To amend titles II, XVIII, and XIX of the Social Security Act to improve the affordability and enrollment procedures of the Medicare program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 2016

Mr. WYDEN (for himself, Ms. STABENOW, Mr. BENNET, Mr. NELSON, and Mr. BROWN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend titles II, XVIII, and XIX of the Social Security Act to improve the affordability and enrollment procedures of the Medicare program, and for other purposes.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Medicare Affordability and Enrollment Act of 2016”.

(b) Table of Contents.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Protecting against high out-of-pocket expenditures for Medicare fee-for-service benefits.
Sec. 3. Reducing cost-sharing, aligning income and resource eligibility tests, and simplifying enrollment for low-income beneficiaries.
Sec. 4. Reducing Medicare cost-sharing for low-income beneficiaries.
Sec. 5. Eliminating the 24-month waiting period for Medicare coverage for individuals with disabilities.
Sec. 6. Improving Medicare beneficiary enrollment procedures and effective dates of coverage.
Sec. 7. Eliminating exclusion of part D eligible individuals residing in territories from eligibility for premium and cost-sharing subsidies.
Sec. 8. Extending funding for low-income Medicare beneficiary outreach and assistance education activities.

SEC. 2. PROTECTING AGAINST HIGH OUT-OF-POCKET EXPENDITURES FOR MEDICARE FEE-FOR-SERVICE BENEFITS.

Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is amended by adding at the end the following new section:

"PROTECTION AGAINST HIGH OUT-OF-POCKET EXPENDITURES"

"Sec. 1899C. (a) In general.—Notwithstanding any other provision of this title, in the case of an individual entitled to, or enrolled for, benefits under part A or enrolled in part B, if the amount of the out-of-pocket cost-sharing of such individual for a year (beginning with 2018) equals or exceeds the annual out-of-pocket limit under subsection (b) for that year—

"(1) the amount otherwise payable under part A and the total amount of expenses incurred by the individual which would (except for this section) constitute incurred expenses for which benefits are pay-"
able under part B, shall be 100 percent of such amount for the remainder of that year; and

“(2) the individual shall not be responsible for out-of-pocket cost-sharing incurred during the remainder of that year.

“(b) Annual Out-of-Pocket Limit.—

“(1) In general.—The amount of the annual out-of-pocket limit under this subsection shall be—

“(A) for 2018, $5,500; or

“(B) for a subsequent year, the amount specified in this subsection for the preceding year increased or decreased by the percentage change in the Consumer Price Index for All Urban Consumers for the 12-month period ending with June of such preceding year.

“(2) Rounding.—If any amount determined under paragraph (1)(B) is not a multiple of $5, such amount shall be rounded to the nearest multiple of $5.

“(c) Out-of-Pocket Cost-Sharing Defined.—

“(1) In general.—Subject to paragraphs (2) and (3), in this section, the term ‘out-of-pocket cost-sharing’ means, with respect to an individual, the amount of the expenses incurred by the individual that are attributable to—
“(A) deductibles, coinsurance and copayments applicable under part A or B; or

“(B) for items and services that would have otherwise been covered under part A or B but for the exhaustion of those benefits.

“(2) CERTAIN COSTS NOT INCLUDED.—

“(A) NON-COVERED ITEMS AND SERVICES.—Expenses incurred for items and services which are not covered under part A or B shall not be considered incurred expenses for purposes of determining out-of-pocket cost-sharing under paragraph (1).

“(B) ITEMS AND SERVICES NOT FURNISHED ON AN ASSIGNMENT-RELATED BASIS.—
If an item or service is furnished to an individual under this title and is not furnished on an assignment-related basis, any additional expenses the individual incurs above the amount the individual would have incurred if the item or service was furnished on an assignment-related basis shall not be considered incurred expenses for purposes of determining out-of-pocket cost-sharing under paragraph (1).

“(3) SOURCE OF PAYMENT.—For purposes of paragraph (1), the Secretary shall consider expenses
to be incurred by the individual without regard to whether the individual or another person, including a State program, an employer, a medicare supplemental policy, or other third-party coverage, has paid for such expenses.

“(d) ANNOUNCEMENT OF THE ANNUAL OUT-OF-POCKET LIMIT.—The Secretary shall (beginning in 2017) announce (in a manner intended to provide notice to all interested parties) the annual out-of-pocket limit under this section that will be applicable for the succeeding year.”.

SEC. 3. REDUCING COST-SHARING, ALIGNING INCOME AND RESOURCE ELIGIBILITY TESTS, AND SIMPLIFYING ENROLLMENT FOR LOW-INCOME BENEFICIARIES.

