

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

# H. R. 7877

To amend title XVIII of the Social Security Act to provide Medicare part D beneficiaries with certain offset payments and reduce the growth rate of the Medicare part D out-of-pocket cost threshold, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2020

Mr. KATKO (for himself and Mrs. MURPHY of Florida) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title XVIII of the Social Security Act to provide Medicare part D beneficiaries with certain offset payments and reduce the growth rate of the Medicare part D out-of-pocket cost threshold, and for other purposes.

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 “Lowering Drug Costs  
5 for Seniors Act of 2020”.

1 **SEC. 2. GROWTH RATE OF MEDICARE PART D OUT-OF-**  
2 **POCKET COST THRESHOLD.**

3 (a) PROVIDING MEDICARE PART D BENEFICIARIES  
4 WITH CERTAIN 2020 OFFSET PAYMENTS.—Section  
5 1860D–2(b)(4) of the Social Security Act (42 U.S.C.  
6 1395w–102(b)(4)) is amended by adding at the end the  
7 following new subparagraph:

8 “(F) 2020 OFFSET PAYMENTS.—

9 “(i) IN GENERAL.—Subject to clause  
10 (iv), the Secretary shall provide for pay-  
11 ment from the Medicare Prescription Drug  
12 Account as follows:

13 “(I) In the case of a specified in-  
14 dividual (as defined in clause (ii)(I))  
15 who as of the last day of a calendar  
16 quarter in 2020 has incurred costs for  
17 covered part D drugs so that the indi-  
18 vidual has exceeded the annual out-of-  
19 pocket threshold applied under sub-  
20 paragraph (B)(i)(V) for 2020, pay-  
21 ment to the individual by not later  
22 than 15th day of the third month fol-  
23 lowing the end of such quarter of the  
24 amount by which such threshold so  
25 applied exceeded the target threshold  
26 for 2020.

1           “(II) In the case of a specified  
2 individual who is not described in sub-  
3 clause (I) and who as of the last day  
4 of 2020 has incurred costs for covered  
5 part D drugs so that the individual  
6 has exceeded the target threshold for  
7 2020, payment to the individual by  
8 not later than December 31, 2021, of  
9 the amount by which such incurred  
10 costs exceeded the target threshold for  
11 2020.

12           “(ii) DEFINITIONS.—For purposes of  
13 this subparagraph:

14           “(I) SPECIFIED INDIVIDUAL.—  
15 The term ‘specified individual’ means  
16 an individual who—

17           “(aa) is enrolled in a pre-  
18 scription drug plan or an MA-  
19 PD plan;

20           “(bb) is not enrolled in a  
21 qualified retiree prescription drug  
22 plan; and

23           “(cc) is not entitled to an in-  
24 come-related subsidy under sec-  
25 tion 1860D–14(a).

1                   “(II) TARGET THRESHOLD FOR  
2                   2020.—The term ‘target threshold for  
3                   2020’ means the annual out-of-pocket  
4                   threshold that would have been ap-  
5                   plied under subparagraph (B)(i) for  
6                   2020 if such threshold had been de-  
7                   termined in accordance with subclause  
8                   (IV) of such subparagraph instead of  
9                   subclause (V) of such subparagraph.

10                   “(iii) NOTIFICATION.—In the case of  
11                   any specified individual who during 2020  
12                   has incurred costs for covered part D  
13                   drugs so that the individual has exceeded  
14                   the target threshold for 2020, the Sec-  
15                   retary shall, not later than September 30,  
16                   2021, provide to such individual a notifica-  
17                   tion informing such individual of such indi-  
18                   vidual’s right to a payment described in  
19                   clause (i) and the estimated timing of such  
20                   payment.

21                   “(iv) CLARIFICATION.—The Secretary  
22                   shall provide only 1 payment under this  
23                   subparagraph with respect to any indi-  
24                   vidual.

1                   “(v) IMPLEMENTATION.—The Sec-  
2                   retary may implement this subparagraph  
3                   by program instruction or otherwise.”.

4           (b) REDUCED GROWTH RATE FOR 2021 OF MEDI-  
5 CARE PART D OUT-OF-POCKET COST THRESHOLD.—Sec-  
6 tion 1860D–2(b)(4)(B)(i) of the Social Security Act (42  
7 U.S.C. 1395w–102(b)(4)(B)(i)) is amended—

8                   (1) in subclause (V), by striking at the end  
9                   “or”;

10                   (2) by redesignating subclause (VI) as sub-  
11                   clause (VIII); and

12                   (3) by inserting after subclause (V) the fol-  
13                   lowing new subclauses:

14                                   “(VI) for 2021, is equal to the  
15                                   amount that would have been applied  
16                                   under this subparagraph for 2020 if  
17                                   such amount had been determined in  
18                                   accordance with subclause (IV) in-  
19                                   stead of subclause (V), increased by  
20                                   the lesser of—

21   “(aa) the annual percentage  
22   increase described in paragraph  
23   (7) for 2021, plus 2 percentage  
24   points; or

1                   “(bb) the annual percentage  
2                   increase described in paragraph  
3                   (6) for 2021;

4                   “(VII) for 2022, is equal to the  
5                   amount that would have been applied  
6                   under this subparagraph for 2022 if  
7                   the amendments made by section  
8                   1101(d)(1) of the Health Care and  
9                   Education Reconciliation Act of 2010  
10                  and by section 2 of the Lowering  
11                  Drug Costs for Seniors Act of 2020  
12                  had not been enacted; or”.

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