefits plan immediately
20 before such election, may continue such individual’s enroll-
21 ment for self alone or for self and family (as the case may be).

22 “(3) An individual who is 22 years of age or older may
23 continue such individual’s enrollment in an approved health
24 benefits plan if—

25 “(A) the enrollment being continued was based on
26 such individual’s being an unmarried dependent child

1 who was incapable of self-support because of a mental
2 or physical disability which existed before age 22; and

3 “(B) such disability is determined not to have
4 ended before such individual attained age 22.

5 “(c)(1) Any individual seeking to continue enrollment in
6 a health benefits plan under this section shall, within 31 days
7 after the date of the terminating event (as described in para-
8 graph (3)), and in accordance with such procedures as the
9 Office of Personnel Management shall by regulation pre-
10 scribe, file an election to continue such enrollment and ar-
11 range to pay currently into the Employees Health Benefits
12 Fund an amount equal to the sum of the employee and
13 agency contributions payable in the case of an employee en-
14 rolled in the same health benefits plan and level of benefits.

15 “(2) The Office may, for good cause shown, extend the
16 31-day period referred to in paragraph (1).

17 “(3) For the purpose of paragraph (1), ‘date of the ter-
18 minating event’ means—

19 “(A) in the case of an individual involuntarily sep-
20 arated from the civil service due to a reduction in
21 force, the date as of which such individual is so
22 separated;

23 “(B) in the case of an individual who elects to re-
24 ceive the lump-sum credit under section 8342(a) or

1 8424(a) of this title, the date that the payment of the
2 lump-sum credit is made; and

3 “(C) in the case of an unmarried individual 22
4 years of age or older whose coverage is based on a
5 mental or physical disability which existed before age
6 22, the date that such disability is determined under
7 this chapter no longer to exist.

8 “(d)(1) An individual who makes an election under sub-
9 section (c) may, at the time of making such election and
10 under the conditions prescribed by regulations of the Office,
11 change the level of benefits under the health benefits plan in
12 which such individual is continuing coverage, but only if the
13 change is to a lower level.

14 “(2) An individual enrolled in a health benefits plan
15 under this section—

16 “(A) may change such individual’s coverage or
17 that of the individual and members of such individual’s
18 family (as the case may be) by an application filed
19 within 60 days after a change in family status or at
20 other times and under conditions prescribed by regula-
21 tions of the Office; and

22 “(B) may transfer such individual’s enrollment to
23 another plan described by section 8903 or 8903a of
24 this title at the times and under the conditions pre-
25 scribed by regulations of the Office.

1 “(3) An individual—

2 “(A) who is eligible to continue enrollment in a

3 health benefits plan under this section; but who does

4 not make an election under subsection (c), or

5 “(B) who makes an election under subsection (c),

6 but whose enrollment is subsequently ended (other than

7 by a cancellation of enrollment),

8 shall be granted a temporary extension of coverage, during

9 which such individual may exercise the option to convert,

10 without evidence of good health, to a nongroup contract pro-

11 viding health benefits. Any individual who exercises this

12 option shall pay the full periodic charges of the nongroup

13 contract.

14 “(e)(1) The coverage provided under this section for any

15 individual separated due to a reduction in force (described in

16 subsection (b)(1)) may not extend beyond the end of the 12th

17 calendar month beginning after the separation takes effect, or

18 (if earlier) the first day the individual involved becomes em-

19 ployed by any employer in a position in which the individual

20 is eligible to participate in any health benefits plan that is

21 sponsored (in whole or in part) by such employer and has

22 benefits at least equivalent to the lowest benefit level avail-

23 able under any approved Government-wide plan.

24 “(2) Under regulations prescribed by the Office of Per-

25 sonnel Management, the coverage provided under this section

1 for any other individual described in subsection (b) may not
2 extend beyond the end of the calendar month during which
3 the status or circumstances of the individual change to the
4 extent that the individual ceases to meet the applicable re-
5 quirements under paragraph (2) or (3) of such subsection, as
6 the case may be.”.

7 (2) The analysis for chapter 89 of title 5, United States
8 Code, is amended by inserting after the item relating to sec-
9 tion 8906 the following new item:

“8906a. Continuation of coverage.”.