(a) INCREASE IN INCOME ELIGIBILITY TO 135 PERCENT OF FPL FOR QUALIFIED MEDICARE BENEFICIARIES.—Section 1905(p)(2) of the Social Security Act (42 U.S.C. 1396d(p)(2)) is amended—

(1) in subparagraph (A), by striking “100 percent” and inserting “135 percent”;  

(2) in subparagraph (B)—

(A) by striking “and” at the end of clause (ii);
(B) by striking the period at the end of clause (iii) and inserting “, and”; and

(C) by adding at the end the following:

“(iv) January 1, 2018, is 135 percent.”; and

(3) in subparagraph (C)—

(A) by striking “and” at the end of clause (iii);

(B) by striking the period at the end of clause (iv) and inserting “, and”; and

(C) by adding at the end the following:

“(v) January 1, 2018, is 135 percent.”.

(b) INCREASE IN INCOME ELIGIBILITY TO 150 PERCENT OF FPL FOR SPECIFIED LOW-INCOME MEDICARE BENEFICIARIES.—

(1) ELIGIBILITY OF INDIVIDUALS WITH INCOMES BELOW 150 PERCENT OF FPL.—Section 1902(a)(10)(E) of the Social Security Act (42 U.S.C. 1396b(a)(10)(E)) is amended—

(A) by adding “and” at the end of clause (ii);

(B) in clause (iii)—

(i) by striking “and 120 percent in 1995 and years thereafter” and inserting “120 percent in 1995 and years thereafter
before 2018, and 150 percent in 2018 and
years thereafter”; and

(ii) by striking “and” at the end; and

(C) by striking clause (iv).

(2) REFERENCES.—Section 1905(p)(1) of such
Act (42 U.S.C. 1396d(p)(1)) is amended by adding
at and below subparagraph (C) the following flush
sentence:

“The term ‘specified low-income medicare beneficiary’
means an individual described in section
1902(a)(10)(E)(iii).”.

(3) CONFORMING AMENDMENTS.—

(A) The first sentence of section 1905(b)
of such Act (42 U.S.C. 1396d(b)) is amended
by striking “and section 1933(d)”.

(B) Section 1933 of such Act (42 U.S.C.
1396u–3) is repealed.

(c) 100 PERCENT FMAP.—Section 1905 of the So-
cial Security Act (42 U.S.C. 1396d) is amended by adding
at the end the following new subsection:

“(ee) INCREASED FMAP FOR EXPANDED MEDICARE
COST-SHARING POPULATIONS.—

“(1) IN GENERAL.—Notwithstanding subsection
(b), with respect to expenditures described in para-
graph (2) the Federal medical assistance percentage shall be equal to 100 percent.

“(2) EXPENDITURES DESCRIBED.—The expenditures described in this paragraph are expenditures made on or after January 1, 2018, for medical assistance for medicare cost-sharing provided to any individual under clause (i), (ii), or (iii) of section 1902(a)(10)(E) who would not have been eligible for medicare cost-sharing under any such clause under the income or resource eligibility standards in effect on October 1, 2016.”.

(d) CONSOLIDATION OF LOW-INCOME SUBSIDY RESOURCE ELIGIBILITY TESTS.—

(1) IN GENERAL.—Section 1860D–14(a)(3) of the Social Security Act (42 U.S.C. 1395w–114(a)(3)) is amended—

(A) by striking subparagraph (D);

(B) by redesignating subparagraphs (E) through (G) as subparagraphs (D) through (F), respectively; and

(C) in the heading of subparagraph (D), as so redesignated, by striking “ALTERNATIVE”.

(2) CLARIFICATION OF CERTAIN RULES RELATING TO INCOME AND RESOURCE DETERMINATIONS.—Section 1860D–14(a)(3) of the Social Secu-
rity Act (42 U.S.C. 1395w–114(a)(3)), as amended by paragraph (1), is amended by striking subparagraph (F) and inserting the new following new subparagraphs:

“(F) RESOURCE EXCLUSIONS.—In determining the resources of an individual (and the eligible spouse of the individual, if any) under section 1613 for purposes of subparagraph (D)—

“(i) no part of the value of any life insurance policy shall be taken into account;

“(ii) no part of the value of any vehicle shall be taken into account; and

“(iii) there shall be excluded an amount equal to $1,500 each with respect to any individual or eligible spouse of an individual who attests that some of the resources of such individual or spouse will be used to meet the burial and related expenses of such individual or spouse.

