

117TH CONGRESS
1ST SESSION

H. R. 1878

To amend the Patient Protection and Affordable Care Act to establish a health insurance affordability fund, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 12, 2021

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

A BILL

To amend the Patient Protection and Affordable Care Act to establish a health insurance affordability fund, 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 “State Health Care Pre-
5 mium Reduction Act of 2021”.

6 **SEC. 2. ESTABLISHING A HEALTH INSURANCE AFFORD-**
7 **ABILITY FUND.**

8 (a) IN GENERAL.—Subtitle D of title I of the Patient
9 Protection and Affordable Care Act is amended by insert-

1 ing after part 5 (42 U.S.C. 18061 et seq.) the following
2 new part:

3 **“PART 6—IMPROVE HEALTH INSURANCE**

4 **AFFORDABILITY FUND**

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

6 “There is hereby established the ‘Improve Health In-
7 surance Affordability Fund’ to be administered by the Sec-
8 retary of Health and Human Services, acting through the
9 Administrator of the Centers for Medicare & Medicaid
10 Services (in this section referred to as the ‘Adminis-
11 trator’), to provide funding, in accordance with this part,
12 to the 50 States and the District of Columbia (each re-
13 ferred to in this section as a ‘State’) beginning on January
14 1, 2023, for the purposes described in section 1352.

15 **“SEC. 1352. USE OF FUNDS.**

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

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

24 “(2) To provide assistance (other than through
25 payments described in paragraph (1)) to reduce out-

1 of-pocket costs, such as copayments, coinsurance,
2 premiums, and deductibles, of individuals enrolled
3 under qualified health plans offered on the indi-
4 vidual market through an Exchange and of individ-
5 uals enrolled under standard health plans offered
6 through a basic health program established under
7 section 1331.

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

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

13 “(2) A plan (commonly referred to as a ‘transi-
14 tional plan’) continued under the letter issued by the
15 Centers for Medicare & Medicaid Services on No-
16 vember 14, 2013, to the State Insurance Commis-
17 sioners outlining a transitional policy for coverage in
18 the individual and small group markets to which sec-
19 tion 1251 does not apply, and under the extension
20 of the transitional policy for such coverage set forth
21 in the Insurance Standards Bulletin Series guidance
22 issued by the Centers for Medicare & Medicaid Serv-
23 ices on March 5, 2014, February 29, 2016, Feb-
24 ruary 13, 2017, April 9, 2018, March 25, 2019, and

1 January 31, 2020, or under any subsequent exten-
2 sions thereof.

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

6 **“SEC. 1353. STATE ELIGIBILITY AND APPROVAL; DEFAULT**
7 **SAFEGUARD.**

8 “(a) ENCOURAGING STATE OPTIONS FOR ALLOCA-
9 TIONS.—

10 “(1) IN GENERAL.—To be eligible for an alloca-
11 tion of funds under this part for a year (beginning
12 with 2023), a State shall submit to the Adminis-
13 trator an application at such time (but, in the case
14 of allocations for 2023, not later than 90 days after
15 the date of the enactment of this part and, in the
16 case of allocations for a subsequent year, not later
17 than March 1 of the previous year) and in such form
18 and manner as specified by the Administrator con-
19 taining—

20 “(A) a description of how the funds will be
21 used; and

22 “(B) such other information as the Admin-
23 istrator may require.

24 “(2) AUTOMATIC APPROVAL.—An application so
25 submitted is approved unless the Administrator noti-

1 fies the State submitting the application, not later
2 than 60 days after the date of the submission of
3 such application, that the application has been de-
4 nied for not being in compliance with any require-
5 ment of this part and of the reason for such denial.

6 “(3) 5-YEAR APPLICATION APPROVAL.—If an
7 application of a State is approved for a purpose de-
8 scribed in section 1352 for a year, such application
9 shall be treated as approved for such purpose for
10 each of the subsequent 4 years.

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

17 “(b) DEFAULT FEDERAL SAFEGUARD.—

18 “(1) 2023.—For 2023, in the case of a State
19 that does not submit an application under subsection
20 (a) by the 90-day submission date applicable to such
21 year under subsection (a)(1) and in the case of a
22 State that does submit such an application by such
23 date that is not approved, the Administrator, in con-
24 sultation with the State insurance commissioner,
25 shall, from the amount calculated under paragraph

1 (4) for such year, carry out the purpose described in
2 paragraph (3) in such State for such year.

3 “(2) 2024 AND SUBSEQUENT YEARS.—For
4 2024 or a subsequent year, in the case of a State
5 that does not have in effect an approved application
6 under this section for such year, the Administrator,
7 in consultation with the State insurance commis-
8 sioner, shall, from the amount calculated under
9 paragraph (4) for such year, carry out the purpose
10 described in paragraph (3) in such State for such
11 year.

