COMMITTEE PRINT

Budget Reconciliation Legislative Recommendations Relating to Repeal and Replace of the Patient Protection and Affordable Care Act

1 # TITLE I—ENERGY AND
2 # COMMERCE

3 ## Subtitle A—Patient Access to
4 ## Public Health Programs

5 **SEC. 101. THE PREVENTION AND PUBLIC HEALTH FUND.**

6 (a) IN GENERAL.—Subsection (b) of section 4002 of
7 the Patient Protection and Affordable Care Act (42
8 U.S.C. 300u–11), as amended by section 5009 of the 21st
9 Century Cures Act, is amended—

10 (1) in paragraph (2), by adding ''and'' at the
11 end;

12 (2) in paragraph (3)—

13 (A) by striking ''each of fiscal years 2018
14 and 2019'' and inserting ''fiscal year 2018'';
15 and

16 (B) by striking the semicolon at the end
17 and inserting a period; and

18 (3) by striking paragraphs (4) through (8).

1 (b) RESCISSION OF UNOBLIGATED FUNDS.—Of the
2 funds made available by such section 4002, the unobli-
3 gated balance at the end of fiscal year 2018 is rescinded.

4 **SEC. 102. COMMUNITY HEALTH CENTER PROGRAM.**

5 Effective as if included in the enactment of the Medi-
6 care Access and CHIP Reauthorization Act of 2015 (Pub-
7 lic Law 114–10, 129 Stat. 87), paragraph (1) of section
8 221(a) of such Act is amended by inserting '', and an ad-
9 ditional $422,000,000 for fiscal year 2017'' after ''2017''.

10 **SEC. 103. FEDERAL PAYMENTS TO STATES.**

11 (a) IN GENERAL.—Notwithstanding section 504(a),
12 1902(a)(23), 1903(a), 2002, 2005(a)(4), 2102(a)(7), or
13 2105(a)(1) of the Social Security Act (42 U.S.C. 704(a),
14 1396a(a)(23), 1396b(a), 1397a, 1397d(a)(4),
15 1397bb(a)(7), 1397ee(a)(1)), or the terms of any Med-
16 icaid waiver in effect on the date of enactment of this Act
17 that is approved under section 1115 or 1915 of the Social
18 Security Act (42 U.S.C. 1315, 1396n), for the 1-year pe-
19 riod beginning on the date of the enactment of this Act,
20 no Federal funds provided from a program referred to in
21 this subsection that is considered direct spending for any
22 year may be made available to a State for payments to
23 a prohibited entity, whether made directly to the prohib-
24 ited entity or through a managed care organization under
25 contract with the State.

1 (b) DEFINITIONS.—In this section:
2 (1) PROHIBITED ENTITY.—The term ''prohib-
3 ited entity'' means an entity, including its affiliates,
4 subsidiaries, successors, and clinics—
5 (A) that, as of the date of enactment of
6 this Act—
7 (i) is an organization described in sec-
8 tion 501(c)(3) of the Internal Revenue
9 Code of 1986 and exempt from tax under
10 section 501(a) of such Code;
11 (ii) is an essential community provider
12 described in section 156.235 of title 45,
13 Code of Federal Regulations (as in effect
14 on the date of enactment of this Act), that
15 is primarily engaged in family planning
16 services, reproductive health, and related
17 medical care; and
18 (iii) provides for abortions, other than
19 an abortion—
20 (I) if the pregnancy is the result
21 of an act of rape or incest; or
22 (II) in the case where a woman
23 suffers from a physical disorder, phys-
24 ical injury, or physical illness that
25 would, as certified by a physician,

1 place the woman in danger of death
2 unless an abortion is performed, in-
3 cluding a life-endangering physical
4 condition caused by or arising from
5 the pregnancy itself; and
6 (B) for which the total amount of Federal
7 and State expenditures under the Medicaid pro-
8 gram under title XIX of the Social Security Act
9 in fiscal year 2014 made directly to the entity
10 and to any affiliates, subsidiaries, successors, or
11 clinics of the entity, or made to the entity and
12 to any affiliates, subsidiaries, successors, or
13 clinics of the entity as part of a nationwide
14 health care provider network, exceeded
15 $350,000,000.
16 (2) DIRECT SPENDING.—The term ''direct
17 spending'' has the meaning given that term under
18 section 250(c) of the Balanced Budget and Emer-
19 gency Deficit Control Act of 1985 (2 U.S.C. 900(c)).

20 Subtitle B—Medicaid Program 21 Enhancement

22 **SEC. 111. REPEAL OF MEDICAID PROVISIONS.**

23 The Social Security Act is amended—
24 (1) in section 1902 (42 U.S.C. 1396a)—

1 (A) in subsection (a)(47)(B), by inserting
2 "and provided that any such election shall cease
3 to be effective on January 1, 2020, and no such
4 election shall be made after that date" before
5 the semicolon at the end; and
6 (B) in subsection (l)(2)(C), by inserting
7 "and ending December 31, 2019," after "Janu-
8 ary 1, 2014,";
9 (2) in section 1915(k)(2) (42 U.S.C.
10 1396n(k)(2)), by striking "during the period de-
11 scribed in paragraph (1)" and inserting "on or after
12 the date referred to in paragraph (1) and before
13 January 1, 2020"; and
14 (3) in section 1920(e) (42 U.S.C. 1396r–1(e)),
15 by striking "under clause (i)(VIII), clause (i)(IX), or
16 clause (ii)(XX) of subsection (a)(10)(A)" and insert-
17 ing "under clause (i)(VIII) or clause (ii)(XX) of sec-
18 tion 1902(a)(10)(A) before January 1, 2020, section
19 1902(a)(10)(A)(i)(IX),".

20 **SEC. 112. REPEAL OF MEDICAID EXPANSION.**

21 (a) IN GENERAL.—Section 1902(a)(10)(A) of the So-
22 cial Security Act (42 U.S.C. 1396a(a)(10)(A)) is amend-
23 ed—
24 (1) in clause (i)(VIII), by inserting "at the op-
25 tion of a State," after "January 1, 2014,"; and

1 (2) in clause (ii)(XX), by inserting "and ending
2 December 31, 2019," after "2014,".
3 (b) TERMINATION OF EFMAP FOR NEW ACA EX-
4 PANSION ENROLLEES.—Section 1905 of the Social Secu-
5 rity Act (42 U.S.C. 1396d) is amended—
6 (1) in subsection (y)(1), in the matter preceding
7 subparagraph (A), by striking "with respect to" and
8 all that follows through "shall be" and inserting
9 "with respect to amounts expended before January
10 1, 2020, by such State for medical assistance for
11 newly eligible individuals described in subclause
12 (VIII) of section 1902(a)(10)(A)(i) who are enrolled
13 under the State plan (or a waiver of the plan) before
14 such date and with respect to amounts expended
15 after such date by such State for medical assistance
16 for individuals described in such subclause who were
17 enrolled under such plan (or waiver of such plan) as
18 of December 31, 2019, and who do not have a break
19 in eligibility for medical assistance under such State
20 plan (or waiver) for more than one month after such
21 date, shall be"; and
22 (2) in subsection (z)(2)—
23 (A) in subparagraph (A), by striking
24 "medical assistance for individuals" and all that
25 follows through "shall be" and inserting

1 "amounts expended before January 1, 2020, by
2 such State for medical assistance for individuals
3 described in section 1902(a)(10)(A)(i)(VIII)
4 who are nonpregnant childless adults with re-
5 spect to whom the State may require enrollment
6 in benchmark coverage under section 1937 and
7 who are enrolled under the State plan (or a
8 waiver of the plan) before such date and with
9 respect to amounts expended after such date by
10 such State for medical assistance for individuals
11 described in such section, who are nonpregnant
12 childless adults with respect to whom the State
13 may require enrollment in benchmark coverage
14 under section 1937, who were enrolled under
15 such plan (or waiver of such plan) as of Decem-
16 ber 31, 2019, and who do not have a break in
17 eligibility for medical assistance under such
18 State plan (or waiver) for more than one month
19 after such date, shall be" ; and

20 (B) in subparagraph (B)(ii)—

21 (i) in subclause (III), by adding
22 "and" at the end; and

23 (ii) by striking subclauses (IV), (V),
24 and (VI) and inserting the following new
25 subclause:

1 "(IV) 2017 and each subsequent year is 80
2 percent.".
3 (c) SUNSET OF ESSENTIAL HEALTH BENEFITS RE-
4 QUIREMENT.—Section 1937(b)(5) of the Social Security
5 Act (42 U.S.C. 1396u–7(b)(5)) is amended by adding at
6 the end the following: "This paragraph shall not apply
7 after December 31, 2019.".