“(G) FAMILY SIZE.—In determining the size of the family of an individual for purposes of determining the income eligibility of such individual under this section, an individual’s family shall consist of—
“(i) the individual;

“(ii) the individual’s spouse who lives in the same household as the individual (if any); and

“(iii) any other individuals who—

“(I) are related to the individual whose income eligibility is in question or such individual’s spouse who lives in the same household;

“(II) are living in the same household as such individual; and

“(III) are dependent on such individual or such individual’s spouse who is living in the same household for at least one-half of their financial support.”.

(3) Conforming Amendments.—Section 1860D–14(a) of the Social Security Act (42 U.S.C. 1395w–114(a)) is amended—

(A) in paragraph (1), in the matter preceding subparagraph (A), by inserting “(as determined under paragraph (3)(G))” after “family of the size involved”; and

(B) in paragraph (3), as amended by paragraphs (1) and (2)—
(i) in subparagraph (A), in the matter preceding clause (i), by striking “subparagraph (F)” and inserting “subparagraph (E)”;

(ii) in subparagraph (A)(ii), by inserting “(as determined under subparagraph (G))” after “family of the size involved”;

(iii) in subparagraph (A)(iii), by striking “or (E)”;

(iv) in subparagraph (B)(v), in the matter preceding subclause (I), by striking “subparagraph (F)” and inserting “subparagraph (E)”;

(v) in subparagraph (D)(i), in the matter preceding subclause (I), by striking “subject to the life insurance policy exclusion provided under subparagraph (G)” and inserting “subject to the resource exclusions provided under subparagraph (F)”.

(e) ALIGNMENT OF LOW-INCOME SUBSIDY AND MEDICARE SAVINGS PROGRAM INCOME AND RESOURCE ELIGIBILITY TESTS.—
(1) Application of Medicaid Spousal impoverishment Resource Allowance to MSP and LIS Resource Eligibility.—

(A) In General.—Section 1905(p)(1)(C) of the Social Security Act (42 U.S.C. 1396d(p)(1)(C)) is amended to read as follows:

“(C) whose resources (as determined under section 1613 for purposes of the supplemental security income program subject to the resource exclusions under subparagraph (F) of section 1860D–14(a)(3)) do not exceed—

“(i) in the case of an individual with a spouse, an amount equal to the sum of the first amount specified in subsection (f)(2)(A)(i) of section 1924 (as adjusted under subsection (g) of such section) and the amount specified in subsection (f)(2)(A)(ii)(II) of such section (as so adjusted); or

“(ii) in the case of an individual who does not have a spouse, an amount equal to \( \frac{1}{2} \) of the amount described in clause (i).”.

(B) Application to QDWIS.—Section 1905(s)(3) of the Social Security Act (42 U.S.C. 1396d(s)(3)) is amended to read as follows:
“(3) whose resources (as determined under section 1613 for purposes of the supplemental security income program subject to the resource exclusions under subparagraph (F) of section 1860D–14(a)(3)) do not exceed—

“(A) in the case of an individual with a spouse, the amount in effect for the year under clause (i) of subsection (p)(1)(C); and

“(B) in the case of an individual who does not have a spouse, the amount in effect for the year under clause (ii) of subsection (p)(1)(C); and”.

(C) APPLICATION TO LIS.—Clause (i) of section 1860D–14(a)(3)(D), as redesignated and amended by subsection (d)(1), is amended to read as follows:

“(i) IN GENERAL.—The resources requirement of this subparagraph is that an individual’s resources (as determined under section 1613 for purposes of the supplemental security income program subject to the resource exclusions provided under subparagraph (F)) do not exceed the amount in effect for the year under section 1905(p)(1)(C)(ii).”.
(f) **Enrollment Simplifications.**—

(1) **Application of 3-Month Retroactive Eligibility to QMBs.**—

(A) **In General.**—Section 1902(e)(8) of the Social Security Act (42 U.S.C. 1396a(e)(8)) is amended by striking “after the end of the month in which the determination first occurs” and inserting “in or after the third month before the month in which the individual makes application for assistance”.

(B) **Conforming Amendment.**—Section 1905(a) of the Social Security Act (42 U.S.C. 1396d(a)) is amended, in the matter preceding paragraph (1), by striking “or, in the case of medicare cost-sharing with respect to a qualified medicare beneficiary described in subsection (p)(1), if provided after the month in which the individual becomes such a beneficiary”.

