

## Towers Perrin Legislative Tracking Chart

-- Health and Welfare --

Updated May 24, 2005

### What's New:

A bill (H.R. 2072) that would allow early retirees and others between ages 55-64 to buy into Medicare, while providing such individuals a 75% tax credit for the cost of the Medicare premium.

A bill (H.R. 1872/S. 978) that would, among other things, allow HSA holders to take an above-the-line tax deduction for the cost of their high-deductible health plan premiums.

A bill (S. 897) that would clarify the calculation of the reserve allowance for medical benefits of plans sponsored by bona fide associations.

A bill (H.R. 1634/S. 772) that would expand workplace health incentives by equalizing the tax consequences of employee off-premises athletic facility use.

A bill (S. 930) that would create a new office within the FDA to monitor the safety of drugs and other biological products after FDA approval.

A bill (H.R. 2203) that would, among other things, create a refundable and advanceable tax credit to purchase health insurance, allow for the creation of AHPs, and provide federal funding to states that provide for the use of a high-risk insurance pools used to subsidize the purchase of private health insurance.

A bill (H.R. 1561) that would, among other things, increase the gross income exclusion for employer-paid adoption expenses and increase the adoption expense tax credit.

A bill (H.R. 1545) that would treat expenses for certain meal replacement and dietary supplement products as expenses for medical care.

A bill (H.R. 2122) that would provide tax credits to businesses that set up private lactation areas and encourage breastfeeding in the workplace.

Two health FSA rollover bills (H.R. 1998 and H.R. 1803) that would provide for the disposition of up to \$500 of unused FSA funds.

A bill (H.R. 2063) that would permit one-time, tax-free distributions from retirement plans to fund HSAs.

A bill (H.R. 2251) that would limit the availability of tax-free proceeds on COLI, and provide disclosure and reporting requirements for employers that hold such policies.

A bill (H.R. 2355/S. 1015) that would allow individuals to purchase health insurance policies from insurers in any state, and such policies would not need to include the benefits mandated by the individuals' home state.

A bill (S. 820) that would, among other things, promote the development of group health care cooperatives to help small businesses to pool their health care purchasing power.

**Issues:**

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**The chart summarizes selected federal legislation that would affect employee benefit programs. The bills included on the chart are based on judgments regarding the prominence of the issue, the likelihood of enactment, and the influence of the sponsors.**

## Health Coverage Initiatives

Bill	Summary	Status
<p><b>Health Care Choice Act of 2005</b></p> <p><b>S. 1015</b> <b>DeMint (R-SC)</b></p> <p><b>H.R. 2355</b> <b>Shadegg (R-AZ)</b></p>	<p><i>Access to health insurance.</i> Would amend the PHSA to allow individuals to purchase health insurance policies from insurers in any state (regardless of the individuals place of residence), and such policies would not need to provide the state-mandated benefits currently required in the individual's home state. The bill would allow insurers to go through one regulatory process and sell to consumers in all 50 states.</p>	<p>The bills were introduced on May 12, 2005. S. 1015 was referred to the Senate HELP Committee. H.R. 2355 was referred to the House Energy and Commerce Committee.</p>
<p><b>SIMPLE Cafeteria Plan Act of 2005</b></p> <p><b>S. 723</b> <b>Snowe (R-ME)</b></p>	<p><i>Long-term care.</i> Would amend IRC §125(f) to permit participants use pre-tax dollars to pay for qualified long-term care insurance premiums. Would also amend IRC §106 to permit employees to receive tax-free reimbursements from their health FSA for qualified long-term care services.</p> <p>For a summary of the bill's provisions regarding: (i) dependent care assistance plans, (ii) cafeteria plans and self-employed individuals, (iii) health and dependent care FSA rollovers, (iv) other health and dependent care FSA rule changes, and (v) health FSA account limits, see S. 723 under the "Other Health &amp; Welfare Bills" heading.</p>	<p>Introduced on April 6, 2005, and referred to the Senate Finance Committee.</p>
<p><b>Ronald Reagan Alzheimer's Breakthrough Act of 2005</b></p> <p><b>S. 602</b> <b>Mikulski (D-MD)</b></p> <p><b>H.R. 1262</b> <b>Smith (R-NJ)</b></p>	<p><i>Long-term care.</i> Would, among other things, amend the IRC to: 1) provide up to a 100% tax deduction for qualified long-term care insurance premiums; and 2) phase-in a \$3,000 tax credit for people with LTC needs (or their eligible caregiver).</p>	<p>S. 602 was introduced on March 10, 2005, and referred to the Senate Finance Committee.</p> <p>H.R. 1262 was introduced on March 10, 2005, and referred to the House Education and the Workforce, and the House Energy and Commerce Committees. This bill does not include the long-term care tax provisions. These provisions are expected to be included in a separate House bill</p>
<p><b>Long-Term Care Act of 2005</b></p> <p><b>H.R. 976</b> <b>Terry (R-NE)</b></p>	<p><i>Long-term care.</i> Would amend the IRC to allow individuals to exclude from their gross income distributions from their IRAs, 401(k), and 403(b) plans, if such distributions are used to pay long-term care premiums.</p>	<p>Introduced on February 17, 2005, and referred to the House Ways and Means Committee.</p>
<p><b>[untitled]</b></p> <p><b>H.R. 2063</b> <b>Shuster (R-PA)</b></p>	<p><i>Health savings accounts.</i> Would amend the IRC to allow employees to make onetime, tax-free distributions from eligible retirement plans to health savings accounts (HSAs).</p>	<p>Introduced on May 3, 2005, and referred to the House Ways and Means Committee.</p>

