

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 1628)
TO PROVIDE FOR RECONCILIATION PURSUANT TO
TITLE II OF THE CONCURRENT RESOLUTION ON THE
BUDGET FOR FISCAL YEAR 2017

MARCH 24, 2017.—Referred to the House Calendar and ordered to be printed

Mr. SESSIONS, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 228]

The Committee on Rules, having had under consideration House Resolution 228, by a record vote of 9 to 3, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 1628, the American Health Care Act of 2017, under a closed rule. The resolution provides four hours of debate equally divided and controlled by the chair and ranking minority member of the Committee on the Budget or their respective designees. The resolution waives all points of order against consideration of the bill. The resolution provides that the amendment printed in part A of this report, modified by the amendment printed in part B of this report shall be considered as adopted. The resolution provides that the amendment printed in part C of this report, modified by the amendments printed in part D and part E of this report shall be considered as adopted. The resolution provides that the bill, as amended, shall be considered as read. The resolution waives all points of order against provisions in the bill, as amended. The resolution provides one motion to recommit with or without instructions.

EXPLANATION OF WAIVERS

The waiver of all points of order against consideration of the bill includes a waiver of the following:

- Clause 4 of rule XXI, which prohibits reporting a bill or joint resolution carrying an appropriation from a committee not having jurisdiction to report an appropriation;
- Clause 5(a) of rule XXI, which prohibits a bill or joint resolution carrying a tax or tariff measure from being reported by a committee not having jurisdiction to report tax or tariff measures; and
- Section 311 of the Congressional Budget Act, which prohibits consideration of legislation that would cause revenues to be less than the level of total revenues for the first fiscal year or for the total of that first fiscal year and the ensuing fiscal years for which allocations are provided.

Although the resolution waives all points of order against provisions in the bill, as amended, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 39

Motion by Mr. Polis to report an open rule. Defeated: 3–9

Majority Members	Vote	Minority Members	Vote
Mr. Cole	Nay	Ms. Slaughter
Mr. Woodall	Nay	Mr. McGovern	Yea
Mr. Burgess	Nay	Mr. Hastings of Florida	Yea
Mr. Collins	Nay	Mr. Polis	Yea
Mr. Byrne	Nay		
Mr. Newhouse	Nay		
Mr. Buck	Nay		
Ms. Cheney	Nay		
Mr. Sessions, Chairman	Nay		

Rules Committee record vote No. 40

Motion by Mr. Cole to report the rule. Adopted: 9–3

Majority Members	Vote	Minority Members	Vote
Mr. Cole	Yea	Ms. Slaughter
Mr. Woodall	Yea	Mr. McGovern	Nay
Mr. Burgess	Yea	Mr. Hastings of Florida	Nay
Mr. Collins	Yea	Mr. Polis	Nay
Mr. Byrne	Yea		
Mr. Newhouse	Yea		
Mr. Buck	Yea		
Ms. Cheney	Yea		
Mr. Sessions, Chairman	Yea		

SUMMARY OF THE AMENDMENT IN PART A CONSIDERED AS ADOPTED

1. Walden (OR), Brady, Kevin (TX): MANAGER'S Makes technical changes to conform with reconciliation instructions and address other drafting issues.

SUMMARY OF THE AMENDMENT IN PART B CONSIDERED AS ADOPTED

1. Walden (OR), Brady, Kevin (TX): Makes technical changes to amendment #4 to address drafting issues.

SUMMARY OF THE AMENDMENT IN PART C CONSIDERED AS ADOPTED

1. Walden (OR), Brady, Kevin (TX): Provides for the inclusion of additional policies affecting both Medicaid and the tax code.

SUMMARY OF THE AMENDMENT IN PART D CONSIDERED AS ADOPTED

1. Walden (OR): Makes technical corrections to amendment #5 to address drafting issues.

SUMMARY OF THE AMENDMENT IN PART E CONSIDERED AS ADOPTED

1. Walden (OR), Brady, Kevin (TX): Delays the repeal of the additional .9 percent Medicare tax on high-income earners, require states to establish their own essential health benefits standards for purposes of the premium tax credit, and provide additional funding for the Patient and State Stability Fund for mental health and substance use disorders and maternity care.

PART A—TEXT OF AMENDMENT CONSIDERED AS ADOPTED

Page 12, line 11, strike “FROM EXEMPTION” and insert “FROM REDUCTION”.

Page 20, strike line 12 and all that follows through page 22, line 14.

Page 22, line 15, strike “(D)” and insert “(C)”.

Page 24, line 14, strike “2018 and ending with 2021” and insert “fiscal year 2018 and ending with fiscal year 2022”.

Page 24, lines 16, insert “fiscal” before “year”.

Page 24, line 21, insert “fiscal” before “year”.

Page 24, line 26, insert “so long as the payment adjustment to such an eligible provider does not exceed the provider’s costs in furnishing health care services (as determined by the Secretary and net of payments under this title, other than under this section, and by uninsured patients) to individuals who either are eligible for medical assistance under the State plan (or under a waiver of such plan) or have no health insurance or health plan coverage for such services” before the period at the end.

Page 25, beginning on line 7, strike “calendar years” and insert “fiscal years”.

Page 25, beginning on line 9, strike “calendar year” and insert “fiscal year”.

