

COMMITTEE PRINT

**Budget Reconciliation Legislative Recommendations Relating
to Repeal and Replace of the Patient Protection and Afford-
able 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3 gated balance at the end of fiscal year 2018 is rescinded.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 ccurring 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

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

5 (b) REPEAL OF RETROACTIVE ELIGIBILITY.—

6 (1) IN GENERAL.—

7 (A) STATE PLAN REQUIREMENTS.—Section
8 1902(a)(34) of the Social Security Act (42
9 U.S.C. 1396a(a)(34)) is amended by striking
10 “in or after the third month before the month
11 in which he made application” and inserting “in
12 or after the month in which the individual made
13 application”.

14 (B) DEFINITION OF MEDICAL ASSIST-
15 ANCE.—Section 1905(a) of the Social Security
16 Act (42 U.S.C. 1396d(a)) is amended by strik-
17 ing “in or after the third month before the
18 month in which the recipient makes application
19 for assistance” and inserting “in or after the
20 month in which the recipient makes application
21 for assistance”.

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

1 ance made (or deemed to be made) on or after Octo-
2 ber 1, 2017.

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

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

7 (A) by striking “Subsections (a)(1) and
8 (d)” and inserting “(1) Subsections (a)(1) and
9 (d)”; and

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

12 “(2)(A) Subparagraphs (A) and (B)(ii) of subsection
13 (d)(4) shall not apply in the case of an initial determina-
14 tion made on or after the date that is 6 months after the
15 date of the enactment of this paragraph with respect to
16 the eligibility of an alien described in subparagraph (B)
17 for benefits under the program listed in subsection (b)(2).

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

22 “(i) pursuant to 1902(ee), the submission of a
23 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 redesign-
19 ated, 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

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

5 (c) INCREASED ADMINISTRATIVE MATCHING PER-
6 CENTAGE.—For each calendar quarter during the period
7 beginning on October 1, 2017, and ending on December
8 31, 2019, the Federal matching percentage otherwise ap-
9 plicable under section 1903(a) of the Social Security Act
10 (42 U.S.C. 1396b(a)) with respect to State expenditures
11 during such quarter that are attributable to meeting the
12 requirement of section 1902(e)(14) (relating to determina-
13 tions of eligibility using modified adjusted gross income)
14 of such Act shall be increased by 5 percentage points with
15 respect to State expenditures attributable to activities car-
16 ried out by the State (and approved by the Secretary) to
17 increase the frequency of eligibility redeterminations re-
18 quired by subparagraph (K) of such section (relating to
19 eligibility redeterminations made on a 6-month basis) (as
20 added by subsection (a)).

21 **Subtitle C—Per Capita Allotment**
22 **for Medical Assistance**

23 **SEC. 121. PER CAPITA ALLOTMENT FOR MEDICAL ASSIST-**
24 **ANCE.**

25 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 $\frac{1}{4}$ 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

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

4 “(d) CALCULATION OF FY19 PROVISIONAL TARGET
5 AMOUNT FOR EACH 1903A ENROLLEE CATEGORY.—Sub-
6 ject to subsection (g), the following shall apply:

7 “(1) CALCULATION OF BASE AMOUNTS FOR FIS-
8 CAL YEAR 2016.—For each State the Secretary shall
9 calculate (and provide notice to the State not later
10 than April 1, 2018, of) the following:

11 “(A) The amount of the adjusted total
12 medical assistance expenditures (as defined in
13 subsection (b)(1)) for the State for fiscal year
14 2016.

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

18 “(C) The average per capita medical as-
19 sistance expenditures for the State for fiscal
20 year 2016 equal to—

21 “(i) the amount calculated under sub-
22 paragraph (A); divided by

23 “(ii) the number calculated under sub-
24 paragraph (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

1 or a subsequent year during the period specified in
2 section 2201, such dollar amount specified by the
3 Administrator), but do not exceed \$350,000 (or,
4 with respect to allocations made under this title for
5 2020 or a subsequent year during such period, such
6 dollar amount specified by the Administrator), in an
7 amount equal to 75 percent (or, with respect to allo-
8 cations made under this title for 2020 or a subse-
9 quent year during such period, such percentage
10 specified by the Administrator) of the amount of
11 such claims.

12 **“SEC. 2204. ALLOCATIONS.**

13 “(a) APPROPRIATION.—For the purpose of providing
14 allocations for States (including pursuant to section
15 2203(b)) under this title there is appropriated, out of any
16 money in the Treasury not otherwise appropriated—

17 “(1) for 2018, \$15,000,000,000;

18 “(2) for 2019, \$15,000,000,000;

19 “(3) for 2020, \$10,000,000,000;

20 “(4) for 2021, \$10,000,000,000;

21 “(5) for 2022, \$10,000,000,000;

22 “(6) for 2023, \$10,000,000,000;

23 “(7) for 2024, \$10,000,000,000;

24 “(8) for 2025, \$10,000,000,000; and

25 “(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 ministrators 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

1 group health plan or health insurance coverage
2 by reason of section 2714 and such dependent
3 coverage of such individual ceased because of
4 the age of such individual, is not enrolling dur-
5 ing the first open enrollment period following
6 the date on which such coverage so ceased.

7 “(2) LOOK-BACK PERIOD.—The term ‘look-back
8 period’ means, with respect to an enforcement period
9 applicable to an enrollment of an individual for a
10 plan year beginning with plan year 2019 (or, in the
11 case of an enrollment of an individual during a spe-
12 cial enrollment period, beginning with plan year
13 2018) in health insurance coverage described in sub-
14 section (a)(1), the 12-month period ending on the
15 date the individual enrolls in such coverage for such
16 plan year.

17 “(3) ENFORCEMENT PERIOD.—The term ‘en-
18 forcement period’ means—

19 “(A) with respect to enrollments during a
20 special enrollment period for plan year 2018,
21 the period beginning with the first month that
22 is during such plan year and that begins subse-
23 quent to such date of enrollment, and ending
24 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”.



COMMITTEE PRINT

Budget Reconciliation Legislative Recommendations Relating to Remuneration from Certain Insurers

1 **Subtitle _____—Remuneration From**
2 **Certain Insurers**

3 **SEC. __1. REMUNERATION FROM CERTAIN INSURERS.**

4 Paragraph (6) of section 162(m) of the Internal Rev-
5 enue Code of 1986 is amended by adding at the end the
6 following new paragraph:

7 “(I) TERMINATION.—This paragraph shall
8 not apply to taxable years beginning after De-
9 cember 31, 2017.”.



COMMITTEE PRINT

**Budget Reconciliation Legislative Recommendations Relating
to Repeal of Certain Consumer Taxes**

1 **Subtitle _____—Repeal of Certain**
2 **Consumer Taxes**

3 **SEC. __1. REPEAL OF TAX ON PRESCRIPTION MEDICATIONS.**

4 Section 9008 of the Patient Protection and Afford-
5 able Care Act is amended by adding at the end the fol-
6 lowing new subsection:

7 “(l) **TERMINATION.**—No fee shall be imposed under
8 subsection (a)(1) with respect to any calendar year begin-
9 ning after December 31, 2017.”.

10 **SEC. __2. REPEAL OF HEALTH INSURANCE TAX.**

11 Section 9010 of the Patient Protection and Afford-
12 able Care Act is amended by adding at the end the fol-
13 lowing new section:

14 “(k) **TERMINATION.**—No fee shall be imposed under
15 subsection (a)(1) with respect to any calendar year begin-
16 ning after December 31, 2017.”.



COMMITTEE PRINT

**Budget Reconciliation Legislative Recommendations Relating
to Repeal of Net Investment Income Tax**

1 **Subtitle _____—Repeal of Net**
2 **Investment Income Tax**

3 **SEC. __ 1. REPEAL OF NET INVESTMENT INCOME TAX.**

4 (a) **IN GENERAL.**—Subtitle A of the Internal Rev-
5 enue Code of 1986 is amended by striking chapter 2A.

6 (b) **EFFECTIVE DATE.**—The amendment made by
7 this subsection shall apply to taxable years beginning after
8 December 31, 2017.



COMMITTEE PRINT

Budget Reconciliation Legislative Recommendations Relating to Repeal and Replace of Health-Related Tax Policy

1 **Subtitle _____—Repeal and Replace**
2 **of Health-Related Tax Policy**

3 **SEC. __01. RECAPTURE EXCESS ADVANCE PAYMENTS OF**
4 **PREMIUM TAX CREDITS.**

5 Subparagraph (B) of section 36B(f)(2) of the Inter-
6 nal Revenue Code of 1986 is amended by adding at the
7 end the following new clause:

8 “(iii) NONAPPLICABILITY OF LIMITA-
9 TION.—This subparagraph shall not apply
10 to taxable years beginning after December
11 31, 2017, and before January 1, 2020.”