## Health Coverage Initiatives

Bill	Summary	Status
<p><b>Healthcare Tax Relief for the Uninsured Act of 2005</b></p> <p><b>S. 978</b> <b>Santorum (R-PA)</b></p> <p><b>Health Coverage for the Uninsured Act</b></p> <p><b>H.R. 1872</b> <b>Johnson (R-TX)</b></p>	<p><i>Health savings accounts/Health insurance tax credit.</i> Would amend the IRC to: 1) allow HSA-eligible individuals to take an above-the-line tax deduction for the costs of their high-deductible health plan premiums; 2) provide a refundable tax credit for small businesses (less than 100 employees) who sponsor an HSA-qualifying high-deductible health plan and make contributions to their employees' HSAs; and 3) create a refundable, advanceable tax credit for low-income individuals that purchase qualified health insurance.</p>	<p>S. 978 was introduced on May 9, 2005, and referred to the Senate Finance Committee.</p> <p>H.R. 1872 was introduced on April 27, 2005, and referred to the House Ways and Means Committee.</p>
<p><b>Patients' Health Care Reform Act</b></p> <p><b>H.R. 2203</b> <b>Shadeegg (R-AZ)</b></p>	<p><i>Health insurance tax credit.</i> Sections 501 and 502 of the bill would amend the IRC to: 1) create a refundable, advanceable tax credit for the purchase qualified health insurance, and 2) provide certain employees who elect not to participate in employer-subsidized health plans an exclusion from their gross income for employer payments in lieu of such participation, but only to the extent such employer payments are used by the employee to purchase qualified health insurance, or contributed to an Archer MSA or HSA.</p> <p><i>High-risk insurance pools.</i> Section 301 of the bill would allow HHS to provide states with an amount equal to 50% of the funds expended by a state in providing for the use of a high-risk pool, a reinsurance pool, or other risk-adjustment mechanism used to subsidize the purchase of private health insurance.</p> <p><i>Association health plans.</i> Section 401 of the bill would amend ERISA to authorize formation of association health plans (AHPs) that could self-insure without the legal risks (i.e., subject to state insurance regulation) currently associated with operating an uninsured MEWA.</p>	<p>Introduced May 5, 2005, and referred to the House Education and the Workforce, the House Energy and Commerce, and House Ways and Means Committees.</p>
<p><b>Fair Care for the Uninsured Act of 2005</b></p> <p><b>H.R. 765</b> <b>Smith (R-MN)</b></p>	<p><i>Health insurance tax credit.</i> Would amend the IRC to create a refundable, advanceable tax credit for the purchase of private qualified health insurance, specifically for uninsured workers who do not have access to employer-provided insurance. The tax credit would be \$1,000 for an individual or up to \$3,000 per family. The bill would also seek to assure the availability of qualified health insurance coverage to uninsurable individuals by establishing State health insurance safety-net programs in every state.</p>	<p>Introduced on February 10, 2005, and referred to the House Energy and Commerce, and the House Ways and Means Committees.</p>

## Health Coverage Initiatives

Bill	Summary	Status
<p><b>State High Risk Pool Funding Extension Act of 2005</b></p> <p><b>S. 288</b> <b>Gregg (R-NH)</b></p>	<p><i>High-risk insurance pools.</i> Would amend the PHSA to reauthorize \$15 million in unused seed grants for fiscal 2005-2006 for states that establish new high-risk health insurance pools. High-risk pools are nonprofit associations created by states in order to offer health insurance to individuals who are unable to obtain affordable private health insurance because they have a pre-existing medical condition. The bill would also authorize \$75 million for fiscal years 2005-2009 to states with existing high-risk pools. Reportedly, 31 states have risk pools or are in the process of creating them.</p>	<p>On February 2, 2005, the Senate HELP Committee approved S. 288. The bill now advances to the full Senate.</p>
<p><b>Promoting Health Care Purchasing Cooperative Act</b></p> <p><b>S. 820</b> <b>Feingold (D-WI)</b></p>	<p><i>Association health plans.</i> Would authorize HHS to award up to \$60 million grants for fiscal years 2006-2015 to help self-insured employers and small businesses form group health care purchasing cooperatives in order to obtain enhanced benefits, reduce health care rates, and improve quality for their employees' health care.</p>	<p>Introduced on April 15, 2005 and referred to the Senate HELP Committee.</p>
<p><b>Small Business Health Fairness Act of 2005</b></p> <p><b>S. 406</b> <b>Snowe (R-ME)</b></p> <p><b>H.R. 525</b> <b>Johnson (R-TX)</b></p>	<p><i>Association health plans.</i> Would amend ERISA to authorize formation of association health plans (AHPs) that could self-insure without the legal risks (i.e., subject to state insurance regulation) currently associated with operating an uninsured MEWA.</p>	<p>S. 406 was introduced on February 16, 2005, and referred to the Senate HELP Committee. On April 20, 2005, the Senate Small Business and Entrepreneurship Committee held a hearing on the bill.</p> <p>On March 16, 2005, the House Education and the Workforce Committee approved H.R. 525 by a party-line vote (25-22).</p> <p>These bills are very similar to House-passed legislation (H.R. 660 and H.R. 4279) from the 108<sup>th</sup> Congress.</p> <p>Both President Bush and DOL Secretary Elaine Chao continue to support AHPs as a means to increasing access to affordable, quality health care for small businesses.</p>

**Health Coverage Initiatives**

<b>Bill</b>	<b>Summary</b>	<b>Status</b>
<p><b>Standing with Our Troops Act of 2005</b></p> <p><b>S. 11</b> <b>Levin (D-MI)</b></p>	<p><i>Reservist health care.</i> Would provide cost share access to the military's TRICARE health care program for all members of the Selected Reserve and their families. Under the bill, reservists would pay 28% of the health care premiums, and the federal government would pay the remainder. Reservists' dependents also would be eligible for health coverage. Additionally, the bill would provide employees called up for active military service who, instead of enrolling in TRICARE, opt to retain their employer-provided health coverage (including COBRA coverage), a federal subsidy for a portion of those premium costs.</p> <p>[See the Retirement and HR LTCs for the bill's pension and employment-related provisions.]</p>	<p>Introduced on January 24, 2005, and referred to the Senate Finance Committee.</p>
<p><b>Affordable Health Care Act</b></p> <p><b>S. 16</b> <b>Kennedy (D-MA)</b></p>	<p><i>Dependent health coverage.</i> Would amend ERISA and the PHSA to require group health plans, and health insurance issuers providing health insurance coverage in connection with group health plans, to offer participants the option of purchasing dependent coverage for children under age 21, but it would not require employer contributions for such dependent coverage.</p> <p>For a summary of the bill's provisions regarding: (i) prescription drug reimportation and (ii) medical errors, see S. 16 under the "Other Health &amp; Welfare Bills" heading.</p>	<p>Introduced on January 24, 2005, and referred to the Senate Finance Committee.</p>

