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.

This Act may be cited as the “State Health Care Premium Reduction Act”.

SEC. 2. IMPROVE HEALTH INSURANCE AFFORDABILITY FUND.

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

“PART 6—IMPROVE HEALTH INSURANCE AFFORDABILITY FUND

SEC. 1351. ESTABLISHMENT OF PROGRAM.

“There is hereby established the ‘Improve Health Insurance Affordability Fund’ to be administered by the Secretary of Health and Human Services, acting through the Administrator of the Centers for Medicare & Medicaid Services (in this section referred to as the ‘Administrator’), to provide funding, in accordance with this part, to the 50 States and the District of Columbia (each re-
ferred to in this section as a ‘State’) beginning on January
1, 2020, for the purposes described in section 1352.

“SEC. 1352. USE OF FUNDS.

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

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

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

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

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

“(2) A plan (commonly referred to as a ‘transi-
tional plan’) continued under the letter issued by the
Centers for Medicare & Medicaid Services on No-
November 14, 2013, to the State Insurance Commissioners outlining a transitional policy for coverage in the individual and small group markets to which section 1251 does not apply, and under the extension of the transitional policy for such coverage set forth in the Insurance Standards Bulletin Series guidance issued by the Centers for Medicare & Medicaid Services on March 5, 2014, February 29, 2016, February 13, 2017, and April 9, 2018, or under any subsequent extensions thereof.

“SEC. 1353. STATE ELIGIBILITY AND APPROVAL; DEFAULT SAFEGUARD.

“(a) Encouraging State Options for Allocations.—

“(1) In general.—To be eligible for an allocation of funds under this part for a year (beginning with 2020), a State shall submit to the Administrator an application at such time (but, in the case of allocations for 2020, not later than 90 days after the date of the enactment of this part and, in the case of allocations for a subsequent year, not later than March 1 of the previous year) and in such form and manner as specified by the Administrator containing—
“(A) a description of how the funds will be used; and

“(B) such other information as the Administrator may require.

“(2) AUTOMATIC APPROVAL.—An application so submitted is approved unless the Administrator notifies the State submitting the application, not later than 60 days after the date of the submission of such application, that the application has been denied for not being in compliance with any requirement of this part and of the reason for such denial.

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

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

“(b) DEFAULT FEDERAL SAFEGUARD.—

“(1) 2020.—For 2020, in the case of a State that does not submit an application under subsection
(a) by the 90-day submission date applicable to such year under subsection (a)(1) and in the case of a State that does submit such an application by such date that is not approved, the Administrator, in consultation with the State insurance commissioner, shall use, in accordance with paragraph (3), the amount described in paragraph (4) for such year.

“(2) 2021 AND SUBSEQUENT YEARS.—For 2021 or a subsequent year, in the case of a State that does not have in effect an approved application under this section for such year, the Administrator, in consultation with the State insurance commissioner, shall use, in accordance with paragraph (3), the amount described in paragraph (4) for such year.

“(3) SPECIFIED USE.—The amount described in paragraph (4), with respect to 2020 or a subsequent year, shall be used to carry out the purpose described in section 1352(a)(1) in each State described in paragraph (1) or (2) for such year, as applicable, by providing reinsurance payments to health insurance issuers with respect to attachment range claims (as defined in section 1354(b)(2)), using the dollar amounts specified in subparagraph (B) of such section for such year) in an amount
equal to the percentage (specified for such year by the Secretary under such subparagraph) of the amount of such claims.

“(4) AMOUNT DESCRIBED.—The amount described in this paragraph, with respect to 2020 or a subsequent year, is the amount equal to the total sum of amounts that the Secretary would otherwise estimate under section 1354(b)(2)(A)(i) for such year for each State described in paragraph (1) or (2) for such year, as applicable, if each such State were not so described for such year.

“SEC. 1354. ALLOCATIONS.

“(a) APPROPRIATION.—For the purpose of providing allocations for States under this part there is appropriated, out of any money in the Treasury not otherwise appropriated, $10,000,000,000 for 2020 and each subsequent year.

“(b) ALLOCATIONS.—

“(1) PAYMENT.—

“(A) IN GENERAL.—From amounts appropriated under subsection (a) for a year, the Secretary shall, with respect to a State not described in section 1353(b) for such year and not later than the date specified under subparagraph (B) for such year, allocate for such State
the amount determined for such State and year under paragraph (2).

“(B) Specified date.—For purposes of subparagraph (A), the date specified in this subparagraph is—

“(i) for 2020, the date that is 45 days after the date of the enactment of this part; and

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

“(C) Notifications of allocation amounts.—For 2021 and each subsequent year, the Secretary shall notify each State of the amount determined for such State under paragraph (2) for such year by not later than January 1 of the previous year.

“(2) Allocation amount determinations.—

“(A) In general.—For purposes of paragraph (1), the amount determined under this paragraph for a year for a State described in paragraph (1)(A) for such year is the amount equal to—

“(i) the amount that the Secretary estimates would be expended under this part
for such year on attachment range claims of individuals residing in such State if such State used such funds only for the purpose described in paragraph (1) of section 1352(a) at the dollar amounts and percentage specified under subparagraph (B) for such year; minus “(ii) the amount, if any, by which the Secretary determines—

“(I) the estimated amount of premium tax credits under section 36B of the Internal Revenue Code of 1986 that would be attributable to individuals residing in such State for such year without application of this part; exceeds “(II) the estimated amount of premium tax credits under section 36B of the Internal Revenue Code of 1986 that would be attributable to individuals residing in such State for such year if such State were a State described in section 1353(b) for such year.
For purposes of the previous sentence and section 1353(b)(3), the term ‘attachment range claims’ means, with respect to an individual, the claims for such individual that exceed a dollar amount specified by the Secretary for a year, but do not exceed a ceiling dollar amount specified by the Secretary for such year, under subparagraph (B).

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

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