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(Original Signature of Member)

117TH CONGRESS  
1ST SESSION

# H. R. 1878

To amend the Patient Protection and Affordable Care Act to establish a health insurance affordability fund, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

M. \_\_\_\_\_ 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 establish a health insurance affordability fund, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “State Health Care Pre-  
5 mium Reduction Act of 2021”.

1 **SEC. 2. ESTABLISHING A HEALTH INSURANCE AFFORD-**  
2 **ABILITY FUND.**

3 (a) IN GENERAL.—Subtitle D of title I of the Patient  
4 Protection and Affordable Care Act is amended by insert-  
5 ing after part 5 (42 U.S.C. 18061 et seq.) the following  
6 new part:

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

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

10 “There is hereby established the ‘Improve Health In-  
11 surance Affordability Fund’ to be administered by the Sec-  
12 retary of Health and Human Services, acting through the  
13 Administrator of the Centers for Medicare & Medicaid  
14 Services (in this section referred to as the ‘Adminis-  
15 trator’), to provide funding, in accordance with this part,  
16 to the 50 States and the District of Columbia (each re-  
17 ferred to in this section as a ‘State’) beginning on January  
18 1, 2023, for the purposes described in section 1352.

19 **“SEC. 1352. USE OF FUNDS.**

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

23 “(1) To provide reinsurance payments to health  
24 insurance issuers with respect to individuals enrolled  
25 under individual health insurance coverage (other

1 than through a plan described in subsection (b)) of-  
2 fered by such issuers.

3 “(2) To provide assistance (other than through  
4 payments described in paragraph (1)) to reduce out-  
5 of-pocket costs, such as copayments, coinsurance,  
6 premiums, and deductibles, of individuals enrolled  
7 under qualified health plans offered on the indi-  
8 vidual market through an Exchange and of individ-  
9 uals enrolled under standard health plans offered  
10 through a basic health program established under  
11 section 1331.

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

15 “(1) A grandfathered health plan (as defined in  
16 section 1251).

17 “(2) A plan (commonly referred to as a ‘transi-  
18 tional plan’) continued under the letter issued by the  
19 Centers for Medicare & Medicaid Services on No-  
20 vember 14, 2013, to the State Insurance Commis-  
21 sioners outlining a transitional policy for coverage in  
22 the individual and small group markets to which sec-  
23 tion 1251 does not apply, and under the extension  
24 of the transitional policy for such coverage set forth  
25 in the Insurance Standards Bulletin Series guidance

1 issued by the Centers for Medicare & Medicaid Serv-  
2 ices on March 5, 2014, February 29, 2016, Feb-  
3 ruary 13, 2017, April 9, 2018, March 25, 2019, and  
4 January 31, 2020, or under any subsequent exten-  
5 sions thereof.

6 “(3) Student health insurance coverage (as de-  
7 fined in section 147.145 of title 45, Code of Federal  
8 Regulations).

9 **“SEC. 1353. STATE ELIGIBILITY AND APPROVAL; DEFAULT**  
10 **SAFEGUARD.**

11 “(a) ENCOURAGING STATE OPTIONS FOR ALLOCA-  
12 TIONS.—

13 “(1) IN GENERAL.—To be eligible for an alloca-  
14 tion of funds under this part for a year (beginning  
15 with 2023), a State shall submit to the Adminis-  
16 trator an application at such time (but, in the case  
17 of allocations for 2023, not later than 90 days after  
18 the date of the enactment of this part and, in the  
19 case of allocations for a subsequent year, not later  
20 than March 1 of the previous year) and in such form  
21 and manner as specified by the Administrator con-  
22 taining—

23 “(A) a description of how the funds will be  
24 used; and

1           “(B) such other information as the Admin-  
2           istrator may require.

3           “(2) AUTOMATIC APPROVAL.—An application so  
4           submitted is approved unless the Administrator noti-  
5           fies the State submitting the application, not later  
6           than 60 days after the date of the submission of  
7           such application, that the application has been de-  
8           nied for not being in compliance with any require-  
9           ment of this part and of the reason for such denial.

