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(Original Signature of Member)

111TH CONGRESS  
1ST SESSION

# H. R.

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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.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. SHADEGG introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# 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”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 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  
INSURANCE COVERAGE THROUGH INDIVIDUAL MEMBERSHIP  
ASSOCIATIONS (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.

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

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

**4 SEC. 3. FINDINGS.**

5 The Congress finds the following:

6 (1) Approximately 180 million Americans  
7 receive health care through employer-sponsored  
8 coverage.

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

12 (3) Taxing employer-sponsored health care  
13 benefits, creating a new government-run health care  
14 plan, and expanding existing entitlement programs  
15 will result in the loss of private health care coverage  
16 for an estimated 120 million Americans.

1 **TITLE I—REFUNDABLE AND**  
2 **ADVANCEABLE CREDIT FOR**  
3 **MEDICAL COSTS**

4 **SEC. 101. REFUNDABLE AND ADVANCEABLE CREDIT FOR**  
5 **MEDICAL COSTS.**

6 (a) IN GENERAL.—Subpart C of part IV of  
7 subchapter A of chapter 1 of the Internal Revenue Code  
8 of 1986 (relating to refundable credits) is amended by  
9 inserting after section 36A the following new section:

10 **“SEC. 36B. MEDICAL COSTS.**

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

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

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

22 “(b) LIMITATION.—The amount allowed as a credit  
23 under subsection (a) for a taxable year shall not exceed  
24 \$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  
10 subparagraphs (C) and (D) of paragraph (1) thereof.

11       “(e) QUALIFIED HEALTH INSURANCE.—For  
12 purposes of this section—

13               “(1) IN GENERAL.—The term ‘qualified health  
14 insurance’ means insurance which constitutes  
15 medical 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  
19 individual 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  
22 preceding sentence, the rule of the last sentence of  
23 section 162(l)(2)(B) shall apply and health care  
24 flexible spending accounts and health reimbursement

1 arrangements 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  
7 Security 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  
22 DEDUCTION, ETC.—Any amount paid by a taxpayer  
23 for insurance to which subsection (a) applies shall  
24 not be taken into account in computing the amount

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

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

6               “(A) the amount which would (but for this  
7       subsection) be allowed as a credit to the  
8       taxpayer 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  
17       behalf 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  
25       individual with respect to whom a deduction under

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

4 “(4) MARRIED COUPLES MUST FILE JOINT  
5 RETURN.—

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  
15 paragraph.

16 “(5) VERIFICATION OF COVERAGE, ETC.—No  
17 credit shall be allowed under this section to any  
18 individual unless such individual's coverage under  
19 qualified health insurance, and the amount paid for  
20 such coverage, are verified in such manner as the  
21 Secretary 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  
5 determined under section 1(f)(3) for the  
6 calendar year in which the taxable year begins  
7 by substituting ‘calendar year 2009’ for  
8 ‘calendar year 1992’ in subparagraph (B)  
9 thereof.

10 Any increase determined under the preceding  
11 sentence shall be rounded to the nearest multiple of  
12 \$10.”.

13 (b) ADVANCE PAYMENT.—

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

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

20 “The Secretary shall establish a program for—

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



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

3           (2) INFORMATION REPORTING.—

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

9           **“SEC. 6050X. RETURNS RELATING TO CREDIT FOR MEDICAL  
10           COSTS.**

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

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

19                 “(1) is in such form as the Secretary may  
20                 prescribe, and

21                 “(2) contains—

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

24                         “(B) such other information as the  
25                         Secretary may prescribe.

1       “(c) STATEMENTS TO BE FURNISHED TO  
2 INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS  
3 REQUIRED.—Every person required to make a return  
4 under subsection (a) shall furnish to each individual whose  
5 name is required to be set forth in such return a written  
6 statement showing—

7               “(1) the name and address of the person  
8       required to make such return and the phone number  
9       of the information contact for such person, and

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

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

16                   (B) ASSESSABLE PENALTIES.—

17                   (i) Subparagraph (B) of section  
18       6724(d)(1) of such Code (relating to  
19       definitions) is amended by striking “or” at  
20       the end of clause (xxii), by striking “and”  
21       at the end of clause (xxiii) and inserting  
22       “or”, and by inserting after clause (xxiii)  
23       the following new clause:

1           “(xxiv) section 6050X (relating to  
2           returns relating to credit for medical  
3           costs), and”.