(2) **State Option for 12-Month Continuous Eligibility for SLMBS and QWDIS.**—Section 1902(e)(12) of the Social Security Act (42 U.S.C. 1396a(e)(12)) is amended—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;
(B) by inserting "(A)" after "(12)"; and

(C) by adding at the end the following:

“(B) At the option of the State, the plan may provide that an individual who is determined to be eligible for benefits under a State plan approved under this title under any of the following eligibility categories, or who is reetermined to be eligible for such benefits under any of such categories, shall be considered to meet the eligibility requirements met on the date of application and shall remain eligible for those benefits until the end of the 12-month period following the date of the determination or redetermination of eligibility, except that a State may provide for such determinations more frequently, but not more frequently than once every 6 months for an individual:

“(i) A specified low-income medicare beneficiary described in subsection (a)(10)(E)(iii) of this section who is determined eligible for medicare cost sharing described in section 1905(p)(3)(A)(ii).

“(ii) A qualified disabled and working individual described in section 1905(s) who is determined eligible for medicare cost-sharing described in section 1905(p)(3)(A)(i).”.

(3) State option to use express lane eligibility for the medicare savings program.—
Section 1902(e)(13)(A) of the Social Security Act (42 U.S.C. 1396a(e)(13)(A)) is amended by adding at the end the following new clause:

“(iii) State option to extend express lane eligibility to other populations.—

“(I) In general.—At the option of the State, the State may apply the provisions of this paragraph with respect to determining eligibility under this title for an eligible individual (as defined in subclause (II)). In applying this paragraph in the case of a State making such an option, any reference in this paragraph to a child with respect to this title (other than a reference to child health assistance) shall be deemed to be a reference to an eligible individual.

“(II) Eligible individual defined.—In this clause, the term ‘eligible individual’ means any of the following:

“(aa) A qualified medicare beneficiary described in section
1905(p)(1) for purposes of determining eligibility for medicare cost-sharing (as defined in section 1905(p)(3)).

“(bb) A specified low-income medicare beneficiary described in subsection (a)(10)(E)(iii) of this section for purposes of determining eligibility for medicare cost-sharing described in section 1905(p)(3)(A)(ii).

“(cc) A qualified disabled and working individual described in section 1905(s) for purposes of determining eligibility for medicare cost-sharing described in section 1905(p)(3)(A)(i).

“(dd) During the period that begins on the date of enactment of this clause and ends on December 31, 2017, a qualifying individual described in subsection (a)(10)(E)(iv) for purposes of determining eligibility for medicare
(g) **Effective Date.**—

(1) **In general.**—Except as provided in paragraphs (2) and (3), the amendments and repeal made by this section take effect on January 1, 2018, and, with respect to title XIX of the Social Security Act, apply to calendar quarters beginning on or after January 1, 2018.

(2) **Express lane eligibility for MSP.**—The amendments made by subsection (f)(3) take effect on the date of enactment of this Act.

(3) **Exception for state legislation.**—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments and repeal made by this section (other than the amendments made by subsection (f)(3)), the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter begin-
ning after the close of the first regular session of the
State legislature that begins after the date of the en-
actment of this Act. For purposes of the previous
sentence, in the case of a State that has a 2-year
legislative session, each year of such session shall be
deemed to be a separate regular session of the State
legislature.

SEC. 4. REDUCING MEDICARE COST-SHARING FOR LOW-IN-
COME BENEFICIARIES.

(a) IN GENERAL.—Title XVIII of the Social Security
Act (42 U.S.C. 1395 et seq.), as amended by section 2,
is amended by adding at the end the following new section:

“REDUCTION IN MEDICARE COST-SHARING FOR LOW-
INCOME BENEFICIARIES

“SEC. 1899D. (a) IN GENERAL.—Notwithstanding
any other provision of this title, in the case of items and
services furnished on or after January 1, 2018, to an ap-
licable low-income individual, the amount of any coinsur-
ance or copayment otherwise applicable to the item or
service under part A or B shall be reduced by 50 percent.

“(b) APPLICABLE LOW-INCOME INDIVIDUAL DE-
FINED.—

“(1) IN GENERAL.—In this section, the term
‘applicable low-income individual’ means an indi-
vidual—
“(A) entitled to, or enrolled for, benefits under part A or enrolled in part B;

“(B) who is determined to have income that is greater than 135 percent and less than or equal to 200 percent of the poverty line applicable to a family of the size involved; and

“(C) whose resources (as determined under section 1613 for purposes of the supplemental security income program subject to the resource exclusions provided under section 1860D–14(a)(3)(F)) do not exceed the amount in effect for the year under section 1905(p)(1)(C)(ii).

“(2) INCOME DETERMINATIONS.—For purposes of applying this section—

“(A) income shall be determined in the manner described in section 1905(p)(1)(B), without regard to the application of section 1902(r)(2); and

“(B) ‘poverty line’ has the meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section. Nothing in subparagraph (A) shall be construed to affect the application of section 1902(r)(2) for the
determination of eligibility for medical assistance under title XIX.

