

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1425
OFFERED BY M . _____**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

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

**4 SEC. 2. IMPROVE HEALTH INSURANCE AFFORDABILITY
5 FUND.**

6 Subtitle D of title I of the Patient Protection and
7 Affordable Care Act is amended by inserting after part
8 5 (42 U.S.C. 18061 et seq.) the following new part:

**9 “PART 6—IMPROVE HEALTH INSURANCE
10 AFFORDABILITY FUND**

11 “SEC. 1351. ESTABLISHMENT OF PROGRAM.

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

1 referred to in this section as a ‘State’) beginning on January
2 1, 2020, for the purposes described in section 1352.

3 **“SEC. 1352. USE OF FUNDS.**

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

7 “(1) To provide reinsurance payments to health
8 insurance issuers with respect to individuals enrolled
9 under individual health insurance coverage (other
10 than through a plan described in subsection (b)) of-
11 fered by such issuers.

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

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

21 “(1) A grandfathered health plan (as defined in
22 section 1251).

23 “(2) A plan (commonly referred to as a ‘transi-
24 tional plan’) continued under the letter issued by the
25 Centers for Medicare & Medicaid Services on No-

1 vember 14, 2013, to the State Insurance Commis-
2 sioners outlining a transitional policy for coverage in
3 the individual and small group markets to which sec-
4 tion 1251 does not apply, and under the extension
5 of the transitional policy for such coverage set forth
6 in the Insurance Standards Bulletin Series guidance
7 issued by the Centers for Medicare & Medicaid Serv-
8 ices on March 5, 2014, February 29, 2016, Feb-
9 ruary 13, 2017, and April 9, 2018, or under any
10 subsequent extensions thereof.

11 **“SEC. 1353. STATE ELIGIBILITY AND APPROVAL; DEFAULT**
12 **SAFEGUARD.**

13 “(a) ENCOURAGING STATE OPTIONS FOR ALLOCA-
14 TIONS.—

15 “(1) IN GENERAL.—To be eligible for an alloca-
16 tion of funds under this part for a year (beginning
17 with 2020), a State shall submit to the Adminis-
18 trator an application at such time (but, in the case
19 of allocations for 2020, not later than 90 days after
20 the date of the enactment of this part and, in the
21 case of allocations for a subsequent year, not later
22 than March 1 of the previous year) and in such form
23 and manner as specified by the Administrator con-
24 taining—

1 “(A) a description of how the funds will be
2 used; and

3 “(B) such other information as the Admin-
4 istrator may require.

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

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

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

23 “(b) DEFAULT FEDERAL SAFEGUARD.—

24 “(1) 2020.—For 2020, in the case of a State
25 that does not submit an application under subsection

1 (a) by the 90-day submission date applicable to such
2 year under subsection (a)(1) and in the case of a
3 State that does submit such an application by such
4 date that is not approved, the Administrator, in con-
5 sultation with the State insurance commissioner,
6 shall use, in accordance with paragraph (3), the
7 amount described in paragraph (4) for such year.

8 “(2) 2021 AND SUBSEQUENT YEARS.—For
9 2021 or a subsequent year, in the case of a State
10 that does not have in effect an approved application
11 under this section for such year, the Administrator,
12 in consultation with the State insurance commis-
13 sioner, shall use, in accordance with paragraph (3),
14 the amount described in paragraph (4) for such
15 year.

16 “(3) SPECIFIED USE.—The amount described
17 in paragraph (4), with respect to 2020 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 the percentage (specified for such year by
2 the Secretary under such subparagraph) of the
3 amount of such claims.

4 “(4) AMOUNT DESCRIBED.—The amount de-
5 scribed in this paragraph, with respect to 2020 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 **“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 not de-
23 scribed in section 1353(b) for such year and
24 not later than the date specified under subpara-
25 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 part; 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 described in
22 paragraph (1)(A) for such year is the amount
23 equal to—

24 “(i) the amount that the Secretary es-
25 timates would be expended under this part

1 for such year on attachment range claims
2 of individuals residing in such State if such
3 State used such funds only for the purpose
4 described in paragraph (1) of section
5 1352(a) at the dollar amounts and per-
6 centage specified under subparagraph (B)
7 for such year; minus

8 “(ii) the amount, if any, by which the
9 Secretary determines—

10 “(I) the estimated amount of
11 premium tax credits under section
12 36B of the Internal Revenue Code of
13 1986 that would be attributable to in-
14 dividuals residing in such State for
15 such year without application of this
16 part; exceeds

17 “(II) the estimated amount of
18 premium tax credits under section
19 36B of the Internal Revenue Code of
20 1986 that would be attributable to in-
21 dividuals residing in such State for
22 such year if such State were a State
23 described in section 1353(b) for such
24 year.

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

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

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