12 **SEC. __02. ADDITIONAL MODIFICATIONS TO PREMIUM TAX**
13 **CREDIT.**

14 (a) MODIFICATION OF DEFINITION OF QUALIFIED
15 HEALTH PLAN.—

16 (1) IN GENERAL.—Section 36B(e)(3)(A) of the
17 Internal Revenue Code of 1986 is amended—

18 (A) by inserting “(determined without re-
19 gard to subparagraphs (A), (C)(ii), and (C)(iv)
20 of paragraph (1) thereof and without regard to
21 whether the plan is offered on an Exchange)”

1 after “1301(a) of the Patient Protection and
2 Affordable Care Act”, and

3 (B) by striking “shall not include” and all
4 that follows and inserting “shall not include any
5 health plan that—

6 “(i) is a grandfathered health plan or
7 a grandmothere health plan, or

8 “(ii) includes coverage for abortions
9 (other than any abortion necessary to save
10 the life of the mother or any abortion with
11 respect to a pregnancy that is the result of
12 an act of rape or incest).”.

13 (2) DEFINITION OF GRANDMOTHERED HEALTH
14 PLAN.—Section 36B(c)(3) of such Code is amended
15 by adding at the end the following new subpara-
16 graph:

17 “(C) GRANDMOTHERED HEALTH PLAN.—

18 “(i) IN GENERAL.—The term
19 ‘grandmothered health plan’ means health
20 insurance coverage which is offered in the
21 individual health insurance market as of
22 January 1, 2013, and is permitted to be
23 offered in such market after January 1,
24 2014, as a result of CCIIO guidance.

1 “(ii) CCIIO GUIDANCE DEFINED.—
2 The term ‘CCIIO guidance’ means the let-
3 ter issued by the Centers for Medicare &
4 Medicaid Services on November 14, 2013,
5 to the State Insurance Commissioners out-
6 lining a transitional policy for non-grand-
7 fathered coverage in the individual health
8 insurance market, as subsequently ex-
9 tended and modified (including by a com-
10 munication entitled ‘Insurance Standards
11 Bulletin Series—INFORMATION—Ex-
12 tension of Transitional Policy through Cal-
13 endar Year 2017’ issued on February 29,
14 2016, by the Director of the Center for
15 Consumer Information & Insurance Over-
16 sight of such Centers).

17 “(iii) INDIVIDUAL HEALTH INSUR-
18 ANCE MARKET.—The term ‘individual
19 health insurance market’ means the mar-
20 ket for health insurance coverage (as de-
21 fined in section 9832(b)) offered to individ-
22 uals other than in connection with a group
23 health plan (within the meaning of section
24 5000(b)(1)).”.

1 (3) CONFORMING AMENDMENT RELATED TO
2 ABORTION COVERAGE.—Section 36B(c)(3) of such
3 Code, as amended by paragraph (2), is amended by
4 adding at the end the following new subparagraph:

5 “(D) CERTAIN RULES RELATED TO ABOR-
6 TION.—

7 “(i) OPTION TO PURCHASE SEPARATE
8 COVERAGE OR PLAN.—Nothing in subpara-
9 graph (A) shall be construed as prohibiting
10 any individual from purchasing separate
11 coverage for abortions described in such
12 subparagraph, or a health plan that in-
13 cludes such abortions, so long as no credit
14 is allowed under this section with respect
15 to the premiums for such coverage or plan.

16 “(ii) OPTION TO OFFER COVERAGE OR
17 PLAN.—Nothing in subparagraph (A) shall
18 restrict any health insurance issuer offer-
19 ing a health plan from offering separate
20 coverage for abortions described in such
21 subparagraph, or a plan that includes such
22 abortions, so long as premiums for such
23 separate coverage or plan are not paid for
24 with any amount attributable to the credit
25 allowed under this section (or the amount

1 of any advance payment of the credit
2 under section 1412 of the Patient Protec-
3 tion and Affordable Care Act).

4 “(iii) OTHER TREATMENTS.—The
5 treatment of any infection, injury, disease,
6 or disorder that has been caused by or ex-
7 acerbated by the performance of an abor-
8 tion shall not be treated as an abortion for
9 purposes of subparagraph (A).”.

10 (4) CONFORMING AMENDMENTS RELATED TO
11 OFF-EXCHANGE COVERAGE.—

12 (A) ADVANCE PAYMENT NOT APPLICA-
13 BLE.—Section 1412 of the Patient Protection
14 and Affordable Care Act is amended by adding
15 at the end the following new subsection:

16 “(f) EXCLUSION OF OFF-EXCHANGE COVERAGE.—
17 Advance payments under this section (and advance deter-
18 minations under section 1411) shall not be made with re-
19 spect to any health plan which is not enrolled in through
20 an Exchange.”.

21 (B) REPORTING.—Section 6055(b) of the
22 Internal Revenue Code of 1986 is amended by
23 adding at the end the following new paragraph:

24 “(3) INFORMATION RELATING TO OFF-EX-
25 CHANGE PREMIUM CREDIT ELIGIBLE COVERAGE.—If

1 minimum essential coverage provided to an indi-
2 vidual under subsection (a) consists of a qualified
3 health plan (as defined in section 36B(c)(3)) which
4 is not enrolled in through an Exchange established
5 under title I of the Patient Protection and Afford-
6 able Care Act, a return described in this subsection
7 shall include—

8 “(A) a statement that such plan is a quali-
9 fied health plan (as defined in section
10 36B(c)(3)),

11 “(B) the premiums paid with respect to
12 such coverage,

13 “(C) the months during which such cov-
14 erage is provided to the individual,

15 “(D) the adjusted monthly premium for
16 the applicable second lowest cost silver plan (as
17 defined in section 36B(b)(3)) for each such
18 month with respect to such individual, and

19 “(E) such other information as the Sec-
20 retary may prescribe.

21 This paragraph shall not apply with respect to cov-
22 erage provided for any month beginning after De-
23 cember 31, 2019.”.

24 (C) OTHER CONFORMING AMENDMENTS.—

1 (i) Section 36B(b)(2)(A) is amended
2 by striking “and which were enrolled” and
3 all that follows and inserting “, or”.

4 (ii) Section 36B(b)(3)(B)(i) is amend-
5 ed by striking “the same Exchange” and
6 all that follows and inserting “the Ex-
7 change through which such taxpayer is
8 permitted to obtain coverage, and”.

9 (b) MODIFICATION OF APPLICABLE PERCENTAGE.—
10 Section 36B(b)(3)(A) of such Code is amended to read
11 as follows:

12 “(A) APPLICABLE PERCENTAGE.—

13 “(i) IN GENERAL.—The applicable
14 percentage for any taxable year shall be
15 the percentage such that the applicable
16 percentage for any taxpayer whose house-
17 hold income is within an income tier speci-
18 fied in the following table shall increase, on
19 a sliding scale in a linear manner, from the
20 initial percentage to the final percentage
21 specified in such table for such income tier
22 with respect to a taxpayer of the age in-
23 volved:

“In the case of household income (expressed as a percent of the poverty line) within the following income tier:	Up to Age 29		Age 30-39		Age 40-49		Age 50-59		Over Age 59	
	Initial %	Final %	Initial %	Final %	Initial %	Final %	Initial %	Final %	Initial %	Final %
Up to 133%	2	2	2	2	2	2	2	2	2	2
133%-150%	3	4	3	4	3	4	3	4	3	4
150%-200%	4	4.3	4	5.3	4	6.3	4	7.3	4	8.3
200%-250%	4.3	4.3	5.3	5.9	6.3	8.05	7.3	9	8.3	10
250%-300%	4.3	4.3	5.9	5.9	8.05	8.35	9	10.5	10	11.5
300%-400%	4.3	4.3	5.9	5.9	8.35	8.35	10.5	10.5	11.5	11.5

1 “(ii) AGE DETERMINATIONS.—

2 “(I) IN GENERAL.—For purposes
3 of clause (i), the age of the taxpayer
4 taken into account under clause (i)
5 with respect to any taxable year is the
6 age attained by such taxpayer before
7 the close of such taxable year.

8 “(II) JOINT RETURNS.—In the
9 case of a joint return, the age of the
10 older spouse shall be taken into ac-
11 count under clause (i).

