

# Union Calendar No. 334

116TH CONGRESS  
2D SESSION

# H. R. 1425

[Report No. 116–414]

To amend the Patient Protection and Affordable Care Act to provide for a Improve Health Insurance Affordability Fund to provide for certain reinsurance payments to lower premiums in the individual health insurance market.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 2019

Ms. CRAIG (for herself and Mr. PETERS) introduced the following bill; which was referred to the Committee on Energy and Commerce

MARCH 9, 2020

Additional sponsors: Ms. UNDERWOOD, Mr. SCHRADER, Ms. KUSTER of New Hampshire, Mr. LIPINSKI, Mr. CARBAJAL, Mr. HECK, Ms. BROWNLEY of California, Ms. SCHAKOWSKY, Mr. HIMES, Ms. BLUNT ROCHESTER, Mr. CISNEROS, Ms. SCHRIER, Mrs. LEE of Nevada, Mr. LUJÁN, Mr. ALLRED, Mr. ROUDA, Ms. HILL of California, Mrs. BUSTOS, Mr. TRONE, Mr. BERA, Mr. ROSE of New York, Ms. FINKENAUER, Mr. LARSEN of Washington, Mr. COSTA, Mrs. DINGELL, Mr. RUIZ, Mr. RUSH, Mr. SCHIFF, Mr. PALLONE, Ms. ESHOO, Mr. KENNEDY, Ms. MATSUI, Ms. SPANBERGER, Mr. PHILLIPS, Mr. VAN DREW, Mr. CASE, Ms. CLARKE of New York, Mr. BRINDISI, Mr. NEGUSE, Ms. MCCOLLUM, Mr. MCADAMS, Ms. MOORE, Mr. KILMER, Ms. STEVENS, Ms. MUCARSEL-POWELL, Mr. TONKO, Ms. KELLY of Illinois, Ms. BARRAGÁN, Mr. CÁRDENAS, Mr. WELCH, Mr. RASKIN, Ms. LOFGREN, Ms. DAVIDS of Kansas, Mrs. LURIA, Mr. FORTENBERRY, Mrs. KIRKPATRICK, Miss RICE of New York, Ms. WEXTON, Ms. SPEIER, and Mr. CONNOLLY

MARCH 9, 2020

Reported with an amendment; committed to the Committee of the Whole  
House on the State of the Union and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on February 28, 2019]

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## **A BILL**

To amend the Patient Protection and Affordable Care Act to provide for a Improve Health Insurance Affordability Fund to provide for certain reinsurance payments to lower premiums in the individual health insurance market.

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

3 **SECTION 1. SHORT TITLE.**

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

6 **SEC. 2. IMPROVE HEALTH INSURANCE AFFORDABILITY**  
7 **FUND.**

8 *Subtitle D of title I of the Patient Protection and Af-*  
9 *fordable Care Act is amended by inserting after part 5 (42*  
10 *U.S.C. 18061 et seq.) the following new part:*

11 **“PART 6—IMPROVE HEALTH INSURANCE**  
12 **AFFORDABILITY FUND**

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

14 *“There is hereby established the ‘Improve Health In-*  
15 *surance Affordability Fund’ to be administered by the Sec-*  
16 *retary of Health and Human Services, acting through the*  
17 *Administrator of the Centers for Medicare & Medicaid Serv-*  
18 *ices (in this section referred to as the ‘Administrator’), to*  
19 *provide funding, in accordance with this part, to the 50*  
20 *States and the District of Columbia (each referred to in*  
21 *this section as a ‘State’) beginning on January 1, 2020,*  
22 *for the purposes described in section 1352.*

1 **“SEC. 1352. USE OF FUNDS.**

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

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

10 “(2) *To provide assistance (other than through*  
11 *payments described in paragraph (1)) to reduce out-*  
12 *of-pocket costs, such as copayments, coinsurance, pre-*  
13 *miums, and deductibles, of individuals enrolled under*  
14 *qualified health plans offered on the individual mar-*  
15 *ket through an Exchange.*

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

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

21 “(2) *A plan (commonly referred to as a ‘transi-*  
22 *tional plan’) continued under the letter issued by the*  
23 *Centers for Medicare & Medicaid Services on Novem-*  
24 *ber 14, 2013, to the State Insurance Commissioners*  
25 *outlining a transitional policy for coverage in the in-*  
26 *dividual and small group markets to which section*

1       1251 does not apply, and under the extension of the  
2       transitional policy for such coverage set forth in the  
3       Insurance Standards Bulletin Series guidance issued  
4       by the Centers for Medicare & Medicaid Services on  
5       March 5, 2014, February 29, 2016, February 13,  
6       2017, April 9, 2018, and March 25, 2019, or under  
7       any subsequent extensions thereof.

