

S 1955

Health Insurance Marketplace Modernization and Affordability Act of 2006

Congress: 109 (2005–2007, Ended)

Chamber: Senate

Policy Area: Health

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Latest Action: Returned to the Calendar. Calendar No. 417. (Jul 27, 2006)

Official Text: <https://www.congress.gov/bill/109th-congress/senate-bill/1955>

Sponsor

Name: Sen. Enzi, Michael B. [R-WY]

Party: Republican • **State:** WY • **Chamber:** Senate

Cosponsors (7 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Burns, Conrad R. [R-MT]	R · MT		Nov 2, 2005
Sen. Nelson, Ben [D-NE]	D · NE		Nov 2, 2005
Sen. Burr, Richard [R-NC]	R · NC		Mar 7, 2006
Sen. Roberts, Pat [R-KS]	R · KS		Mar 27, 2006
Sen. Craig, Larry E. [R-ID]	R · ID		Apr 5, 2006
Sen. Allard, Wayne [R-CO]	R · CO		Apr 26, 2006
Sen. Cornyn, John [R-TX]	R · TX		Apr 27, 2006

Committee Activity

Committee	Chamber	Activity	Date
Health, Education, Labor, and Pensions Committee	Senate	Reported By	Apr 27, 2006

Subjects & Policy Tags

Policy Area:

Health

Related Bills

No related bills are listed.

Health Insurance Marketplace Modernization and Affordability Act of 2006 - **Title I: Small Business Health Plans** - (Sec. 101) Amends the Employee Retirement Income Security Act of 1974 (ERISA) to set forth rules for the establishment and governance of small business health plans (SBHPs). Defines a "small business health plan" as a fully insured group health plan sponsored by a trade association, an industry association, a professional association, or a chamber of commerce or similar business association that: (1) is organized and maintained in good faith for substantial purposes other than obtaining medical care; (2) is established as a permanent entity which receives the active support of its members and which requires periodic membership payments to maintain eligibility; and (3) does not condition membership or dues on health status-related factors.

Requires the Secretary of Labor to prescribe a procedure for certification of small business health plans. Deems an SBHP to be certified after 90 days if the Secretary fails to act on the certification. Allows the Secretary to assess a civil penalty for submission of an application that is willfully or with gross negligence incomplete or inaccurate.

Sets forth requirements for sponsors of SBHPs, including that sponsors must: (1) have been in operation for three years; and (2) have a Board of Trustees with complete fiscal control to operate the plan pursuant to a three-year plan. Establishes rules governing group health plans established and maintained by a franchiser.

Requires a participating employer to be the sponsor, a member of the sponsor, or an affiliated member. Requires individuals covered by the sponsor's health plan to be active or retired owners (including self-employed individuals), officers, directors, or employees of, or partners in participating employers or the dependents of such individuals.

Prohibits participating employers from providing coverage in the individual market for any employee not covered by the employer's health plan which is similar to coverage provided under the plan, if such exclusion of the employee from plan coverage is based on a health status-related factor and such employee would, but for such exclusion, be eligible for plan coverage.

Requires that an SBHP be available to all eligible employers and that information on all coverage options be readily available to any employer eligible to participate.

Prohibits the contribution rates for any participating employer from varying on the basis of any health status-related factor or the employer's type of business or industry.

Gives the SBHP sole discretion in selecting the specific benefits and services covered under the plan consistent with this Act.

Requires coverage to be issued to an SBHP in the state in which the sponsor's principal place of business is located (domicile state).

Allows an SBHP to offer coverage without a license in non-domicile states where participating employers are located if such state has failed to act on the licensure application within 90 days. Preempts state laws related to licensure, ratings, and benefits. Deems licensure requirements to be satisfied if the participating employers of an SBHP are serviced by a licensed insurer in that state, even where such insurer is not the SBHP's insurer in the domicile state.

Sets a filing fee for certification applications. Requires notification to the Secretary of any material changes in information required to be submitted in a certification plan.

Sets forth notice requirements before a certified SBHP may terminate.

Preempts any and all state laws relating to ratings and benefits which may preclude a health insurance issuer from offering health insurance coverage in connection with an SBHP.