Page 25, strike line 11 and all that follows through page 26, line 15 and insert the following:

“(c) ANNUAL ALLOTMENT LIMITATION.—Payment under section 1903(a) shall not be made to a State with respect to any payment adjustment made under this section for all calendar quarters in a fiscal year in excess of the \$2,000,000,000 multiplied by the ratio of—

“(1) the population of the State with income below 138 percent of the poverty line in 2015 (as determined based the table entitled ‘Health Insurance Coverage Status and Type by Ratio of Income to Poverty Level in the Past 12 Months by Age’ for the universe of the civilian noninstitutionalized population for whom poverty status is determined based on the 2015 American Community Survey 1-Year Estimates, as published by the Bureau of the Census), to

- “(2) the sum of the populations under paragraph (1) for all non-expansion States.”.
- Page 26, line 18, insert “fiscal” before “year”.
- Page 26, line 19, insert “fiscal” before “year”.
- Page 26, line 21, insert “fiscal” before “years”.
- Page 27, strike line 22 and all that follows through page 28, line 11.
- Page 28, line 12, strike “(c)” and insert “(b)”.
- Page 32, line 16, insert before the period the following : “and includes non-DSH supplemental payments (as defined in subsection (d)(4)(A)(ii)) and payments described in subsection (d)(4)(A)(iii) but shall not be construed as including any expenditures attributable to the program under section 1928”.
- Page 32, after line 16, insert the following: “In applying subparagraph (B), non-DSH supplemental payments (as defined in subsection (d)(4)(A)(ii)) and payments described in subsection (d)(4)(A)(iii) shall be treated as fully attributable to 1903A enrollees.”.
- Page 32, beginning on line 25 strike “that directly result from providing medical assistance under the State plan (including under a waiver of the plan)”.
- Page 59, strike lines 14 through 17, and insert the following:
“(I) The ratio described in subclause (II) of clause (v) that would be determined for such State by substituting ‘2015’ for each reference in such subclause to ‘the third preceding year’ and by substituting ‘all such States’ for the reference in item (bb) of such subclause to ‘all States described in clause (vi)’ is greater than the ratio described in such subclause that would be determined for such State by substituting ‘2013’ for each reference in such subclause to ‘the third preceding year’ and by substituting ‘all such States’ for the reference in item (bb) of such subclause to ‘all States described in clause (vi)’.”.
- Page 59, line 18, strike “State have” and insert “State has”.
- Page 65, line 18, strike “or small group”.
- Page 66, line 23, strike “36C” and insert “36B”.
- Page 75, line 15, insert “of such Code” before “is amended”.
- Page 75, line 18, insert “of such Code” before “is amended”.
- Page 75, after line 22, insert the following:
(iii) Section 36B(c)(2)(A)(i) of such Code is amended by striking “that was enrolled in through an Exchange established by the State under section 1311 of the Patient Protection and Affordable Care Act”.
- Page 78, strike line 22 and all that follows through page 79, line 23.
- Page 80, line 1, strike “204” and insert “203”.
- Page 82, line 13, strike “205” and insert “204”.
- Page 83, line 1, strike “206” and insert “205”.
- Page 83, line 14, strike “207” and insert “206”.
- Page 84, line 1, strike “208” and insert “207”.
- Page 85, line 1, strike “209” and insert “208”.
- Page 85, line 12, strike “210” and insert “209”.
- Page 85, line 19, strike “211” and insert “10”.

Page 86, line 1, strike “212” and insert “211”.

Page 86, line 13, strike “213” and insert “212”.

Page 86, line 13, strike “repeal of increase in” and insert “reduction of”.

Page 87, line 7, strike “214” and insert “213”.

Page 88, strike line 5 and all that follows through page 119, line 3, and insert the following:

SEC. 214. REFUNDABLE TAX CREDIT FOR HEALTH INSURANCE COVERAGE.

(a) IN GENERAL.—Section 36B of the Internal Revenue Code of 1986 is amended to read as follows:

“SEC. 36B. REFUNDABLE CREDIT FOR COVERAGE UNDER A QUALIFIED HEALTH PLAN.

“(a) ALLOWANCE OF PREMIUM TAX CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year the sum of the monthly credit amounts with respect to such taxpayer for calendar months during such taxable year which are eligible coverage months appropriately taken into account under subsection (b)(2) with respect to the taxpayer or any qualifying family member of the taxpayer.

“(b) MONTHLY CREDIT AMOUNTS.—

“(1) IN GENERAL.—The monthly credit amount with respect to any taxpayer for any calendar month is the lesser of—

“(A) the sum of the monthly limitation amounts determined under subsection (c) with respect to the taxpayer and the taxpayer’s qualifying family members for such month, or

“(B) the amount paid for a qualified health plan for the taxpayer and the taxpayer’s qualifying family members for such month.

“(2) ELIGIBLE COVERAGE MONTH REQUIREMENT.—No amount shall be taken into account under subparagraph (A) or (B) of paragraph (1) with respect to any individual for any month unless such month is an eligible coverage month with respect to such individual.

“(c) MONTHLY LIMITATION AMOUNTS.—

“(1) IN GENERAL.—The monthly limitation amount with respect to any individual for any eligible coverage month during any taxable year is $\frac{1}{12}$ of—

“(A) \$2,000 in the case of an individual who has not attained age 30 as of the beginning of such taxable year,

“(B) \$2,500 in the case of an individual who has attained age 30 but who has not attained age 40 as of such time,

“(C) \$3,000 in the case of an individual who has attained age 40 but who has not attained age 50 as of such time,

“(D) \$3,500 in the case of an individual who has attained age 50 but who has not attained age 60 as of such time, and

“(E) \$4,000 in the case of an individual who has attained age 60 as of such time.

“(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—The credit allowed under subsection (a) with respect to any taxpayer for any taxable year shall be reduced (but not below zero) by 10 percent of the excess (if any) of—

“(A) the taxpayer’s modified adjusted gross income (as defined in section 36B(d)(2)(B), as in effect for taxable years beginning before January 1, 2020) for such taxable year, over

“(B) \$75,000 (twice such amount in the case of a joint return).

