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(Original Signature of Member)

116TH CONGRESS  
1ST SESSION

# H. R. 1425

To amend the Patient Protection and Affordable Care Act to provide for a Improve Health Insurance Affordability Fund to provide for certain reinsurance payments to lower premiums in the individual health insurance market.

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## IN THE HOUSE OF REPRESENTATIVES

Mrs. CRAIG introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_

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## A BILL

To amend the Patient Protection and Affordable Care Act to provide for a Improve Health Insurance Affordability Fund to provide for certain reinsurance payments to lower premiums in the individual health insurance market.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “State Health Care Pre-  
5 mium Reduction Act”.

1 **SEC. 2. IMPROVE HEALTH INSURANCE AFFORDABILITY**  
2 **FUND.**

3 Subtitle D of title I of the Patient Protection and  
4 Affordable Care Act is amended by inserting after part  
5 5 (42 U.S.C. 18061 et seq.) the following new part:

6 **“PART 6—IMPROVE HEALTH INSURANCE**  
7 **AFFORDABILITY FUND**

8 **“SEC. 1351. ESTABLISHMENT OF PROGRAM.**

9 “There is hereby established the ‘Improve Health In-  
10 surance Affordability Fund’ to be administered by the Sec-  
11 retary of Health and Human Services, acting through the  
12 Administrator of the Centers for Medicare & Medicaid  
13 Services (in this section referred to as the ‘Adminis-  
14 trator’), to provide funding, in accordance with this title,  
15 to the 50 States and the District of Columbia (each re-  
16 ferred to in this section as a ‘State’) beginning on January  
17 1, 2020, for the purposes described in section 1352.

18 **“SEC. 1352. USE OF FUNDS.**

19 “(a) IN GENERAL.—A State shall use the funds allo-  
20 cated to the State under this part for one of the following  
21 purposes:

22 “(1) To provide reinsurance payments to health  
23 insurance issuers with respect to individuals enrolled  
24 under individual health insurance coverage (other  
25 than through a plan described in subsection (b)) of-  
26 fered by such issuers.

1           “(2) To provide assistance (other than through  
2           payments described in paragraph (1)) to reduce out-  
3           of-pocket costs, such as copayments, coinsurance,  
4           premiums, and deductibles, of individuals enrolled  
5           under qualified health plans offered on the indi-  
6           vidual market through an Exchange.

7           “(b) EXCLUSION OF CERTAIN GRANDFATHERED AND  
8           TRANSITIONAL PLANS.—For purposes of subsection (a),  
9           a plan described in this subsection is the following:

10           “(1) A grandfathered health plan (as defined in  
11           section 1251).

12           “(2) A plan (commonly referred to as a ‘transi-  
13           tional plan’) continued under the letter issued by the  
14           Centers for Medicare & Medicaid Services on No-  
15           vember 14, 2013, to the State Insurance Commis-  
16           sioners outlining a transitional policy for coverage in  
17           the individual and small group markets to which sec-  
18           tion 1251 does not apply, and under the extension  
19           of the transitional policy for such coverage set forth  
20           in the Insurance Standards Bulletin Series guidance  
21           issued by the Centers for Medicare & Medicaid Serv-  
22           ices on March 5, 2014, February 29, 2016, Feb-  
23           ruary 13, 2017, and April 9, 2018, or under any  
24           subsequent extensions thereof.

1 **“SEC. 1353. 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 part for a year (beginning  
7 with 2020), a State shall submit to the Adminis-  
8 trator an application at such time (but, in the case  
9 of allocations for 2020, not later than 90 days after  
10 the date of the enactment of this title and, in the  
11 case of allocations for a subsequent year, not later  
12 than March 31 of the previous year) and in such  
13 form and manner as specified by the Administrator  
14 containing—

15 “(A) a description of how the funds will be  
16 used; and

17 “(B) such other information as the Admin-  
18 istrator may require.

19 “(2) AUTOMATIC APPROVAL.—An application so  
20 submitted is approved unless the Administrator noti-  
21 fies the State submitting the application, not later  
22 than 60 days after the date of the submission of  
23 such application, that the application has been de-  
24 nied for not being in compliance with any require-  
25 ment of this part and of the reason for such denial.

1           “(3) 5-YEAR APPLICATION APPROVAL.—If an  
2 application of a State is approved for a purpose de-  
3 scribed in section 1352 for a year, such application  
4 shall be treated as approved for such purpose for  
5 each of the subsequent 4 years.

6           “(b) DEFAULT FEDERAL SAFEGUARD.—

7           “(1) 2020.—For allocations made under this  
8 part for 2020, in the case of a State that does not  
9 submit an application under subsection (a) by the  
10 90-day submission date applicable to such year  
11 under subsection (a)(1) and in the case of a State  
12 that does submit such an application by such date  
13 that is not approved, the Administrator, in consulta-  
14 tion with the State insurance commissioner, shall  
15 use, in accordance with paragraph (3), the allocation  
16 that would otherwise be provided to the State under  
17 this part for such year for such State.