8 **SEC. 113. ELIMINATION OF DSH CUTS.**

9 Section 1923(f) of the Social Security Act (42 U.S.C.
10 1396r–4(f)) is amended—
11 (1) in paragraph (7)—
12 (A) in subparagraph (A)—
13 (i) in clause (i)—
14 (I) in the matter preceding sub-
15 clause (I), by striking "2025" and in-
16 serting "2019"; and
17 (ii) in clause (ii)—
18 (I) in subclause (I), by adding
19 "and" at the end;
20 (II) in subclause (II), by striking
21 the semicolon at the end and inserting
22 a period; and
23 (III) by striking subclauses (III)
24 through (VIII); and

1 (B) by adding at the end the following new
2 subparagraph:
3 "(C) EXEMPTION FROM EXEMPTION FOR
4 NON-EXPANSION STATES.—
5 "(i) IN GENERAL.—In the case of a
6 State that is a non-expansion State for a
7 fiscal year, subparagraph (A)(i) shall not
8 apply to the DSH allotment for such State
9 and fiscal year.
10 "(ii) NO CHANGE IN REDUCTION FOR
11 EXPANSION STATES.—In the case of a
12 State that is an expansion State for a fis-
13 cal year, the DSH allotment for such State
14 and fiscal year shall be determined as if
15 clause (i) did not apply.
16 "(iii) NON-EXPANSION AND EXPAN-
17 SION STATE DEFINED.—
18 "(I) The term 'expansion State'
19 means with respect to a fiscal year, a
20 State that, as of July 1 of the pre-
21 ceding fiscal year, provides for eligi-
22 bility under clause (i)(VIII) or
23 (ii)(XX) of section 1902(a)(10)(A) for
24 medical assistance under this title (or

1 a waiver of the State plan approved
2 under section 1115).
3 ‘‘(II) The term ‘non-expansion
4 State’ means, with respect to a fiscal
5 year, a State that is not an expansion
6 State.’’; and
7 (2) in paragraph (8), by striking ‘‘fiscal year
8 2025’’ and inserting ‘‘fiscal year 2019’’.

9 **SEC. 114. REDUCING STATE MEDICAID COSTS.**

10 (a) LETTING STATES DISENROLL HIGH DOLLAR
11 LOTTERY WINNERS.—
12 (1) IN GENERAL.—Section 1902 of the Social
13 Security Act (42 U.S.C. 1396a) is amended—
14 (A) in subsection (a)(17), by striking
15 ‘‘(e)(14), (e)(14)’’ and inserting ‘‘(e)(14),
16 (e)(15)’’; and
17 (B) in subsection (e)—
18 (i) in paragraph (14) (relating to
19 modified adjusted gross income), by adding
20 at the end the following new subparagraph:
21 ‘‘(J) TREATMENT OF CERTAIN LOTTERY
22 WINNINGS AND INCOME RECEIVED AS A LUMP
23 SUM.—
24 ‘‘(i) IN GENERAL.—In the case of an
25 individual who is the recipient of qualified

1 lottery winnings (pursuant to lotteries oc-
2 curring on or after January 1, 2020) or
3 qualified lump sum income (received on or
4 after such date) and whose eligibility for
5 medical assistance is determined based on
6 the application of modified adjusted gross
7 income under subparagraph (A), a State
8 shall, in determining such eligibility, in-
9 clude such winnings or income (as applica-
10 ble) as income received—

11 ''(I) in the month in which such
12 winnings or income (as applicable) is
13 received if the amount of such
14 winnings or income is less than
15 $80,000;

16 ''(II) over a period of 2 months
17 if the amount of such winnings or in-
18 come (as applicable) is greater than or
19 equal to $80,000 but less than
20 $90,000;

21 ''(III) over a period of 3 months
22 if the amount of such winnings or in-
23 come (as applicable) is greater than or
24 equal to $90,000 but less than
25 $100,000; and

1 "(IV) over a period of 3 months
2 plus 1 additional month for each in-
3 crement of $10,000 of such winnings
4 or income (as applicable) received, not
5 to exceed a period of 120 months (for
6 winnings or income of $1,260,000 or
7 more), if the amount of such winnings
8 or income is greater than or equal to
9 $100,000.

10 "(ii) COUNTING IN EQUAL INSTALL-
11 MENTS.—For purposes of subclauses (II),
12 (III), and (IV) of clause (i), winnings or
13 income to which such subclause applies
14 shall be counted in equal monthly install-
15 ments over the period of months specified
16 under such subclause.

17 "(iii) HARDSHIP EXEMPTION.—An in-
18 dividual whose income, by application of
19 clause (i), exceeds the applicable eligibility
20 threshold established by the State, may
21 continue to be eligible for medical assist-
22 ance to the extent that the State deter-
23 mines, under procedures established by the
24 State under the State plan (or in the case
25 of a waiver of the plan under section 1115,

1 incorporated in such waiver), or as other-
2 wise established by such State in accord-
3 ance with such standards as may be speci-
4 fied by the Secretary, that the denial of eli-
5 gibility of the individual would cause an
6 undue medical or financial hardship as de-
7 termined on the basis of criteria estab-
8 lished by the Secretary.

9 "(iv) NOTIFICATIONS AND ASSIST-
10 ANCE REQUIRED IN CASE OF LOSS OF ELI-
11 GIBILITY.—A State shall, with respect to
12 an individual who loses eligibility for med-
13 ical assistance under the State plan (or a
14 waiver of such plan) by reason of clause
15 (i), before the date on which the individual
16 loses such eligibility, inform the individual
17 of the date on which the individual would
18 no longer be considered ineligible by reason
19 of such clause to receive medical assistance
20 under the State plan or under any waiver
21 of such plan and the date on which the in-
22 dividual would be eligible to reapply to re-
23 ceive such medical assistance.

24 "(v) QUALIFIED LOTTERY WINNINGS
25 DEFINED.—In this subparagraph, the term

1 ‘qualified lottery winnings’ means winnings
2 from a sweepstakes, lottery, or pool de-
3 scribed in paragraph (3) of section 4402 of
4 the Internal Revenue Code of 1986 or a
5 lottery operated by a multistate or multi-
6 jurisdictional lottery association, including
7 amounts awarded as a lump sum payment.
8 “(vi) QUALIFIED LUMP SUM INCOME
9 DEFINED.—In this subparagraph, the term
10 ‘qualified lump sum income’ means income
11 that is received as a lump sum from one
12 of the following sources:
13 “(I) Monetary winnings from
14 gambling (as defined by the Secretary
15 and including monetary winnings from
16 gambling activities described in sec-
17 tion 1955(b)(4) of title 18, United
18 States Code).
19 “(II) Income received as liquid
20 assets from the estate (as defined in
21 section 1917(b)(4)) of a deceased in-
22 dividual.”; and
23 (ii) by striking “(14) EXCLUSION”
24 and inserting “(15) EXCLUSION”.
25 (2) RULES OF CONSTRUCTION.—

1 (A) INTERCEPTION OF LOTTERY WINNINGS
2 ALLOWED.—Nothing in the amendment made
3 by paragraph (1)(B)(i) shall be construed as
4 preventing a State from intercepting the State
5 lottery winnings awarded to an individual in the
6 State to recover amounts paid by the State
7 under the State Medicaid plan under title XIX
8 of the Social Security Act for medical assistance
9 furnished to the individual.
10 (B) APPLICABILITY LIMITED TO ELIGI-
11 BILITY OF RECIPIENT OF LOTTERY WINNINGS
12 OR LUMP SUM INCOME.—Nothing in the amend-
13 ment made by paragraph (1)(B)(i) shall be con-
14 strued, with respect to a determination of
15 household income for purposes of a determina-
16 tion of eligibility for medical assistance under
17 the State plan under title XIX of the Social Se-
18 curity Act (42 U.S.C. 1396 et seq.) (or a waiver
19 of such plan) made by applying modified ad-
20 justed gross income under subparagraph (A) of
21 section 1902(e)(14) of such Act (42 U.S.C.
22 1396a(e)(14)), as limiting the eligibility for
23 such medical assistance of any individual that is
24 a member of the household other than the indi-
25 vidual (or the individual's spouse) who received

qualified lottery winnings or qualified lump-sum income (as defined in subparagraph (J) of such section 1902(e)(14), as added by paragraph (1)(B)(i) of this subsection).

(b) REPEAL OF RETROACTIVE ELIGIBILITY.—

(1) IN GENERAL.—

(A) STATE PLAN REQUIREMENTS.—Section 1902(a)(34) of the Social Security Act (42 U.S.C. 1396a(a)(34)) is amended by striking "in or after the third month before the month in which he made application" and inserting "in or after the month in which the individual made application".

(B) DEFINITION OF MEDICAL ASSISTANCE.—Section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)) is amended by striking "in or after the third month before the month in which the recipient makes application for assistance" and inserting "in or after the month in which the recipient makes application for assistance".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to medical assistance with respect to individuals whose eligibility for such assistance is based on an application for such assist-

ance made (or deemed to be made) on or after October 1, 2017.