“(c) Establishment of Procedures for Identification of Applicable Low-Income Individuals and Notification of Providers of Services and Suppliers.—

“(1) In general.—The Secretary, in consultation with the Commissioner of Social Security and the Secretary of the Treasury, shall establish procedures for—

“(A) the determination of whether an individual is an applicable low-income individual; and

“(B) the notification of providers of services and suppliers in the case where an individual is an applicable low-income individual so that the reduction in any coinsurance or copayment under subsection (a) is applied at the time the item or service is provided to the applicable low-income individual.

“(2) Determinations.—

“(A) In general.—The provisions of section 1860D–14(a)(3)(B)(i) shall apply to the determination of whether an individual is an applicable low-income individual under this sec-
tion in the same manner as such provisions apply to the determination of whether a part D eligible is a subsidy eligible individual under section 1860D–14(a)(3)(B)(i).

“(B) EFFECTIVE PERIOD.—Determinations under this subsection shall be effective for a period determined appropriate by the Secretary.

“(d) NO EFFECT ON PAYMENT TO PROVIDERS OF SERVICES OR SUPPLIERS.—Notwithstanding any other provision of this title, in the case of an item or service for which the reduction in coinsurance or copayment under subsection (a) applies, the amount of payment otherwise applicable for the item or service under part A or B shall be increased by the amount of the reduction in coinsurance or copayment under such subsection.”.

(b) DISCLOSURE.—Section 6103(l)(7)(D)(ii) of the Internal Revenue Code of 1986 is amended—

(1) by striking “or subsidies” and inserting “, subsidies”; and

(2) by inserting “, or reduced cost-sharing provided under section 1899D” before the period at the end.
SEC. 5. ELIMINATING THE 24-MONTH WAITING PERIOD FOR MEDICARE COVERAGE FOR INDIVIDUALS WITH DISABILITIES.

(a) IN GENERAL.—Section 226(b) of the Social Security Act (42 U.S.C. 426(b)) is amended—

(1) in paragraph (2)(A), by striking ‘‘, and has for 24 calendar months been entitled to,’’;

(2) in paragraph (2)(B), by striking ‘‘, and has been for not less than 24 months,’’;

(3) in paragraph (2)(C)(ii), by striking ‘‘, including the requirement that he has been entitled to the specified benefits for 24 months,’’;

(4) in the first sentence, by striking ‘‘for each month beginning with the later of (I) July 1973 or (II) the twenty-fifth month of his entitlement or status as a qualified railroad retirement beneficiary described in paragraph (2), and’’ and inserting ‘‘for each month for which the individual meets the requirements of paragraph (2), beginning with the month following the month in which the individual meets the requirements of such paragraph, and’’;

and

(5) in the second sentence, by striking ‘‘the ‘twenty-fifth month of his entitlement’’ and all that follows through ‘‘paragraph (2)(C) and’’.

(b) CONFORMING AMENDMENTS.—
(1) SECTION 226.—Section 226 of the Social Security Act (42 U.S.C. 426) is amended by—

   (A) striking subsections (e)(1)(B), (f), and (h); and

   (B) redesignating subsections (g) and (i) as subsections (f) and (g), respectively.

(2) MEDICARE DESCRIPTION.—Section 1811(2) of the Social Security Act (42 U.S.C. 1395c(2)) is amended by striking “have been entitled for not less than 24 months” and inserting “are entitled”.

(3) MEDICARE COVERAGE.—Section 1837(g)(1) of the Social Security Act (42 U.S.C. 1395p(g)(1)) is amended by striking “25th month of” and inserting “month following the first month of”.


   (A) by striking “has been entitled to an annuity” and inserting “is entitled to an annuity”;  

   (B) by striking “, for not less than 24 months”; and  

   (C) by striking “could have been entitled for 24 calendar months, and”.
(c) Effective Date.—The amendments made by this section shall apply to insurance benefits under title XVIII of the Social Security Act with respect to items and services furnished in months beginning after December 2017.

SEC. 6. IMPROVING MEDICARE BENEFICIARY ENROLLMENT PROCEDURES AND EFFECTIVE DATES OF COVERAGE.

(a) General Enrollment Period.—Section 1837(e) of the Social Security Act (42 U.S.C. 1395p(e)) is amended to read as follows:

“(e) General and Special Enrollment Periods.—

“(1) General enrollment.—

“(A) For coverage during years before 2018.—There shall be a general enrollment period during the period beginning on January 1 and ending on March 31 of each year before 2018.