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

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

14          (3) CLERICAL AMENDMENTS.—

15           (A) The table of sections for chapter 77 of  
16           such Code is amended by adding at the end the  
17           following new item:

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

18           (B) The table of sections for subpart B of  
19           part III of subchapter A of chapter 61 of such  
20           Code is amended by adding at the end the  
21           following new item:

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

22          (c) CONFORMING AMENDMENTS.—

1 (1) Paragraph (2) of section 1324(b) of title  
2 31, United States Code, is amended by inserting  
3 “36B,” after “35A,”.

4 (2) The table of sections for subpart C of part  
5 IV of subchapter A of chapter 1 of the Internal  
6 Revenue Code of 1986 is amended by striking the  
7 item relating to section 36 and inserting the  
8 following new items:

“Sec. 36B. Medical costs.”.

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

12 **TITLE II—EXPANSION OF AC-**  
13 **CESS AND CHOICE OF**  
14 **HEALTH INSURANCE**  
15 **COVERAGE THROUGH**  
16 **INDIVIDUAL MEMBERSHIP**  
17 **ASSOCIATIONS (IMAS)**

18 **SEC. 201. EXPANSION OF ACCESS AND CHOICE OF HEALTH**  
19 **INSURANCE COVERAGE THROUGH**  
20 **INDIVIDUAL MEMBERSHIP ASSOCIATIONS**  
21 **(IMAS).**

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

1           **“TITLE XXXI—INDIVIDUAL**  
2           **MEMBERSHIP ASSOCIATIONS**

3           **“SEC. 3101. DEFINITION OF INDIVIDUAL MEMBERSHIP AS-**  
4           **SOCIATION (IMA).**

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

8           “(1) ORGANIZATION.—The IMA is an  
9 organization operated under the direction of an asso-  
10 ciation (as defined in section 3104(1)).

11           “(2) OFFERING HEALTH BENEFITS  
12 COVERAGE.—

13           “(A) DIFFERENT GROUPS.—The IMA, in  
14 conjunction with those health insurance issuers  
15 that offer health benefits coverage through the  
16 IMA, makes available health benefits coverage  
17 in the manner described in subsection (b) to all  
18 members of the IMA and the dependents of  
19 such members in the manner described in  
20 subsection (c)(2) at rates that are established  
21 by the health insurance issuer on a policy or  
22 product specific basis and that may vary only  
23 as permissible under State law.

24           “(B) NONDISCRIMINATION IN COVERAGE  
25 OFFERED.—

1           “(i) IN GENERAL.—Subject to clause  
2           (ii), the IMA may not offer health benefits  
3           coverage to a member of an IMA unless  
4           the same coverage is offered to all such  
5           members of the IMA.

6           “(ii) CONSTRUCTION.—Nothing in  
7           this title shall be construed as requiring or  
8           permitting a health insurance issuer to  
9           provide coverage outside the service area of  
10          the issuer, as approved under State law, or  
11          requiring a health insurance issuer from  
12          excluding or limiting the coverage on any  
13          individual, subject to the requirement of  
14          section 2741.

15          “(C) NO FINANCIAL UNDERWRITING.—The  
16          IMA provides health benefits coverage only  
17          through contracts with health insurance issuers  
18          and does not assume insurance risk with  
19          respect to such coverage.

20          “(3) GEOGRAPHIC AREAS.—Nothing in this title  
21          shall be construed as preventing the establishment  
22          and operation of more than one IMA in a geographic  
23          area or as limiting the number of IMAs that may  
24          operate in any area.

1           “(4) PROVISION OF ADMINISTRATIVE SERVICES  
2 TO PURCHASERS.—

3           “(A) IN GENERAL.—The IMA may provide  
4 administrative services for members. Such  
5 services may include accounting, billing, and  
6 enrollment information.

7           “(B) CONSTRUCTION.—Nothing in this  
8 subsection shall be construed as preventing an  
9 IMA from serving as an administrative service  
10 organization to any entity.

11          “(5) FILING INFORMATION.—The IMA files  
12 with the Secretary information that demonstrates  
13 the IMA’s compliance with the applicable  
14 requirements of this title.