10          “(3) 5-YEAR APPLICATION APPROVAL.—If an  
11          application of a State is approved for a purpose de-  
12          scribed in section 1352 for a year, such application  
13          shall be treated as approved for such purpose for  
14          each of the subsequent 4 years.

15          “(4) REVOCATION OF APPROVAL.—The ap-  
16          proval of an application of a State, with respect to  
17          a purpose described in section 1352, may be revoked  
18          if the State fails to use funds provided to the State  
19          under this section for such purpose or otherwise fails  
20          to comply with the requirements of this section.

21          “(b) DEFAULT FEDERAL SAFEGUARD.—

22          “(1) 2023.—For 2023, in the case of a State  
23          that does not submit an application under subsection  
24          (a) by the 90-day submission date applicable to such  
25          year under subsection (a)(1) and in the case of a

1 State that does submit such an application by such  
2 date that is not approved, the Administrator, in con-  
3 sultation with the State insurance commissioner,  
4 shall, from the amount calculated under paragraph  
5 (4) for such year, carry out the purpose described in  
6 paragraph (3) in such State for such year.

7 “(2) 2024 AND SUBSEQUENT YEARS.—For  
8 2024 or a subsequent year, in the case of a State  
9 that does not have in effect an approved application  
10 under this section for such year, the Administrator,  
11 in consultation with the State insurance commis-  
12 sioner, shall, from the amount calculated under  
13 paragraph (4) for such year, carry out the purpose  
14 described in paragraph (3) in such State for such  
15 year.

16 “(3) SPECIFIED USE.—The amount described  
17 in paragraph (4), with respect to 2023 or a subse-  
18 quent year, shall be used to carry out the purpose  
19 described in section 1352(a)(1) in each State de-  
20 scribed in paragraph (1) or (2) for such year, as ap-  
21 plicable, by providing reinsurance payments to  
22 health insurance issuers with respect to attachment  
23 range claims (as defined in section 1354(b)(2)),  
24 using the dollar amounts specified in subparagraph  
25 (B) of such section for such year) in an amount

1 equal to, subject to paragraph (5), the percentage  
2 (specified for such year by the Secretary under such  
3 subparagraph) of the amount of such claims.

4 “(4) AMOUNT DESCRIBED.—The amount de-  
5 scribed in this paragraph, with respect to 2023 or  
6 a subsequent year, is the amount equal to the total  
7 sum of amounts that the Secretary would otherwise  
8 estimate under section 1354(b)(2)(A)(i) for such  
9 year for each State described in paragraph (1) or  
10 (2) for such year, as applicable, if each such State  
11 were not so described for such year.

12 “(5) ADJUSTMENT.—For purposes of this sub-  
13 section, the Secretary may apply a percentage under  
14 paragraph (3) with respect to a year that is less  
15 than the percentage otherwise specified in section  
16 1354(b)(2)(B) for such year, if the cost of paying  
17 the total eligible attachment range claims for States  
18 described in this subsection for such year at such  
19 percentage otherwise specified would exceed the  
20 amount calculated under paragraph (4) for such  
21 year.

22 **“SEC. 1354. ALLOCATIONS.**

23 “(a) APPROPRIATION.—For the purpose of providing  
24 allocations for States under subsection (b) and payments  
25 under section 1353(b) there is appropriated, out of any

1 money in the Treasury not otherwise appropriated,  
2 \$10,000,000,000 for 2023 and each subsequent year.

3 “(b) ALLOCATIONS.—

4 “(1) PAYMENT.—

5 “(A) IN GENERAL.—From amounts appro-  
6 priated under subsection (a) for a year, the  
7 Secretary shall, with respect to a State not de-  
8 scribed in section 1353(b) for such year and  
9 not later than the date specified under subpara-  
10 graph (B) for such year, allocate for such State  
11 the amount determined for such State and year  
12 under paragraph (2).

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

16 “(i) for 2023, the date that is 45 days  
17 after the date of the enactment of this  
18 part; and

19 “(ii) for 2024 or a subsequent year,  
20 January 1 of the respective year.