10 (b) ANNUITANT WHOSE ANNUITY IS LESS THAN THE
11 REQUIRED INDIVIDUAL CONTRIBUTION MAY ARRANGE TO
12 PAY DEFICIENCY.—Section 8906(d) of title 5, United States
13 Code, is amended—

14 (1) by striking out “(d)” and inserting in lieu
15 thereof “(d)(1)”; and

16 (2) by adding at the end thereof the following new
17 paragraph:

18 “(2) Nothing in paragraph (1) shall be construed to pro-
19 hibit the enrollment of an annuitant whose annuity is less
20 than the withholding required under such paragraph if such
21 annuitant arranges to pay, at the times and under the condi-
22 tions prescribed by the Office, the amount of the deficiency.”.

23 (c) EFFECTIVE DATE.—The amendments made by this
24 section shall become effective with respect to contracts en-

1 tered into or renewed for any calendar year beginning after
2 the date of the enactment of this Act.

3 **SEC. 4. FINANCIAL RESPONSIBILITY REQUIREMENT.**

4 (a) **IN GENERAL.**—Section 8902 of title 5, United
5 States Code, relating to the contracting authority of the
6 Office of Personnel Management, is amended by redesignat-
7 ing subsections (d) through (m) as subsections (e) through (n),
8 respectively, and by inserting after subsection (c) the follow-
9 ing new subsection:

10 “(d) A contract for a plan described by section 8903(3)
11 of this title shall require the carrier—

12 “(1) to enter into an agreement approved by the
13 Office with an underwriting subcontractor licensed to
14 issue group health insurance in all the States and the
15 District of Columbia; or

16 “(2) to demonstrate ability to meet reasonable
17 minimum financial standards prescribed by the Office.”.

18 (b) **CONFORMING AMENDMENTS.**—(1) Section 8902(i)
19 of title 5, United States Code, as redesignated by subsection
20 (a), is amended by striking out “under subsection (g)” and
21 inserting in lieu thereof “under subsection (h)”.

22 (2) Section 8902(n)(2)(A) of title 5, United States Code,
23 as redesignated by subsection (a), is amended by striking out
24 “(k)(2)” each place it appears and inserting in lieu thereof
25 “(l)(2)”.

1 (3) Section 8913(c) of title 5, United States Code, is
2 amended by striking out "8902(g)" and inserting in lieu
3 thereof "8902(h)".

4 (c) **EFFECTIVE DATE.**—The amendments made by this
5 section shall become effective with respect to contracts en-
6 tered into or renewed for any calendar year beginning after
7 the date of the enactment of this Act.

8 **SEC. 5. MENTAL HEALTH BENEFITS.**

9 (a) **BENEFITS REQUIRED.**—The first sentence of sec-
10 tion 8904 of title 5, United States Code, is amended by
11 striking out "may" and inserting in lieu thereof "shall".

12 (b) **MENTAL HEALTH BENEFITS.**—Paragraphs (1) and
13 (2) of section 8904 of title 5, United States Code, are amend-
14 ed by adding at the end of each such paragraph the following:

15 “(G) Nervous and mental disorder benefits.

16 “(H) Alcoholism and substance abuse treatment
17 and rehabilitation benefits.”.

18 (c) **AMOUNT OF MENTAL HEALTH BENEFITS RE-**
19 **QUIRED.**—Section 8904 of title 5, United States Code, is
20 amended by adding after paragraph (4) the following:

21 “(5) No health benefits plan described in para-
22 graph (1), (2), or (3) shall be contracted for or ap-
23 proved which does not provide, without discrimination
24 as to the coinsurance ratio or the deductible, for 50
25 outpatient visits and 60 inpatient days of nervous and

1 mental disorder benefits, and two 28-day alcoholism
2 treatment and rehabilitation benefits, but such alcohol-
3 ism benefits are only required to the extent that an in-
4 dividual has not previously been enrolled in a program
5 of similar duration for which benefits were provided
6 under this chapter.

7 “(6) Whenever benefits of the type described in
8 paragraph (1)(G) or (2)(G) under any plan contracted
9 for or approved hereunder are limited, such limits shall
10 be exceeded on a case-by-case basis and only to the
11 extent that an established peer-review mechanism de-
12 termines such treatment to be medically or psychologi-
13 cally necessary and appropriate.