12 “(iii) INDEXING.—In the case of any
13 taxable year beginning in calendar year
14 2019, the initial and final percentages con-
15 tained in clause (i) shall be adjusted to re-
16 flect—

17 “(I) the excess (if any) of the
18 rate of premium growth for the period
19 beginning with calendar year 2013
20 and ending with calendar year 2018,

1 over the rate of income growth for
2 such period, and

3 “(II) in addition to any adjust-
4 ment under subclause (I), the excess
5 (if any) of the rate of premium
6 growth for calendar year 2018, over
7 the rate of growth in the consumer
8 price index for calendar year 2018.

9 “(iv) FAILSAFE.—Clause (iii)(II) shall
10 apply for only if the aggregate amount of
11 premium tax credits under this section and
12 cost-sharing reductions under section 1402
13 of the Patient Protection and Affordable
14 Care Act for calendar year 2018 exceeds
15 an amount equal to 0.504 percent of the
16 gross domestic product for such calendar
17 year.”.

18 (b) EFFECTIVE DATE.—

19 (1) IN GENERAL.—Except as otherwise pro-
20 vided in this subsection, the amendments made by
21 this section shall apply to taxable years beginning
22 after December 31, 2017.

23 (2) ADVANCE PAYMENT NOT APPLICABLE TO
24 OFF-EXCHANGE COVERAGE.—The amendment made

1 by subsection (a)(4)(A) shall take effect on January
2 1, 2018.

3 (3) REPORTING.—The amendment made by
4 subsection (a)(4)(B) shall apply to coverage provided
5 for months beginning after December 31, 2017.

6 (4) MODIFICATION OF APPLICABLE PERCENT-
7 AGE.—The amendment made by subsection (b) shall
8 apply to taxable years beginning after December 31,
9 2018.

10 **SEC. 03. PREMIUM TAX CREDIT.**

11 (a) REPEAL OF PREMIUM TAX CREDIT.—Section
12 36B of the Internal Revenue Code of 1986 is amended
13 by adding at the end the following new subsection:

14 “(h) TERMINATION.—No credit shall be allowed
15 under this section with respect to any coverage month
16 which begins after December 31, 2019.”.

17 (b) REPEAL OF ADVANCE PAYMENT OF, AND ELIGI-
18 BILITY DETERMINATION FOR, PREMIUM TAX CREDIT.—
19 Section 1412 of the Patient Protection and Affordable
20 Care Act is amended by adding at the end the following
21 new subsection:

22 “(f) TERMINATION WITH RESPECT TO PREMIUM
23 TAX CREDIT.—Effective January 1, 2020, no provision of
24 this section or section 1411 shall apply to the credit al-
25 lowed under section 36B of the Internal Revenue Code of

1 1986 (or to the advance payment of, or determination of
2 eligibility for, such credit or payment).”.

3 (c) EFFECTIVE DATES.—

4 (1) PREMIUM TAX CREDIT.—The amendment
5 made by subsection (a) shall apply to months begin-
6 ning after December 31, 2019, in taxable years end-
7 ing after such date.

8 (2) ELIGIBILITY DETERMINATIONS.—The
9 amendment made by subsection (b) shall take effect
10 on January 1, 2020.

11 **SEC. 04. SMALL BUSINESS TAX CREDIT.**

12 (a) IN GENERAL.—Section 45R of the Internal Rev-
13 enue Code of 1986 is amended by adding at the end the
14 following new subsection:

15 “(j) SHALL NOT APPLY.—This section shall not
16 apply with respect to amounts paid or incurred in taxable
17 years beginning after December 31, 2019.”.

18 (b) DISALLOWANCE OF SMALL EMPLOYER HEALTH
19 INSURANCE EXPENSE CREDIT FOR PLAN WHICH IN-
20 CLUDES COVERAGE FOR ABORTION.—Subsection (h) of
21 section 45R of the Internal Revenue Code of 1986 is
22 amended—

23 (1) by striking “Any term” and inserting the
24 following:

25 “(1) IN GENERAL.—Any term”; and

1 (2) by adding at the end the following new
2 paragraph:

3 “(2) EXCLUSION OF HEALTH PLANS INCLUDING
4 COVERAGE FOR ABORTION.—

5 “(A) IN GENERAL.—The term ‘qualified
6 health plan’ does not include any health plan
7 that includes coverage for abortions (other than
8 any abortion necessary to save the life of the
9 mother or any abortion with respect to a preg-
10 nancy that is the result of an act of rape or in-
11 cest) .

12 “(B) CERTAIN RULES RELATED TO ABOR-
13 TION.—

14 “(i) OPTION TO PURCHASE SEPARATE
15 COVERAGE OR PLAN.—Nothing in subpara-
16 graph (A) shall be construed as prohibiting
17 any employer from purchasing for its em-
18 ployees separate coverage for abortions de-
19 scribed in such subparagraph, or a health
20 plan that includes such abortions, so long
21 as no credit is allowed under this section
22 with respect to the employer contributions
23 for such coverage or plan.

24 “(ii) OPTION TO OFFER COVERAGE OR
25 PLAN.—Nothing in subparagraph (A) shall

1 restrict any health insurance issuer offer-
2 ing a health plan from offering separate
3 coverage for abortions described in such
4 subparagraph, or a plan that includes such
5 abortions, so long as such separate cov-
6 erage or plan is not paid for with any em-
7 ployer contribution eligible for the credit
8 allowed under this section.

9 “(iii) OTHER TREATMENTS.—The
10 treatment of any infection, injury, disease,
11 or disorder that has been caused by or ex-
12 acerbated by the performance of an abor-
13 tion shall not be treated as an abortion for
14 purposes of subparagraph (A).”

15 (c) EFFECTIVE DATES.—

16 (1) IN GENERAL.—The amendment made by
17 subsection (a) shall apply to taxable years beginning
18 after December 31, 2019.

19 (2) DISALLOWANCE OF SMALL EMPLOYER
20 HEALTH INSURANCE EXPENSE CREDIT FOR PLAN
21 WHICH INCLUDES COVERAGE FOR ABORTION.—The
22 amendments made by subsection (b) shall apply to
23 taxable years beginning after December 31, 2017.

1 **SEC. _05. INDIVIDUAL MANDATE.**

2 (a) IN GENERAL.—Section 5000A(c) of the Internal
3 Revenue Code of 1986 is amended—

4 (1) in paragraph (2)(B)(iii), by striking “2.5
5 percent” and inserting “Zero percent”, and

6 (2) in paragraph (3)—

7 (A) by striking “\$695” in subparagraph

8 (A) and inserting “\$0”, and

9 (B) by striking subparagraph (D).

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to months beginning after Decem-
12 ber 31, 2015.

13 **SEC. _06. EMPLOYER MANDATE.**

14 (a) IN GENERAL.—

15 (1) Paragraph (1) of section 4980H(c) of the
16 Internal Revenue Code of 1986 is amended by in-
17 serting “(\$0 in the case of months beginning after
18 December 31, 2015)” after “\$2,000”.

19 (2) Paragraph (1) of section 4980H(b) of the
20 Internal Revenue Code of 1986 is amended by in-
21 serting “(\$0 in the case of months beginning after
22 December 31, 2015)” after “\$3,000”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to months beginning after Decem-
25 ber 31, 2015.

1 **SEC. __07. REPEAL OF THE TAX ON EMPLOYEE HEALTH IN-**
2 **SURANCE PREMIUMS AND HEALTH PLAN**
3 **BENEFITS.**

4 Section 4980I of the Internal Revenue Code of 1986
5 is amended by adding at the end the following new sub-
6 section:

7 “(h) SHALL NOT APPLY.—No tax shall be imposed
8 under this section with respect to any taxable period be-
9 ginning after December 31, 2019, and before January 1,
10 2025.”.

11 **SEC. __08. REPEAL OF TAX ON OVER-THE-COUNTER MEDI-**
12 **CATIONS.**

13 (a) HSAs.—Subparagraph (A) of section 223(d)(2)
14 of the Internal Revenue Code of 1986 is amended by strik-
15 ing “Such term” and all that follows through the period.

16 (b) ARCHER MSAs.—Subparagraph (A) of section
17 220(d)(2) of the Internal Revenue Code of 1986 is amend-
18 ed by striking “Such term” and all that follows through
19 the period.

20 (c) HEALTH FLEXIBLE SPENDING ARRANGEMENTS
21 AND HEALTH REIMBURSEMENT ARRANGEMENTS.—Sec-
22 tion 106 of the Internal Revenue Code of 1986 is amended
23 by striking subsection (f) and by redesignating subsection
24 (g) as subsection (f).

