



Legislative Bulletin.....December 17, 2005

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Summary of the Bills Under Consideration Today:

Total Number of New Government Programs: 1

Total Cost of Discretionary Authorizations: \$636 million over five years

Effect on Revenue: \$0

Total Change in Mandatory Spending: 0

Total New State & Local Government Mandates: 0

Total New Private Sector Mandates: 0

Number of Bills Without Committee Reports: 4

Number of Reported Bills that Don't Cite Specific Clauses of Constitutional Authority: 0

H.R. 4519 — State High Risk Pool Funding Extension Act of 2005 (Shadegg)

Order of Business: Once the bill is introduced, the bill is scheduled for consideration on Saturday, December 17th, 2005, under a motion to suspend the rules and pass the bill.

Summary: H.R. 4519 authorizes \$15 million in FY06 for seed grants, for up to \$1 million to each state that has not created a qualified high risk pool as of the date of enactment of this bill. The authorization allows for a one-time \$1 million grant to these states for costs related to the initial creation of the pool.

In addition, the bill authorizes \$75 million in FY06, two-thirds of which is to be made available to States that currently operate a high risk pool, and one-third of which is to be made available to states for the creation of a bonus grant for supplemental consumer “to provide supplemental consumer benefits to enrollees or potential enrollees in qualified high risk pools.” These grants, which are capped at \$1 million per state, would only be used to provide one or more of the following benefits:

- “low-income premium subsidies;
- “a reduction in premium trends, actual premiums, or other cost-sharing requirements; and
- “an expansion or broadening of the pool of individuals eligible for coverage, such as through eliminating waiting lists, increasing enrollment caps, or providing flexibility in enrollment rules.”

The bill also authorizes \$300 million over four years (\$75 million each year for FY07 through FY10), two-thirds of which is to be made available to States that currently operate a high risk pool, and one-third of which is to be made available to states for the creation of a bonus grant for supplemental consumer benefits, as described above.

The money authorized for states currently maintaining a functioning high risk pool, is to be distributed to states as follows:

- 40% distributed equally among all qualifying states
- 30% distributed based upon the number of uninsured individuals in each state
- 30% distributed based upon the number of individuals enrolled in the state’s high risk pool

Note: Congress provided roughly \$60 million over three years (FY-3-FY05) for similar grants.

Previous Funding

FY03 - \$20 million for one-time program initiation grants

FY04 and FY05 - \$40 million for operational grants

In addition, H.R. 4519 requires the Secretary of Health and Human Services to submit to Congress, an annual report on the high risk pool grants, including information on the distribution of the grants among the states and the use of grant funds by each state.

Additional Information: High risk pools, which are typically operated by state-established nonprofit entities that contract with private insurance companies, are designed to provide health insurance to individuals who cannot obtain or afford health insurance due to preexisting conditions or other conditions increasing the cost to insure these individuals. Risk pool premiums are usually limited between 125% and 200% of market rates and do not cover operational costs given the high-risk nature of the insured individuals. For additional information regarding state high risk pools, please see the following CRS report (RL31745) at <http://www.congress.gov/erp/rl/pdf/RL31745.pdf>.

Committee Action: H.R. 4519 will presumably be introduced today, and no committee action has been taken.

Cost to Taxpayers: Although no CBO report is yet available for H.R. 4519, the bill authorizes a total of \$390 million over five years.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

RSC Staff Contact: Joelle Cannon; joelle.cannon@mail.house.gov, (202) 226-9717

**H.R. 2520 — Stem Cell Therapeutic and Research Act of 2005 —
with Senate amendment (Smith, R-NJ)**

Order of Business: The bill, as amended by the Senate, is scheduled for consideration on Saturday, December 17, 2005, under a motion to suspend the rules and pass the bill.

The House considered a similar bill on May 24, 2005, which passed the House 431-1
<http://clerk.house.gov/evs/2005/roll205.xml>

Summary: **[Items in red bold were added to the bill by the Senate.]** H.R. 2520 authorizes \$79 million over six years for the creation of the new “C.W. Bill Young Cell Transplantation Program”, which would direct the Secretary of Health and Human Services to enter into one-time contracts with “qualified cord blood stem cell banks” to assist “in the collection and maintenance of 150,000 units of high-quality human cord blood to be made available for transplantation.”