14 “(7) The catastrophic benefits provided for in
15 paragraph (6) of this section shall be paid out of the
16 stop-loss fund established by section 8909(a)(3) of this
17 title to the extent of 80 percent of the part of each
18 outpatient claim that exceeds 50 visits annually and 80
19 percent of the part of each inpatient claim resulting
20 from a period of hospitalization in excess of 60 days.”.

21 (d) STOP-LOSS FUND.—Section 8909(a) of title 5,
22 United States Code, is amended—

23 (1) in paragraph (1), by striking out “and”;

24 (2) in paragraph (2), by striking out the period
25 and inserting in lieu thereof “; and”; and

1 (3) by adding at the end thereof the following:

2 “(3) to pay the catastrophic benefits described in
3 paragraphs (6) and (7) of section 8904 of this title.”.

4 (e) SOURCE OF FUNDING.—Section 8909(b)(1) of title
5 5, United States Code, is amended to read as follows:

6 “(1) One percent of all contributions made avail-
7 able by subsection (a) out of which is to be allocated
8 that part determined by the Office to be reasonably
9 adequate to pay the administrative expenses referred to
10 in subsection (a)(2) with the balance to be used to pay
11 the catastrophic benefits referred to in subsection
12 (a)(3).”.

13 (f) CONFORMING AMENDMENT.—The first sentence fol-
14 lowing paragraph (2) in section 8909(b) of title 5, United
15 States Code, is amended by inserting “and for catastrophic
16 benefits” after “expenses”.

17 (g) EFFECTIVE DATE.—The amendments made by this
18 section shall become effective with respect to contracts en-
19 tered into or renewed for any calendar year beginning after
20 the date of the enactment of this Act.

21 **SEC. 6. COMPREHENSIVE DENTAL BENEFITS.**

22 (a) IN GENERAL.—Paragraphs (1) and (2) of section
23 8904 of title 5, United States Code, as amended by section 5,
24 are further amended by adding at the end of each such para-
25 graph the following:

1 “(I) Comprehensive dental benefits.”.

2 (b) **EFFECTIVE DATE.**—The amendment made by this
3 section shall become effective with respect to contracts en-
4 tered into or renewed for any calendar year beginning after
5 the date of the enactment of this Act.

6 **SEC. 7. LIMITATIONS ON BENEFIT REDUCTIONS AND OFFICE**
7 **OF PERSONNEL MANAGEMENT CONTRACTING**
8 **DISCRETION.**

9 (a) **IN GENERAL.**—Section 8902 of title 5, United
10 States Code, relating to contracting authority, as amended by
11 section 4, is amended by adding at the end thereof the follow-
12 ing new subsection:

13 “(o)(1) Except as provided under paragraph (2), the
14 Office may not negotiate or enter into any contract with any
15 qualified carrier for any health benefits plan for any calendar
16 year unless the benefits provided by such plan are actuarially
17 equivalent to at least 95 percent of (A) the benefits under the
18 plan provided by such carrier for the preceding calendar year,
19 or (B) if the plan was not offered by any carrier during the
20 preceding year, the benefits provided by the approved plan
21 which was offered during the preceding year and which is
22 most similar to the plan.

23 “(2) The requirements of paragraph (1) shall not apply if
24 the carrier and the Office mutually agree to a waiver of such
25 requirements.

1 “(3) The Office shall exercise its authority under subsec-
2 tion (a) and enter into a contract with any qualified carrier for
3 any calendar year if—

4 “(A) the plan benefits meet the applicable require-
5 ments of paragraph (1), and

6 “(B) the carrier and the plan offered by the carri-
7 er under the contract meet all applicable standards and
8 requirements established by and under this chapter.”.

9 (b) **EFFECTIVE DATE.**—The amendment made by this
10 section shall become effective with respect to contracts en-
11 tered into or renewed for any calendar year beginning after
12 the date of the enactment of this Act.

13 **SEC. 8. EMPLOYEE STATUS.**

14 (a) **IN GENERAL.**—Section 8902(g) of title 5, United
15 States Code, as redesignated by section 4(a), is amended by
16 inserting “nonactive employee status,” after “health
17 status,”.

18 (b) **EFFECTIVE DATE.**—The amendment made by this
19 section shall become effective with respect to contracts en-
20 tered into or renewed for any calendar year beginning after
21 the date of the enactment of this Act.

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