25 (d) EFFECTIVE DATES.—

1 (1) DISTRIBUTIONS FROM SAVINGS AC-
2 COUNTS.—The amendments made by subsections (a)
3 and (b) shall apply to amounts paid with respect to
4 taxable years beginning after December 31, 2017.

5 (2) REIMBURSEMENTS.—The amendment made
6 by subsection (c) shall apply to expenses incurred
7 with respect to taxable years beginning after Decem-
8 ber 31, 2017.

9 **SEC. __09. REPEAL OF INCREASE OF TAX ON HEALTH SAV-**
10 **INGS ACCOUNTS.**

11 (a) HSAs.—Section 223(f)(4)(A) of the Internal
12 Revenue Code of 1986 is amended by striking “20 per-
13 cent” and inserting “10 percent”.

14 (b) ARCHER MSAs.—Section 220(f)(4)(A) of the In-
15 ternal Revenue Code of 1986 is amended by striking “20
16 percent” and inserting “15 percent”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to distributions made after Decem-
19 ber 31, 2017.

20 **SEC. __10. REPEAL OF LIMITATIONS ON CONTRIBUTIONS**
21 **TO FLEXIBLE SPENDING ACCOUNTS.**

22 (a) IN GENERAL.—Section 125 of the Internal Rev-
23 enue Code of 1986 is amended by striking subsection (i).

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to taxable years beginning after
3 December 31, 2017.

4 **SEC. __11. REPEAL OF MEDICAL DEVICE EXCISE TAX.**

5 Section 4191 of the Internal Revenue Code of 1986
6 is amended by adding at the end the following new sub-
7 section:

8 “(d) APPLICABILITY.—The tax imposed under sub-
9 section (a) shall not apply to sales after December 31,
10 2017.”.

11 **SEC. __12. REPEAL OF ELIMINATION OF DEDUCTION FOR**
12 **EXPENSES ALLOCABLE TO MEDICARE PART D**
13 **SUBSIDY.**

14 (a) IN GENERAL.—Section 139A of the Internal Rev-
15 enue Code of 1986 is amended by adding at the end the
16 following new sentence: “This section shall not be taken
17 into account for purposes of determining whether any de-
18 duction is allowable with respect to any cost taken into
19 account in determining such payment.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 this section shall apply to taxable years beginning after
22 December 31, 2017.

1 **SEC. 13. REPEAL OF INCREASE IN INCOME THRESHOLD**
2 **FOR DETERMINING MEDICAL CARE DEDUC-**
3 **TION.**

4 (a) IN GENERAL.—Subsection (a) of section 213 of
5 the Internal Revenue Code of 1986 is amended by striking
6 “10 percent” and inserting “7.5 percent”.

7 (b) EXTENSION OF SPECIAL RULE.—Subsection (f)
8 of section 213 of such Code is amended—

9 (1) by striking “2017” and inserting “2018”,
10 and

11 (2) by striking “AND 2016” and inserting
12 “2016, AND 2017”.

13 (c) EFFECTIVE DATE.—

14 (1) IN GENERAL.—The amendment made by
15 subsection (a) shall apply to taxable years beginning
16 after December 31, 2017.

17 (2) EXTENSION OF SPECIAL RULE.—The
18 amendments made by subsection (b) shall apply to
19 taxable years beginning after December 31, 2016.

20 **SEC. 14. REPEAL OF MEDICARE TAX INCREASE.**

21 (a) IN GENERAL.—Subsection (b) of section 3101 of
22 the Internal Revenue Code of 1986 is amended to read
23 as follows:

24 “(b) HOSPITAL INSURANCE.—In addition to the tax
25 imposed by the preceding subsection, there is hereby im-
26 posed on the income of every individual a tax equal to 1.45

1 percent of the wages (as defined in section 3121(a)) re-
2 ceived by such individual with respect to employment (as
3 defined in section 3121(b)).”

4 (b) SECA.—Subsection (b) of section 1401 of the In-
5 ternal Revenue Code of 1986 is amended to read as fol-
6 lows:

7 “(b) HOSPITAL INSURANCE.—In addition to the tax
8 imposed by the preceding subsection, there shall be im-
9 posed for each taxable year, on the self-employment in-
10 come of every individual, a tax equal to 2.9 percent of the
11 amount of the self-employment income for such taxable
12 year.”

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply with respect to remuneration re-
15 ceived after, and taxable years beginning after, December
16 31, 2017.

17 **SEC. 15. REFUNDABLE TAX CREDIT FOR HEALTH INSUR-**
18 **ANCE COVERAGE.**

19 (a) IN GENERAL.—Subpart C of part IV of sub-
20 chapter A of chapter 1 of the Internal Revenue Code of
21 1986 is amended by inserting after section 36B the fol-
22 lowing new section:

23 **“SEC. 36C. HEALTH INSURANCE COVERAGE.**

24 “(a) IN GENERAL.—In the case of an individual,
25 there shall be allowed as a credit against the tax imposed

1 by this subtitle for the taxable year the sum of the month-
2 ly credit amounts with respect to such taxpayer for cal-
3 endar months during such taxable year.

4 “(b) MONTHLY CREDIT AMOUNTS.—

5 “(1) IN GENERAL.—The monthly credit amount
6 with respect to any taxpayer for any calendar month
7 is the lesser of—

8 “(A) the sum of the monthly limitation
9 amounts determined under subsection (c) with
10 respect to the taxpayer and the taxpayer’s
11 qualifying family members for such month, or

12 “(B) the amount paid for eligible health
13 insurance for the taxpayer and the taxpayer’s
14 qualifying family members for such month.

15 “(2) ELIGIBLE COVERAGE MONTH REQUIRE-
16 MENT.—No amount shall be taken into account
17 under subparagraph (A) or (B) of paragraph (1)
18 with respect to any individual for any month unless
19 such month is an eligible coverage month with re-
20 spect to such individual.

21 “(c) MONTHLY LIMITATION AMOUNTS.—

22 “(1) IN GENERAL.—The monthly limitation
23 amount with respect to any individual for any eligi-
24 ble coverage month during any taxable year is $\frac{1}{12}$
25 of—

1 “(A) \$2,000 in the case of an individual
2 who has not attained age 30 as of the begin-
3 ning of such taxable year,

4 “(B) \$2,500 in the case of an individual
5 who has attained age 30 but who has not at-
6 tained age 40 as of such time,

7 “(C) \$3,000 in the case of an individual
8 who has attained age 40 but who has not at-
9 tained age 50 as of such time,

10 “(D) \$3,500 in the case of an individual
11 who has attained age 50 but who has not at-
12 tained age 60 as of such time, and

13 “(E) \$4,000 in the case of an individual
14 who has attained age 60 as of such time.

15 “(2) LIMITATION BASED ON MODIFIED AD-
16 JUSTED GROSS INCOME.—

17 “(A) IN GENERAL.—The amount otherwise
18 determined under subsection (b)(1)(A) (without
19 regard to this subparagraph but after any other
20 adjustment of such amount under this section)
21 for the taxable year shall be reduced (but not
22 below zero) by 10 percent of the excess (if any)
23 of—

24 “(i) the taxpayer’s modified adjusted
25 gross income for such taxable year, over

1 “(ii) \$75,000 (twice such amount in
2 the case of a joint return).

3 “(B) MODIFIED ADJUSTED GROSS IN-
4 COME.—For purposes of this paragraph, the
5 term ‘modified adjusted gross income’ means
6 adjusted gross income increased by—

7 “(i) any amount excluded from gross
8 income under section 911,

9 “(ii) any amount of interest received
10 or accrued by the taxpayer during the tax-
11 able year which is exempt from tax, and

12 “(iii) an amount equal to the portion
13 of the taxpayer’s social security benefits
14 (as defined in section 86(d)) which is not
15 included in gross income under section 86
16 for the taxable year.

17 “(3) OTHER LIMITATIONS.—

18 “(A) AGGREGATE DOLLAR LIMITATION.—
19 The sum of the monthly limitation amounts
20 taken into account under this section with re-
21 spect to any taxpayer for any taxable year shall
22 not exceed \$14,000.

23 “(B) MAXIMUM NUMBER OF INDIVIDUALS
24 TAKEN INTO ACCOUNT.—With respect to any
25 taxpayer for any month, monthly limitation

1 amounts shall be taken into account under this
2 section only with respect to the 5 oldest individ-
3 uals with respect to whom monthly limitation
4 amounts could (without regard to this subpara-
5 graph) otherwise be so taken into account.