15          “(b) HEALTH BENEFITS COVERAGE  
16 REQUIREMENTS.—

17          “(1) COMPLIANCE WITH CONSUMER  
18 PROTECTION REQUIREMENTS.—Any health benefits  
19 coverage offered through an IMA shall—

20                 “(A) be underwritten by a health insurance  
21 issuer that—

22                         “(i) is licensed (or otherwise  
23 regulated) under State law,

1                   “(ii) meets all applicable State  
2 standards relating to consumer protection,  
3 subject to section 3002(b), and

4                   “(B) subject to paragraph (2), be approved  
5 or otherwise permitted to be offered under  
6 State law.

7                   “(2) EXAMPLES OF TYPES OF COVERAGE.—The  
8 benefits coverage made available through an IMA  
9 may include, but is not limited to, any of the  
10 following if it meets the other applicable  
11 requirements of this title:

12                   “(A) Coverage through a health  
13 maintenance organization.

14                   “(B) Coverage in connection with a  
15 preferred provider organization.

16                   “(C) Coverage in connection with a  
17 licensed provider-sponsored organization.

18                   “(D) Indemnity coverage through an  
19 insurance company.

20                   “(E) Coverage offered in connection with a  
21 contribution into a medical savings account,  
22 health savings account, or flexible spending ac-  
23 count.

24                   “(F) Coverage that includes a point-of-  
25 service option.



1           “(G) Any combination of such types of  
2 coverage.

3           “(3) WELLNESS BONUSES FOR HEALTH  
4 PROMOTION.—Nothing in this title shall be con-  
5 strued as precluding a health insurance issuer  
6 offering health benefits coverage through an IMA  
7 from establishing premium discounts or rebates for  
8 members or from modifying otherwise applicable  
9 copayments or deductibles in return for adherence to  
10 programs of health promotion and disease  
11 prevention so long as such programs are agreed to  
12 in advance by the IMA and comply with all other  
13 provisions of this title and do not discriminate  
14 among similarly situated members.

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

16           “(1) MEMBERS.—

17           “(A) IN GENERAL.—Under rules  
18 established to carry out this title, with respect  
19 to an individual who is a member of an IMA,  
20 the individual may enroll for health benefits  
21 coverage (including coverage for dependents of  
22 such individual) offered by a health insurance  
23 issuer through the IMA.

24           “(B) RULES FOR ENROLLMENT.—Nothing  
25 in this paragraph shall preclude an IMA from

1           establishing rules of enrollment and  
2           reenrollment of members. Such rules shall be  
3           applied consistently to all members within the  
4           IMA and shall not be based in any manner on  
5           health status-related factors.

6           “(2) HEALTH INSURANCE ISSUERS.—The  
7           contract between an IMA and a health insurance  
8           issuer shall provide, with respect to a member  
9           enrolled with health benefits coverage offered by the  
10          issuer through the IMA, for the payment of the  
11          premiums collected by the issuer.

12       **“SEC. 3102. APPLICATION OF CERTAIN LAWS AND**  
13               **REQUIREMENTS.**

14          “State laws insofar as they relate to any of the  
15          following are superseded and shall not apply to health  
16          benefits coverage made available through an IMA:

17               “(1) Benefit requirements for health benefits  
18               coverage offered through an IMA, including (but not  
19               limited to) requirements relating to coverage of  
20               specific providers, specific services or conditions, or  
21               the amount, duration, or scope of benefits, but not  
22               including requirements to the extent required to  
23               implement title XXVII or other Federal law and to  
24               the extent the requirement prohibits an exclusion of  
25               a specific disease from such coverage.

1           “(2) Any other requirements (including  
2 limitations on compensation arrangements) that,  
3 directly or indirectly, preclude (or have the effect of  
4 precluding) the offering of such coverage through an  
5 IMA, if the IMA meets the requirements of this  
6 title.

7 Any State law or regulation relating to the composition  
8 or organization of an IMA is preempted to the extent the  
9 law or regulation is inconsistent with the provisions of this  
10 title.