(c) ENSURING STATES ARE NOT FORCED TO PAY FOR INDIVIDUALS INELIGIBLE FOR THE PROGRAM.—

(1) IN GENERAL.—Section 1137(f) of the Social Security Act (42 U.S.C. 1320b–7(f)) is amended—

(A) by striking "Subsections (a)(1) and (d)" and inserting "(1) Subsections (a)(1) and (d)"; and

(B) by adding at the end the following new paragraph:

"(2)(A) Subparagraphs (A) and (B)(ii) of subsection (d)(4) shall not apply in the case of an initial determination made on or after the date that is 6 months after the date of the enactment of this paragraph with respect to the eligibility of an alien described in subparagraph (B) for benefits under the program listed in subsection (b)(2).

"(B) An alien described in this subparagraph is an individual declaring to be a citizen or national of the United States with respect to whom a State, in accordance with section 1902(a)(46)(B), requires—

"(i) pursuant to 1902(ee), the submission of a social security number; or

1 "(ii) pursuant to 1903(x), the presentation of
2 satisfactory documentary evidence of citizenship or
3 nationality.".

4 (2) NO PAYMENTS FOR MEDICAL ASSISTANCE
5 PROVIDED BEFORE PRESENTATION OF EVIDENCE.—
6 Section 1903(i)(22) of the Social Security Act (42
7 U.S.C. 1396b(i)(22)) is amended—

8 (A) by striking "with respect to amounts
9 expended" and inserting "(A) with respect to
10 amounts expended";

11 (B) by inserting "and" at the end; and

12 (C) by adding at the end the following new
13 subparagraph:

14 "(B) in the case of a State that elects to pro-
15 vide a reasonable period to present satisfactory doc-
16 umentary evidence of such citizenship or nationality
17 pursuant to paragraph (2)(C) of section 1902(ee) or
18 paragraph (4) of subsection (x) of this section, for
19 amounts expended for medical assistance for such an
20 individual (other than an individual described in
21 paragraph (2) of such subsection (x)) during such
22 period;".

23 (3) CONFORMING AMENDMENTS.—Section
24 1137(d)(4) of the Social Security Act (42 U.S.C.
25 1320b–7(d)(4)) is amended—

1 (A) in subparagraph (A), in the matter
2 preceding clause (i), by inserting "subject to
3 subsection (f)(2)," before "the State"; and
4 (B) in subparagraph (B)(ii), by inserting
5 "subject to subsection (f)(2)," before "pending
6 such verification".
7 (d) UPDATING ALLOWABLE HOME EQUITY LIMITS
8 IN MEDICAID.—
9 (1) IN GENERAL.—Section 1917(f)(1) of the
10 Social Security Act (42 U.S.C. 1396p(f)(1)) is
11 amended—
12 (A) in subparagraph (A), by striking "sub-
13 paragraphs (B) and (C)" and inserting "sub-
14 paragraph (B)";
15 (B) by striking subparagraph (B);
16 (C) by redesignating subparagraph (C) as
17 subparagraph (B); and
18 (D) in subparagraph (B), as so redesig-
19 nated, by striking "dollar amounts specified in
20 this paragraph" and inserting "dollar amount
21 specified in subparagraph (A)".
22 (2) EFFECTIVE DATE.—
23 (A) IN GENERAL.—The amendments made
24 by paragraph (1) shall apply with respect to eli-
25 gibility determinations made after the date that

1 is 180 days after the date of the enactment of
2 this section.
3 (B) EXCEPTION FOR STATE LEGISLA-
4 TION.—In the case of a State plan under title
5 XIX of the Social Security Act that the Sec-
6 retary of Health and Human Services deter-
7 mines requires State legislation in order for the
8 respective plan to meet any requirement im-
9 posed by amendments made by this subsection,
10 the respective plan shall not be regarded as fail-
11 ing to comply with the requirements of such
12 title solely on the basis of its failure to meet
13 such an additional requirement before the first
14 day of the first calendar quarter beginning after
15 the close of the first regular session of the
16 State legislature that begins after the date of
17 the enactment of this Act. For purposes of the
18 previous sentence, in the case of a State that
19 has a 2-year legislative session, each year of the
20 session shall be considered to be a separate reg-
21 ular session of the State legislature.

1 **SEC. 115. SAFETY NET FUNDING FOR NON-EXPANSION**
2 **STATES.**

3 Title XIX of the Social Security Act is amended by
4 inserting after section 1923 (42 U.S.C. 1396r–4) the fol-
5 lowing new section:

6 "ADJUSTMENT IN PAYMENT FOR SERVICES OF SAFETY
7 NET PROVIDERS IN NON-EXPANSION STATES

8 "SEC. 1923A. (a) IN GENERAL.—Subject to the limi-
9 tations of this section, for each year during the period be-
10 ginning with 2018 and ending with 2021, each State that
11 is one of the 50 States or the District of Columbia and
12 that, as of July 1 of the preceding year, did not provide
13 for eligibility under clause (i)(VIII) or (ii)(XX) of section
14 1902(a)(10)(A) for medical assistance under this title (or
15 a waiver of the State plan approved under section 1115)
16 (each such State or District referred to in this section for
17 the year as a 'non-expansion State') may adjust the pay-
18 ment amounts otherwise provided under the State plan
19 under this title (or a waiver of such plan) to health care
20 providers that provide health care services to individuals
21 enrolled under this title (in this section referred to as 'eli-
22 gible providers').

23 "(b) INCREASE IN APPLICABLE FMAP.—Notwith-
24 standing section 1905(b), the Federal medical assistance
25 percentage applicable with respect to expenditures attrib-
26 utable to a payment adjustment under subsection (a) for

1 which payment is permitted under subsection (c) shall be
2 equal to—

3 “(1) 100 percent for calendar quarters in cal-
4 endar years 2018, 2019, 2020, and 2021; and

5 “(2) 95 percent for calendar quarters in cal-
6 endar year 2022.

7 “(c) LIMITATIONS; DISQUALIFICATION OF STATES.—

8 “(1) ANNUAL ALLOTMENT LIMITATION.—Pay-
9 ment under section 1903(a) shall not be made to a
10 State with respect to any payment adjustment made
11 under this section for all calendar quarters in a year
12 in excess of the $2,000,000,000 multiplied by the
13 ratio of—

14 “(A) the population of the State with in-
15 come below 138 percent of the poverty line in
16 2015 (as determined based the table entitled
17 ‘Health Insurance Coverage Status and Type
18 by Ratio of Income to Poverty Level in the Past
19 12 Months by Age’ for the universe of the civil-
20 ian noninstitutionalized population for whom
21 poverty status is determined based on the 2015
22 American Community Survey 1-Year Estimates,
23 as published by the Bureau of the Census), to

24 “(B) the sum of the populations under
25 subparagraph (A) for all non-expansion States.

1 "(2) LIMITATION ON PAYMENT ADJUSTMENT
2 AMOUNT FOR INDIVIDUAL PROVIDERS.—The amount
3 of a payment adjustment under subsection (a) for an
4 eligible provider may not exceed the provider's costs
5 incurred in furnishing health care services (as deter-
6 mined by the Secretary and net of payments under
7 this title, other than under this section, and by unin-
8 sured patients) to individuals who either are eligible
9 for medical assistance under the State plan (or
10 under a waiver of such plan) or have no health in-
11 surance or health plan coverage for such services.
12 "(d) DISQUALIFICATION IN CASE OF STATE COV-
13 ERAGE EXPANSION.—If a State is a non-expansion for a
14 year and provides eligibility for medical assistance de-
15 scribed in subsection (a) during the year, the State shall
16 no longer be treated as a non-expansion State under this
17 section for any subsequent years.".

18 **SEC. 116. PROVIDING INCENTIVES FOR INCREASED FRE-**
19 **QUENCY OF ELIGIBILITY REDETERMINA-**
20 **TIONS.**

21 (a) IN GENERAL.—Section 1902(e)(14) of the Social
22 Security Act (42 U.S.C. 1396a(e)(14)) (relating to modi-
23 fied adjusted gross income), as amended by section
24 114(a)(1), is further amended by adding at the end the
25 following:

1 "(K) FREQUENCY OF ELIGIBILITY REDE-
2 TERMINATIONS.—Beginning on October 1,
3 2017, and notwithstanding subparagraph (H),
4 in the case of an individual whose eligibility for
5 medical assistance under the State plan under
6 this title (or a waiver of such plan) is deter-
7 mined based on the application of modified ad-
8 justed gross income under subparagraph (A)
9 and who is so eligible on the basis of clause
10 (i)(VIII) or clause (ii)(XX) of subsection
11 (a)(10)(A), a State shall redetermine such indi-
12 vidual's eligibility for such medical assistance
13 no less frequently than once every 6 months.".
14 (b) CIVIL MONETARY PENALTY.—Section 1128A(a)
15 of the Social Security Act (42 U.S.C. 1320a–7(a)) is
16 amended, in the matter following paragraph (10), by strik-
17 ing "(or, in cases under paragraph (3)" and inserting the
18 following: "(or, in cases under paragraph (1) in which an
19 individual was knowingly enrolled on or after October 1,
20 2017, pursuant to section 1902(a)(10)(A)(i)(VIII) for
21 medical assistance under the State plan under title XIX
22 whose income does not meet the income threshold specified
23 in such section or in which a claim was presented on or
24 after October 1, 2017, as a claim for an item or service
25 furnished to an individual described in such section but

whose enrollment under such State plan is not made on the basis of such individual's meeting the income threshold specified in such section, $20,000 for each such individual or claim; in cases under paragraph (3)''.