6 “(d) ELIGIBLE COVERAGE MONTH.—For purposes of
7 this section, the term ‘eligible coverage month’ means,
8 with respect to any individual, any month if, as of the first
9 day of such month, the individual—

10 “(1) is covered by eligible health insurance,

11 “(2) is not eligible for other specified coverage,

12 “(3) is either—

13 “(A) a citizen or national of the United
14 States, or

15 “(B) a qualified alien (within the meaning
16 of section 431 of the Personal Responsibility
17 and Work Opportunity Reconciliation Act of
18 1996 (8 U.S.C. 1641)), and

19 “(4) is not incarcerated, other than incarcer-
20 ation pending the disposition of charges.

21 “(e) QUALIFYING FAMILY MEMBER.—For purposes
22 of this section, the term ‘qualifying family member’
23 means—

24 “(1) in the case of a joint return, the taxpayer’s
25 spouse,

1 “(2) any dependent of the taxpayer, and

2 “(3) with respect to any eligible coverage
3 month, any child (as defined in section 152(f)(1)) of
4 the taxpayer who as of the end of the taxable year
5 has not attained age 27 if such child is covered for
6 such month under eligible health insurance which
7 also covers the taxpayer (in the case of a joint re-
8 turn, either spouse).

9 “(f) ELIGIBLE HEALTH INSURANCE.—For purposes
10 of this section—

11 “(1) IN GENERAL.—The term ‘eligible health
12 insurance’ means any health insurance coverage (as
13 defined in section 9832(b)) if—

14 “(A) such coverage is either—

15 “(i) offered in the individual health
16 insurance market within a State, or

17 “(ii) is unsubsidized COBRA continu-
18 ation coverage,

19 “(B) such coverage is not a grandfathered
20 health plan (as defined in section 1251 of the
21 Patient Protection and Affordable Care Act) or
22 a grandmothers health plan,

23 “(C) substantially all of such coverage is
24 not of excepted benefits described in section
25 9832(c),

1 “(D) such coverage does not include cov-
2 erage for abortions (other than any abortion
3 necessary to save the life of the mother or any
4 abortion with respect to a pregnancy that is the
5 result of an act of rape or incest), and

6 “(E) the State in which such insurance is
7 offered certifies that such coverage meets the
8 requirements of this paragraph.

9 “(2) RULES RELATED TO STATE CERTIFI-
10 CATION.—

11 “(A) CERTIFICATION MADE AVAILABLE TO
12 PUBLIC.—A certification shall not be taken into
13 account under paragraph (1)(E) unless such
14 certification is made available to the public and
15 meets such other requirements as the Secretary
16 may provide.

17 “(B) SPECIAL RULE FOR UNSUBSIDIZED
18 COBRA CONTINUATION COVERAGE.—In the case
19 of unsubsidized COBRA continuation cov-
20 erage—

21 “(i) paragraph (1)(E) shall be applied
22 by substituting ‘the plan administrator (as
23 defined in section 414(g)) of the health
24 plan’ for ‘the State in which such insur-
25 ance is offered’, and

1 “(ii) the requirements of subpara-
2 graph (A) shall be treated as satisfied if
3 the certification meets such requirements
4 as the Secretary may provide.

5 “(3) GRANDMOTHERED HEALTH PLAN.—

6 “(A) IN GENERAL.—The term
7 ‘grandmothered health plan’ means health in-
8 surance coverage which is offered in the indi-
9 vidual health insurance market as of January 1,
10 2013, and is permitted to be offered in such
11 market after January 1, 2014, as a result of
12 CCIIO guidance.

13 “(B) CCIIO GUIDANCE DEFINED.—The
14 term ‘CCIIO guidance’ means the letter issued
15 by the Centers for Medicare & Medicaid Serv-
16 ices on November 14, 2013, to the State Insur-
17 ance Commissioners outlining a transitional pol-
18 icy for non-grandfathered coverage in the indi-
19 vidual health insurance market, as subsequently
20 extended and modified (including by a commu-
21 nication entitled ‘Insurance Standards Bulletin
22 Series—INFORMATION—Extension of Tran-
23 sitional Policy through Calendar Year 2017’
24 issued on February 29, 2016, by the Director

1 of the Center for Consumer Information & In-
2 surance Oversight of such Centers).

3 “(4) INDIVIDUAL HEALTH INSURANCE MAR-
4 KET.—The term ‘individual health insurance mar-
5 ket’ means the market for health insurance coverage
6 (as defined in section 9832(b)) offered to individuals
7 other than in connection with a group health plan
8 (within the meaning of section 5000(b)(1)).

9 “(g) OTHER SPECIFIED COVERAGE.—For purposes
10 of this section—

11 “(1) IN GENERAL.—The term ‘other specified
12 coverage’ means any of the following:

13 “(A) Coverage under a group health plan
14 (within the meaning of section 5000(b)(1))
15 other than—

16 “(i) coverage under a plan substan-
17 tially all of the coverage of which is of ex-
18 cepted benefits described in section
19 9832(c), and

20 “(ii) COBRA continuation coverage.

21 “(B) Coverage under the Medicare pro-
22 gram under part A of title XVIII of the Social
23 Security Act.

1 “(C) Coverage under the Medicaid pro-
2 gram under title XIX of the Social Security
3 Act.

4 “(D) Coverage under the CHIP program
5 under title XXI of the Social Security Act.

6 “(E) Medical coverage under chapter 55 of
7 title 10, United States Code, including coverage
8 under the TRICARE program.

9 “(F) Coverage under a health care pro-
10 gram under chapter 17 or 18 of title 38, United
11 States Code, as determined by the Secretary of
12 Veterans Affairs, in coordination with the Sec-
13 retary of Health and Human Services and the
14 Secretary of the Treasury.

15 “(G) Coverage under a health plan under
16 section 2504(e) of title 22, United States Code
17 (relating to Peace Corps volunteers).

18 “(H) Coverage under the Nonappropriated
19 Fund Health Benefits Program of the Depart-
20 ment of Defense, established under section 349
21 of the National Defense Authorization Act for
22 Fiscal Year 1995 (Public Law 103–337; 10
23 U.S.C. 1587 note).

24 “(2) SPECIAL RULE WITH RESPECT TO VET-
25 ERANS HEALTH PROGRAMS.—In the case of other

1 specified coverage described in paragraph (1)(F), an
2 individual shall not be treated as eligible for such
3 coverage unless such individual is enrolled in such
4 coverage.

5 “(h) UNSUBSIDIZED COBRA CONTINUATION COV-
6 ERAGE.—For purposes of this section—

7 “(1) IN GENERAL.—The term ‘unsubsidized
8 COBRA continuation coverage’ means COBRA con-
9 tinuation coverage no portion of the premiums for
10 which are subsidized by the employer.

11 “(2) COBRA CONTINUATION COVERAGE.—The
12 term ‘COBRA continuation coverage’ means con-
13 tinuation coverage provided pursuant to part 6 of
14 subtitle B of title I of the Employee Retirement In-
15 come Security Act of 1974 (other than under section
16 609), title XXII of the Public Health Service Act,
17 section 4980B of the Internal Revenue Code of 1986
18 (other than subsection (f)(1) of such section insofar
19 as it relates to pediatric vaccines), or section 8905a
20 of title 5, United States Code, or under a State pro-
21 gram that provides comparable continuation cov-
22 erage. Such term shall not include coverage under a
23 health flexible spending arrangement.

24 “(i) SPECIAL RULES.—

1 “(1) MARRIED COUPLES MUST FILE JOINT RE-
2 TURN.—If the taxpayer is married (within the mean-
3 ing of section 7703) at the close of the taxable year,
4 no credit shall be allowed under this section to such
5 taxpayer unless such taxpayer and the taxpayer’s
6 spouse file a joint return for such taxable year.

7 “(2) DENIAL OF CREDIT TO DEPENDENTS.—

8 “(A) IN GENERAL.—No credit shall be al-
9 lowed under this section to any individual who
10 is a dependent with respect to another taxpayer
11 for a taxable year beginning in the calendar
12 year in which such individual’s taxable year be-
13 gins.

14 “(B) COORDINATION WITH RULE FOR
15 OLDER CHILDREN.—In the case of any indi-
16 vidual who is a qualifying family member de-
17 scribed in subsection (e)(3) with respect to an-
18 other taxpayer for any month, in determining
19 the amount of any credit allowable to such indi-
20 vidual under this section for any taxable year of
21 such individual which includes such month, the
22 monthly limitation amount with respect to such
23 individual for such month shall be zero and no
24 amount paid for eligible health insurance with

1 respect to such individual for such month shall
2 be taken into account.