21 “(C) NOTIFICATIONS OF ALLOCATION  
22 AMOUNTS.—For 2024 and each subsequent  
23 year, the Secretary shall notify each State of  
24 the amount determined for such State under



1 paragraph (2) for such year by not later than  
2 January 1 of the previous year.

3 “(2) ALLOCATION AMOUNT DETERMINA-  
4 TIONS.—

5 “(A) IN GENERAL.—For purposes of para-  
6 graph (1), the amount determined under this  
7 paragraph for a year for a State described in  
8 paragraph (1)(A) for such year is the amount  
9 equal to—

10 “(i) the amount that the Secretary es-  
11 timates would be expended under this part  
12 for such year on attachment range claims  
13 of individuals residing in such State if such  
14 State used such funds only for the purpose  
15 described in paragraph (1) of section  
16 1352(a) at the dollar amounts and per-  
17 centage specified under subparagraph (B)  
18 for such year; minus

19 “(ii) the amount, if any, by which the  
20 Secretary determines—

21 “(I) the estimated amount of  
22 premium tax credits under section  
23 36B of the Internal Revenue Code of  
24 1986 that would be attributable to in-  
25 dividuals residing in such State for

1 such year without application of this  
2 part; exceeds

3 “(II) the estimated amount of  
4 premium tax credits under section  
5 36B of the Internal Revenue Code of  
6 1986 that would be attributable to in-  
7 dividuals residing in such State for  
8 such year if such State were a State  
9 described in section 1353(b) for such  
10 year.

11 For purposes of the previous sentence and sec-  
12 tion 1353(b)(3), the term ‘attachment range  
13 claims’ means, with respect to an individual, the  
14 claims for such individual that exceed a dollar  
15 amount specified by the Secretary for a year,  
16 but do not exceed a ceiling dollar amount speci-  
17 fied by the Secretary for such year, under sub-  
18 paragraph (B).

19 “(B) SPECIFICATIONS.—For purposes of  
20 subparagraph (A) and section 1353(b)(3), the  
21 Secretary shall determine the dollar amounts  
22 and the percentage to be specified under this  
23 subparagraph for a year in a manner to ensure  
24 that the total amount of expenditures under  
25 this part for such year is estimated to equal the

1 total amount appropriated for such year under  
2 subsection (a) if such expenditures were used  
3 solely for the purpose described in paragraph  
4 (1) of section 1352(a) for attachment range  
5 claims at the dollar amounts and percentage so  
6 specified for such year.

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

10 (b) BASIC HEALTH PROGRAM FUNDING ADJUST-  
11 MENTS.—Section 1331 of the Patient Protection and Af-  
12 fordable Care Act (42 U.S.C. 18051) is amended—

13 (1) in subsection (a), by adding at the end the  
14 following new paragraph:

15 “(3) PROVISION OF INFORMATION ON QUALI-  
16 FIED HEALTH PLAN PREMIUMS.—

17 “(A) IN GENERAL.—The program de-  
18 scribed in paragraph (1) shall provide that a  
19 State may not establish a basic health program  
20 unless such State furnishes to the Secretary,  
21 with respect to each qualified health plan of-  
22 fered in such State during a year that receives  
23 any reinsurance payment from funds made  
24 available under part 6 for such year, the ad-

1           justed premium amount (as defined in subpara-  
2           graph (B)) for each such plan and year.

3                   “(B) ADJUSTED PREMIUM AMOUNT DE-  
4           FINED.—For purposes of subparagraph (A), the  
5           term ‘adjusted premium amount’ means, with  
6           respect to a qualified health plan and a year,  
7           the monthly premium for such plan and year  
8           that would have applied had such plan not re-  
9           ceived any payments described in subparagraph  
10          (A) for such year.”.

11           (2) in subsection (d)(3)(A)(ii), by adding at the  
12          end the following new sentence: “In making such de-  
13          termination, the Secretary shall calculate the value  
14          of such premium tax credits that would have been  
15          provided to such individuals enrolled through a basic  
16          health program established by a State during a year  
17          using the adjusted premium amounts (as defined in  
18          subsection (a)(3)(B)) for qualified health plans of-  
19          fered in such State during such year.”.