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

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

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

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

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

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

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

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

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

21                  “(b) *DEFAULT FEDERAL SAFEGUARD.*—

22                  “(1) 2020.—For 2020, in the case of a State that  
23                  does not submit an application under subsection (a)  
24                  by the 90-day submission date applicable to such year  
25                  under subsection (a)(1) and in the case of a State

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

7               “(2) 2021 AND SUBSEQUENT YEARS.—For 2021  
8       or a subsequent year, in the case of a State that does  
9       not have in effect an approved application under this  
10      section for such year, the Administrator, in consulta-  
11     tion with the State insurance commissioner, shall,  
12     from the amount calculated under paragraph (4) for  
13     such year, carry out the purpose described in para-  
14     graph (3) in such State for such year.

15              “(3) SPECIFIED USE.—The amount described in  
16     paragraph (4), with respect to 2020 or a subsequent  
17     year, shall be used to carry out the purpose described  
18     in section 1352(a)(1) in each State described in para-  
19     graph (1) or (2) for such year, as applicable, by pro-  
20     viding reinsurance payments to health insurance  
21     issuers with respect to attachment range claims (as  
22     defined in section 1354(b)(2)), using the dollar  
23     amounts specified in subparagraph (B) of such sec-  
24     tion for such year) in an amount equal to, subject to  
25     paragraph (5), the percentage (specified for such year

1 *by the Secretary under such subparagraph) of the*  
2 *amount of such claims.*

3 “(4) *AMOUNT DESCRIBED.*—*The amount de-*  
4 *scribed in this paragraph, with respect to 2020 or a*  
5 *subsequent year, is the amount equal to the total sum*  
6 *of amounts that the Secretary would otherwise esti-*  
7 *mate under section 1354(b)(2)(A)(i) for such year for*  
8 *each State described in paragraph (1) or (2) for such*  
9 *year, as applicable, if each such State were not so de-*  
10 *scribed for such year.*

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

20 **“SEC. 1354. ALLOCATIONS.**

21 “(a) *APPROPRIATION.*—*For the purpose of providing*  
22 *allocations for States under subsection (b) and payments*  
23 *under section 1353(b) there is appropriated, out of any*  
24 *money in the Treasury not otherwise appropriated,*  
25 *\$10,000,000,000 for 2020 and each subsequent year.*



1 “(b) *ALLOCATIONS.*—

2 “(1) *PAYMENT.*—

3 “(A) *IN GENERAL.*—*From amounts appro-*  
4 *propriated under subsection (a) for a year, the Sec-*  
5 *retary shall, with respect to a State not described*  
6 *in section 1353(b) for such year and not later*  
7 *than the date specified under subparagraph (B)*  
8 *for such year, allocate for such State the amount*  
9 *determined for such State and year under para-*  
10 *graph (2).*

11 “(B) *SPECIFIED DATE.*—*For purposes of*  
12 *subparagraph (A), the date specified in this sub-*  
13 *paragraph is—*

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

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

19 “(C) *NOTIFICATIONS OF ALLOCATION*  
20 *AMOUNTS.*—*For 2021 and each subsequent year,*  
21 *the Secretary shall notify each State of the*  
22 *amount determined for such State under para-*  
23 *graph (2) for such year by not later than Janu-*  
24 *ary 1 of the previous year.*

25 “(2) *ALLOCATION AMOUNT DETERMINATIONS.*—

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

6           “(i) *the amount that the Secretary esti-*  
7 *mates would be expended under this part*  
8 *for such year on attachment range claims of*  
9 *individuals residing in such State if such*  
10 *State used such funds only for the purpose*  
11 *described in paragraph (1) of section*  
12 *1352(a) at the dollar amounts and percent-*  
13 *age specified under subparagraph (B) for*  
14 *such year; minus*

15           “(ii) *the amount, if any, by which the*  
16 *Secretary determines—*

17           “(I) *the estimated amount of pre-*  
18 *mium tax credits under section 36B of*  
19 *the Internal Revenue Code of 1986 that*  
20 *would be attributable to individuals re-*  
21 *siding in such State for such year*  
22 *without application of this part; ex-*  
23 *ceeds*

24           “(II) *the estimated amount of pre-*  
25 *mium tax credits under section 36B of*

1                    *the Internal Revenue Code of 1986 that*  
2                    *would be attributable to individuals re-*  
3                    *siding in such State for such year if*  
4                    *such State were a State described in*  
5                    *section 1353(b) for such year.*

6                    *For purposes of the previous sentence and section*  
7                    *1353(b)(3), the term ‘attachment range claims’*  
8                    *means, with respect to an individual, the claims*  
9                    *for such individual that exceed a dollar amount*  
10                   *specified by the Secretary for a year, but do not*  
11                   *exceed a ceiling dollar amount specified by the*  
12                   *Secretary for such year, under subparagraph*  
13                   *(B).*

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

1           *the dollar amounts and percentage so specified*  
2           *for such year.*

3           “(3) *AVAILABILITY.—Funds allocated to a State*  
4           *under this subsection for a year shall remain avail-*  
5           *able through the end of the subsequent year.”.*



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116<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

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