(c) INCREASED ADMINISTRATIVE MATCHING PERCENTAGE.—For each calendar quarter during the period beginning on October 1, 2017, and ending on December 31, 2019, the Federal matching percentage otherwise applicable under section 1903(a) of the Social Security Act (42 U.S.C. 1396b(a)) with respect to State expenditures during such quarter that are attributable to meeting the requirement of section 1902(e)(14) (relating to determinations of eligibility using modified adjusted gross income) of such Act shall be increased by 5 percentage points with respect to State expenditures attributable to activities carried out by the State (and approved by the Secretary) to increase the frequency of eligibility redeterminations required by subparagraph (K) of such section (relating to eligibility redeterminations made on a 6-month basis) (as added by subsection (a)).

Subtitle C—Per Capita Allotment for Medical Assistance

SEC. 121. PER CAPITA ALLOTMENT FOR MEDICAL ASSISTANCE.

Title XIX of the Social Security Act is amended—

1 (1) in section 1903 (42 U.S.C. 1396b)—
2 (A) in subsection (a), in the matter before
3 paragraph (1), by inserting ''and section
4 1903A(a)'' after ''except as otherwise provided
5 in this section''; and
6 (B) in subsection (d)(1), by striking ''to
7 which'' and inserting ''to which, subject to sec-
8 tion 1903A(a),''; and
9 (2) by inserting after such section 1903 the fol-
10 lowing new section:

11 **''SEC. 1903A. PER CAPITA-BASED CAP ON PAYMENTS FOR**
12 **MEDICAL ASSISTANCE.**

13 ''(a) APPLICATION OF PER CAPITA CAP ON PAY-
14 MENTS FOR MEDICAL ASSISTANCE EXPENDITURES.—
15 ''(1) IN GENERAL.—If a State has excess ag-
16 gregate medical assistance expenditures (as defined
17 in paragraph (2)) for a fiscal year (beginning with
18 fiscal year 2020), the amount of payment to the
19 State under section 1903(a)(1) for each quarter in
20 the following fiscal year shall be reduced by ¼ of
21 the excess aggregate medical assistance payments
22 (as defined in paragraph (3)) for that previous fiscal
23 year. In this section, the term 'State' means only the
24 50 States and the District of Columbia.

1 "(2) EXCESS AGGREGATE MEDICAL ASSISTANCE
2 EXPENDITURES.—In this subsection, the term 'ex-
3 cess aggregate medical assistance expenditures'
4 means, for a State for a fiscal year, the amount (if
5 any) by which—
6 "(A) the amount of the adjusted total med-
7 ical assistance expenditures (as defined in sub-
8 section (b)(1)) for the State and fiscal year; ex-
9 ceeds
10 "(B) the amount of the target total med-
11 ical assistance expenditures (as defined in sub-
12 section (c)) for the State and fiscal year.
13 "(3) EXCESS AGGREGATE MEDICAL ASSISTANCE
14 PAYMENTS.—In this subsection, the term 'excess ag-
15 gregate medical assistance payments' means, for a
16 State for a fiscal year, the product of—
17 "(A) the excess aggregate medical assist-
18 ance expenditures (as defined in paragraph (2))
19 for the State for the fiscal year; and
20 "(B) the Federal average medical assist-
21 ance matching percentage (as defined in para-
22 graph (4)) for the State for the fiscal year.
23 "(4) FEDERAL AVERAGE MEDICAL ASSISTANCE
24 MATCHING PERCENTAGE.—In this subsection, the
25 term 'Federal average medical assistance matching

1 percentage' means, for a State for a fiscal year, the
2 ratio (expressed as a percentage) of—
3 "(A) the amount of the Federal payments
4 that would be made to the State under section
5 1903(a)(1) for medical assistance expenditures
6 for calendar quarters in the fiscal year if para-
7 graph (1) did not apply; to
8 "(B) the amount of the medical assistance
9 expenditures for the State and fiscal year.
10 "(b) ADJUSTED TOTAL MEDICAL ASSISTANCE EX-
11 PENDITURES.—Subject to subsection (g), the following
12 shall apply:
13 "(1) IN GENERAL.—In this section, the term
14 'adjusted total medical assistance expenditures'
15 means, for a State—
16 "(A) for fiscal year 2016, the product of—
17 "(i) the amount of the medical assist-
18 ance expenditures (as defined in paragraph
19 (2)) for the State and fiscal year, reduced
20 by the amount of any excluded expendi-
21 tures (as defined in paragraph (3)) for the
22 State and fiscal year otherwise included in
23 such medical assistance expenditures; and

1 “(ii) the 1903A FY16 population per-
2 centage (as defined in paragraph (4)) for
3 the State; or
4 “(B) for fiscal year 2019 or a subsequent
5 fiscal year, the amount of the medical assist-
6 ance expenditures (as defined in paragraph (2))
7 for the State and fiscal year that is attributable
8 to 1903A enrollees, reduced by the amount of
9 any excluded expenditures (as defined in para-
10 graph (3)) for the State and fiscal year other-
11 wise included in such medical assistance ex-
12 penditures.
13 “(2) MEDICAL ASSISTANCE EXPENDITURES.—
14 In this section, the term ‘medical assistance expendi-
15 tures’ means, for a State and fiscal year, the med-
16 ical assistance payments as reported by medical
17 service category on the Form CMS-64 quarterly ex-
18 pense report (or successor to such a report form,
19 and including enrollment data and subsequent ad-
20 justments to any such report, in this section referred
21 to collectively as a ‘CMS-64 report’) that directly re-
22 sult from providing medical assistance under the
23 State plan (including under a waiver of the plan) for
24 which payment is (or may otherwise be) made pur-
25 suant to section 1903(a)(1).

1 "(3) EXCLUDED EXPENDITURES.—In this sec-
2 tion, the term 'excluded expenditures' means, for a
3 State and fiscal year, expenditures under the State
4 plan (or under a waiver of such plan) that are at-
5 tributable to any of the following:

6 "(A) DSH.—Payment adjustments made
7 for disproportionate share hospitals under sec-
8 tion 1923.

9 "(B) MEDICARE COST-SHARING.—Pay-
10 ments made for medicare cost-sharing (as de-
11 fined in section 1905(p)(3)).

12 "(C) SAFETY NET PROVIDER PAYMENT AD-
13 JUSTMENTS IN NON-EXPANSION STATES.—Pay-
14 ment adjustments under subsection (a) of sec-
15 tion 1923A for which payment is permitted
16 under subsection (c) of such section.

17 "(4) 1903A FY 16 POPULATION PERCENTAGE.—
18 In this subsection, the term '1903A FY16 popu-
19 lation percentage' means, for a State, the Sec-
20 retary's calculation of the percentage of the actual
21 medical assistance expenditures, as reported by the
22 State on the CMS–64 reports for calendar quarters
23 in fiscal year 2016, that are attributable to 1903A
24 enrollees (as defined in subsection (e)(1)).

1 ''(c) TARGET TOTAL MEDICAL ASSISTANCE EXPEND-
2 ITURES.—
3 ''(1) CALCULATION.—In this section, the term
4 'target total medical assistance expenditures' means,
5 for a State for a fiscal year, the sum of the prod-
6 ucts, for each of the 1903A enrollee categories (as
7 defined in subsection (e)(2)), of—
8 ''(A) the target per capita medical assist-
9 ance expenditures (as defined in paragraph (2))
10 for the enrollee category, State, and fiscal year;
11 and
12 ''(B) the number of 1903A enrollees for
13 such enrollee category, State, and fiscal year, as
14 determined under subsection (e)(4).
15 ''(2) TARGET PER CAPITA MEDICAL ASSISTANCE
16 EXPENDITURES.—In this subsection, the term 'tar-
17 get per capita medical assistance expenditures'
18 means, for a 1903A enrollee category, State, and a
19 fiscal year, an amount equal to—
20 ''(A) the provisional FY19 target per cap-
21 ita amount for such enrollee category (as cal-
22 culated under subsection (d)(5)) for the State;
23 increased by
24 ''(B) the percentage increase in the med-
25 ical care component of the consumer price index

for all urban consumers (U.S. city average) from September of 2019 to September of the fiscal year involved.

"(d) CALCULATION OF FY19 PROVISIONAL TARGET AMOUNT FOR EACH 1903A ENROLLEE CATEGORY.—Subject to subsection (g), the following shall apply:

"(1) CALCULATION OF BASE AMOUNTS FOR FISCAL YEAR 2016.—For each State the Secretary shall calculate (and provide notice to the State not later than April 1, 2018, of) the following:

"(A) The amount of the adjusted total medical assistance expenditures (as defined in subsection (b)(1)) for the State for fiscal year 2016.

"(B) The number of 1903A enrollees for the State in fiscal year 2016 (as determined under subsection (e)(4)).