“(B) For coverage during years beginning with 2018.—Subject to subparagraph (B), there shall be a general enrollment period beginning on October 15 and ending on December 31 of 2017 and each subsequent year.
“(2) SPECIAL ENROLLMENT.—Beginning January 1, 2018, the Secretary shall establish special enrollment periods in the case of an individual who meets such exceptional conditions as the Secretary may provide.”.

(b) EFFECTIVE DATES OF COVERAGE.—

(1) IN GENERAL.—Section 1838(a) of the Social Security Act (42 U.S.C. 1395q(a)) is amended—

(A) by amending paragraph (2) to read as follows:

“(2)(A) in the case of an individual who enrolls pursuant to subsection (d) of section 1837 before the month in which he first satisfies paragraph (1) or (2) of section 1836, the first day of such month, or

“(B) in the case of an individual not described in subparagraph (A) who first satisfies such paragraph in a month beginning before January 1, 2018, and who enrolls—

“(i) pursuant to such subsection (d) in such month in which he first satisfies such paragraph, the first day of the month following the month in which he so enrolls, or
“(ii) pursuant to such subsection (d) in the month following such month in which he first satisfies such paragraph, the first day of the second month following the month in which he so enrolls, or

“(iii) pursuant to such subsection (d) more than one month following such month in which he satisfies such paragraph, the first day of the third month following the month in which he so enrolls, or

“(C) in the case of an individual not described in subparagraph (A) who enrolls pursuant to subsection (e) of section 1837 in a month beginning—

“(i) before April 1, 2017, the July 1 following the month in which he so enrolls, or

“(ii) on or after October 1, 2017, the first day of the month following the month in which he so enrolls, or

“(D) in the case of an individual not described in subparagraph (A) who first satisfies such paragraph in a month beginning on or after January 1, 2018, and who enrolls pursuant to such subsection (d) in such month in which he first satisfies such paragraph or in any subsequent month in the initial
enrollment period, the first day of the month following the month in which he so enrolls; or’’; and

(B) in paragraph (3), by striking ‘‘subparagraphs (B), (C), (D), and (E) of paragraph (2) of this subsection’’ and inserting ‘‘subparagraphs (B) and (C) of paragraph (2), as applicable’’.

(2) **TECHNICAL CORRECTION.**—Section 1839(b) of the Social Security Act (42 U.S.C. 1395r(b)) is amended, in the second sentence, by striking ‘‘close of the enrollment period’’ each place it appears and inserting ‘‘close of the month’’.

(c) **APPLICATION OF THE PART A LATE ENROLLMENT PENALTY TIME LIMITATION PROVISION TO THE PART B LATE ENROLLMENT PENALTY.**—

(1) **IN GENERAL.**—Section 1839(b) of the Social Security Act (42 U.S.C. 1395r(b)) is amended by adding at the end the following new sentence: ‘‘Any percent increase in an individual’s monthly premium under the first sentence shall only apply to premiums paid during a period equal to twice the number of months in the full 12-month periods described in the first sentence.’’.

(2) **CONFORMING AMENDMENT TO THE PART A LATE ENROLLMENT PENALTY.**—Section 1818(c)(6)
of the Social Security Act (42 U.S.C. 1395i–2(c)(6)) is amended by striking “and shall only apply to pre-
miums paid during a period equal to twice the num-
ber of months in the full 12-month periods described in that section”.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to premiums for months beginning on or after January 1, 2018.

(B) COUNTING OF MONTHS.—In applying the amendment made by paragraph (1), months (occurring before, during, or after the month that includes the date of the enactment of this Act) in which an individual’s monthly premium is increased under subsection (b) of section 1839 of the Social Security Act (42 U.S.C. 1395r) shall be taken into account in deter-
mining whether the limitation under the last sentence of such subsection (b), as added by paragraph (1), is applicable.

(d) APPLICATION OF PART B DEEMED ENROLLMENT PROCESS TO RESIDENTS OF PUERTO RICO; SPECIAL EN-
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ROLLMENT PERIOD AND LIMIT ON LATE ENROLLMENT PENALTIES.—

(1) Application of part B deemed enrollment process to residents of Puerto Rico.—

Section 1837(f)(3) of the Social Security Act (42 U.S.C. 1395p(f)(3)) is amended by striking “, exclusive of Puerto Rico”.

(2) Effective date.—The amendment made by paragraph (1) shall apply to individuals whose initial enrollment period under section 1837(d) of the Social Security Act begins on or after the first day of the effective month, specified by the Secretary of Health and Human Services under section 1839(j)(1)(C) of such Act, as added by subsection (c)(2).