(Sec. 102) Amends ERISA to require the Secretary to consult with the domicile state regarding the Secretary's exercise of authority under this title. Requires the Secretary to ensure that only one state for each SBHP will be recognized as the state with which consultation is required.

(Sec. 103) Deems certain state plans to be SBHPs if such plans have been in existence for at least 10 years.

Title II: Market Relief - (Sec. 201) Amends the Public Health Service Act to set forth rules governing coverage issued in the small group health insurance market.

Requires the Secretary of Health and Human Services to promulgate the Model Small Group Rating Rules to include: (1) limits on the variance of the index rate across classes of business; (2) limits on the variance of premium rates charged within a class of business among small employers with similar case characteristics for similar coverage; (3) limits on increases in the premium rate charged upon renewal; (4) limits on differential rate factors between industries; and (5) consistent application of rating factors within a class of business. Allows a small employer carrier to establish a separate class of business only to reflect substantial differences in expected claims experience or administrative costs, with a maximum of nine separate classes of business. Allows the applicable state authority to approve additional groupings to enhance the efficiency and fairness of the small employer health insurance marketplace. Prohibits a small employer carrier from transferring a small employer involuntarily from one class of business to another. Allows the applicable state authority to suspend applicable premium rates if such suspension is reasonable when considering the financial condition of the small employer carrier or if the suspension would enhance the efficiency and fairness of the marketplace.

Requires the Secretary to establish Transitional Model Small Group Rating Rules to provide for a graduated transition to the Model Small Group Rating Rules. Allows certain states that choose not to adopt the Model Small Group Rating Rules to use the Transitional Rules for a period not to exceed five years. Applies the transitional rules only to states with premium rating band requirements or premium limits that varied by less than 12.5% from the index rate within a class of business on the date of enactment of this Act. Requires the Secretary, in developing the transitional model small group rating rules, to: (1) promulgate special transition standards and timelines with respect to independent rating classes for old and new business,; and (2) provide for the application of the Transitional Model Small Group Rating Rules in transition states as necessary.

Allows an insurer that has departed the small group market in a state to reenter the market if it has been out of the market for at least 180 days.

Preempts any and all state laws that relate to rating in the small group insurance market of any state that has not enacted either the Model Small Group Rating Rules or the Transitional Model Small Group Rating Rules in their entirety and as the exclusive laws of the state (non-adopting state).

Supersedes any and all state laws of a non-adopting state insofar as such state laws: (1) prohibit an eligible insurer from offering, marketing, or implementing small group health insurance coverage consistent with the Model Small Group Rating Rules or transitional model small group rating rules; or (2) have the effect of retaliating against or otherwise punishing an eligible insurer for offering, marketing, or implementing small group health insurance coverage consistent with the Model Small Group Rating Rules or transitional model small group rating rules. Applies such preemption only to

eligible insurers that offer small group health insurance coverage in a non-adopting state.

Requires the Secretary to report to Congress on the effect of the Small Group Rating Rules on access, cost, and market functioning in the small group market.

Requires the Secretary to issue Benefit Choice Standards to allow a health insurance issuer to offer individual, small group, or large group coverage in a state when such coverage does not comply with state requirements, but only if such issuer also offers an enhanced option of that coverage that is equivalent to the coverage by a state employee coverage plan in one of the five most populous states. Requires the Secretary to publish covered benefits, services, and categories of providers covered by the state employee coverage plans in the five most populous states.

Preempts any and all state laws relating to covered benefits, services, or categories of provider in the health insurance market in a non-adopting state.

Supersedes any and all state laws of a non-adopting state insofar as such laws: (1) prohibit an eligible insurer from offering, marketing, or implementing health insurance coverage consistent with the Benefit Choice Standard; or (2) have the effect of retaliating against or otherwise punishing an eligible insurer for offering, marketing, or implementing health insurance coverage consistent with the Benefit Choice Standard.

Title III: Harmonization of Health Insurance Standards - (Sec. 301) Amends the Public Health Service Act to require the Secretary of Health and Human Services to: (1) establish the Health Insurance Consensus Standards Board (and a related advisory panel) to develop recommendations that harmonize inconsistent state health insurance laws; and (2) establish a system for public disclosure by members of the Board of financial and other potential conflicts of interest relating to such members.