"(C) The average per capita medical assistance expenditures for the State for fiscal year 2016 equal to—

"(i) the amount calculated under subparagraph (A); divided by

"(ii) the number calculated under subparagraph (B).

1 "(2) FISCAL YEAR 2019 AVERAGE PER CAPITA
2 AMOUNT BASED ON INFLATING THE FISCAL YEAR
3 2016 AMOUNT TO FISCAL YEAR 2019 BY CPI-MED-
4 ICAL.—The Secretary shall calculate a fiscal year
5 2019 average per capita amount for each State
6 equal to—
7 "(A) the average per capita medical assist-
8 ance expenditures for the State for fiscal year
9 2016 (calculated under paragraph (1)(C)); in-
10 creased by
11 "(B) the percentage increase in the med-
12 ical care component of the consumer price index
13 for all urban consumers (U.S. city average)
14 from September, 2016 to September, 2019.
15 "(3) AGGREGATE AND AVERAGE EXPENDI-
16 TURES PER CAPITA FOR FISCAL YEAR 2019.—The
17 Secretary shall calculate for each State the fol-
18 lowing:
19 "(A) The amount of the adjusted total
20 medical assistance expenditures (as defined in
21 subsection (b)(1)) for the State for fiscal year
22 2019.
23 "(B) The number of 1903A enrollees for
24 the State in fiscal year 2019 (as determined
25 under subsection (e)(4)).

1 "(4) PER CAPITA EXPENDITURES FOR FISCAL
2 YEAR 2019 FOR EACH 1903A ENROLLEE CATEGORY.—
3 The Secretary shall calculate (and provide notice to
4 each State not later than January 1, 2020, of) the
5 following:
6 "(A)(i) For each 1903A enrollee category,
7 the amount of the adjusted total medical assist-
8 ance expenditures (as defined in subsection
9 (b)(1)) for the State for fiscal year 2019 for in-
10 dividuals in the enrollee category, calculated by
11 excluding from medical assistance expenditures
12 those expenditures attributable to expenditures
13 described in clause (iii) or non-DSH supple-
14 mental expenditures (as defined in clause (ii)).
15 "(ii) In this paragraph, the term 'non-
16 DSH supplemental expenditure' means a pay-
17 ment to a provider under the State plan (or
18 under a waiver of the plan) that—
19 "(I) is not made under section 1923;
20 "(II) is not made with respect to a
21 specific item or service for an individual;
22 "(III) is in addition to any payments
23 made to the provider under the plan (or
24 waiver) for any such item or service; and

1 "(IV) complies with the limits for ad-
2 ditional payments to providers under the
3 plan (or waiver) imposed pursuant to sec-
4 tion 1902(a)(30)(A), including the regula-
5 tions specifying upper payment limits
6 under the State plan in part 447 of title
7 42, Code of Federal Regulations (or any
8 successor regulations).
9 "(iii) An expenditure described in this
10 clause is an expenditure that meets the criteria
11 specified in subclauses (I), (II), and (III) of
12 clause (ii) and is authorized under section 1115
13 for the purposes of funding a delivery system
14 reform pool, uncompensated care pool, a des-
15 ignated state health program, or any other
16 similar expenditure (as defined by the Sec-
17 retary).
18 "(B) For each 1903A enrollee category,
19 the number of 1903A enrollees for the State in
20 fiscal year 2019 in the enrollee category (as de-
21 termined under subsection (e)(4)).
22 "(C) For fiscal year 2016, the State's non-
23 DSH supplemental payment percentage is equal
24 to the ratio (expressed as a percentage) of—

1 "(i) the total amount of non-DSH
2 supplemental expenditures (as defined in
3 subparagraph (A)(ii)) for the State for fis-
4 cal year 2016; to
5 "(ii) the amount described in sub-
6 section (b)(1)(A) for the State for fiscal
7 year 2016.
8 "(D) For each 1903A enrollee category an
9 average medical assistance expenditures per
10 capita for the State for fiscal year 2019 for the
11 enrollee category equal to—
12 "(i) the amount calculated under sub-
13 paragraph (A) for the State, increased by
14 the non-DSH supplemental payment per-
15 centage for the State (as calculated under
16 subparagraph (C)); divided by
17 "(ii) the number calculated under sub-
18 paragraph (B) for the State for the en-
19 rollee category.
20 "(5) PROVISIONAL FY19 PER CAPITA TARGET
21 AMOUNT FOR EACH 1903A ENROLLEE CATEGORY.—
22 Subject to subsection (f)(2), the Secretary shall cal-
23 culate for each State a provisional FY19 per capita
24 target amount for each 1903A enrollee category
25 equal to the average medical assistance expenditures

1 per capita for the State for fiscal year 2019 (as cal-
2 culated under paragraph (4)(D)) for such enrollee
3 category multiplied by the ratio of—
4 “(A) the product of—
5 “(i) the fiscal year 2019 average per
6 capita amount for the State, as calculated
7 under paragraph (2); and
8 “(ii) the number of 1903A enrollees
9 for the State in fiscal year 2019, as cal-
10 culated under paragraph (3)(B); to
11 “(B) the amount of the adjusted total
12 medical assistance expenditures for the State
13 for fiscal year 2019, as calculated under para-
14 graph (3)(A).
15 “(e) 1903A ENROLLEE; 1903A ENROLLEE CAT-
16 EGORY.—Subject to subsection (g), for purposes of this
17 section, the following shall apply:
18 “(1) 1903A ENROLLEE.—The term ‘1903A en-
19 rollee’ means, with respect to a State and a month,
20 any Medicaid enrollee (as defined in paragraph (3))
21 for the month, other than such an enrollee who for
22 such month is in any of the following categories of
23 excluded individuals:
24 “(A) CHIP.—An individual who is pro-
25 vided, under this title in the manner described

1 in section 2101(a)(2), child health assistance
2 under title XXI.
3 "(B) IHS.—An individual who receives
4 any medical assistance under this title for serv-
5 ices for which payment is made under the third
6 sentence of section 1905(b).
7 "(C) BREAST AND CERVICAL CANCER
8 SERVICES ELIGIBLE INDIVIDUAL.—An indi-
9 vidual who is entitled to medical assistance
10 under this title only pursuant to section
11 1902(a)(10)(A)(ii)(XVIII).
12 "(D) PARTIAL-BENEFIT ENROLLEES.—An
13 individual who—
14 "(i) is an alien who is entitled to med-
15 ical assistance under this title only pursu-
16 ant to section 1903(v)(2);
17 "(ii) is entitled to medical assistance
18 under this title only pursuant to subclause
19 (XII) or (XXI) of section
20 1902(a)(10)(A)(ii) (or pursuant to a waiv-
21 er that provides only comparable benefits);
22 "(iii) is a dual eligible individual (as
23 defined in section 1915(h)(2)(B)) and is
24 entitled to medical assistance under this
25 title (or under a waiver) only for some or

1 all of medicare cost-sharing (as defined in
2 section 1905(p)(3)); or
3 "(iv) is entitled to medical assistance
4 under this title and for whom the State is
5 providing a payment or subsidy to an em-
6 ployer for coverage of the individual under
7 a group health plan pursuant to section
8 1906 or section 1906A (or pursuant to a
9 waiver that provides only comparable bene-
10 fits).
11 "(2) 1903A ENROLLEE CATEGORY.—The term
12 '1903A enrollee category' means each of the fol-
13 lowing:
14 "(A) ELDERLY.—A category of 1903A en-
15 rollees who are 65 years of age or older.
16 "(B) BLIND AND DISABLED.—A category
17 of 1903A enrollees (not described in the pre-
18 vious subparagraph) who are eligible for med-
19 ical assistance under this title on the basis of
20 being blind or disabled.
21 "(C) CHILDREN.—A category of 1903A
22 enrollees (not described in a previous subpara-
23 graph) who are children under 19 years of age.
24 "(D) EXPANSION ENROLLEES.—A cat-
25 egory of 1903A enrollees (not described in a

1 previous subparagraph) for whom the amounts
2 expended for medical assistance are subject to
3 an increase or change in the Federal medical
4 assistance percentage under subsection (y) or
5 (z)(2), respectively, of section 1905.

6 ''(E) OTHER NONELDERLY, NONDISABLED,
7 NON-EXPANSION ADULTS.—A category of
8 1903A enrollees who are not described in any
9 previous subparagraph.

10 ''(3) MEDICAID ENROLLEE.—The term 'Med-
11 icaid enrollee' means, with respect to a State for a
12 month, an individual who is eligible for medical as-
13 sistance for items or services under this title and en-
14 rolled under the State plan (or a waiver of such
15 plan) under this title for the month.

16 ''(4) DETERMINATION OF NUMBER OF 1903A
17 ENROLLEES.—The number of 1903A enrollees for a
18 State and fiscal year, and, if applicable, for a 1903A
19 enrollee category, is the average monthly number of
20 Medicaid enrollees for such State and fiscal year
21 (and, if applicable, in such category) that are re-
22 ported through the CMS–64 report under (and sub-
23 ject to audit under) subsection (h).