11 **“SEC. 3103. ADMINISTRATION.**

12           “(a) IN GENERAL.—The Secretary shall administer  
13 this title and is authorized to issue such regulations as  
14 may be required to carry out this title. Such regulations  
15 shall be subject to Congressional review under the  
16 provisions of chapter 8 of title 5, United States Code. The  
17 Secretary shall incorporate the process of ‘deemed file and  
18 use’ with respect to the information filed under section  
19 3001(a)(5)(A) and shall determine whether information  
20 filed by an IMA demonstrates compliance with the applica-  
21 ble requirements of this title. The Secretary shall exercise  
22 authority under this title in a manner that fosters and  
23 promotes the development of IMAs in order to improve  
24 access to health care coverage and services.

1       “(b) PERIODIC REPORTS.—The Secretary shall  
2 submit to Congress a report every 30 months, during the  
3 10-year period beginning on the effective date of the rules  
4 promulgated by the Secretary to carry out this title, on  
5 the effectiveness of this title in promoting coverage of  
6 uninsured individuals. The Secretary may provide for the  
7 production of such reports through one or more contracts  
8 with appropriate private entities.

9       **“SEC. 3104. DEFINITIONS.**

10       “For purposes of this title:

11               “(1) ASSOCIATION.—The term ‘association’  
12 means, with respect to health insurance coverage  
13 offered in a State, an association which—

14                       “(A) has been actively in existence for at  
15 least 5 years;

16                       “(B) has been formed and maintained in  
17 good faith for purposes other than obtaining  
18 insurance;

19                       “(C) does not condition membership in the  
20 association on any health status-related factor  
21 relating to an individual (including an employee  
22 of an employer or a dependent of an employee);  
23 and

24                       “(D) does not make health insurance  
25 coverage offered through the association avail-

1           able other than in connection with a member of  
2           the association.

3           “(2) DEPENDENT.—The term ‘dependent’, as  
4           applied to health insurance coverage offered by a  
5           health insurance issuer licensed (or otherwise  
6           regulated) in a State, shall have the meaning applied  
7           to such term with respect to such coverage under the  
8           laws of the State relating to such coverage and such  
9           an issuer. Such term may include the spouse and  
10          children of the individual involved.

11          “(3) HEALTH BENEFITS COVERAGE.—The term  
12          ‘health benefits coverage’ has the meaning given the  
13          term health insurance coverage in section  
14          2791(b)(1).

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

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

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

24          “(7) MEMBER.—The term ‘member’ means,  
25          with respect to an IMA, an individual who is a

1 member of the association to which the IMA is  
2 offering coverage.”.

3 **TITLE III—FEDERAL MATCHING**  
4 **FUNDING FOR STATE**  
5 **INSURANCE EXPENDITURES**

6 **SEC. 301. FEDERAL MATCHING FUNDING FOR**  
7 **STATFEDERAL MATCHING FUNDING FOR**  
8 **STATE INSURANCE EXPENDITURESE**  
9 **INSURANCE EXPENDITURES.**

10 (a) IN GENERAL.—Subject to the succeeding  
11 provisions of this section, each State shall receive from  
12 the Secretary of Health and Human Services an amount  
13 equal to 50 percent of the funds expended by the State  
14 in providing for the use, in connection with providing  
15 health benefits coverage, of a high-risk pool, a reinsurance  
16 pool, or other risk-adjustment mechanism used for the  
17 purpose of subsidizing the purchase of private health  
18 insurance.

19 (b) FUNDING LIMITATION.—A State shall not receive  
20 under this section for a fiscal year more than a total of  
21 50 cents multiplied by the average number of residents  
22 (as estimated by the Secretary) in the State in the fiscal  
23 year.

24 (c) ADMINISTRATION.—The Secretary of Health and  
25 Human Services shall provide for the administration of

1 this section and may establish such terms and conditions,  
2 including the requirement of an application, as may be ap-  
3 propriate to carry out this section.

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

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

13 (f) REINSURANCE POOL OR OTHER RISK-ADJUST-  
14 MENT MECHANISM DEFINED.—For purposes of this  
15 section, the term “reinsurance pool or other risk-adjust-  
16 ment mechanism” means any State-based risk spreading  
17 mechanism to subsidize the purchase of private health  
18 insurance for the high-risk population.

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

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

1           (2) individuals who are provided health  
2 coverage by a high-risk pool.

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