Requires the Board to identify and recommend nationally harmonized standards related to: (1) form and rate filing to promote speed to market; (2) market conduct review; (3) prompt payment of claims; and (4) claims procedures consistent with ERISA. Directs the Board to recommend harmonized standards and recommendations to harmonize inconsistent state insurance laws. Prohibits the Board from recommending any harmonized standards that disrupt, expand, or duplicate the benefit, service, or provider mandate standards provided in the Benefit Choice Standards.

Requires the Secretary to certify the recommended harmonized standards using a process that ensures that the certified standards: (1) achieve regulatory harmonization nationally; (2) are the minimum necessary, with regard to substance and quantity of requirements, to protect health insurance consumers and maintain a competitive regulatory environment; and (3) will not limit the range of group health plan designs and insurance products that might otherwise be available to consumers.

Requires the Secretary to: (1) report to Congress on the effect of the harmonized standards on access, cost, and health insurance market functioning; (2) maintain an up-to-date listing of all certified harmonized standards; and (3) publish sample contract language that incorporates the harmonized standards, which may be used by insurers seeking to qualify as an eligible insurer.

Allows the states to adopt such harmonized standards.

Preempts any and all state laws of a non-adopting state that may: (1) prohibit an eligible insurer from offering, marketing, or implementing health insurance coverage consistent with the harmonized standards; or (2) have the effect of punishing

an eligible insurer for offering, marketing, or implementing health insurance coverage consistent with the harmonized standards.

Gives the federal courts exclusive jurisdiction over civil actions involving the interpretation of this Act. Allows an eligible insurer to bring a federal action for injunctive or other equitable relief against any officials or agents of a non-adopting state for any conduct or action which violates this Act.

Authorizes appropriations.

Actions Timeline

- **Jul 27, 2006:** Returned to the Calendar. Calendar No. 417.
- **May 11, 2006:** Considered by Senate. (consideration: CR S4447-4460)
- **May 11, 2006:** Cloture on the modified committee substitute not invoked in Senate by Yea-Nay Vote. 55 - 43. Record Vote Number: 119. (consideration: CR S4459-4460; text: CR S4459)
- **May 10, 2006:** Motion to proceed to consideration of measure s. 1955 agreed to in Senate by Unanimous Consent. (consideration: CR S4262-4327; text of measure as reported in Senate: CR S4262-4277)
- **May 10, 2006:** Measure laid before Senate by motion.
- **May 10, 2006:** The committee substitute was modified by Unanimous Consent. (text: CR S4277-4285)
- **May 10, 2006:** Motion by Senator Frist to recommit to Senate Committee on Health, Education, Labor, and Pensions with instructions that the committee report back forthwith the following amendment (SA 3888) made in Senate.
- **May 10, 2006:** Cloture motion on the modified committee substitute presented in Senate. (consideration: CR S4326-4327; text: CR S4326)
- **May 9, 2006:** Motion to proceed to measure considered in Senate. (consideration: CR S4163-4177, S4177-4205)
- **May 9, 2006:** Cloture on the motion to proceed invoked in Senate by Yea-Nay Vote. 96 - 2. Record Vote Number: 117. (consideration: CR S4165; text: CR S4165)
- **May 5, 2006:** Motion to proceed to consideration of measure made in Senate. (consideration: CR S4095)
- **May 5, 2006:** Cloture motion on the motion to proceed presented in Senate. (consideration: CR S4095-4096; text: CR S4095)
- **May 5, 2006:** Motion to proceed to consideration of measure withdrawn in Senate.
- **Apr 27, 2006:** Committee on Health, Education, Labor, and Pensions. Reported by Senator Enzi with an amendment in the nature of a substitute. Without written report.
- **Apr 27, 2006:** Committee on Health, Education, Labor, and Pensions. Reported by Senator Enzi with an amendment in the nature of a substitute. Without written report.
- **Apr 27, 2006:** Placed on Senate Legislative Calendar under General Orders. Calendar No. 417.
- **Mar 15, 2006:** Committee on Health, Education, Labor, and Pensions. Ordered to be reported with an amendment in the nature of a substitute favorably.
- **Nov 2, 2005:** Introduced in Senate
- **Nov 2, 2005:** Sponsor introductory remarks on measure. (CR S12242-12244)
- **Nov 2, 2005:** Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (text of measure as introduced: CR S12244-12251)