24 ''(f) SPECIAL PAYMENT RULES.—

1 "(1) APPLICATION IN CASE OF RESEARCH AND
2 DEMONSTRATION PROJECTS AND OTHER WAIVERS.—
3 In the case of a State with a waiver of the State
4 plan approved under section 1115, section 1915, or
5 another provision of this title, this section shall
6 apply to medical assistance expenditures and medical
7 assistance payments under the waiver, in the same
8 manner as if such expenditures and payments had
9 been made under a State plan under this title and
10 the limitations on expenditures under this section
11 shall supersede any other payment limitations or
12 provisions (including limitations based on a per cap-
13 ita limitation) otherwise applicable under such a
14 waiver.
15 "(2) TREATMENT OF STATES EXPANDING COV-
16 ERAGE AFTER FISCAL YEAR 2016.—In the case of a
17 State that did not provide for medical assistance for
18 the 1903A enrollee category described in subsection
19 (e)(2)(D) during fiscal year 2016 but which provides
20 for such assistance for such category in a subse-
21 quent year, the provisional FY19 per capita target
22 amount for such enrollee category under subsection
23 (d)(5) shall be equal to the provisional FY19 per
24 capita target amount for the 1903A enrollee cat-
25 egory described in subsection (e)(2)(E).

1 "(3) IN CASE OF STATE FAILURE TO REPORT
2 NECESSARY DATA.—If a State for any quarter in a
3 fiscal year (beginning with fiscal year 2019) fails to
4 satisfactorily submit data on expenditures and en-
5 rollees in accordance with subsection (h)(1), for such
6 fiscal year and any succeeding fiscal year for which
7 such data are not satisfactorily submitted—

8 "(A) the Secretary shall calculate and
9 apply subsections (a) through (e) with respect
10 to the State as if all 1903A enrollee categories
11 for which such expenditure and enrollee data
12 were not satisfactorily submitted were a single
13 1903A enrollee category; and

14 "(B) the growth factor otherwise applied
15 under subsection (c)(2)(B) shall be decreased
16 by 1 percentage point.

17 "(g) RECALCULATION OF CERTAIN AMOUNTS FOR
18 DATA ERRORS.—The amounts and percentage calculated
19 under paragraphs (1) and (4)(C) of subsection (d) for a
20 State for fiscal year 2016, and the amounts of the ad-
21 justed total medical assistance expenditures calculated
22 under subsection (b) and the number of Medicaid enrollees
23 and 1903A enrollees determined under subsection (e)(4)
24 for a State for fiscal year 2016, fiscal year 2019, and any
25 subsequent fiscal year, may be adjusted by the Secretary

1 based upon an appeal (filed by the State in such a form,
2 manner, and time, and containing such information relat-
3 ing to data errors that support such appeal, as the Sec-
4 retary specifies) that the Secretary determines to be valid,
5 except that any adjustment by the Secretary under this
6 subsection for a State may not result in an increase of
7 the target total medical assistance expenditures exceeding
8 2 percent.

9 ‘‘(h) REQUIRED REPORTING AND AUDITING OF
10 CMS–64 DATA; TRANSITIONAL INCREASE IN FEDERAL
11 MATCHING PERCENTAGE FOR CERTAIN ADMINISTRATIVE
12 EXPENSES.—

13 ‘‘(1) REPORTING.—In addition to the data re-
14 quired on form Group VIII on the CMS–64 report
15 form as of January 1, 2017, in each CMS-64 report
16 required to be submitted (for each quarter beginning
17 on or after October 1, 2018), the State shall include
18 data on medical assistance expenditures within such
19 categories of services and categories of enrollees (in-
20 cluding each 1903A enrollee category and each cat-
21 egory of excluded individuals under subsection
22 (e)(1)) and the numbers of enrollees within each of
23 such enrollee categories, as the Secretary determines
24 are necessary (including timely guidance published
25 as soon as possible after the date of the enactment

1 of this section) in order to implement this section
2 and to enable States to comply with the requirement
3 of this paragraph on a timely basis.

4 ''(2) AUDITING.—The Secretary shall conduct
5 for each State an audit of the number of individuals
6 and expenditures reported through the CMS–64 re-
7 port for fiscal year 2016, fiscal year 2019, and each
8 subsequent fiscal year, which audit may be con-
9 ducted on a representative sample (as determined by
10 the Secretary).

11 ''(3) TEMPORARY INCREASE IN FEDERAL
12 MATCHING PERCENTAGE TO SUPPORT IMPROVED
13 DATA REPORTING SYSTEMS FOR FISCAL YEARS 2018
14 AND 2019.—For amounts expended during calendar
15 quarters beginning on or after October 1, 2017, and
16 before October 1, 2019—

17 ''(A) the Federal matching percentage ap-
18 plied under section 1903(a)(3)(A)(i) shall be in-
19 creased by 10 percentage points to 100 percent;

20 ''(B) the Federal matching percentage ap-
21 plied under section 1903(a)(3)(B) shall be in-
22 creased by 25 percentage points to 100 percent;
23 and

24 ''(C) the Federal matching percentage ap-
25 plied under section 1903(a)(7) shall be in-

1 creased by 10 percentage points to 60 percent
2 but only with respect to amounts expended that
3 are attributable to a State's additional adminis-
4 trative expenditures to implement the data re-
5 quirements of paragraph (1).''.

6 Subtitle D—Patient Relief and 7 Health Insurance Market Stability

8 SEC. 131. REPEAL OF COST-SHARING SUBSIDY.

9 (a) IN GENERAL.—Section 1402 of the Patient Pro-
10 tection and Affordable Care Act is repealed.
11 (b) EFFECTIVE DATE.—The repeal made by sub-
12 section (a) shall apply to cost-sharing reductions (and pay-
13 ments to issuers for such reductions) for plan years begin-
14 ning after December 31, 2019.

15 SEC. 132. PATIENT AND STATE STABILITY FUND.

16 The Social Security Act (42 U.S.C. 301 et seq.) is
17 amended by adding at the end the following new title:

18 "TITLE XXII—PATIENT AND 19 STATE STABILITY FUND

20 "SEC. 2201. ESTABLISHMENT OF PROGRAM.

21 ''There is hereby established the 'Patient and State
22 Stability Fund' to be administered by the Secretary of
23 Health and Human Services, acting through the Adminis-
24 trator of the Centers for Medicare & Medicaid Services
25 (in this section referred to as the 'Administrator'), to pro-

1 vide funding, in accordance with this title, to the 50 States
2 and the District of Columbia (each referred to in this sec-
3 tion as a 'State') during the period, subject to section
4 2204(c), beginning on January 1, 2018, and ending on
5 December 31, 2026, for the purposes described in section
6 2202.

7 **"SEC. 2202. USE OF FUNDS.**

8 "A State may use the funds allocated to the State
9 under this title for any of the following purposes:

10 "(1) Helping, through the provision of financial
11 assistance, high-risk individuals who do not have ac-
12 cess to health insurance coverage offered through an
13 employer enroll in health insurance coverage in the
14 individual market in the State, as such market is de-
15 fined by the State (whether through the establish-
16 ment of a new mechanism or maintenance of an ex-
17 isting mechanism for such purpose).

18 "(2) Providing incentives to appropriate entities
19 to enter into arrangements with the State to help
20 stabilize premiums for health insurance coverage in
21 the individual market, as such markets are defined
22 by the State.

23 "(3) Reducing the cost for providing health in-
24 surance coverage in the individual market and small
25 group market, as such markets are defined by the

1 State, to individuals who have, or are projected to
2 have, a high rate of utilization of health services (as
3 measured by cost).

4 "(4) Promoting participation in the individual
5 market and small group market in the State and in-
6 creasing health insurance options available through
7 such market.

8 "(5) Promoting access to preventive services;
9 dental care services (whether preventive or medically
10 necessary); vision care services (whether preventive
11 or medically necessary); prevention, treatment, or re-
12 covery support services for individuals with mental
13 or substance use disorders; or any combination of
14 such services.

15 "(6) Providing payments, directly or indirectly,
16 to health care providers for the provision of such
17 health care services as are specified by the Adminis-
18 trator.

19 "(7) Providing assistance to reduce out-of-pock-
20 et costs, such as copayments, coinsurance, pre-
21 miums, and deductibles, of individuals enrolled in
22 health insurance coverage in the State.