18           “(2) 2021 AND SUBSEQUENT YEARS.—In the  
19 case of a State that does not have in effect an ap-  
20 proved application under this section for 2021 or a  
21 subsequent year, the Administrator, in consultation  
22 with the State insurance commissioner, shall use, in  
23 accordance with paragraph (3), the allocation that  
24 would otherwise be provided to the State under this  
25 part for such year for such State.

1           “(3) SPECIFIED USE.—An allocation for a  
2           State made pursuant to paragraph (1) or (2) for a  
3           year shall be used to carry out the purpose described  
4           in section 1352(1) in such State by providing rein-  
5           surance payments to health insurance issuers with  
6           respect to attachment range claims (as defined in  
7           section 1354(b)(2), using the dollar amounts speci-  
8           fied in subparagraph (B) of such section for such  
9           year) in an amount equal to the percentage (speci-  
10          fied for such year by the Secretary under such sub-  
11          paragraph) of the amount of such claims.

12   **“SEC. 1354. ALLOCATIONS.**

13          “(a) APPROPRIATION.—For the purpose of providing  
14          allocations for States under this part there is appro-  
15          priated, out of any money in the Treasury not otherwise  
16          appropriated \$10,000,000,000 for 2020 and each subse-  
17          quent year.

18          “(b) ALLOCATIONS.—

19                  “(1) PAYMENT.—

20                          “(A) IN GENERAL.—From amounts appro-  
21                          priated under subsection (a) for a year, the  
22                          Secretary shall, with respect to a State and not  
23                          later than the date specified under subpara-  
24                          graph (B) for such year, allocate for such State

1 the amount determined for such State and year  
2 under paragraph (2).

3 “(B) SPECIFIED DATE.—For purposes of  
4 subparagraph (A), the date specified in this  
5 subparagraph is—

6 “(i) for 2020, the date that is 45 days  
7 after the date of the enactment of this  
8 title; and

9 “(ii) for 2021 or a subsequent year,  
10 January 1 of the respective year.

11 “(C) NOTIFICATIONS OF ALLOCATION  
12 AMOUNTS.—For 2021 and each subsequent  
13 year, the Secretary shall notify each State of  
14 the amount determined for such State under  
15 paragraph (2) for such year by not later than  
16 January 1 of the previous year.

17 “(2) ALLOCATION AMOUNT DETERMINA-  
18 TIONS.—

19 “(A) IN GENERAL.—For purposes of para-  
20 graph (1), the amount determined under this  
21 paragraph for a year for a State is the amount  
22 that the Secretary estimates would be expended  
23 under this part for such year on attachment  
24 range claims of individuals residing in such  
25 State if all States used such funds only for the

1 purpose described in paragraph (1) of section  
2 1352 at the dollar amounts and percentage  
3 specified under subparagraph (B) for such year.  
4 For purposes of the previous sentence and sec-  
5 tion 1353(b)(3), the term ‘attachment range  
6 claims’ means, with respect to an individual, the  
7 claims for such individual that exceed a dollar  
8 amount specified by the Secretary for a year,  
9 but do not exceed a ceiling dollar amount speci-  
10 fied by the Secretary for such year, under sub-  
11 paragraph (B).

12 “(B) SPECIFICATIONS.—For purposes of  
13 subparagraph (A) and section 1353(b)(3), the  
14 Secretary shall determine the dollar amounts  
15 and the percentage to be specified under sub-  
16 paragraph (A) for a year in a manner to ensure  
17 that the total amount of expenditures under  
18 this part for such year is estimated to equal the  
19 total amount appropriated for such year under  
20 subsection (a) if such expenditures were used  
21 solely for the purpose described in paragraph  
22 (1) of section 1352 for attachment range claims  
23 at the dollar amounts and percentage so speci-  
24 fied for such year.



1           “(3) AVAILABILITY.—Funds allocated to a  
2 State under this subsection for a year shall remain  
3 available through the end of the subsequent year.

4           “(c) ANNUAL DISTRIBUTION OF PREVIOUS YEAR’S  
5 REMAINING FUNDS.—

6           “(1) IN GENERAL.— In carrying out subsection  
7 (b), the Secretary shall, with respect to a year (be-  
8 ginning with 2021), not later than March 31 of such  
9 year—

10           “(A) determine the amount of funds, if  
11 any, from the amounts appropriated under sub-  
12 section (a) for the previous year but not allo-  
13 cated for such previous year; and

14           “(B) if the Secretary determines that any  
15 funds were not so allocated for such previous  
16 year, allocate such remaining funds to States  
17 for such year, in accordance with paragraph  
18 (2).

19           “(2) ALLOCATION METHODOLOGY.—For pur-  
20 poses of paragraph (1), of the total remaining funds  
21 to be allocated for a year pursuant to such para-  
22 graph, the Secretary shall allocate to each State an  
23 amount that bears the same ratio to such total re-  
24 maining funds as the amount allocated pursuant to  
25 subsection (b) to such State for such year bears to

- 1 the total allocations made under such subsection for
- 2 such year.”.