<b>Medicare</b>		
<b>Bill</b>	<b>Summary</b>	<b>Status</b>
<b>Medicare Early Access Act of 2005</b>  <b>H.R. 2072</b> <b>Stark (D-CA)</b>	<i>Early Medicare access.</i> Would amend Title XVIII of the SSA to provide early retirees and other individuals aged 55 to 64 who are not eligible for health insurance coverage under a public or group health plan, early access to Medicare in return for a full premium payment. Additionally, the bill would amend the IRC to allow a 75% refundable, advanceable tax credit for payment of such premiums.	Introduced on May 4, 2005, and referred to the House Education and the Workforce, the House Energy and Commerce, and the House Ways and Means Committees.
<b>Medicare Prescription Drug Sensibility Act</b>  <b>H.R. 712</b> <b>King (R-IA)</b>	<i>Prescription drug benefit.</i> Would amend Title XVIII of the SSA to exclude coverage of drugs prescribed for the treatment of impotence (e.g., Viagra) under the new Medicare prescription drug benefit (Part D).	Introduced on February 9, 2005, and referred to the House Energy and Commerce, and the House Ways and Means Committees.
<b>Medicare Enhancements for Needed Drugs (MEND) Act of 2005</b>  <b>S. 239</b> <b>Snowe (R-ME)</b>	<i>Prescription drug benefit.</i> Would amend Title XVIII of the SSA to give the Secretary of HHS the authority to negotiate contracts with drug manufactures for lower prices of covered Part D drugs on behalf of Medicare beneficiaries. The bill would <i>require</i> the Secretary to negotiate directly with drug manufacturers for each fallback PDPs, and participate in negotiations of contracts upon request of an approved PDP or MA-PD. The bill would also require the GAO to conduct an on-going annual study and submit to Congress a report on the average price of the 20 most utilized prescription drugs by Medicare beneficiaries.	Introduced on February 1, 2005, and referred to the Senate Finance Committee.  <u>Note:</u> Numerous other Medicare reform bills have been introduced (mostly sponsored by Democrats) in both chambers of Congress. However, due to their unlikelihood of passage, they will not be tracked on this chart at this time. President Bush has stated that he will veto any legislation that attempts to scale back the Medicare Rx benefit.
<b>Meeting Our Responsibility to Medicare Beneficiaries Act of 2005</b>  <b>S. 18</b> <b>Dayton (D-MN)</b>	<i>Prescription drug benefit.</i> Would amend Title XVIII of the SSA to give the Secretary of HHS the authority to negotiate contracts with drug manufacturers for lower prices of covered part D drugs on behalf of Medicare beneficiaries. Additionally, this bill would <i>require</i> the Secretary to negotiate directly with drug manufacturers for lower prices of covered Part D drugs offered under private health plans (i.e., PDPs and MA-PDs) if such plans are not able to obtain prices comparable to those arranged by other Federal government programs. The bill would also: 1) reduce Medicare Part B premiums, 2) provide a transitional waiver for Part D late enrollment penalties, 3) require that there be a Federal fallback drug plan available to beneficiaries unless there are at least two private PDPs in an area , 4) require a GAO study and report on providing incentives to employers to preserve retiree health coverage, 5) address coverage gaps in the new prescription drug benefit, 6) require the Secretary to publicly disclose (via the CMS website) certain information regarding plan sponsors who receive the federal drug subsidy, including the total amount of the subsidy payments made to the plan sponsor, and 7) repeal the MA Regional Plan Stabilization Fund, a \$10 billion fund set aside to increase payments to private health plans to entice them to participate in Medicare.	Introduced on January 24, 2005, and referred to the Senate Finance Committee.  <u>Note:</u> Numerous other Medicare reform bills have been introduced (mostly sponsored by Democrats) in both chambers of Congress. However, due to their unlikelihood of passage, they will not be tracked on this chart at this time. President Bush has stated that he will veto any legislation that attempts to scale back the Medicare Rx benefit.

**Health Benefit Mandates**

<b>Bill</b>	<b>Summary</b>	<b>Status</b>
<p><b>Paul Wellstone Mental Health Equitable Treatment Act of 2005</b></p> <p><b>H.R. 1402</b> <b>Kennedy (D-RI)</b></p>	<p><i>Mental health parity.</i> Would expand the current limited mental health parity requirements in ERISA §712 and the PHSA to mandate equal coverage of mental health benefits with respect to health benefits coverage unless comparable limitations are imposed on other medical and surgical benefits; i.e., so-called “full parity.” Would eliminate the current law exception from the mandate for plans where the standard causes more than a one-percent increase in health care premiums. Would continue to exempt small employers with less than 50 employees.</p>	<p>Introduced on March 17, 2005, and referred to the House Education and the Workforce, and the House Energy and Commerce Committees.</p>
<p><b>Help Expand Access to Recovery and Treatment (HEART) Act of 2005</b></p> <p><b>S. 803</b> <b>Coleman (R-MN)</b></p> <p><b>Time for Recovery and Equal Access to Treatment in America (TREAT America) Act of 2005</b></p> <p><b>H.R. 1258</b> <b>Ramstad (R-MN)</b></p>	<p><i>Substance abuse treatment.</i> Would amend ERISA, the PHSA, and the IRC to provide parity in the application of treatment limitations and financial requirements to substance abuse treatment benefits under group health plans and health insurance coverage. Would exempt small employers with less than 50 employees, and would exempt group health plans that experience an increase in costs under the plan of at least 1 percent due to such coverage.</p>	<p>S. 803 was introduced on April 14, 2005, and referred to the Senate HELP Committee.</p> <p>H.R. 1258 was introduced on March 10, 2005, and referred to the House Education and the Workforce, the House Energy and Commerce, and the House Ways and Means Committees.</p>
<p><b>Treatment of Children's Deformities Act of 2005</b></p> <p><b>H.R. 1000</b> <b>Kelly (R-NY)</b></p>	<p><i>Child deformities.</i> Would amend ERISA, the PHSA and the IRC to require insurers and group health plans to provide coverage for treatment of a minor child's congenital or developmental deformity or disorder due to trauma, infection, tumor, or disease. Would establish standards relating to benefits for these disorders and differentiates between cosmetic and reconstructive surgery, requiring insurers to provide coverage for the latter.</p>	<p>Introduced on March 1, 2005, and referred to the House Education and the Workforce, the House Energy and Commerce, and the House Ways and Means Committees.</p>