“(3) OTHER LIMITATIONS.—

“(A) AGGREGATE DOLLAR LIMITATION.—The sum of the monthly limitation amounts taken into account under this section with respect to any taxpayer for any taxable year shall not exceed \$14,000.

“(B) MAXIMUM NUMBER OF INDIVIDUALS TAKEN INTO ACCOUNT.—With respect to any taxpayer for any month, monthly limitation amounts shall be taken into account under this section only with respect to the 5 oldest individuals with respect to whom monthly limitation amounts could (without regard to this subparagraph) otherwise be so taken into account.

“(d) ELIGIBLE COVERAGE MONTH.—For purposes of this section, the term ‘eligible coverage month’ means, with respect to any individual, any month if, as of the first day of such month, the individual meets the following requirements:

“(1) The individual is covered by a health insurance coverage which is certified by the State in which such insurance is offered as coverage that meets the requirements for qualified health plans under subsection (f).

“(2) The individual is not eligible for—

“(A) coverage under a group health plan (within the meaning of section 5000(b)(1)) other than coverage under a plan substantially all of the coverage of which is of excepted benefits described in section 9832(c), or

“(B) coverage described in section 5000A(f)(1)(A).

“(3) The individual is either—

“(A) a citizen or national of the United States, or

“(B) a qualified alien (within the meaning of section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1641)).

“(4) The individual is not incarcerated, other than incarceration pending the disposition of charges.

“(e) QUALIFYING FAMILY MEMBER.—For purposes of this section, the term ‘qualifying family member’ means—

“(1) in the case of a joint return, the taxpayer’s spouse,

“(2) any dependent of the taxpayer, and

“(3) with respect to any eligible coverage month, any child (as defined in section 152(f)(1)) of the taxpayer who as of the end of the taxable year has not attained age 27 if such child is covered for such month under a qualified health plan which also covers the taxpayer (in the case of a joint return, either spouse).

“(f) QUALIFIED HEALTH PLAN.—For purposes of this section, the term ‘qualified health plan’ means any health insurance coverage (as defined in section 9832(b)) if—

“(1) such coverage is offered in the individual health insurance market within a State (within the meaning of section 5000A(f)(1)(C)),

“(2) substantially all of such coverage is not of excepted benefits described in section 9832(c),

“(3) such coverage does not consist of short-term limited duration insurance (within the meaning of section 2791(b)(5) of the Public Health Service Act),

“(4) such coverage is not a grandfathered health plan (as defined in section 1251 of the Patient Protection and Affordable Care Act) or a grandmothers health plan (as defined in section 36B(c)(3)(C) as in effect for taxable years beginning before January 1, 2020), and

“(5) such coverage does not include coverage for abortions (other than any abortion necessary to save the life of the mother or any abortion with respect to a pregnancy that is the result of an act of rape or incest).

“(g) SPECIAL RULES.—

“(1) MARRIED COUPLES MUST FILE JOINT RETURN.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), if the taxpayer is married (within the meaning of section 7703) at the close of the taxable year, no credit shall be allowed under this section to such taxpayer unless such taxpayer and the taxpayer’s spouse file a joint return for such taxable year.

“(B) EXCEPTION FOR CERTAIN TAXPAYERS.—Subparagraph (A) shall not apply to any married taxpayer who—

“(i) is living apart from the taxpayer’s spouse at the time the taxpayer files the tax return,

“(ii) is unable to file a joint return because such taxpayer is a victim of domestic abuse or spousal abandonment,

“(iii) certifies on the tax return that such taxpayer meets the requirements of clauses (i) and (ii), and

“(iv) has not met the requirements of clauses (i), (ii), and (iii) for each of the 3 preceding taxable years.

“(2) DENIAL OF CREDIT TO DEPENDENTS.—

“(A) IN GENERAL.—No credit shall be allowed under this section to any individual who is a dependent with respect to another taxpayer for a taxable year beginning in the calendar year in which such individual’s taxable year begins.

“(B) COORDINATION WITH RULE FOR OLDER CHILDREN.—In the case of any individual who is a qualifying family member described in subsection (e)(3) with respect to another taxpayer for any month, in determining the amount of any credit allowable to such individual under this section for any taxable year of such individual which includes such month, the monthly limitation amount with respect to such individual for such month shall be zero and no amount paid for any qualified health plan with respect to such individual for such month shall be taken into account.

“(3) COORDINATION WITH MEDICAL EXPENSE DEDUCTION.—Amounts described in subsection (b)(1)(B) with respect to any month shall not be taken into account in determining the deduction allowed under section 213 except to the extent that

such amounts exceed the amount described in subsection (b)(1)(A) with respect to such month.

“(4) COORDINATION WITH ADVANCE PAYMENTS OF CREDIT.—
With respect to any taxable year—

“(A) the amount which would (but for this subsection) be allowed as a credit to the taxpayer under subsection (a) shall be reduced (but not below zero) by the aggregate amount paid on behalf of such taxpayer under section 1412 of the Patient Protection and Affordable Care Act for months beginning in such taxable year, and

“(B) the tax imposed by section 1 for such taxable year shall be increased by the excess (if any) of—

“(i) the aggregate amount paid on behalf of such taxpayer under such section 1412 for months beginning in such taxable year, over

“(ii) the amount which would (but for this subsection) be allowed as a credit to the taxpayer under subsection (a).