The legislation would:

- operate a system for identifying, matching, and facilitating the distribution of donated cord blood units that are suitably matched to candidate patients;
- create a database that would allow transplant physicians to electronically search for cord blood and bone marrow matches using a “single point of access,” and require each recipient of a contract to submit data in a “standardized format” for inclusion in this database;
- create specific requirements to be met before the Secretary may enter into a contract with a cord blood stem cell bank (including length of contract, donor consent, and research provisions); and
- create a new advisory counsel to advise, assist, consult with, and make recommendations to the Secretary on matters related to the program **(the Senate modified some of the advisory committee workings);**
- **require the contracts expire on September 30, 2010, or 3 years after they are entered into, unless the Secretary finds that 150,000 units of high-quality human cord blood have not yet been collected;**
- **create a 3-year demonstration project under which qualified cord blood banks may use a portion of funds to store cord blood units for a family “where a first-degree relative has been diagnosed with a condition that will benefit from transplantation.” These units to do count toward the 150,000 unit inventory;**
- **require that the Secretary “examine issues of informed consent” so that cord blood units are acquired with the informed consent of the maternal donor (the mother);**
- **require that the Program should maintain and expand medical contingency response capabilities, in coordination with Federal programs, “to prepare for and respond**

effectively to biological, chemical, or radiological attacks, and other public health emergencies that can damage marrow, so that the capability of supporting patients with marrow damage from disease can be used to support casualties with marrow damage.”

- **authorize the Secretary to enforce quality standards, donor selection criteria, certain collection procedures, and various standards;**
- **establish and maintain an office of patient advocacy for advocacy and individual case management for cord blood and bone marrow programs; and**
- **Require, within 90 days, a Congressional report from the Secretary of HHS and FDA concerning the progress made by the FDA in developing requirements for the licensing of cord blood units.**

The legislation also reauthorizes, **at \$186 million over five years**, what was formerly known as the “National Bone Marrow Program,” which would:

- operate a system for listing, searching, and facilitating the distribution of bone marrow that is suitably matched to candidate patients;
- carry out a program and support studies to recruit bone marrow donors, specifically to “ensure a genetically diverse donor pool;” and
- create and maintain a database of “patients who have been recipients of stem cell therapeutics product (including bone marrow, cord blood, or other such product) from a biologically unrelated donor.”

Additional Information: For additional information on recent medical studies and advances in adult stem cell research (cord blood stem cells and bone marrow stem cells are both classified as “adult” stem cells), see the links listed in the RSC May 24th Legislative Bulletin <http://www.house.gov/pence/rsc/doc/5-24-05%20Stem%20Cell%20Bill.pdf>

Outside Organizations: There are no known outside organizations opposing H.R. 2520. Because the bill does not involve the funding of research that destroys human embryos and promotes an ethical stem cell research alternative, many pro-life organizations are supportive of this bill.

Committee Action: H.R. 2520 was introduced on May 23, 2005, and referred to the Committee on Energy and Commerce s Subcommittee on Health. The House passed the bill on May 24, 2005, 431-1 <http://clerk.house.gov/evs/2005/roll205.xml>. The Senate amended it and passed it by voice vote yesterday, December 16, 2005.

Cost to Taxpayers: H.R. 2520, as amendment authorizes \$246 million for two separate programs.

The bill authorizes \$34 million in FY06 and \$38 million for each of FY07-10 (\$186 million total) for the Bone Marrow Program. (Note: this is a \$6 million a year increase over the House-passed authorization.)

The bill also authorizes funds that were appropriated in FY04 and FY05 for cord blood (\$10 million a year in unauthorized appropriations) to be used for the new cord blood program and to remain available until FY07. (According to the bill sponsor, the unexpended appropriations are estimated to total approximately \$19 million.) In addition it authorizes \$15 million for each of FY07-10 (\$60

million total), the same as the House-passed level. Thus, while \$60 million of the funds in H.R. 2520 are new authorizations, a total of \$79 million will be available for the cord blood component of the bill over the next five fiscal years.

Does the Bill Expand the Size and Scope of the Federal Government?: Yes, as described above, the bill creates a new federal program to facilitate a national cord blood stem cell bank and reauthorizes a program that had expired in 2003 (though was still receiving unauthorized appropriations).

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: A committee report citing constitutional authority is unavailable.

RSC Staff Contact: Sheila Cole; sheila.cole@mail.house.gov; (202) 226-9719

H.R. 4579 —To amend title I of the Employment Retirement Income Security Act of 1974, title XXVII of the Public Health Service Act, and the Internal Revenue Code of 1986 to extend by one year provisions requiring parity in the application of certain limits to mental health benefits — as introduced (Boehner, R-OH)

Order of Business: The bill is expected to be considered on Saturday, December 17th, under a motion to suspend the rules and pass the bill.