1 **"SEC. 2203. STATE ELIGIBILITY AND APPROVAL; DEFAULT**
2 **SAFEGUARD.**
3 "(a) ENCOURAGING STATE OPTIONS FOR ALLOCA-
4 TIONS.—
5 "(1) IN GENERAL.—To be eligible for an alloca-
6 tion of funds under this title for a year during the
7 period described in section 2201 for use for one or
8 more purposes described in section 2202, a State
9 shall submit to the Administrator an application at
10 such time (but, in the case of allocations for 2018,
11 not later than 45 days after the date of the enact-
12 ment of this title and, in the case of allocations for
13 a subsequent year, not later than March 31 of the
14 previous year) and in such form and manner as
15 specified by the Administrator and containing—
16 "(A) a description of how the funds will be
17 used for such purposes;
18 "(B) a certification that the State will
19 make, from non-Federal funds, expenditures for
20 such purposes in an amount that is not less
21 than the State percentage required for the year
22 under section 2204(e)(1); and
23 "(C) such other information as the Admin-
24 istrator may require.
25 "(2) AUTOMATIC APPROVAL.—An application so
26 submitted is approved unless the Administrator noti-

1 fies the State submitting the application, not later
2 than 60 days after the date of the submission of
3 such application, that the application has been de-
4 nied for not being in compliance with any require-
5 ment of this title and of the reason for such denial.
6 "(3) ONE-TIME APPLICATION.—If an applica-
7 tion of a State is approved for a year, with respect
8 to a purpose described in section 2202, such applica-
9 tion shall be treated as approved, with respect to
10 such purpose, for each subsequent year through
11 2026.
12 "(4) TREATMENT AS A STATE HEALTH CARE
13 PROGRAM.—Any program receiving funds from an
14 allocation for a State under this title, including pur-
15 suant to subsection (b), shall be considered to be a
16 'State health care program' for purposes of sections
17 1128, 1128A, and 1128B.
18 "(b) DEFAULT FEDERAL SAFEGUARD.—
19 "(1) IN GENERAL.—
20 "(A) 2018.—For allocations made under
21 this title for 2018, in the case of a State that
22 does not submit an application under subsection
23 (a) by the 45-day submission date applicable to
24 such year under subsection (a)(1)and in the
25 case of a State that does submit such an appli-

1 cation by such date that is not approved, sub-
2 ject to section 2204(e), the Administrator, in
3 consultation with the State insurance commis-
4 sioner, shall use the allocation that would other-
5 wise be provided to the State under this title
6 for such year, in accordance with paragraph
7 (2), for such State.

8 "(B) 2019 THROUGH 2026.—In the case of
9 a State that does not have in effect an approved
10 application under this section for 2019 or a
11 subsequent year beginning during the period
12 described in section 2201, subject to section
13 2204(e), the Administrator, in consultation with
14 the State insurance commissioner, shall use the
15 allocation that would otherwise be provided to
16 the State under this title for such year, in ac-
17 cordance with paragraph (2), for such State.

18 "(2) REQUIRED USE FOR MARKET STABILIZA-
19 TION PAYMENTS TO ISSUERS.—An allocation for a
20 State made pursuant to paragraph (1) for a year
21 shall be used to carry out the purpose described in
22 section 2202(2) in such State by providing payments
23 to appropriate entities described in such section with
24 respect to claims that exceed $50,000 (or, with re-
25 spect to allocations made under this title for 2020

or a subsequent year during the period specified in section 2201, such dollar amount specified by the Administrator), but do not exceed $350,000 (or, with respect to allocations made under this title for 2020 or a subsequent year during such period, such dollar amount specified by the Administrator), in an amount equal to 75 percent (or, with respect to allocations made under this title for 2020 or a subsequent year during such period, such percentage specified by the Administrator) of the amount of such claims.

"SEC. 2204. ALLOCATIONS.

"(a) APPROPRIATION.—For the purpose of providing allocations for States (including pursuant to section 2203(b)) under this title there is appropriated, out of any money in the Treasury not otherwise appropriated—

"(1) for 2018, $15,000,000,000;

"(2) for 2019, $15,000,000,000;

"(3) for 2020, $10,000,000,000;

"(4) for 2021, $10,000,000,000;

"(5) for 2022, $10,000,000,000;

"(6) for 2023, $10,000,000,000;

"(7) for 2024, $10,000,000,000;

"(8) for 2025, $10,000,000,000; and

"(9) for 2026, $10,000,000,000.

1 “(b) ALLOCATIONS.—

2 “(1) PAYMENT.—

3 “(A) IN GENERAL.—From amounts appro-
4 priated under subsection (a) for a year, the Ad-
5 ministrator shall, with respect to a State and
6 not later than the date specified under subpara-
7 graph (B) for such year, allocate, subject to
8 subsection (e), for such State (including pursu-
9 ant to section 2203(b)) the amount determined
10 for such State and year under paragraph (2).

11 “(B) SPECIFIED DATE.—For purposes of
12 subparagraph (A), the date specified in this
13 clause is—

14 “(i) for 2018, the date that is 45 days
15 after the date of the enactment of this
16 title; and

17 “(ii) for 2019 and subsequent years,
18 January 1 of the respective year.

19 “(2) ALLOCATION AMOUNT DETERMINA-
20 TIONS.—

21 “(A) FOR 2018 AND 2019.—

22 “(i) IN GENERAL.—For purposes of
23 paragraph (1), the amount determined
24 under this paragraph for 2018 and 2019

1 for a State is an amount equal to the sum
2 of—
3 ''(I) the relative incurred claims
4 amount described in clause (ii) for
5 such State and year; and
6 ''(II) the relative uninsured and
7 issuer participation amount described
8 in clause (iv) for such State and year.
9 ''(ii) RELATIVE INCURRED CLAIMS
10 AMOUNT.—For purposes of clause (i), the
11 relative incurred claims amount described
12 in this clause for a State for 2018 and
13 2019 is the product of—
14 ''(I) 85 percent of the amount
15 appropriated under subsection (a) for
16 the year; and
17 ''(II) the relative State incurred
18 claims proportion described in clause
19 (iii) for such State and year.
20 ''(iii) RELATIVE STATE INCURRED
21 CLAIMS PROPORTION.—The relative State
22 incurred claims proportion described in
23 this clause for a State and year is the
24 amount equal to the ratio of—

1 "(I) the adjusted incurred claims
2 by the State, as reported through the
3 medical loss ratio annual reporting
4 under section 2718 of the Public
5 Health Service Act for the third pre-
6 vious year; to
7 "(II) the sum of such adjusted
8 incurred claims for all States, as so
9 reported, for such third previous year.
10 "(iv) RELATIVE UNINSURED AND
11 ISSUER PARTICIPATION AMOUNT.—For
12 purposes of clause (i), the relative unin-
13 sured and issuer participation amount de-
14 scribed in this clause for a State for 2018
15 and 2019 is the product of—
16 "(I) 15 percent of the amount
17 appropriated under subsection (a) for
18 the year; and
19 "(II) the relative State uninsured
20 and issuer participation proportion de-
21 scribed in clause (v) for such State
22 and year.
23 "(v) RELATIVE STATE UNINSURED
24 AND ISSUER PARTICIPATION PROPOR-
25 TION.—The relative State uninsured and

1 issuer participation proportion described in
2 this clause for a State and year is—
3 ‘‘(I) in the case of a State not
4 described in clause (vi) for such year,
5 0; and
6 ‘‘(II) in the case of a State de-
7 scribed in clause (vi) for such year,
8 the amount equal to the ratio of—
9 ‘‘(aa) the number of individ-
10 uals residing in such State who
11 for the third preceding year were
12 not enrolled in a health plan or
13 otherwise did not have health in-
14 surance coverage (including
15 through a Federal or State
16 health program) and whose in-
17 come is below 100 percent of the
18 poverty line applicable to a family
19 of the size involved; to
20 ‘‘(bb) the sum of the num-
21 ber of such individuals for all
22 States described in clause (vi) for
23 the third preceding year.
24 ‘‘(vi) STATES DESCRIBED.—For pur-
25 poses of clause (v), a State is described in

1 this clause, with respect to 2018 and 2019,
2 if the State satisfies either of the following
3 criterion:
4 "(I) The number of individuals
5 residing in such State and described
6 in clause (v)(II)(aa) was higher in
7 2015 than 2013.
8 "(II) The State have fewer than
9 three health insurance issuers offering
10 qualified health plans through the Ex-
11 change for 2017.
12 "(B) FOR 2020 THROUGH 2026.—For pur-
13 poses of paragraph (1), the amount determined
14 under this paragraph for a year (beginning with
15 2020) during the period described in section
16 2201 for a State is an amount determined in
17 accordance with an allocation methodology spec-
18 ified by the Administrator which—
19 "(i) takes into consideration the ad-
20 justed incurred claims of such State, the
21 number of residents of such State who for
22 the previous year were not enrolled in a
23 health plan or otherwise did not have
24 health insurance coverage (including
25 through a Federal or State health pro-

1 gram) and whose income is below 100 per-
2 cent of the poverty line applicable to a
3 family of the size involved, and the number
4 of health insurance issuers participating in
5 the insurance market in such State for
6 such year;

7 ''(ii) is established after consultation
8 with health care consumers, health insur-
9 ance issuers, State insurance commis-
10 sioners, and other stakeholders and after
11 taking into consideration additional cost
12 and risk factors that may inhibit health
13 care consumer and health insurance issuer
14 participation; and

15 ''(iii) reflects the goals of improving
16 the health insurance risk pool, promoting a
17 more competitive health insurance market,
18 and increasing choice for health care con-
19 sumers.