“(5) SPECIAL RULES FOR QUALIFIED SMALL EMPLOYER HEALTH REIMBURSEMENT ARRANGEMENTS.—

“(A) IN GENERAL.—If the taxpayer or any qualifying family member of the taxpayer is provided a qualified small employer health reimbursement arrangement for an eligible coverage month, the sum determined under subsection (b)(1)(A) with respect to the taxpayer shall be reduced (but not below zero) by $\frac{1}{12}$ of the permitted benefit (as defined in section 9831(d)(3)(C)) under such arrangement for each such month such arrangement is provided to such taxpayer.

“(B) QUALIFIED SMALL EMPLOYER HEALTH REIMBURSEMENT ARRANGEMENT.—For purposes of this paragraph, the term ‘qualified small employer health reimbursement arrangement’ has the meaning given such term by section 9831(d)(2).

“(C) COVERAGE FOR LESS THAN ENTIRE YEAR.—In the case of an employee who is provided a qualified small employer health reimbursement arrangement for less than an entire year, subparagraph (A) shall be applied by substituting ‘the number of months during the year for which such arrangement was provided’ for ‘12’.

“(6) CERTAIN RULES RELATED TO NONQUALIFIED HEALTH PLANS.—The rules of section 36B(c)(3)(D), as in effect for taxable years beginning before January 1, 2020, shall apply with respect to subsection (f)(5).

“(7) INFLATION ADJUSTMENT.—

“(A) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2020, each dollar amount in subsection (c)(1), the \$75,000 amount in subsection (c)(2)(B), and the dollar amount in subsection (c)(3)(A), shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

“(I) by substituting ‘calendar year 2019’ for ‘calendar year 1992’ in subparagraph (B) thereof, and
 “(II) by substituting for the CPI referred to section 1(f)(3)(A) the amount that such CPI would have been if the annual percentage increase in CPI with respect to each year after 2019 had been one percentage point greater.

“(B) TERMS RELATED TO CPI.—

“(i) ANNUAL PERCENTAGE INCREASE.—For purposes of subparagraph (A)(ii)(II), the term ‘annual percentage increase’ means the percentage (if any) by which CPI for any year exceeds CPI for the prior year.

“(ii) OTHER TERMS.—Terms used in this paragraph which are also used in section 1(f)(3) shall have the same meanings as when used in such section.

“(C) ROUNDING.—Any increase determined under subparagraph (A) shall be rounded to the nearest multiple of \$50.

“(8) RULES RELATED TO STATE CERTIFICATION OF QUALIFIED HEALTH PLANS.—A certification shall not be taken into account under subsection (d)(1) unless such certification is made available to the public and meets such other requirements as the Secretary may provide.

“(9) REGULATIONS.—The Secretary may prescribe such regulations and other guidance as may be necessary or appropriate to carry out this section and section 1412 of the Patient Protection and Affordable Care Act.”.

(b) ADVANCE PAYMENT OF CREDIT.—Section 1412 of the Patient Protection and Affordable Care Act is amended by adding at the end the following new subsection:

“(f) APPLICATION TO CERTAIN PLANS.—The Secretary and the Secretary of the Treasury shall prescribe such regulations as each respective Secretary may deem necessary in order to establish and operate the advance payment program established under this section for individuals covered under qualified health plans (whether enrolled in through an Exchange or otherwise) in such a manner that protects taxpayer information (including names, taxpayer identification numbers, and other confidential information), provides robust verification of all information necessary to establish eligibility of taxpayer for advance payments under this section, ensures proper and timely payments to appropriate health providers, and protects program integrity to the maximum extent feasible.”.

(c) INCREASED PENALTY ON ERRONEOUS CLAIMS OF CREDIT.—Section 6676(a) of the Internal Revenue Code of 1986 is amended by inserting “(25 percent in the case of a claim for refund or credit relating to the health insurance coverage credit under section 36B)”.

(d) REPORTING BY EMPLOYERS.—Section 6051(a) of such Code is amended by striking “and” at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting “, and”, and by inserting after paragraph (15) the following new paragraph:

“(16) each month with respect to which the employee is eligible for coverage described in section 36B(d)(2) in connection with employment with the employer.”.

(d) COORDINATION WITH OTHER TAX BENEFITS.—

(1) CREDIT FOR HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS.—Section 35(g) of such Code is amended by adding at the end the following new paragraph:

“(14) COORDINATION WITH HEALTH INSURANCE COVERAGE CREDIT.—

“(A) IN GENERAL.—An eligible coverage month to which the election under paragraph (11) applies shall not be treated as an eligible coverage month (as defined in section 36B(d)) for purposes of section 36B with respect to the taxpayer or any of the taxpayer’s qualifying family members (as defined in section 36B(e)).

“(B) COORDINATION WITH ADVANCE PAYMENTS OF HEALTH INSURANCE COVERAGE CREDIT.—In the case of a taxpayer who makes the election under paragraph (11) with respect to any eligible coverage month in a taxable year or on behalf of whom any advance payment is made under section 7527 with respect to any month in such taxable year—

“(i) the tax imposed by this chapter for the taxable year shall be increased by the excess, if any, of—

“(I) the sum of any advance payments made on behalf of the taxpayer under section 7527 and section 1412 of the Patient Protection and Affordable Care Act, over

“(II) the sum of the credits allowed under this section (determined without regard to paragraph (1)) and section 36B (determined without regard to subsection (g)(5)(A) thereof) for such taxable year, and

“(ii) section 36B(g)(5)(B) shall not apply with respect to such taxpayer for such taxable year.”.