Summary: H.R. 4579 would extend for one year (through December 31, 2006) provisions of ERISA, the Public Health Service Act, and the Internal Revenue Code that require parity in the health insurance coverage of mental and physical illnesses. Under current law (due to expire on December 31, 2005), a group health insurance plan that opts to provide mental health coverage is mandated to provide the same annual and lifetime dollar limits on coverage.

Additional Background: In 1996, Congress enacted the Mental Health Parity Act that established current law with regard to mental health parity. While mandating that group health insurance plans that opt to offer mental health coverage must provide the same annual and lifetime dollar limits on coverage, the law did not require parity on cost-share requirements or treatment limitations.

Possible Concerns: Some conservatives may be concerned that this legislation extends a mandate on private health insurance that drives up the cost of such health insurance, and therefore leads to less people being insured overall. For instance when this law was being debated in 1996, Senator Phil Gramm (R-TX) made the following statement:

What we have before us is a very bad amendment with very good intentions. What this amendment in essence is saying is that we in the Senate know better than employers and workers what kind of health insurance coverage they need. This amendment overrides the decision making of those workers who are affected by this amendment, and a very large portion of the population of the country will be affected....

This is an unfunded mandate. If we had a proposal before us tonight to raise taxes to provide this benefit, I doubt it would get 30 votes. But what we have is a proposal tonight where 'Big Brother' Congress, know-it-all Congress, perfect-insight Congress, is going to say that even if you are a young

worker and are having trouble buying health insurance and remaining competitive in the job market, we are going to force you to balloon your mental health coverage, as commendable as that might be.

How wonderful it would be if everybody in America could afford this coverage. But what we are saying is, if you have any mental coverage in your plan, we are going to make you pay for a coverage limit up to the amount you have for traditional physical ailments. In the process we are going to drive up the cost of health insurance. We are going to reduce the choices that people have....

I would like to remind my colleagues--none of whom are having difficulty buying health insurance--that even though this may sound great from our point of view, the problem with private health insurance is young working couples are having trouble paying for the health insurance they have.

And, to the extent that this bill drives up the cost of hiring people, it will cost people their jobs, it will force companies who cannot afford to provide this benefit to eliminate all mental health coverage, and it will force working families to do without, because every penny that goes towards health insurance comes right out of the pocket of the worker. Every economic study done, including studies by the administration, count fringe benefits as part of the wage package. What we are doing to young couples who are trying to make ends meet, who want health insurance in case Johnny falls down the steps, is saying that you are going to have to pay for this extensive mental health coverage whether you want it or not. This amendment says that Congress supposedly knows what is better for you than you yourself do--it assumes that Congress is capable of making better decisions. I totally and absolutely reject this.

...

The point is, mental health care may be a wonderful thing. If we could snap our fingers and have everybody in America covered, it would be great. The truth, however, is that we cannot. This is expensive coverage. Source: *Congressional Record*, September 5, 1996

Committee Action: The bill was introduced on Friday, December 17, 2005, and referred to the Committees on Education and the Workforce, on Energy and Commerce, and on Ways and Means. None of these committees has taken formal action.

Cost to Taxpayer: A CBO cost estimate is not yet available.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: A CBO analysis of any new mandates is not yet available. However, the bill extends a current mandate on health insurance companies.

Constitutional Authority: A committee report citing constitutional authority is unavailable.

RSC Staff Contact: Russ Vought, russell.vought@mail.house.gov, (202) 226-8581

H.R. 4525 — The Second Higher Education Extension Act of 2005 — *as introduced* (Boehner, R-OH)

Order of Business: The bill is scheduled for consideration on Saturday, December 17, 2005, under a motion to suspend the rules and pass the bill.

Summary: H.R. 4525 would extend the authorization (at current, FY04 levels) for the Higher Education Act of 1965 (HEA) through March 31, 2006. The authorization for HEA expired on September 30, 2005, but the House passed a short-term extension through December 31, 2004 (signed into law on September 30, 2005). Current law allows for flexibility in the authorization depending upon amendments to HEA enacted during FY05 or FY06.

The bill extends, until June 30, 2007, the effective date limitation on higher education teacher loan forgiveness benefits set at October 1, 2005. Under current law, teachers eligible for teacher loan forgiveness benefits must be new borrowers on or before October 1, 2005. This provision allows eligibility for those who are new borrowers on or before June 30, 2007.

Committee Action: The bill was introduced on December 14, 2005, and referred to the Committee on Education and the Workforce, which took no official action.

Cost to Taxpayers: A cost estimate for H.R. 4525 is not available.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: A committee report citing constitutional authority is not available.

Staff Contact: Joelle Cannon, joelle.cannon@mail.house.gov, X69717

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