## Other Health & Welfare Bills

Bill	Summary	Status
<p><b>SIMPLE Cafeteria Plan Act of 2005</b></p> <p><b>S. 723</b> <b>Snowe (R-ME)</b></p>	<p><i>Health and dependent care FSA rollovers.</i> Would amend IRC §125 on cafeteria plans to allow up to \$500 of unused funds in a health or dependent care FSA to be carried forward to the following plan year or contributed into an IRA, 401(k) plan, 403(b) plan, governmental 457(b) plan, or a health savings account (HSA). The \$500 carry-over amount would be indexed for inflation. Additionally, upon termination of employment (including by death or disability), an FSA may allow a participant to receive a taxable cash payment equal to the total unused account balance as of the date of such separation from employment.</p> <p><i>Health and dependent care FSA rule changes.</i> Would amend IRC §125 on cafeteria plans to eliminate the restrictive “change in status” rules with respect to mid-year FSA election changes - that is, an FSA may be written to permit a participant may make or modify any FSA election at any time for any or no reason. However, in no event can an FSA restrict a participant’s right to change his or her FSA election to less than 4 different times during the year. Additionally, the bill would eliminate the “uniform coverage” requirement that applies to health FSAs, so that a plan is only required to reimburse a participant for covered expenses up to the amount of the participant’s account balance.</p> <p><i>Health FSA account limit.</i> Would amend IRC §106 to limit to \$7,500 the amount of tax-free employer-provided coverage (including employee pre-tax salary reductions) an employee could receive under a health FSA. Currently, there is no statutory limit on the amount that can be reimbursed under a health FSA (limits are determined via plan design). The \$7,500 limit is increased by \$2,500 for each additional individual covered by the FSA. The \$7,500 (and \$2,500 additional coverage amount) would be indexed for inflation.</p> <p><i>Dependent care assistance.</i> Would amend IRC §129 to increase the gross income exclusion for employer-provided dependent care assistance from the current \$5,000 (\$2,500 for a married employee who files separately) to \$10,000 (\$5,000) for employees with two or more qualifying individuals, and would index that amount for inflation. The bill would also amend some of the IRC §129 average benefit nondiscrimination testing procedures (e.g., changes the 55% benefits test to 60%, provides for the exclusion of employees earning less than \$30,000, up from \$25,000).</p> <p><i>Cafeteria plans and self-employed individuals.</i> Would amend IRC §§79, 105, 106 and 125, so that the term employee now includes self-employed individuals, and as a result, such self-employed individuals could participate in an employer’s cafeteria plan and/or receive tax-free employer-provided group-term life or health coverage.</p> <p>For a summary of the bill’s provisions regarding long-term care benefits, see S. 723 under the “Health Care Initiatives” heading.</p>	<p>Introduced on April 6, 2005, and referred to the Senate Finance Committee.</p> <p><u>Note:</u> The Treasury Department has stated in a letter that they do not think that they have the sufficient legal authority to eliminate or modify the longstanding “use-it-or-lose-it” rule. However, on May 18, 2005, the IRS issued guidance (Notice 2005-42), allowing (but not requiring) employers to amend their cafeteria plan document to provide for a grace period of up to 2 ½ months immediately following the end of each plan year. As a result, participants with a balance remaining in their health care or dependent care FSA at the end of the 12-month cafeteria plan year may have an extra 2 ½ months in which to incur expenses that may be reimbursed from the year-end FSA balance. Employers looking to take advantage of the new guidance must amend their cafeteria plan document to adopt the grace period. According to the IRS, an employer may adopt such an amendment during the 2005 plan year so that the new grace period would apply to the first 2 ½ months of 2006.</p>