3 “(3) COORDINATION WITH MEDICAL EXPENSE
4 DEDUCTION.—Amounts described in subsection
5 (b)(1)(B) with respect to any month shall not be
6 taken into account in determining the deduction al-
7 lowed under section 213 except to the extent that
8 such amounts exceed the amount described in sub-
9 section (b)(1)(A) with respect to such month.

10 “(4) INSURANCE WHICH COVERS OTHER INDI-
11 VIDUALS.—For purposes of this section, rules simi-
12 lar to the rules of section 213(d)(6) shall apply with
13 respect to any contract for eligible health insurance
14 under which amounts are payable for coverage of an
15 individual other than the taxpayer and the tax-
16 payer’s qualifying family members.

17 “(5) COORDINATION WITH ADVANCE PAYMENTS
18 OF CREDIT.—With respect to any taxable year—

19 “(A) the amount which would (but for this
20 subsection) be allowed as a credit to the tax-
21 payer under subsection (a) shall be reduced
22 (but not below zero) by the aggregate amount
23 paid on behalf of such taxpayer under section
24 7529 for months beginning in such taxable
25 year, and

1 “(B) the tax imposed by section 1 for such
2 taxable year shall be increased by the excess (if
3 any) of—

4 “(i) the aggregate amount paid on be-
5 half of such taxpayer under section 7529
6 for months beginning in such taxable year,
7 over

8 “(ii) the amount which would (but for
9 this subsection) be allowed as a credit to
10 the taxpayer under subsection (a).

11 “(6) SPECIAL RULES FOR QUALIFIED SMALL
12 EMPLOYER HEALTH REIMBURSEMENT ARRANGE-
13 MENTS.—

14 “(A) IN GENERAL.—If the taxpayer or any
15 qualifying family member of the taxpayer is
16 provided a qualified small employer health reim-
17 bursement arrangement for any eligible cov-
18 erage month, the sum determined under sub-
19 section (b)(1)(A) with respect to the taxpayer
20 for such month shall be reduced (but not below
21 zero) by $\frac{1}{12}$ of the permitted benefit (as de-
22 fined in section 9831(d)(3)(C)) under such ar-
23 rangement.

24 “(B) QUALIFIED SMALL EMPLOYER
25 HEALTH REIMBURSEMENT ARRANGEMENT.—

1 For purposes of this paragraph, the term
2 ‘qualified small employer health reimbursement
3 arrangement’ has the meaning given such term
4 by section 9831(d)(2).

5 “(C) COVERAGE FOR LESS THAN ENTIRE
6 YEAR.—In the case of an employee who is pro-
7 vided a qualified small employer health reim-
8 bursement arrangement for less than an entire
9 year, subparagraph (A) shall be applied by sub-
10 stituting ‘the number of months during the year
11 for which such arrangement was provided’ for
12 ‘12’.

13 “(7) CERTAIN RULES RELATED TO ABOR-
14 TION.—

15 “(A) OPTION TO PURCHASE SEPARATE
16 COVERAGE OR PLAN.—Nothing in subsection
17 (f)(1)(D) shall be construed as prohibiting any
18 individual from purchasing separate coverage
19 for abortions described in such subparagraph,
20 or a health plan that includes such abortions, so
21 long as no credit is allowed under this section
22 with respect to the premiums for such coverage
23 or plan.

24 “(B) OPTION TO OFFER COVERAGE OR
25 PLAN.—Nothing in subsection (f)(1)(D) shall

1 restrict any health insurance issuer offering a
2 health plan from offering separate coverage for
3 abortions described in such clause, or a plan
4 that includes such abortions, so long as pre-
5 miums for such separate coverage or plan are
6 not paid for with any amount attributable to
7 the credit allowed under this section.

8 “(C) OTHER TREATMENTS.—The treat-
9 ment of any infection, injury, disease, or dis-
10 order that has been caused by or exacerbated
11 by the performance of an abortion shall not be
12 treated as an abortion for purposes of sub-
13 section (f)(1)(D).

14 “(8) INFLATION ADJUSTMENT.—

15 “(A) IN GENERAL.—In the case of any
16 taxable year beginning in a calendar year after
17 2020, each dollar amount in subsection (c)(1),
18 the \$75,000 amount in subsection (c)(2)(A)(ii),
19 and the dollar amount in subsection (c)(3)(A),
20 shall be increased by an amount equal to—

21 “(i) such dollar amount, multiplied by

22 “(ii) the cost-of-living adjustment de-
23 termined under section 1(f)(3) for the cal-
24 endar year in which the taxable year be-
25 gins, determined—

1 “(I) by substituting ‘calendar
2 year 2019’ for ‘calendar year 1992’ in
3 subparagraph (B) thereof, and

4 “(II) by substituting for the CPI
5 referred to section 1(f)(3)(A) the
6 amount that such CPI would have
7 been if the annual percentage increase
8 in CPI with respect to each year after
9 2019 had been one percentage point
10 greater.

11 “(B) TERMS RELATED TO CPI.—

12 “(i) ANNUAL PERCENTAGE IN-
13 CREASE.—For purposes of subparagraph
14 (A)(ii)(II), the term ‘annual percentage in-
15 crease’ means the percentage (if any) by
16 which CPI for any year exceeds CPI for
17 the prior year.

18 “(ii) OTHER TERMS.—Terms used in
19 this paragraph which are also used in sec-
20 tion 1(f)(3) shall have the same meanings
21 as when used in such section.

22 “(C) ROUNDING.—Any increase deter-
23 mined under subparagraph (A) shall be rounded
24 to the nearest multiple of \$50.

1 “(9) REGULATIONS.—The Secretary may pre-
2 scribe such regulations and other guidance as may
3 be necessary or appropriate to carry out this section,
4 section 6050W, and section 7529.”.

5 (b) ADVANCE PAYMENT OF CREDIT; EXCESS
6 HEALTH INSURANCE COVERAGE CREDIT PAYABLE TO
7 HEALTH SAVINGS ACCOUNT.—Chapter 77 of such Code
8 is amended by adding at the end the following:
9 **“SEC. 7529. ADVANCE PAYMENT OF HEALTH INSURANCE**
10 **COVERAGE CREDIT.**

11 “(a) GENERAL RULE.—Not later than January 1,
12 2020, the Secretary, in consultation with the Secretary of
13 Health and Human Services, the Secretary of Homeland
14 Security, and the Commissioner of Social Security, shall
15 establish a program (hereafter in this section referred to
16 as the ‘advance payment program’) for making payments
17 to providers of eligible health insurance on behalf of tax-
18 payers eligible for the credit under section 36C.

19 “(b) LIMITATION.—The aggregate payments made
20 under this section with respect to any taxpayer, deter-
21 mined as of any time during any calendar year, shall not
22 exceed the monthly credit amounts determined with re-
23 spect to such taxpayer under section 36C for months dur-
24 ing such calendar year which have ended as of such time.

25 “(c) ADMINISTRATION.—

1 “(1) IN GENERAL.—The advance payment pro-
2 gram shall, to the greatest extent practicable, use
3 the methods and procedures used to administer the
4 programs created under sections 1411 and 1412 of
5 the Patient Protection and Affordable Care Act (de-
6 termined without regard to section 1412(f) of such
7 Act) and each entity that is authorized to take any
8 actions under the programs created under such sec-
9 tions (as so determined) shall, at the request of the
10 Secretary, take such actions to the extent necessary
11 to carry out this section.

12 “(2) APPLICATION TO OFF-EXCHANGE COV-
13 ERAGE.—Except as otherwise provided by the Sec-
14 retary, for purposes of applying this subsection in
15 the case of eligible health insurance which is not en-
16 rolled in through an Exchange established under
17 title I of the Patient Protection and Affordable Care
18 Act, the sections referred to in paragraph (1) shall
19 be applied by treating references in such sections to
20 an Exchange as references to the provider of such
21 eligible health insurance (or, as the Secretary deter-
22 mines appropriate, to the licensed agent or broker
23 with respect to such insurance), except that the Sec-
24 retary of Health and Human Services shall carry out
25 the responsibilities of the Exchange under section

1 1411(e)(4) of the Patient Protection and Affordable
2 Care Act (determined without regard to section
3 1412(f) of such Act) in the case of such insurance.