(3) Transition providing special enrollment period and limit on late enrollment penalties for certain Medicare beneficiaries.—Section 1839 of the Social Security Act (42 U.S.C. 1395r) is amended—

(A) in the first sentence of subsection (b), by inserting “subject to section 1839(j)(2),” after “subsection (i)(4) or (l) of section 1837,”; and
(B) by adding at the end the following new subsection:

“(j) **Special Rules for Certain Residents of Puerto Rico.**—

“(1) **Special Enrollment Period, Coverage Period for Residents Who Are Eligible But Not Enrolled.**—

“(A) **In General.**—In the case of a transition individual (as defined in paragraph (3)) who is not enrolled under this part as of the day before the first day of the effective month (as defined in subparagraph (C)), the Secretary shall provide for a special enrollment period under section 1837 of 7 months beginning with such effective month during which the individual may be enrolled under this part.

“(B) **Coverage Period.**—In the case of such an individual who enrolls during such special enrollment period, the coverage period under section 1838 shall begin on the first day of the second month after the month in which the individual enrolls.

“(C) **Effective Month Defined.**—In this section, the term ‘effective month’ means a month, not earlier than October 2017 and not
later than January 2018, specified by the Secretary.

“(2) REDUCTION IN LATE ENROLLMENT PENALTIES FOR CURRENT ENROLLEES AND INDIVIDUALS ENROLLING DURING TRANSITION.—

“(A) IN GENERAL.—In the case of a transition individual who is enrolled under this part as of the day before the first day of the effective month or who enrolls under this part on or after the date of the enactment of this subsection but before the end of the special enrollment period under paragraph (1)(A), the amount of the late enrollment penalty imposed under section 1839(b) shall be recalculated by reducing the penalty to 15 percent of the penalty otherwise established.

“(B) APPLICATION.—Subparagraph (A) shall be applied in the case of a transition individual who—

“(i) is enrolled under this part as of the month before the effective month, for premiums for months beginning with such effective month; or

“(ii) enrolls under this part on or after the date of the enactment of this Act
and before the end of the special enrollment period under paragraph (1)(A), for premiums for months during the coverage period under this part which occur during or after the effective month.

“(C) LOSS OF REDUCTION IF INDIVIDUAL TERMINATES ENROLLMENT.—Subparagraph (A) shall not apply to a transition individual if the individual terminates enrollment under this part after the end of the special enrollment period under paragraph (1).

“(3) TRANSITION INDIVIDUAL DEFINED.—In this section, the term ‘transition individual’ means an individual who resides in Puerto Rico and who would have been deemed enrolled under this part pursuant to section 1837(f) before the first day of the effective month but for the fact that the individual was a resident of Puerto Rico, regardless of whether the individual is enrolled under this part as of such first day.”.
SEC. 7. ELIMINATING EXCLUSION OF PART D ELIGIBLE INDIVIDUALS RESIDING IN TERRITORIES FROM ELIGIBILITY FOR PREMIUM AND COST-SHARING SUBSIDIES.

(a) In general.—Section 1860D–14(a)(3) of the Social Security Act (42 U.S.C. 1395w–114(a)(3)), as amended by section 3(d), is amended—

(1) in subparagraph (A), in the matter preceding clause (i), by striking “subject to subparagraph (E),”;

(2) in subparagraph (B)(v), in the matter preceding subclause (I), by striking “Subject to subparagraph (E), the Secretary” and inserting “The Secretary”;

(3) in subparagraph (C), by adding at the end the following new sentence: “In the case of an individual who is not a resident of the 50 States or the District of Columbia, the poverty line (as such term is defined in clause (ii)) that shall apply to such individual shall be the poverty line for the 48 contiguous States and the District of Columbia.”;

(4) by striking subparagraph (E), as redesignated by section 3(d)(1); and

(5) by redesignating subparagraphs (F) and (G), as added by section 3(d)(2), as subparagraphs (E) and (F), respectively.
(b) APPLICATION OF MEDICAID PROVISIONS.—Section 1935 of the Social Security Act (42 U.S.C. 1396u–5) is amended—

(1) in subsection (a), by striking “subject to subsection (e)” in the matter preceding paragraph (1); and

(2) by striking subsection (e).

(c) CONFORMING AMENDMENTS.—

(1) Section 1108(f) of the Social Security Act (42 U.S.C. 1308(f)) is amended by striking “and section 1935(e)(1)(B)” in the matter preceding clause (i).