<b>Other Health &amp; Welfare Bills</b>		
<b>Bill</b>	<b>Summary</b>	<b>Status</b>
<p>[untitled] <b>S. 309</b> <b>DeMint (R-SC)</b></p> <p>[untitled] <b>H.R. 1998</b> <b>McCrery (R-LA)</b></p>	<p><i>Health FSA rollovers.</i> Would amend IRC §125 on cafeteria plans to allow up to \$500 of unused funds in a health FSA to be carried forward to the following plan year or deposited into a health savings account (HSA).</p>	<p>S. 309 was introduced on February 8, 2005, and referred to the Senate Finance Committee.</p> <p>H.R. 1998 was introduced on April 21, 2005, and referred to the House Ways and Means Committee.</p> <p>These bills, while identical in content, are not technically companion bills.</p> <p>The bills are identical to provisions contained in House-passed legislation (H.R. 4279) from the 108<sup>th</sup> Congress.</p>
<p>[untitled] <b>H.R. 1803</b> <b>Royce (R-CA)</b></p>	<p><i>Health FSA rollovers.</i> Would amend IRC §125 on cafeteria plans to allow up to \$500 of unused funds in a health FSA to be carried forward to the following plan year, or to be deposited into a health savings account (HSA) or a qualified retirement plan.</p>	<p>Introduced on April 21, 2005 and referred to the House Ways and Means Committee.</p>
<p><b>Working Parents Child Care Relief Act</b></p> <p><b>H.R. 1275</b> <b>Baldwin (D-WI)</b></p>	<p><i>Dependent care assistance.</i> Would amend IRC §129 to increase the gross income exclusion for employer-provided dependent care assistance from \$5,000 (\$2,500 for a married employee who files separately), to \$6,000 (\$3,000), and would index that amount for inflation.</p>	<p>Introduced on March 14, 2005, and referred to the House Ways and Means Committee.</p> <p>This bill would bring the amount that an employee could contribute to a dependent care FSA under IRC §129, in line with the amount of dependent care expenses that a taxpayer can use to figure the tax credit under IRC §21, which was amended effective 2003.</p>
<p>[untitled] <b>H.R. 351</b> <b>Platts (R-PA)</b></p>	<p><i>Dependent care tax credit.</i> Would make permanent the tax cuts in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) relating to the dependent care tax credit under IRC §21, and would make that credit refundable.</p>	<p>Introduced on January 25, 2005, and referred to the House Ways and Means Committee.</p>
<p>[untitled] <b>S. 484</b> <b>Warner (R-VA)</b></p> <p><b>H.R. 994</b> <b>Davis (R-VA)</b></p>	<p><i>Federal retiree health pre-tax contributions.</i> Would amend the IRC to: 1) allow federal civilian and military retirees to pay health insurance premiums on a pre-tax basis, and 2) provide active duty military an above-the-line tax deduction for the costs of TRICARE supplemental premiums.</p>	<p>These bills were introduced March 1, 2005. S. 484 was referred to the Senate Finance Committee.</p> <p>On May 17, 2005, the House Government Reform Subcommittee on Federal Workforce and Agency Organization unanimously approved H.R. 994.</p>

**Other Health & Welfare Bills**

Bill	Summary	Status
<p><b>Hospital Price Disclosure Act of 2005</b></p> <p><b>H.R. 1362</b> <b>Lipinski (D-IL)</b></p>	<p><i>Consumerism.</i> Would amend Title XVIII of the SSA to require hospitals and ambulatory surgical centers to quarterly report to the Secretary of HHS information on the frequency with which the hospital or center performed a certain procedure or administered a certain drug, and the average and median prices charged for such procedures or drugs for: (i) the 25 most frequently performed inpatient procedures, (ii) the 25 most frequently performed outpatient procedures, and (iii) the 50 most frequently administered medications. HHS would then post those prices on a public website.</p>	<p>Introduced on March 17, 2005, and referred to the House Energy and Commerce, and the House Ways and Means Committees.</p>
<p><b>Bankruptcy Abuse Prevention and Consumer Protection Act of 2005</b></p> <p><b>S. 256</b> <b>Grassley (R-IA)</b></p> <p><b>P.L. 109-8</b></p>	<p><i>Bankruptcy.</i> Would require courts to reinstate retiree benefits that a corporate debtor modified with the 180-day period preceding the bankruptcy filing. The bill would also prescribe guidelines for the disposal of patient records when a health care business (not including a HMO) commences a proceeding for debtor relief and where the trustee does not have sufficient funds to pay for the storage of patient records as required by law. Additionally, the bill would protect from the claims of employers' creditors amounts withheld from employee wages (both pre- and post-tax contributions) to, among other types of plans, an ERISA-covered employee benefits plan, certain governmental plans, and health insurance plans regulated by state law, even if such monies have not been deposited in a separate trust or fund.</p> <p>[See the Retirement and HR LTCs for the bill's pension and employment-related provisions.]</p>	<p>President Bush signed S. 256 into law on April 20, 2005. It is now Public Law 109-8.</p>
<p>[untitled]</p> <p><b>S. 897</b> <b>Hatch (R-UT)</b></p>	<p><i>"10-or-more" employer plans/419A.</i> Would amend the IRC to allow a bona fide association (which, among other requirements, is an association which has been actively in existence for at least five years and has been formed and maintained in good faith for purposes other than obtaining insurance) to maintain an additional reserve fund for medical benefits plans not to exceed 35% of the sum of certain direct costs and changes in claims incurred.</p>	<p>Introduced on April 25, 2005, and referred to the Senate Finance Committee.</p>
<p><b>Pregnancy Discrimination Act Amendments of 2005</b></p> <p><b>H.R. 2122</b> <b>Maloney (D-NY)</b></p>	<p><i>Business tax credit.</i> Would, among other things, amend the IRC to give employers up to a 50% tax credit (but no more than \$10,000 per year) for expenses incurred to establish workplace lactation stations, purchase or rent lactation-related equipment, and hire lactation consultants. It would also make expenses incurred for breastfeeding equipment deductible for individuals as medical care expenses.</p>	<p>Introduced on May 5, 2005, and referred to the House Education and the Workforce, the House Energy and Commerce, and the House Ways and Means Committees.</p>