4 “(3) DOCUMENTATION REGARDING OTHER
5 SPECIFIED COVERAGE.—

6 “(A) IN GENERAL.—The advance payment
7 program shall provide that any individual ap-
8 plying to have payments made on their behalf
9 under such program shall, if such individual (or
10 any qualifying family member of such individual
11 taken into account in determining the amount
12 of the credit allowable under section 36C) is
13 employed, submit a written statement from
14 each employer of such individual or such quali-
15 fying family member stating whether such indi-
16 vidual or qualifying family member (as the case
17 may be) is eligible for other specified coverage
18 in connection with such employment.

19 “(B) ISSUANCE OF STATEMENTS.—An em-
20 ployer shall, at the request of any employee,
21 provide the statement under subparagraph (A)
22 at such time, and in such form and manner, as
23 the Secretary may provide.

24 “(d) DEFINITIONS.—For purposes of this section,
25 terms used in this section which are also used in section

1 36C shall have the same meaning as when used in section
2 36C.

3 **“SEC. 7530. EXCESS HEALTH INSURANCE COVERAGE CRED-
4 IT PAYABLE TO HEALTH SAVINGS ACCOUNT.**

5 “(a) IN GENERAL.—At the request of an eligible tax-
6 payer, the Secretary shall make a payment to the trustee
7 of the designated health savings account with respect to
8 such taxpayer in an amount equal to the sum of the ex-
9 cesses (if any) described in subsection (c)(2) with respect
10 to months in the taxable year.

11 “(b) DESIGNATED HEALTH SAVINGS ACCOUNT.—
12 The term ‘designated health savings account’ means a
13 health savings account of an individual described in sub-
14 section (c)(3) which is identified by the eligible taxpayer
15 for purposes of this section.

16 “(c) ELIGIBLE TAXPAYER.—The term ‘eligible tax-
17 payer’ means, with respect to any taxable year, any tax-
18 payer if—

19 “(1) such taxpayer is allowed a credit under
20 section 36C for such taxable year,

21 “(2) the amount described in subparagraph (A)
22 of section 36C(b)(1) exceeds the amount described
23 in subparagraph (B) of such section with respect to
24 such taxpayer applied with respect to any month
25 during such taxable year, and

1 “(3) the taxpayer or one or more of the tax-
2 payer’s qualifying family members (as defined in
3 section 36C(e)) were eligible individuals (as defined
4 in section 223(c)(1)) for one or more months during
5 such taxable year.

6 “(d) CONTRIBUTIONS TREATED AS ROLLOVERS,
7 ETC.—

8 “(1) IN GENERAL.—Any amount paid the Sec-
9 retary to a health savings account under this section
10 shall be treated for purposes of this title in the same
11 manner as a rollover contribution described in sec-
12 tion 223(f)(5).

13 “(2) COORDINATION WITH LIMITATION ON
14 ROLLOVERS.—Any amount described in paragraph
15 (1) shall not be taken into account in applying sec-
16 tion 223(f)(5)(B) with respect to any other amount
17 and the limitation of section 223(f)(5)(B) shall not
18 apply with respect to the application of paragraph
19 (1).

20 “(e) FORM AND MANNER OF REQUEST.—The re-
21 quest referred to in subsection (a) shall be made at such
22 time and in such form and manner as the Secretary may
23 provide. To the extent that the Secretary determines fea-
24 sible, such request may identify more than one designated
25 health savings account (and the amount to be paid to each

1 such account) provided that the aggregate of such pay-
2 ments with respect to any taxpayer for any taxable year
3 do not exceed the excess described in subsection (c)(2).

4 “(f) TAXPAYERS WITH SERIOUSLY DELINQUENT
5 TAX DEBT.—In the case of an individual who has a seri-
6 ously delinquent tax debt (as defined in section 7345(b))
7 which has not been fully satisfied—

8 “(1) if such individual is the eligible taxpayer
9 (or, in the case of a joint return, either spouse), the
10 Secretary shall not make any payment under this
11 section with respect to such taxpayer, and

12 “(2) if such individual is the account bene-
13 ficiary (as defined in section 223(d)(3)) of any
14 health savings account, the Secretary shall not make
15 any payment under this section to such health sav-
16 ings account.

17 “(g) ADVANCE PAYMENT.—To the extent that the
18 Secretary determines feasible, payment under this section
19 may be made in advance on a monthly basis under rules
20 similar to the rules of sections 7529 and 36C(i)(5)(B).”.

21 (c) INFORMATION REPORTING.—

22 (1) REPORTING BY HEALTH INSURANCE PRO-
23 VIDERS.—Subpart B of part III of subchapter A of
24 chapter 61 of such Code is amended by adding at
25 the end the following new sections:

1 **“SEC. 6050X. RETURNS BY HEALTH INSURANCE PROVIDERS**
2 **RELATING TO HEALTH INSURANCE COV-**
3 **ERAGE CREDIT.**

4 “(a) REQUIREMENT OF REPORTING.—Every person
5 who provides eligible health insurance for any month of
6 any calendar year with respect to any individual shall, at
7 such time as the Secretary may prescribe, make the return
8 described in subsection (b) with respect to each such indi-
9 vidual. With respect to any individual with respect to
10 whom payments under section 7529 are made by the Sec-
11 retary, the reporting under subsection (b) shall be made
12 on a monthly basis.

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

15 “(1) is in such form as the Secretary may pre-
16 scribe, and

17 “(2) contains, with respect to each policy of eli-
18 gible health insurance—

19 “(A) the name, address, and TIN of each
20 individual covered under such policy,

21 “(B) the premiums paid with respect to
22 such policy,

23 “(C) the amount of advance payments
24 made on behalf of the individual under section
25 7529,

1 “(D) the months during which such health
2 insurance is provided to the individual,

3 “(E) whether such policy constitutes a
4 high deductible health plan (as defined in sec-
5 tion 223(c)(2)), and

6 “(F) such other information as the Sec-
7 retary may prescribe.

8 “(c) STATEMENTS TO BE FURNISHED TO INDIVID-
9 UALS WITH RESPECT TO WHOM INFORMATION IS RE-
10 QUIRED.—Every person required to make a return under
11 subsection (a) shall furnish to each individual whose name
12 is required to be set forth in such return a written state-
13 ment showing—

14 “(1) the name and address of the person re-
15 quired to make such return and the phone number
16 of the information contact for such person, and

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

19 The written statement required under the preceding sen-
20 tence shall be furnished on or before January 31 of the
21 year following the calendar year to which such statement
22 relates.

23 “(d) DEFINITIONS.—For purposes of this section,
24 terms used in this section which are also used in section

1 36C shall have the same meaning as when used in section
2 36C.”.

3 (2) REPORTING BY EMPLOYERS.—Section
4 6051(a) of such Code is amended by striking “and”
5 at the end of paragraph (14), by striking the period
6 at the end of paragraph (15) and inserting “, and”,
7 and by inserting after paragraph (15) the following
8 new paragraph:

9 “(16) each month with respect to which the em-
10 ployee is eligible for other specified coverage (as de-
11 fined in section 36C(g)) in connection with employ-
12 ment with the employer.”.

13 (3) ASSESSABLE PENALTIES.—

14 (A) Section 6724(d)(1)(B) of such Code is
15 amended by striking “or” at the end of clause
16 (xxiv), by inserting “or” at the end of clause
17 (xxv), and by inserting after clause (xxv) the
18 following new clause:

19 “(xxvi) section 6050X (relating to re-
20 turns relating to health insurance coverage
21 credit),”.

22 (B) Section 6724(d)(2) of such Code is
23 amended by striking “or” at the end of sub-
24 paragraph (HH), by striking the period at the
25 end of subparagraph (II) and inserting a

1 comma, and by adding after subparagraph (II)
2 the following new subparagraphs:

3 “(JJ) section 6050X (relating to returns
4 relating to health insurance coverage credit), or

5 “(KK) section 7529(c)(3) (relating to doc-
6 umentation regarding other specified cov-
7 erage).”.

