



## Calendar No. 184

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1796

[Report No. 111-89]

To provide affordable, quality health care for all Americans and reduce the growth in health care spending, and for other purposes.

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### IN THE SENATE OF THE UNITED STATES

OCTOBER 19, 2009

Mr. BAUCUS, from the Committee on Finance reported the following original bill; which was read twice and placed on the calendar

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## A BILL

To provide affordable, quality health care for all Americans and reduce the growth in health care spending, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “America’s Healthy Future Act of 2009”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of  
7 this Act is as follows:

1     **PART II—PREMIUM CREDITS, COST-SHARING**  
2     **SUBSIDIES, AND SMALL BUSINESS CREDITS**  
3     **Subpart A—Premium Credits and Cost-sharing**  
4             **Subsidies**

5     **SEC. 1205. REFUNDABLE CREDIT PROVIDING PREMIUM AS-**  
6             **SISTANCE FOR COVERAGE UNDER A QUALI-**  
7             **FIED HEALTH BENEFITS PLAN.**

8     (a) IN GENERAL.—Subpart C of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of  
10 1986 (relating to refundable credits) is amended by insert-  
11 ing after section 36A the following new section:

12     **“SEC. 36B. REFUNDABLE CREDIT FOR COVERAGE UNDER A**  
13             **QUALIFIED HEALTH BENEFITS PLAN.**

14     “(a) IN GENERAL.—In the case of an applicable tax-  
15 payer, there shall be allowed as a credit against the tax  
16 imposed by this subtitle for any taxable year an amount  
17 equal to the premium assistance credit amount of the tax-  
18 payer for the taxable year.

19     “(b) PREMIUM ASSISTANCE CREDIT AMOUNT.—For  
20 purposes of this section—

21             “(1) IN GENERAL.—The term ‘premium assist-  
22             ance credit amount’ means, with respect to any tax-  
23             able year, the sum of the premium assistance  
24             amounts determined under paragraph (2) with re-  
25             spect to all coverage months of the taxpayer occur-  
26             ring during the taxable year.

1           “(2) PREMIUM ASSISTANCE AMOUNT.—The pre-  
2           mium assistance amount determined under this sub-  
3           section with respect to any coverage month is the  
4           amount equal to the excess (if any) of—

5                   “(A) the lesser of—

6                           “(i) the monthly premiums for such  
7                           month for 1 or more qualified health bene-  
8                           fits plans offered in the individual market  
9                           within a State which cover the taxpayer,  
10                          the taxpayer’s spouse, or any dependent  
11                          (as defined in section 152) of the taxpayer  
12                          and which were enrolled in through an ex-  
13                          change established by the State under sub-  
14                          part B of title XXII of the Social Security  
15                          Act, or

16                           “(ii) the adjusted monthly premium  
17                           for such month for the applicable second  
18                           lowest cost silver plan with respect to the  
19                           taxpayer, over

20                          “(B) an amount equal to 1/12 of the prod-  
21                          uct of the applicable percentage and the tax-  
22                          payer’s household income for the taxable year.

23           “(3) OTHER TERMS AND RULES RELATING TO  
24           PREMIUM ASSISTANCE AMOUNTS.—For purposes of  
25           paragraph (2)—

1 1986 and the cost-sharing subsidies under section  
 2 2247 of the Social Security Act must be reduced for  
 3 plan years beginning during such fiscal year such  
 4 that there is an aggregate decrease in the amount  
 5 of such credits and subsidies equal to the amount of  
 6 such excess; and

7 (2) the President shall instruct the Secretary of  
 8 Health and Human Services and the Secretary of  
 9 the Treasury to reduce such credits and subsidies  
 10 for such plan years by such percentage for purposes  
 11 of applying section 36B(b)(4) of such Code and sec-  
 12 tion 2247(e)(3) of such Act.