## Other Health & Welfare Bills

Bill	Summary	Status
<p><b>Workforce Health Improvement Program Act of 2005</b></p> <p><b>S. 772</b> <b>Cornyn (R-TX)</b></p> <p><b>H.R. 1634</b> <b>Wamp (R-TN)</b></p>	<p><i>Athletic facility fringe benefit.</i> Would extend the IRC §132(j)(4) athletic facility fringe benefit to exclude from employees' gross income fees, dues or membership expenses paid by an employer to certain off-premises athletic or fitness facilities on behalf of its employees [S. 772 limits the exclusion to \$900/year]. The bill would also give employers a tax deduction for fees or dues paid to an athletic or fitness facility.</p>	<p>The bills were introduced on April 14, 2005. S. 772 was referred to the Senate Finance Committee. H.R. 1634 was referred to the House Ways and Means Committee.</p>
<p><b>Commuter Benefits Equity Act of 2005</b></p> <p><b>S. 787</b> <b>Schumer (D-NY)</b></p>	<p><i>Transportation fringe benefit.</i> Would amend IRC §132(f) to create a uniform dollar limitation for qualified parking and transportation (e.g., transit passes) fringe benefits. The dollar amount would also be increased to \$200 and indexed for inflation.</p>	<p>Introduced on April 14, 2005, and referred to the Senate Finance Committee.</p>
<p>[untitled]</p> <p><b>H.R. 807</b> <b>Blumenauer (D-OR)</b></p>	<p><i>Transportation fringe benefit.</i> Would extend the IRC §132(f) transportation fringe benefit to bicycle commuters.</p>	<p>Introduced on February 15, 2005, and referred to the House Ways and Means Committee.</p>
<p><b>Family Friendly Employers Act of 2005</b></p> <p><b>H.R. 1518</b> <b>Keller (R-FL)</b></p>	<p><i>Educational assistance.</i> Would amend IRC §127 to expand the gross income exclusion for employer-provided educational assistance to include up to \$2,500 of educational assistance provided to dependents of employees.</p>	<p>Introduced on April 6, 2005, and referred to the House Ways and Means Committee.</p>
<p>[untitled]</p> <p><b>H.R. 265</b> <b>Bradley (R-NH)</b></p>	<p><i>Student loan repayments.</i> Would amend the IRC to provide a gross income exclusion for qualified education loan payments made by an employer on behalf of an employee.</p>	<p>Introduced January 6, 2005, and referred to the House Ways and Means Committee.</p>
<p><b>Childhood Adoption Act of 2005</b></p> <p><b>H.R. 1561</b> <b>Ford (D-TN)</b></p>	<p><i>Adoption assistance.</i> Would, among other things, amend the IRC to increase the gross income exclusion under §137 for employer-provided adoption expenses from \$10,000 to \$15,000. Would also increase the adoption expense tax credit under IRC §23 from \$10,000 to \$15,000; and make the tax credit refundable.</p>	<p>Introduced on April 12, 2005, and referred to the House Ways and Means Committee.</p>
<p>[untitled]</p> <p><b>H.R. 347</b> <b>Platts (R-PA)</b></p>	<p><i>Adoption assistance.</i> Would: 1) make permanent the tax cuts in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) relating to the adoption expense tax credit under IRC §23, and 2) repeal the 5-year limitation on the carry-forward of unused credits.</p>	<p>Introduced on January 25, 2005, and referred to the House Ways and Means Committee.</p>
<p><b>The Adoption Tax Relief Guarantee Act</b></p> <p><b>S. 246</b> <b>Bunning (R-KY)</b></p>	<p><i>Adoption assistance.</i> Would make permanent the tax cuts in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) relating to the gross income exclusion for employer-provided adoption assistance under IRC §137, as well as the adoption expense tax credit under IRC §23.</p>	<p>Introduced on February 1, 2005, and referred to the Senate Finance Committee.</p> <p>This bill is identical to legislation (H.R. 1057) that unanimously passed in the House in the 108<sup>th</sup> Congress.</p>

<b>Other Health &amp; Welfare Bills</b>		
<b>Bill</b>	<b>Summary</b>	<b>Status</b>
<p>[untitled]</p> <p><b>H.R. 897 Camp (R-MI)</b></p>	<p><i>Group legal service plans.</i> Would amend the IRC to restore the lapsed provisions of IRC §120, make the gross income exclusion unlimited and make the exclusion permanent for amounts received under qualified group legal services plans.</p>	<p>Introduced February 17, 2005, and referred to the House Ways and Means Committee.</p>
<p><b>HIPAA Recreational Injury Technical Correction Act</b></p> <p><b>S. 577 Collins (R-ME)</b></p>	<p><i>Source of injury medical expenses.</i> Would amend ERISA, the PHSA and the IRC to prohibit insurers and health plans from including "source of injury" exclusion provisions and denying payment for injuries suffered while engaging in any legal but risky recreational or transportation activity. These activities typically include skiing, horseback riding, snowmobiling or motorcycling.</p>	<p>Introduced on March 9, 2005, and referred to the Senate HELP Committee.</p> <p>This bill is identical to legislation (S. 423) that unanimously passed in the Senate in the 108<sup>th</sup> Congress.</p>
<p><b>Employee Benefits Protection Act of 2005</b></p> <p><b>H.R. 1058 McCarthy (D-NY)</b></p>	<p><i>Plan eligibility.</i> Would amend ERISA §402 to forbid an employer or plan sponsor from excluding any person from participation in an employee benefit plan based on the placement or reclassification of such employee in any category of workers (such as temporary employees, leased employees, agency employees, staffing firm employees, contractors, or any similar category), if the employee performs the same work (or substantially the same work) for the employer as other employees who generally are not excluded from participation in the plan and meets the minimum age and service term of the plan.</p>	<p>Introduced on March 2, 2005, and referred to the House Education and the Workforce Committee.</p>
<p><b>Genetic Information Nondiscrimination Act of 2005</b></p> <p><b>S. 306 Snowe (R-ME)</b></p> <p><b>H.R. 1227 Biggert (R-IL)</b></p>	<p><i>Genetic nondiscrimination.</i> Would amend ERISA, the PHSA and Title XVIII of the SSA to prohibit group health plans, health insurance issuers and issuers of Medigap policies from using genetic information to deny coverage or to set premiums and rates. The bill would prohibit such entities from using, disclosing or collecting genetic information for purposes of underwriting, determinations of eligibility to enroll, premium rating, or the creation, renewal or replacement of a plan, contract or coverage for health insurance or health benefits. Finally, the bill would prohibit such entities from collecting genetic information prior to enrollment. Entities that hold genetic information would have to treat it in compliance with existing privacy rules.</p> <p>[See the HR LTC for a summary of the bill's employment-related provisions.]</p>	<p>On February 17, 2005, the Senate unanimously approved S. 306.</p> <p>H.R. 1227 was introduced on March 10, 2005, and referred to the House Energy and Commerce, House Education and the Workforce, and the House Ways and Means Committees.</p> <p>House Republican leaders have yet to express an interest in bringing genetic nondiscrimination legislation to a floor vote, so it is uncertain whether the House will consider S. 306 any time soon.</p> <p>These bills are similar to Senate-passed legislation (S. 1053) from the 108<sup>th</sup> Congress, and is supported by President Bush.</p>
<p><b>Dietary Supplement and Healthy Meal Replacement Tax Parity Act of 2005</b></p> <p><b>H.R. 1545 Cannon (R-UT)</b></p>	<p><i>Unreimbursed medical expenses.</i> Would amend IRC §213(d) to treat expenses for certain meal replacement and dietary supplement products that qualify for FDA-approved health claims as expenses for medical care.</p>	<p>Introduced on April 12, 2005, and referred to the House Ways and Means Committee.</p>