8 (d) DISCLOSURES.—Paragraph (21) of section
9 6103(l) of the Internal Revenue Code of 1986 is amend-
10 ed—

11 (1) in subparagraph (A)—

12 (A) by striking “any premium tax credit
13 under section 36B or any cost-sharing reduc-
14 tion under section 1402 of the Patient Protec-
15 tion and Affordable Care Act or” and inserting
16 “any credit under section 36C”,

17 (B) by striking “, a State’s children’s
18 health insurance program under title XXI of
19 the Social Security Act, or a basic health pro-
20 gram under section 1331 of Patient Protection
21 and Affordable Care Act” and inserting “or a
22 State’s children’s health insurance program
23 under title XXI of the Social Security Act”,

1 (C) by striking “(as defined in section
2 36B)” in clause (iv) and inserting “(as defined
3 in section 36C(c)(2)(B))”, and

4 (D) by striking “or reduction” in clause
5 (v),
6 (2) in subparagraph (B)—

7 (A) by striking “may disclose to an Ex-
8 change” and inserting “may disclose—

9 “(i) to an Exchange”, and

10 (B) by striking the period at the end and
11 inserting “, and”, and

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

14 “(ii) in the case of any credit under
15 section 36C with respect to any health in-
16 surance, the amount of such credit (or the
17 amount of any advance payment of such
18 credit) to the provider of such insurance
19 (or, as the Secretary determines appro-
20 priate, the licensed agent or broker with
21 respect to such insurance).”, and

22 (3) in subparagraph (C)(i), by striking “amount
23 of, any credit or reduction” and inserting “amount
24 of any credit”.

1 (e) INCREASED PENALTY ON ERRONEOUS CLAIMS OF
2 CREDIT.—Section 6676(a) of such Code is amended by
3 inserting “(25 percent in the case of a claim for refund
4 or credit relating to the health insurance coverage credit
5 under section 36C)”.

6 (f) CONFORMING AMENDMENTS.—

7 (1) Section 35(g) of such Code is amended by
8 adding at the end the following new paragraph:

9 “(14) COORDINATION WITH HEALTH INSUR-
10 ANCE COVERAGE CREDIT.—

11 “(A) IN GENERAL.—An eligible coverage
12 month to which the election under paragraph
13 (11) applies shall not be treated as an eligible
14 coverage month (as defined in section 36C(d))
15 for purposes of section 36C with respect to the
16 taxpayer or any of the taxpayer’s qualifying
17 family members (as defined in section 36C(e)).

18 “(B) COORDINATION WITH ADVANCE PAY-
19 MENTS OF HEALTH INSURANCE COVERAGE
20 CREDIT.—In the case of a taxpayer who makes
21 the election under paragraph (11) with respect
22 to any eligible coverage month in a taxable year
23 or on behalf of whom any advance payment is
24 made under section 7527 with respect to any
25 month in such taxable year—

1 “(i) the tax imposed by this chapter
2 for the taxable year shall be increased by
3 the excess, if any, of—

4 “(I) the sum of any advance pay-
5 ments made on behalf of the taxpayer
6 under sections 7527 and 7529 for
7 months during such taxable year, over

8 “(II) the sum of the credits al-
9 lowed under this section (determined
10 without regard to paragraph (1)) and
11 section 36C (determined without re-
12 gard to subsection (i)(5)(A) thereof)
13 for such taxable year, and

14 “(ii) section 36C(i)(5)(B) shall not
15 apply with respect to such taxpayer for
16 such taxable year.”.

17 (2) Section 162(l) of such Code is amended by
18 adding at the end the following new paragraph:

19 “(6) COORDINATION WITH HEALTH INSURANCE
20 COVERAGE CREDIT.—The deduction otherwise allow-
21 able to a taxpayer under paragraph (1) for any tax-
22 able year shall be reduced (but not below zero) by
23 the sum of—

24 “(A) the amount of the credit allowable to
25 such taxpayer under section 36C (determined

1 without regard to subsection (i)(5)(A) thereof
2 for such taxable year, plus

3 “(B) the aggregate payments made with
4 respect to the taxpayer under section 7530 for
5 months during such taxable year.”.

6 (3) Section 1324(b)(2) of title 31, United
7 States Code is amended—

8 (A) by inserting “36C,” after “36B,” and

9 (B) by striking “or 6431” and inserting
10 “6431, or 7530”.

11 (4) The table of sections for subpart C of part
12 IV of subchapter A of chapter 1 of the Internal Rev-
13 enue Code of 1986 is amended by inserting after the
14 item relating to section 36B the following new item:

“Sec. 36C. Health insurance coverage.”.

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

“Sec. 6050X. Returns relating to health insurance coverage credit.”.

19 (6) The table of sections for chapter 77 of such
20 Code is amended by adding at the end the following
21 new items:

“Sec. 7529. Advance payment of health insurance coverage credit.

“Sec. 7530. Excess health insurance coverage credit payable to health savings
account.”.

1 (g) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to months beginning after Decem-
3 ber 31, 2019, in taxable years ending after such date.

4 **SEC. 16. MAXIMUM CONTRIBUTION LIMIT TO HEALTH**
5 **SAVINGS ACCOUNT INCREASED TO AMOUNT**
6 **OF DEDUCTIBLE AND OUT-OF-POCKET LIM-**
7 **TATION.**

8 (a) SELF-ONLY COVERAGE.—Section 223(b)(2)(A)
9 of the Internal Revenue Code of 1986 is amended by strik-
10 ing “\$2,250” and inserting “the amount in effect under
11 subsection (c)(2)(A)(ii)(I)”.

12 (b) FAMILY COVERAGE.—Section 223(b)(2)(B) of
13 such Code is amended by striking “\$4,500” and inserting
14 “the amount in effect under subsection (c)(2)(A)(ii)(II)”.

15 (c) CONFORMING AMENDMENTS.—Section 223(g)(1)
16 of such Code is amended—

17 (1) by striking “subsections (b)(2) and” both
18 places it appears and inserting “subsection”, and

19 (2) in subparagraph (B), by striking “deter-
20 mined by” and all that follows through “‘calendar
21 year 2003’.” and inserting “determined by sub-
22 stituting ‘calendar year 2003’ for ‘calendar year
23 1992’ in subparagraph (B) thereof .”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2017.

4 **SEC. 17. ALLOW BOTH SPOUSES TO MAKE CATCH-UP CON-**
5 **TRIBUTIONS TO THE SAME HEALTH SAVINGS**
6 **ACCOUNT.**

7 (a) IN GENERAL.—Section 223(b)(5) of the Internal
8 Revenue Code of 1986 is amended to read as follows:

9 “(5) SPECIAL RULE FOR MARRIED INDIVIDUALS
10 WITH FAMILY COVERAGE.—

11 “(A) IN GENERAL.—In the case of individ-
12 uals who are married to each other, if both
13 spouses are eligible individuals and either
14 spouse has family coverage under a high de-
15 ductible health plan as of the first day of any
16 month—

17 “(i) the limitation under paragraph
18 (1) shall be applied by not taking into ac-
19 count any other high deductible health
20 plan coverage of either spouse (and if such
21 spouses both have family coverage under
22 separate high deductible health plans, only
23 one such coverage shall be taken into ac-
24 count),

1 “(ii) such limitation (after application
2 of clause (i)) shall be reduced by the ag-
3 gregate amount paid to Archer MSAs of
4 such spouses for the taxable year, and

5 “(iii) such limitation (after application
6 of clauses (i) and (ii)) shall be divided
7 equally between such spouses unless they
8 agree on a different division.

9 “(B) TREATMENT OF ADDITIONAL CON-
10 TRIBUTION AMOUNTS.—If both spouses referred
11 to in subparagraph (A) have attained age 55
12 before the close of the taxable year, the limita-
13 tion referred to in subparagraph (A)(iii) which
14 is subject to division between the spouses shall
15 include the additional contribution amounts de-
16 termined under paragraph (3) for both spouses.
17 In any other case, any additional contribution
18 amount determined under paragraph (3) shall
19 not be taken into account under subparagraph
20 (A)(iii) and shall not be subject to division be-
21 tween the spouses.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to taxable years beginning after
24 December 31, 2017.

1 **SEC. 18. SPECIAL RULE FOR CERTAIN MEDICAL EX-**
2 **PENSES INCURRED BEFORE ESTABLISHMENT**
3 **OF HEALTH SAVINGS ACCOUNT.**

4 (a) **IN GENERAL.**—Section 223(d)(2) of the Internal
5 Revenue Code of 1986 is amended by adding at the end
6 the following new subparagraph:

7 “(D) **TREATMENT OF CERTAIN MEDICAL**
8 **EXPENSES INCURRED BEFORE ESTABLISHMENT**
9 **OF ACCOUNT.**—If a health savings account is
10 established during the 60-day period beginning
11 on the date that coverage of the account bene-
12 ficiary under a high deductible health plan be-
13 gins, then, solely for purposes of determining
14 whether an amount paid is used for a qualified
15 medical expense, such account shall be treated
16 as having been established on the date that
17 such coverage begins.”.

18 (b) **EFFECTIVE DATE.**—The amendment made by
19 this subsection shall apply with respect to coverage begin-
20 ning after December 31, 2017.