20 ''(c) ANNUAL DISTRIBUTION OF PREVIOUS YEAR'S
21 REMAINING FUNDS.— In carrying out subsection (b), the
22 Administrator shall, with respect to a year (beginning with
23 2020 and ending with 2027), not later than March 31 of
24 such year—

1 "(1) determine the amount of funds, if any,
2 from the amounts appropriated under subsection (a)
3 for the previous year but not allocated for such pre-
4 vious year; and

5 "(2) if the Administrator determines that any
6 funds were not so allocated for such previous year,
7 allocate such remaining funds, in accordance with
8 the allocation methodology specified pursuant to
9 subsection (b)(2)(B)—

10 "(A) to States that have submitted an ap-
11 plication approved under section 2203(a) for
12 such previous year for any purpose for which
13 such an application was approved; and

14 "(B) for States for which allocations were
15 made pursuant to section 2203(b) for such pre-
16 vious year, to be used by the Administrator for
17 such States, to carry out the purpose described
18 in section 2202(2) in such States by providing
19 payments to appropriate entities described in
20 such section with respect to claims that exceed
21 $1,000,000;

22 with, respect to a year before 2027, any remaining
23 funds being made available for allocations to States
24 for the subsequent year.

1 "(d) AVAILABILITY.—Amounts appropriated under
2 subsection (a) for a year and allocated to States in accord-
3 ance with this section shall remain available for expendi-
4 ture through December 31, 2027.

5 "(e) CONDITIONS FOR AND LIMITATIONS ON RE-
6 CEIPT OF FUNDS.—The Secretary may not make an allo-
7 cation under this title for a State, with respect to a pur-
8 pose described in section 2202—

9 "(1) in the case of an allocation that would be
10 made to a State pursuant to section 2203(a), if the
11 State does not agree that the State will make avail-
12 able non-Federal contributions towards such purpose
13 in an amount equal to—

14 "(A) for 2020, 7 percent of the amount al-
15 located under this subsection to such State for
16 such year and purpose;

17 "(B) for 2021, 14 percent of the amount
18 allocated under this subsection to such State
19 for such year and purpose;

20 "(C) for 2022, 21 percent of the amount
21 allocated under this subsection to such State
22 for such year and purpose;

23 "(D) for 2023, 28 percent of the amount
24 allocated under this subsection to such State
25 for such year and purpose;

1 “(E) for 2024, 35 percent of the amount
2 allocated under this subsection to such State
3 for such year and purpose;
4 “(F) for 2025, 42 percent of the amount
5 allocated under this subsection to such State
6 for such year and purpose; and
7 “(G) for 2026, 50 percent of the amount
8 allocated under this subsection to such State
9 for such year and purpose;
10 “(2) in the case of an allocation that would be
11 made for a State pursuant to section 2203(b), if the
12 State does not agree that the State will make avail-
13 able non-Federal contributions towards such purpose
14 in an amount equal to—
15 “(A) for 2020, 10 percent of the amount
16 allocated under this subsection to such State
17 for such year and purpose;
18 “(B) for 2021, 20 percent of the amount
19 allocated under this subsection to such State
20 for such year and purpose; and
21 “(C) for 2022, 30 percent of the amount
22 allocated under this subsection to such State
23 for such year and purpose;

1 "(D) for 2023, 40 percent of the amount
2 allocated under this subsection to such State
3 for such year and purpose;
4 "(E) for 2024, 50 percent of the amount
5 allocated under this subsection to such State
6 for such year and purpose;
7 "(F) for 2025, 50 percent of the amount
8 allocated under this subsection to such State
9 for such year and purpose; and
10 "(G) for 2026, 50 percent of the amount
11 allocated under this subsection to such State
12 for such year and purpose; or
13 "(3) if such an allocation for such purpose
14 would not be permitted under subsection (c)(7) of
15 section 2105 if such allocation were payment made
16 under such section.".

17 **SEC. 133. CONTINUOUS HEALTH INSURANCE COVERAGE IN-**
18 **CENTIVE.**

19 Subpart I of part A of title XXVII of the Public
20 Health Service Act is amended—
21 (1) in section 2701(a)(1)(B), by striking "such
22 rate" and inserting "subject to section 2711, such
23 rate";
24 (2) by redesignating the second section 2709 as
25 section 2710; and

1 (3) by adding at the end the following new sec-
2 tion:

3 **“SEC. 2711. ENCOURAGING CONTINUOUS HEALTH INSUR-**
4 **ANCE COVERAGE.**

5 ‘‘(a) PENALTY APPLIED.—

6 ‘‘(1) IN GENERAL.—Notwithstanding section
7 2701, subject to the succeeding provisions of this
8 section, a health insurance issuer offering health in-
9 surance coverage in the individual or small group
10 market shall, in the case of an individual who is an
11 applicable policyholder of such coverage with respect
12 to an enforcement period applicable to enrollments
13 for a plan year beginning with plan year 2019 (or,
14 in the case of enrollments during a special enroll-
15 ment period, beginning with plan year 2018), in-
16 crease the monthly premium rate otherwise applica-
17 ble to such individual for such coverage during each
18 month of such period, by an amount determined
19 under paragraph (2).

20 ‘‘(2) AMOUNT OF PENALTY.—The amount de-
21 termined under this paragraph for an applicable pol-
22 icyholder enrolling in health insurance coverage de-
23 scribed in paragraph (1) for a plan year, with re-
24 spect to each month during the enforcement period
25 applicable to enrollments for such plan year, is the

1 amount that is equal to 30 percent of the monthly
2 premium rate otherwise applicable to such applicable
3 policyholder for such coverage during such month.
4 ''(b) DEFINITIONS.—For purposes of this section:
5 ''(1) APPLICABLE POLICYHOLDER.—The term
6 'applicable policyholder' means, with respect to
7 months of an enforcement period and health insur-
8 ance coverage, an individual who—
9 ''(A) is a policyholder of such coverage for
10 such months;
11 ''(B) cannot demonstrate (through presen-
12 tation of certifications described in section
13 2704(e) or in such other manner as may be
14 specified in regulations, such as a return or
15 statement made under section 6055(d) or 36C
16 of the Internal Revenue Code of 1986), during
17 the look-back period that is with respect to such
18 enforcement period, there was not a period of
19 at least 63 continuous days during which the
20 individual did not have creditable coverage (as
21 defined in paragraph (1) of section 2704(c) and
22 credited in accordance with paragraphs (2) and
23 (3) of such section); and
24 ''(C) in the case of an individual who had
25 been enrolled under dependent coverage under a

group health plan or health insurance coverage by reason of section 2714 and such dependent coverage of such individual ceased because of the age of such individual, is not enrolling during the first open enrollment period following the date on which such coverage so ceased.

"(2) LOOK-BACK PERIOD.—The term 'look-back period' means, with respect to an enforcement period applicable to an enrollment of an individual for a plan year beginning with plan year 2019 (or, in the case of an enrollment of an individual during a special enrollment period, beginning with plan year 2018) in health insurance coverage described in subsection (a)(1), the 12-month period ending on the date the individual enrolls in such coverage for such plan year.

"(3) ENFORCEMENT PERIOD.—The term 'enforcement period' means—

"(A) with respect to enrollments during a special enrollment period for plan year 2018, the period beginning with the first month that is during such plan year and that begins subsequent to such date of enrollment, and ending with the last month of such plan year; and

1 "(B) with respect to enrollments for plan
2 year 2019 or a subsequent plan year, the 12-
3 month period beginning on the first day of the
4 respective plan year.".

5 **SEC. 134. INCREASING COVERAGE OPTIONS.**

6 Section 1302 of the Patient Protection and Afford-
7 able Care Act (42 U.S.C. 18022) is amended—
8 (1) in subsection (a)(3), by inserting "and with
9 respect to a plan year before plan year 2020" after
10 "subsection (e)"; and
11 (2) in subsection (d), by adding at the end the
12 following:
13 "(5) SUNSET.—The provisions of this sub-
14 section shall not apply after December 31, 2019,
15 and after such date any reference to this subsection
16 or level of coverage or plan described in this sub-
17 section and any requirement under law applying
18 such a level of coverage or plan shall have no force
19 or effect (and such a requirement shall be applied as
20 if this section had been repealed).".

21 **SEC. 135. CHANGE IN PERMISSIBLE AGE VARIATION IN**
22 **HEALTH INSURANCE PREMIUM RATES.**

23 Section 2701(a)(1)(A)(iii) of the Public Health Serv-
24 ice Act (42 U.S.C. 300gg(a)(1)(A)(iii)), as inserted by sec-
25 tion 1201(4) of Public Law 111–148, is amended by in-

1 serting after “3 to 1 for adults (consistent with section
2 2707(c))” the following: “or, for plan years beginning on
3 or after January 1, 2018, as the Secretary may implement
4 through interim final regulation, 5 to 1 for adults (con-
5 sistent with section 2707(c)) or such other ratio for adults
6 (consistent with section 2707(c)) as the State involved
7 may provide”.