12 “(3) SPECIFIED USE.—The amount described
13 in paragraph (4), with respect to 2023 or a subse-
14 quent year, shall be used to carry out the purpose
15 described in section 1352(a)(1) in each State de-
16 scribed in paragraph (1) or (2) for such year, as ap-
17 plicable, by providing reinsurance payments to
18 health insurance issuers with respect to attachment
19 range claims (as defined in section 1354(b)(2)),
20 using the dollar amounts specified in subparagraph
21 (B) of such section for such year) in an amount
22 equal to, subject to paragraph (5), the percentage
23 (specified for such year by the Secretary under such
24 subparagraph) of the amount of such claims.

1 “(4) AMOUNT DESCRIBED.—The amount de-
2 scribed in this paragraph, with respect to 2023 or
3 a subsequent year, is the amount equal to the total
4 sum of amounts that the Secretary would otherwise
5 estimate under section 1354(b)(2)(A)(i) for such
6 year for each State described in paragraph (1) or
7 (2) for such year, as applicable, if each such State
8 were not so described for such year.

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

19 **“SEC. 1354. ALLOCATIONS.**

20 “(a) APPROPRIATION.—For the purpose of providing
21 allocations for States under subsection (b) and payments
22 under section 1353(b) there is appropriated, out of any
23 money in the Treasury not otherwise appropriated,
24 \$10,000,000,000 for 2023 and each subsequent year.

25 “(b) ALLOCATIONS.—

1 “(1) PAYMENT.—

2 “(A) IN GENERAL.—From amounts appro-
3 priated under subsection (a) for a year, the
4 Secretary shall, with respect to a State not de-
5 scribed in section 1353(b) for such year and
6 not later than the date specified under subpara-
7 graph (B) for such year, allocate for such State
8 the amount determined for such State and year
9 under paragraph (2).

10 “(B) SPECIFIED DATE.—For purposes of
11 subparagraph (A), the date specified in this
12 subparagraph is—

13 “(i) for 2023, the date that is 45 days
14 after the date of the enactment of this
15 part; and

16 “(ii) for 2024 or a subsequent year,
17 January 1 of the respective year.

18 “(C) NOTIFICATIONS OF ALLOCATION
19 AMOUNTS.—For 2024 and each subsequent
20 year, the Secretary shall notify each State of
21 the amount determined for such State under
22 paragraph (2) for such year by not later than
23 January 1 of the previous year.

24 “(2) ALLOCATION AMOUNT DETERMINA-
25 TIONS.—

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 es-
7 timates would be expended under this part
8 for such year on attachment range claims
9 of 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 per-
13 centage specified under subparagraph (B)
14 for such year; minus

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

17 “(I) the estimated amount of
18 premium tax credits under section
19 36B of the Internal Revenue Code of
20 1986 that would be attributable to in-
21 dividuals residing in such State for
22 such year without application of this
23 part; exceeds

24 “(II) the estimated amount of
25 premium tax credits under section

1 36B of the Internal Revenue Code of
2 1986 that would be attributable to in-
3 dividuals residing in such State for
4 such year if such State were a State
5 described in section 1353(b) for such
6 year.

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

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

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

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

6 (b) BASIC HEALTH PROGRAM FUNDING ADJUST-
7 MENTS.—Section 1331 of the Patient Protection and Af-
8 fordable Care Act (42 U.S.C. 18051) is amended—

9 (1) in subsection (a), by adding at the end the
10 following new paragraph:

11 “(3) PROVISION OF INFORMATION ON QUALI-
12 FIED HEALTH PLAN PREMIUMS.—

13 “(A) IN GENERAL.—The program de-
14 scribed in paragraph (1) shall provide that a
15 State may not establish a basic health program
16 unless such State furnishes to the Secretary,
17 with respect to each qualified health plan of-
18 fered in such State during a year that receives
19 any reinsurance payment from funds made
20 available under part 6 for such year, the ad-
21 justed premium amount (as defined in subpara-
22 graph (B)) for each such plan and year.

23 “(B) ADJUSTED PREMIUM AMOUNT DE-
24 FINED.—For purposes of subparagraph (A), the
25 term ‘adjusted premium amount’ means, with

1 respect to a qualified health plan and a year,
2 the monthly premium for such plan and year
3 that would have applied had such plan not re-
4 ceived any payments described in subparagraph
5 (A) for such year.”; and

6 (2) in subsection (d)(3)(A)(ii), by adding at the
7 end the following new sentence: “In making such de-
8 termination, the Secretary shall calculate the value
9 of such premium tax credits that would have been
10 provided to such individuals enrolled through a basic
11 health program established by a State during a year
12 using the adjusted premium amounts (as defined in
13 subsection (a)(3)(B)) for qualified health plans of-
14 fered in such State during such year.”.

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