## Other Health & Welfare Bills

Bill	Summary	Status
<p><b>Health Care Freedom of Choice Act</b></p> <p><b>H.R. 66</b> <b>Cox (R-CA)</b></p>	<p><i>Unreimbursed medical expenses.</i> Would amend IRC §213 to allow taxpayers to deduct unreimbursed medical expenses by repealing the provision in the current law that limits such deductions to the amount that exceeds 7.5% of AGI.</p>	<p>Introduced on January 4, 2005, and referred to the House Ways and Means Committee.</p>
<p><b>[untitled]</b></p> <p><b>H.R. 51</b> <b>Burgess (R-TX)</b></p>	<p><i>Group-term life.</i> Would amend IRC §79 to increase the dollar limitation on employer-provided group term life insurance that can be excluded from the gross income of the employee from \$50,000 to \$300,000, and would index that amount for inflation.</p>	<p>Introduced on January 4, 2005, and referred to the House Ways and Means Committee.</p>
<p><b>Social Security Number Misuse Prevention Act</b></p> <p><b>S. 29</b> <b>Feinstein (D-CA)</b></p>	<p><i>SSN Privacy.</i> Would prohibit the misuse, sale, display or purchase of social security numbers. However, the bill allows certain uses of the numbers for background checks and consumer reports, among other things.</p> <p>The bill may pose problems for benefits plan administration.</p>	<p>Introduced on January 24, 2005, and referred to the Senate Judiciary Committee.</p>
<p><b>Help Efficient, Accessible, Low-Cost, Timely Healthcare (HEALTH) Act of 2005</b></p> <p><b>S. 354</b> <b>Ensign (R-NV)</b></p> <p><b>H.R. 534</b> <b>Cox (R-CA)</b></p>	<p><i>Medical liability reform.</i> Would establish a \$250,000 cap on non-economic damages (e.g., pain and suffering) but would not limit awards for economic losses. Would limit punitive damages against providers and insurers to twice the economic damages or \$250,000, whichever was greater. Would also limit the number of years a plaintiff can wait before filing a health care liability action and allocates damages in proportion to a party's degree of fault. The bill also limits attorney fees based on a sliding award scale. Additionally, the bill would shield drug or medical device manufacturers from punitive damages if the FDA approved their products.</p>	<p>S. 354 was introduced on February 10, 2005, and referred to the Senate HELP Committee.</p> <p>H.R. 534 was introduced on February 2, 2005, and referred to the House Energy and Commerce, and House Judiciary committees. On February 17, 2005 the House Small Business Committee held a hearing on the bill.</p> <p>These bills are similar to House-passed legislation (H.R. 5 and H.R. 4279) from the 108<sup>th</sup> Congress, but failed to pass cloture vote in the Senate. President Bush supports medical liability reform.</p>
<p><b>Patient Safety and Quality Improvement Act of 2005</b></p> <p><b>S. 544</b> <b>Jeffords (I-VT)</b></p>	<p><i>Medical errors.</i> Would amend Title IX of the PHSA to improve patient safety by establishing a voluntary medical errors reporting system. Health care providers would be allowed to voluntarily and confidentially report medical errors to public and private Patient Safety Organizations (PSOs). PSOs would be certified by the Secretary of HHS, who also would designate individuals and entities to create and maintain a national patient safety database. The measure would prohibit the use of PSO reports in civil, criminal or administrative proceedings or in accreditation actions.</p>	<p>On March 9, 2005, the Senate HELP Committee unanimously approved by voice vote S. 544. The bill now goes to the full Senate where it is expected to pass.</p> <p>This bill is identical to Senate-passed legislation (S. 720) from the 108<sup>th</sup> Congress. The House also passed a similar version of this legislation (H.R. 663) in the 108<sup>th</sup> Congress, but unresolved differences in the two bills prevented the measure from being sent to the President to sign.</p>

## Other Health & Welfare Bills

Bill	Summary	Status
<p><b>Affordable Health Care Act</b></p> <p><b>S. 16</b> <b>Kennedy (D-MA)</b></p>	<p><i>Medical errors.</i> Would provide the FDA additional authority to require follow-up studies to monitor the safety of approved drugs.</p> <p><i>Prescription drug importation.</i> Would allow importation of FDA-approved prescription drugs from Canada and other countries by registered importers.</p> <p>For a summary of the bill's provisions regarding dependent health coverage, see S. 16 under the "Health Coverage Initiatives."</p>	<p>Introduced on January 24, 2005, and referred to the Senate Finance Committee.</p>
<p><b>Food and Drug Administration Safety Act of 2005</b></p> <p><b>S. 930</b> <b>Grassley (R-IA)</b></p>	<p><i>Prescription drug safety.</i> Would create a new and independent office within the FDA that would be responsible for ensuring the safety and effectiveness of drugs and biological products once they are on the market. Specifically, the bill would empower the new office with significant authorities to require drug companies to conduct further safety studies of new drugs, require them to take action to reduce risks. Additionally, the bill would require product sponsors to submit promotional materials 30 days prior to dissemination and require additional advertising disclosures for many drugs. All new products as well as those with incomplete post-marketing studies would have their promotional materials scrutinized by the office for the first two years after initial drug approval. The bill's advertising provisions would mandate FDA review of promotional materials but does not require FDA approval before an advertisement can be broadcast.</p>	<p>Introduced on April 27, 2005, and referred to the Senate HELP Committee.</p>
<p><b>Prescription Drug Affordability Act</b></p> <p><b>H.R. 578</b> <b>Paul (R-TX)</b></p>	<p><i>Prescription drug importation and tax credit.</i> Would amend the IRC to provide seniors with a tax credit equal to 80% of their prescription drug costs. Additionally, the bill would amend the FDA to reduce federal regulations that prohibit consumers from importing or re-importing FDA-approved pharmaceuticals. Finally, the bill would end federal regulation of Internet pharmacies that sell FDA-approved drugs by state-licensed pharmacies.</p>	<p>Introduced on February 2, 2005, and referred to the House Energy and Commerce, and the House Ways and Means Committees.</p>
<p><b>Pharmaceutical Market Access and Drug Safety Act</b></p> <p><b>S. 334</b> <b>Dorgan (D-ND)</b></p> <p><b>H.R. 700</b> <b>Emerson (R-MO)</b></p>	<p><i>Prescription drug importation.</i> Would allow pharmacies and wholesalers to import drugs only from countries with comparable regulation to that of the FDA, including Canada, within one year of the bill's enactment. Anti-counterfeiting measures would be adopted, along with the requirement to have licensed pharmacists track, examine, and label the imported drugs. The bill would also give the FTC the authority to take action against companies that try to cut off drug supplies to wholesalers in participating countries and provides for treble damages for violations.</p>	<p>The bills were introduced on February 9, 2005. S. 334 was referred to the Senate HELP Committee. H.R. 700 was referred to the House Energy and Commerce Committee.</p> <p>On April 19, 2005, the Senate HELP Committee held a hearing on S. 334.</p>