13 **Subpart B—Credit for Small Employers**

14 **SEC. 1221. CREDIT FOR EMPLOYEE HEALTH INSURANCE**  
 15 **EXPENSES OF SMALL BUSINESSES.**

16 (a) IN GENERAL.—Subpart D of part IV of sub-  
 17 chapter A of chapter 1 of the Internal Revenue Code of  
 18 1986 (relating to business-related credits) is amended by  
 19 inserting after section 45Q the following:

20 **“SEC. 45R. EMPLOYEE HEALTH INSURANCE EXPENSES OF**  
 21 **SMALL EMPLOYERS.**

22 “(a) GENERAL RULE.—For purposes of section 38,  
 23 in the case of an eligible small employer, the small em-  
 24 ployer health insurance credit determined under this sec-

1 tion for any taxable year in the credit period is the amount  
2 determined under subsection (b).

3 “(b) HEALTH INSURANCE CREDIT AMOUNT.—Sub-  
4 ject to subsection (c), the amount determined under this  
5 subsection with respect to any eligible small employer is  
6 equal to 50 percent (35 percent in the case of a tax-exempt  
7 eligible small employer) of the lesser of—

8 “(1) the aggregate amount of nonelective con-  
9 tributions the employer made on behalf of its em-  
10 ployees during the taxable year under the arrange-  
11 ment described in subsection (d)(4) for premiums  
12 for qualified health benefits plans offered by the em-  
13 ployer to its employees through an exchange, or

14 “(2) the aggregate amount of nonelective con-  
15 tributions which the employer would have made dur-  
16 ing the taxable year under the arrangement if each  
17 employee taken into account under paragraph (1)  
18 had enrolled in a qualified health benefits plan which  
19 had a premium equal to the average premium (as  
20 determined by the Secretary of Health and Human  
21 Services) for the small group market in the exchange  
22 through which the employee is eligible for coverage.

23 In the case of a taxable year beginning in 2013, the credit  
24 determined under this section shall be determined only

1 with respect to premiums for coverage after June 30,  
2 2013.

3 “(c) LIMITATIONS ON CREDIT.—

4 “(1) PHASEOUT OF CREDIT AMOUNT BASED ON  
5 NUMBER OF EMPLOYEES AND AVERAGE WAGES.—

6 The amount of the credit determined under sub-  
7 section (b) without regard to this subsection shall be  
8 reduced (but not below zero) by the sum of the fol-  
9 lowing amounts:

10 “(A) Such amount multiplied by a fraction  
11 the numerator of which is the total number of  
12 full-time equivalent employees of the employer  
13 in excess of 10 and the denominator of which  
14 is 15.

15 “(B) Such amount multiplied by a fraction  
16 the numerator of which is the average annual  
17 wages of the employer in excess of the dollar  
18 amount in effect under subsection (d)(3)(B)  
19 and the denominator of which is \$20,000.

20 “(2) STATE FAILURE TO ADOPT INSURANCE  
21 RATING REFORMS.—No credit shall be determined  
22 under this section with respect to contributions by  
23 the employer for any qualified health benefits plans  
24 purchased through an exchange for any month of  
25 coverage before the first month the State estab-

1       lishing the exchange has in effect the insurance rat-  
2       ing reforms described in subtitle A of title XXII of  
3       the Social Security Act.

4       “(d) ELIGIBLE SMALL EMPLOYER.—For purposes of  
5 this section—

6           “(1) IN GENERAL.—The term ‘eligible small  
7 employer’ means, with respect to any taxable year,  
8 an employer—

9           “(A) which has no more than 25 full-time  
10 equivalent employees for the taxable year,

11           “(B) the average annual wages of which do  
12 not exceed an amount equal to the amount in  
13 effect under paragraph (3)(B) for the taxable  
14 year plus \$20,000, and

15           “(C) which has in effect an arrangement  
16 described in paragraph (4).

17       “(2) FULL-TIME EQUIVALENT EMPLOYEES.—

18           “(A) IN GENERAL.—The term ‘full-time  
19 equivalent employees’ means a number of em-  
20 ployees equal to the number determined by di-  
21 viding—

22           “(i) the total number of hours for  
23 which wages were paid by the employer to  
24 employees during the taxable year, by

25           “(ii) 2,080.