(2) Section 1860D–14(a) of the Social Security Act (42 U.S.C. 1395w–114(a)), as amended by section 3(d), is amended—

(A) in paragraph (1), in the matter preceding subparagraph (A), by striking “subparagraph (3)(G)” and inserting “subparagraph (3)(F)”;

(B) in paragraph (3)—

(i) in subparagraph (A)(ii), by striking “subparagraph (G)” and inserting “subparagraph (F)”;

and
(ii) in subparagraph (D)(i), by striking “subparagraph (F)” and inserting “subparagraph (E)”. 

(3) Section 1905 of the Social Security Act (42 U.S.C. 1396d) is amended—

(A) in subsection (p)—

(i) in paragraph (1)(C), by striking “subparagraph (F)” and inserting “subparagraph (E)”; and


(B) in subsection (s)—


(ii) in paragraph (3), by striking “subparagraph (F)” and inserting “subparagraph (E)”. 

(d) **Effective Date.**—The amendments made by this section shall take effect on January 1, 2017.
SEC. 8. EXTENDING FUNDING FOR LOW-INCOME MEDICARE

BENEFICIARY OUTREACH AND ASSISTANCE

EDUCATION ACTIVITIES.

(a) ADDITIONAL FUNDING FOR STATE HEALTH INSURANCE PROGRAMS.—Section 119 of the Medicare Improvements for Patients and Providers Act of 2008 (42 U.S.C. 1395b–3 note), as amended by section 3306 of the Patient Protection and Affordable Care Act (Public Law 111–148), section 610 of the American Taxpayer Relief Act of 2012 (Public Law 112–240), section 1110 of the Pathway for SGR Reform Act of 2013 (Public Law 113–67), section 110 of the Protecting Access to Medicare Act of 2014 (Public Law 113–93), and section 208 of the Medicare Access and CHIP Reauthorization Act of 2015 (Public Law 114–10) is amended—

(1) in subsection (a)(1)(B)—

(A) in clause (vi), by striking “and” at the end;

(B) in clause (vii), by striking the period at the end and inserting “; and”; and

(C) by inserting after clause (vii) at the end the following new clause:

“(viii) for fiscal year 2018 and each subsequent year, of the amount transferred under this subparagraph for the preceding fiscal year, increased by the percentage in-
crease determined under subsection (h) for the fiscal year.”; and

(2) by adding at the end the following new subsection:

“(h) For purposes of subsections (a)(1)(B)(viii), (b)(1)(B)(viii), (c)(1)(B)(viii), and (d)(2)(viii), the percentage increase determined under this subsection for a fiscal year is equal to the sum of the—

“(1) the percentage increase in the consumer price index for all urban consumers (all items; United States city average) for the 12-month period ending with July preceding the beginning of the fiscal year; and

“(2) the percentage increase in the average number of individuals enrolled in part B of title XVIII of the Social Security Act, from the preceding fiscal year to such fiscal year, as estimated by the Chief Actuary of the Centers for Medicare & Medicaid Services.”.

(b) ADDITIONAL FUNDING FOR AREA AGENCIES ON AGING.—Subsection (b)(1)(B) of such section 119, as so amended, is amended—

(1) in clause (vi), by striking “and” at the end;

(2) in clause (vii), by striking the period at the end and inserting “; and”; and
(3) by inserting after clause (vii) the following new clause:

“(viii) for fiscal year 2018 and each subsequent year, of the amount transferred under this subparagraph for the preceding fiscal year, increased by the percentage increase determined under subsection (h) for the fiscal year.”.

(e) ADDITIONAL FUNDING FOR AGING AND DISABILITY RESOURCE CENTERS.—Subsection (c)(1)(B) of such section 119, as so amended, is amended—

(1) in clause (vi), by striking “and” at the end;

(2) in clause (vii), by striking the period at the end and inserting “; and”;

(3) by inserting after clause (vii) the following new clauses:

“(viii) for fiscal year 2018 and each subsequent year, of the amount transferred under this subparagraph for the preceding fiscal year, increased by the percentage increase determined under subsection (h) for the fiscal year.”.

(d) ADDITIONAL FUNDING FOR CONTRACT WITH THE NATIONAL CENTER FOR BENEFITS AND OUTREACH
ENROLLMENT.—Subsection (d)(2) of such section 119, as so amended, is amended—

(1) in clause (vi), by striking “and” at the end;

(2) in clause (vii), by striking the period at the end and inserting “; and”;

(3) by inserting after clause (vii) the following new clause:

“(viii) for fiscal year 2018 and each subsequent year, of the amount transferred under this paragraph for the preceding fiscal year, increased by the percentage increase determined under subsection (h) for the fiscal year.”; and

(4) in the flush sentence at the end, by striking “subparagraph” and inserting “paragraph”.

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