(2) TRADE OR BUSINESS DEDUCTION.—Section 162(l) of such Code is amended by adding at the end the following new paragraph:

“(6) COORDINATION WITH HEALTH INSURANCE COVERAGE CREDIT.—The deduction otherwise allowable to a taxpayer under paragraph (1) for any taxable year shall be reduced (but not below zero) by the amount of the credit allowable to such taxpayer under section 36B (determined without regard to subsection (g)(5)(A) thereof) for such taxable year.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to months beginning after December 31, 2019, in taxable years ending after such date.

Page 119, line 4, strike “**216**” and insert “**215**”.

Page 120, line 4, strike “**217**” and insert “**216**”.

Page 122, line 1, strike “**218**” and insert “**217**”.

PART B—TEXT OF AMENDMENT CONSIDERED AS ADOPTED

Page 19, line 20, strike “(d)” and insert “(e)”.

Page 21, line 5, strike “(g)(5)(A)” and insert “(g)(4)(A)”.

Page 21, line 7, strike “36B(g)(5)(B)” and insert “36B(g)(4)(B)”.

Page 21, line 19, strike “(g)(5)(A)” and insert “(g)(4)(A)”.

Page 21, line 20, strike “(e)” and insert “(f)”.

Add at the end the following:

“Page 39, line 4, insert ‘and pool’ after ‘supplemental’.”

- “Page 39, line 8, insert ‘and payments described in subparagraph (A)(iii)’ after ‘as defined in subparagraph (A)(ii)’.”
 “Page 39, line 19, insert ‘and pool’ after ‘supplemental’.”
 “Page 66, line 19, insert ‘that’ after ‘demonstrate’.”
 “Page 75, strike lines 11 through 13.”
 “Page 78, line 6, strike ‘(b)’ and insert ‘(c)’.”

PART C—TEXT OF AMENDMENT CONSIDERED AS ADOPTED

Page 9, strike line 4 and all that follows through page 11, line 16, and insert the following:

SEC. 112. REPEAL OF MEDICAID EXPANSION.

Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) is amended—

(1) in section 1902 (42 U.S.C. 1396a)—

(A) in subsection (a)(10)(A)—

(i) in clause (i)(VIII), by inserting “and ending December 31, 2019,” after “2014,”;

(ii) in clause (ii)(XX), by inserting “and ending December 31, 2017,” after “2014,”; and

(iii) in clause (ii), by adding at the end the following new subclause:

“(XXIII) beginning January 1, 2020—

“(aa) who are expansion enrollees (as defined in subsection (nn)(1)); or

“(bb) who are grandfathered expansion enrollees (as defined in subsection (nn)(2));”;

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

“(nn) EXPANSION ENROLLEES.—In this title:

“(1) IN GENERAL.—The term ‘expansion enrollee’ means an individual—

“(A) who is under 65 years of age;

“(B) who is not pregnant;

“(C) who is not entitled to, or enrolled for, benefits under part A of title XVIII, or enrolled for benefits under part B of title XVIII;

“(D) who is not described in any of subclauses (I) through (VII) of subsection (a)(10)(A)(i); and

“(E) whose income (as determined under subsection (e)(14)) does not exceed 133 percent of the poverty line (as defined in section 2110(c)(5)) applicable to a family of the size involved.

“(2) GRANDFATHERED EXPANSION ENROLLEES.—The term ‘grandfathered expansion enrollee’ means an expansion enrollee who—

“(A) was enrolled under the State plan under this title (or under a waiver of such plan) as of December 31, 2019; and

“(B) does not have a break in eligibility for medical assistance under such State plan (or waiver) for more than one month after such date.

“(3) APPLICATION OF RELATED PROVISIONS.—Any reference in subsection (a)(10)(G), (k), or (gg) of this section or in section 1903, 1905(a), 1920(e), or 1937(a)(1)(B) to individuals described in subclause (VIII) of subsection (a)(10)(A)(i) shall be deemed

to include a reference to expansion enrollees (including grandfathered expansion enrollees).”; and

(2) in section 1905 (42 U.S.C. 1396d)—

(A) in subsection (y)(1), in the matter preceding subparagraph (A)—

(i) by inserting “and that has elected to cover newly eligible individuals before March 1, 2017” after “that is one of the 50 States or the District of Columbia”; and

(ii) by inserting after “subclause (VIII) of section 1902(a)(10)(A)(i)” the following: “who, for periods after December 31, 2019, are grandfathered expansion enrollees (as defined in section 1902(nn)(2))”; and

(B) in subsection (z)(2)—

(i) in subparagraph (A), by inserting after “section 1937” the following: “and, for periods after December 31, 2019, who are grandfathered expansion enrollees (as defined in section 1902(nn)(2))”; and

(ii) in subparagraph (B)(ii)—

(I) in subclause (III), by adding “and” at the end; and

(II) by striking subclauses (IV), (V), and (VI) and inserting the following new subclause:

“(IV) 2017 and each subsequent year is 80 percent.”.

Page 29, after line 2, insert the following new section:

SEC. 117. PERMITTING STATES TO APPLY A WORK REQUIREMENT FOR NONDISABLED, NONELDERLY, NONPREGNANT ADULTS UNDER MEDICAID.

(a) IN GENERAL.—Section 1902 of the Social Security Act (42 U.S.C. 1396a), as previously amended, is further amended by adding at the end the following new subsection:

“(oo) WORK REQUIREMENT OPTION FOR NONDISABLED, NON-ELDERLY, NONPREGNANT ADULTS.—

“(1) IN GENERAL.—Beginning October 1, 2017, subject to paragraph (3), a State may elect to condition medical assistance to a nondisabled, nonelderly, nonpregnant individual under this title upon such an individual’s satisfaction of a work requirement (as defined in paragraph (2)).