## Other Health & Welfare Bills

Bill	Summary	Status
<p><b>Pharmaceutical Market Access Act of 2005</b></p> <p><b>S. 109</b> <b>Vitter (R-LA)</b></p> <p><b>H.R. 328</b> <b>Gutknecht (R-MN)</b></p>	<p><i>Prescription drug importation.</i> Would allow pharmacists and wholesalers to import FDA-approved prescription drugs manufactured in FDA-approved facilities in a number of industrialized nations. Would require that imported prescription drugs be packaged and shipped using counterfeit-resistant technologies.</p>	<p>S. 109 was introduced on January 24, 2005, and referred to the Senate HELP Committee.</p> <p>H.R. 328 was introduced on January 25, 2005, and referred to the House Energy and Commerce, and House Judiciary committees.</p> <p>These bills are similar to a House-passed legislation (H.R. 2427) from the 108<sup>th</sup> Congress.</p>
<p><b>Safe Importation of Medical Products and Other RX Therapies (Safe IMPORT) Act of 2005</b></p> <p><b>S. 184</b> <b>Gregg (R-NH)</b></p> <p><b>H.R. 753</b> <b>Bradley (R-NH)</b></p>	<p><i>Prescription drug importation.</i> Would: 1) effective immediately, allow individuals to legally import a 90-day supply of FDA-approved prescription drug products from an FDA-approved facility in Canada; 2) within one year of enactment, allow importation of commercial quantities of FDA-approved prescription drugs by pharmacies and wholesalers; 3) within three years of enactment, expand the list of countries from which personal and commercial drug importation is legally permitted to include up to 15 approved European Union countries; 4) ensure that Internet pharmacies are legitimate, licensed and accountable. Requires online pharmacies to be registered. Credit card companies would be prohibited from authorizing sales to non-registered internet pharmacies; and 5) provide the FDA the same authority it has over imported food, ensuring that legally imported prescription drug products meet the FDA gold standard of safety.</p>	<p>S. 184 was introduced on January 26, 2005, and referred to the Senate HELP Committee.</p> <p>H.R. 753 was introduced on February 10, 2005, and referred to the House Energy and Commerce Committee.</p>
<p><b>Medicare Corporate Accountability Act of 2005</b></p> <p><b>H.R. 462</b> <b>Engel (D-NY)</b></p>	<p><i>Prescription drug coverage.</i> Would amend the IRC to impose an excise tax on employers or employee organizations that terminate their retiree prescription drug coverage. The tax would be equal to \$750 for retirees with self-only prescription drug coverage and \$1,500 for all other qualified retirees.</p>	<p>Introduced on February 1, 2005, and referred to the House Ways and Means Committee.</p>
<p><b>COLI Best Practices Act of 2005</b></p> <p><b>H.R. 2251</b> <b>Reynolds (R-NY)</b></p>	<p><i>COLI.</i> The bill would amend the IRC to: 1) restrict coverage of corporate-owned life insurance (COLI) to a limited class of employees—directors and “highly compensated” employees; 2) require employers to obtain the informed consent of employees before enrolling them in a COLI plan; 3) require employers to report information about their COLI plans to the IRS; and 4) establish disclosure and recordkeeping requirements for businesses holding COLI policies.</p>	<p>Introduced on May 11, 2005, and referred to the House Ways and Means Committee.</p> <p>This bill is identical to a COLI provision contained in pension reform legislation (S. 219). See the Retirement LTC for further details on S. 219.</p> <p>This bill has the support of the life insurance industry’s leading trade associations: the American Council of Life Insurers (ACLI), the Association for Advanced Life Underwriting (AALU), and the National Association of Insurance and Financial Advisors (NAIFA).</p>



**Other Health & Welfare Bills**

<b>Bill</b>	<b>Summary</b>	<b>Status</b>
<b>Life Insurance Employee Notification Act</b>  <b>H.R. 107</b> <b>Green (D-TX)</b>	<i>COLI.</i> Would require companies who purchase corporate-owned life insurance (COLI) on their employees (or the employees' spouse or dependents) to notify the employee in writing of the existence of such policy, including the name of the insurance carrier, the benefit amount, and the beneficiary of the policy, within 30 days after the purchase. For employees already covered by such policies as of the date of the bill's enactment, notice is required within 90 days after such date of enactment. For policies on former employees purchased since 1985, the employer will have one year from the date of the bill's enactment to provide such notice. Employers sometimes use COLI as a funding tool for post-retirement medical benefits or life insurance obligations.	Introduced on January 4, 2005, and referred to the House Education and the Workforce, House Energy and Commerce committees.