“(2) WORK REQUIREMENT DEFINED.—In this section, the term ‘work requirement’ means, with respect to an individual, the individual’s participation in work activities (as defined in section 407(d)) for such period of time as determined by the State, and as directed and administered by the State.

“(3) REQUIRED EXCEPTIONS.—States administering a work requirement under this subsection may not apply such requirement to—

“(A) a woman during pregnancy through the end of the month in which the 60-day period (beginning on the last day of her pregnancy) ends;

“(B) an individual who is under 19 years of age;

“(C) an individual who is the only parent or caretaker relative in the family of a child who has not attained 6 years of age or who is the only parent or caretaker of a child with disabilities; or

“(D) an individual who is married or a head of household and has not attained 20 years of age and who—

“(i) maintains satisfactory attendance at secondary school or the equivalent; or

“(ii) participates in education directly related to employment.”

(b) INCREASE IN MATCHING RATE FOR IMPLEMENTATION.—Section 1903 of the Social Security Act (42 U.S.C. 1396b) is amended by adding at the end the following:

“(aa) The Federal matching percentage otherwise applicable under subsection (a) with respect to State administrative expenditures during a calendar quarter for which the State receives payment under such subsection shall, in addition to any other increase to such Federal matching percentage, be increased for such calendar quarter by 5 percentage points with respect to State expenditures attributable to activities carried out by the State (and approved by the Secretary) to implement subsection (oo) of section 1902.”

Page 34, line 8, insert “and subject to paragraph (4)” after “fiscal year”.

Page 34, strike line 18 and all that follows through page 35, line 7 and insert the following:

“(2) TARGET PER CAPITA MEDICAL ASSISTANCE EXPENDITURES.—In this subsection, the term ‘target per capita medical assistance expenditures’ means, for a 1903A enrollee category and State—

“(A) for fiscal year 2020, an amount equal to—

“(i) the provisional FY19 target per capita amount for such enrollee category (as calculated under subsection (d)(5)) for the State; increased by

“(ii) the applicable annual inflation factor (as defined in paragraph (3)) for fiscal year 2020; and

“(B) for each succeeding fiscal year, an amount equal to—

“(i) the target per capita medical assistance expenditures (under subparagraph (A) or this subparagraph) for the 1903A enrollee category and State for the preceding fiscal year, increased by

“(ii) the applicable annual inflation factor for that succeeding fiscal year.

“(3) APPLICABLE ANNUAL INFLATION FACTOR.—In paragraph (2), the term ‘applicable annual inflation factor’ means, for a fiscal year—

“(A) for each of the 1903A enrollee categories described in subparagraphs (C), (D), and (E) of subsection (e)(2), the percentage increase in the medical care component of the consumer price index for all urban consumers (U.S. city average) from September of the previous fiscal year to September of the fiscal year involved; and

“(B) for each of the 1903A enrollee categories described in subparagraphs (A) and (B) of subsection (e)(2), the percentage increase described in subparagraph (A) plus 1 percentage point.

Page 35, after line 7, insert the following:

“(4) DECREASE IN TARGET EXPENDITURES FOR REQUIRED EXPENDITURES BY CERTAIN POLITICAL SUBDIVISIONS.—

“(A) IN GENERAL.—In the case of a State that had a DSH allotment under section 1923(f) for fiscal year 2016 that was more than 6 times the national average of such allotments for all the States for such fiscal year and that requires political subdivisions within the State to contribute funds towards medical assistance or other expenditures under the State plan under this title (or under a waiver of such plan) for a fiscal year (beginning with fiscal year 2020), the target total medical assistance expenditures for such State and fiscal year shall be decreased by the amount that political subdivisions in the State are required to contribute under the plan (or waiver) without reimbursement from the State for such fiscal year, other than contributions described in subparagraph (B).

“(B) EXCEPTIONS.—The contributions described in this subparagraph are the following:

“(i) Contributions required by a State from a political subdivision that, as of the first day of the calendar year in which the fiscal year involved begins—

“(I) has a population of more than 5,000,000, as estimated by the Bureau of the Census; and

“(II) imposes a local income tax upon its residents.

“(ii) Contributions required by a State from a political subdivision for administrative expenses if the State required such contributions from such subdivision without reimbursement from the State as of January 1, 2017.”

Page 40, line 25, insert “and subject to subsection (i)(1)(B)” after “and a month”.

Page 48, after line 11, insert the following:

“(i) FLEXIBLE BLOCK GRANT OPTION FOR STATES.—

“(1) IN GENERAL.—In the case of a State that elects the option of applying this subsection for a 10-fiscal-year period (beginning no earlier than fiscal year 2020 and, at the State option, for any succeeding 10-fiscal-year period) and that has a plan approved by the Secretary under paragraph (2) to carry out the option for such period—

“(A) the State shall receive, instead of amounts otherwise payable to the State under this title for medical assistance for block grant individuals within the applicable block grant category (as defined in paragraph (6)) for the State during the period in which the election is in effect, the amount specified in paragraph (4);

“(B) the previous provisions of this section shall be applied as if—

“(i) block grant individuals within the applicable block grant category for the State and period were not section 1903A enrollees for each 10-fiscal year period for which the State elects to apply this subsection; and

“(ii) if such option is not extended at the end of a 10-fiscal-year-period, the per capita limitations under such previous provisions shall again apply after such

period and such limitations shall be applied as if the election under this subsection had never taken place;

“(C) the payment under this subsection may only be used consistent with the State plan under paragraph (2) for block grant health care assistance (as defined in paragraph (7)); and

“(D) with respect to block grant individuals within the applicable block grant category for the State for which block grant health care assistance is made available under this subsection, such assistance shall be instead of medical assistance otherwise provided to the individual under this title.

“(2) STATE PLAN FOR ADMINISTERING BLOCK GRANT OPTION.—

“(A) IN GENERAL.—No payment shall be made under this subsection to a State pursuant to an election for a 10-fiscal-year period under paragraph (1) unless the State has a plan, approved under subparagraph (B), for such period that specifies—

“(i) the applicable block grant category with respect to which the State will apply the option under this subsection for such period;

“(ii) the conditions for eligibility of block grant individuals within such applicable block grant category for block grant health care assistance under the option, which shall be instead of other conditions for eligibility under this title, except that in the case of a State that has elected the applicable block grant category described in—

“(I) subparagraph (A) of paragraph (6), the plan must provide for eligibility for pregnant women and children required to be provided medical assistance under subsections (a)(10)(A)(i) and (e)(4) of section 1902; or

“(II) subparagraph (B) of paragraph (6), the plan must provide for eligibility for pregnant women required to be provided medical assistance under subsection (a)(10)(A)(i); and

“(iii) the types of items and services, the amount, duration, and scope of such services, the cost-sharing with respect to such services, and the method for delivery of block grant health care assistance under this subsection, which shall be instead of the such types, amount, duration, and scope, cost-sharing, and methods of delivery for medical assistance otherwise required under this title, except that the plan must provide for assistance for—

“(I) hospital care;

“(II) surgical care and treatment;

“(III) medical care and treatment;

“(IV) obstetrical and prenatal care and treatment;

“(V) prescribed drugs, medicines, and prosthetic devices;

“(VI) other medical supplies and services; and

“(VII) health care for children under 18 years of age.

“(B) REVIEW AND APPROVAL.—A plan described in subparagraph (A) shall be deemed approved by the Secretary unless the Secretary determines, within 30 days after the date of the Secretary’s receipt of the plan, that the plan is incomplete or actuarially unsound and, with respect to such plan and its implementation under this subsection, the requirements of paragraphs (1), (10)(B), (17), and (23) of section 1902(a) shall not apply.

“(3) AMOUNT OF BLOCK GRANT FUNDS.—

“(A) FOR INITIAL FISCAL YEAR.—The block grant amount under this paragraph for a State for the initial fiscal year in the first 10-fiscal-year period is equal to the sum of the products (for each applicable block grant category for such State and period) of—

“(i) the target per capita medical assistance expenditures for such State for such fiscal year (under subsection (c)(2));

“(ii) the number of 1903A enrollees for such category and State for fiscal year 2019, as determined under subsection (e)(4); and

“(iii) the Federal average medical assistance matching percentage (as defined in subsection (a)(4)) for the State for fiscal year 2019.

“(B) FOR ANY SUBSEQUENT FISCAL YEAR.—The block grant amount under this paragraph for a State for each succeeding fiscal year (in any 10-fiscal-year period) is equal to the block grant amount under subparagraph (A) (or this subparagraph) for the State for the previous fiscal year increased by the annual increase in the consumer price index for all urban consumers (all items; U.S. city average) for the fiscal year involved.

“(C) AVAILABILITY OF ROLLOVER FUNDS.—The block grant amount under this paragraph for a State for a fiscal year shall remain available to the State for expenditures under this subsection for the succeeding fiscal year but only if an election is in effect under this subsection for the State in such succeeding fiscal year.

“(4) FEDERAL PAYMENT AND STATE RESPONSIBILITY.—The Secretary shall pay to each State with an election in effect under this subsection for a fiscal year, from its block grant amount under paragraph (3) available for such fiscal year, an amount for each quarter of such fiscal year equal to the enhanced FMAP described in the first sentence of section 2105(b), and the State is responsible for the balance of funds to carry out such plan.

“(5) BLOCK GRANT INDIVIDUAL DEFINED.—In this subsection, the term ‘block grant individual’ means, with respect to a State for a 10-fiscal-year period, an individual who is not disabled (as defined for purposes of the State plan) and who is within an applicable block grant category for the State and such period.

“(6) APPLICABLE BLOCK GRANT CATEGORY DEFINED.—In this subsection, the term ‘applicable block grant category’ means

with respect to a State for a 10-fiscal-year period, either of the following as specified by the State for such period in its plan under paragraph (2)(A)(i):

“(A) 2 ENROLLEE CATEGORIES.—Both of the following 1903A enrollee categories:

“(i) CHILDREN.—The 1903A enrollee category specified in subparagraph (C) of subsection (e)(2).

“(ii) OTHER NONELDERLY, NONDISABLED, NON-EXPANSION ADULTS.—The 1903A enrollee category specified in subparagraph (E) of such subsection.

“(B) OTHER NONELDERLY, NONDISABLED, NON-EXPANSION ADULTS.—Only the 1903A enrollee category specified in subparagraph (E) of subsection (e)(2).

“(7) BLOCK GRANT HEALTH CARE ASSISTANCE.—In this subsection, the term ‘block grant health care assistance’ means assistance for health-care-related items and medical services for block grant individuals within the applicable block grant category for the State and 10-fiscal-year period involved who are low-income individuals (as defined by the State).

“(8) AUDITING.—As a condition of receiving funds under this subsection, a State shall contract with an independent entity to conduct audits of its expenditures made with respect to activities funded under this subsection for each fiscal year for which the State elects to apply this subsection to ensure that such funds are used consistent with this subsection and shall make such audits available to the Secretary upon the request of the Secretary.”

Page 69, after line 15, insert the following:

Subtitle E—Implementation Funding

SEC. 141. AMERICAN HEALTH CARE IMPLEMENTATION FUND.

(a) IN GENERAL.—There is hereby established an American Health Care Implementation Fund (referred to in this section as the “Fund”) within the Department of Health and Human Services to carry out sections 121, 132, 202, and 214 (including the amendments made by such sections).

(b) FUNDING.—There is appropriated to the Fund, out of any funds in the Treasury not otherwise appropriated, \$1,000,000,000 for Federal administrative expenses to carry out the sections described in subsection (a) (including the amendments made by such sections).

Page 83, line 23, strike “2025” and insert “2026”.

Page 84, line 19, strike “2017” and insert “2016”.

Page 84, line 23, strike “2017” and insert “2016”.

Page 85, line 11, strike “2017” and insert “2016”.

Page 85, line 18, strike “2017” and insert “2016”.

Page 85, line 25, strike “2017” and insert “2016”.

Page 86, line 12, strike “2017” and insert “2016”.

Page 86, line 18, strike “7.5” and insert “5.8”.

Page 86, strike line 19 and all that follows through page 87, line 6, and insert the following:

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2016.

Page 88, line 4, strike “2017” and insert “2016”.

Page 88, after line 4, insert the following:

(d) **TRANSITION RULE.**—An employer shall not be treated as failing to comply with the requirements of section 3102 of the Internal Revenue Code of 1986 with respect to any period during 2017 if such employer would have complied with such requirements with respect to such period if section 3101 of such Code were applied without regard to the amendment made by subsection (a).

Page 123, strike lines 3 through 17, and insert the following:

SEC. 221. REPEAL OF TAX ON PRESCRIPTION MEDICATIONS.

Subsection (j) of section 9008 of the Patient Protection and Affordable Care Act is amended to read as follows:

“(j) **REPEAL.**—This section shall apply to calendar years beginning after December 31, 2010, and ending before January 1, 2017.”.

SEC. 222. REPEAL OF HEALTH INSURANCE TAX.

Subsection (j) of section 9010 of the Patient Protection and Affordable Care Act is amended to read as follows:

“(j) **REPEAL.**—This section shall apply to calendar years beginning after December 31, 2013, and ending before January 1, 2017.”.

Page 123, beginning on line 23, strike “December 31, 2017” and insert “June 30, 2017”.

Page 124, line 9, strike “2017” and insert “2016”.

Page 124, line 17, strike “2017” and insert “2016”.

PART D—TEXT OF AMENDMENT CONSIDERED AS ADOPTED

Page 1, second unnumbered line, strike “line 16” and insert “line 11”.

Page 1, line 2, insert “(a) **IN GENERAL.**—” before “Title XIX”.

Page 16, line 21, insert “of the total amount expended under the State plan under this subsection during such quarter” after “2105(b)”.

Add at the end the following:

“Page 11, line 12, strike ‘(c)’ and insert ‘(b)’.”

PART E—TEXT OF AMENDMENT CONSIDERED AS ADOPTED

Page 19, strike “Page 88, line 4, strike ‘2017’ and insert ‘2016’.” and insert “Page 88, line 4, strike ‘2017’ and insert ‘2022’.”.

Page 20, strike the first unnumbered line and lines 1 through 7.

Add at the end the following:

“Page 49, line 16, strike ‘A State’ and insert ‘(a) **IN GENERAL.**—Subject to subsection (b), a State’”.

“Page 50, line 11, insert before the period the following: ‘and to individuals who have high costs of health insurance coverage due to the low density population of the State in which they reside’.”

“Page 50, strike lines 16 through 22 and insert the following:”

“(5) Promoting access to preventive services; dental care services (whether preventive or medically necessary); vision care services (whether preventive or medically necessary); or any combination of such services.

“(6) Maternity coverage and newborn care.

“(7) Prevention, treatment, or recovery support services for individuals with mental or substance use disorders, focused on either or both of the following:

“(A) Direct inpatient or outpatient clinical care for treatment of addiction and mental illness.

“(B) Early identification and intervention for children and young adults with serious mental illness.’.

“Page 50, line 23, strike ‘(6)’ and insert ‘(8)’.”

“Page 51, line 3, strike ‘(7)’ and insert ‘(9)’.”

“Page 51, after line 6, insert the following:”

“(b) REQUIRED USE OF INCREASE IN ALLOTMENT.—A State shall use the additional allocation provided to the State from the funds appropriated under the second sentence of section 2204(b) for each year only for the purposes described in paragraphs (6) and (7) of subsection (a).’.

“Page 55, after and below line 8, insert the following:”

“The amount otherwise appropriated under the previous sentence for 2020 shall be increased by \$15,000,000,000, to be used and available under subsection (d) only for the purposes described in paragraphs (6) and (7) of section 2202(a).”

“Page 69, after line 15, insert the following:”

“SEC. 136. ESSENTIAL HEALTH BENEFITS DEFINED BY THE STATES.

“Section 1302 of the Patient Protection and Affordable Care Act (42 U.S.C. 18022) is amended—

“(1) in subsection (a)(1), by striking ‘by the Secretary’; and

“(2) in subsection (b)—

“(A) in paragraph (1), by striking ‘paragraph (2)’ and inserting ‘paragraphs (2) and (6)’; and

“(B) by adding at the end the following new paragraph:

“(6) ESSENTIAL HEALTH BENEFITS FOR PLAN AND TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1, 2018.—For plan years and taxable years beginning on or after January 1, 2018, each State shall define the essential health benefits with respect to health plans offered in such State, for the purposes of section 36B of the Internal Revenue Code of 1986.’.”