115TH CONGRESS
1ST SESSION

H. R. ______

To amend titles XVIII and XIX of the Social Security Act to make improvements to the treatment of the United States territories under the Medicare and Medicaid programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. Plaskett introduced the following bill; which was referred to the Committee on _______________________

A BILL

To amend titles XVIII and XIX of the Social Security Act to make improvements to the treatment of the United States territories under the Medicare and Medicaid programs, and for other purposes.

Be it enacted by the Senate and House of Representatives 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 “Improving the Treatment of the U.S. Territories Under Federal Health Programs Act of 2017”.

(Original Signature of Member)
(b) **TABLE OF CONTENTS.**—The table of contents of this Act are as follows:

Sec. 1. Short title; table of contents.

**TITLE I—MEDICAID**

Sec. 101. Elimination of general Medicaid funding limitations ("cap") for territories.
Sec. 102. Elimination of specific Federal medical assistance percentage (FMAP) limitation for territories.
Sec. 103. Application of Medicaid waiver authority to all of the territories.
Sec. 104. Permitting Medicaid DSH allotments for territories.

**TITLE II—MEDICARE**

Subtitle A—Part A

Sec. 201. Calculation of Medicare DSH payments for IPPS hospitals in Puerto Rico.
Sec. 203. Medicare DSH target adjustment for hospitals in territories.

Subtitle B—Part B

Sec. 211. Application of part B deemed enrollment process to residents of Puerto Rico; special enrollment period and limit on late enrollment penalties.

Subtitle C—Medicare Advantage (Part C)

Sec. 221. Adjustment in benchmark for low base payment counties in Puerto Rico.

Subtitle D—Part D

Sec. 231. Improved use of allocated prescription drug funds by territories.
Sec. 232. Report on treatment of territories under Medicare part D.

**TITLE III—MISCELLANEOUS**

Sec. 301. Modified treatment of territories with respect to application of ACA annual health insurance provider fees.
Sec. 302. Medicaid and CHIP territory transparency and information.
Sec. 303. Report on exclusion of territories from Exchanges.

3 **TITLE I—MEDICAID**

4 **SEC. 101. ELIMINATION OF GENERAL MEDICAID FUNDING LIMITATIONS ("CAP") FOR TERRITORIES.**

(a) **IN GENERAL.**—Section 1108 of the Social Security Act (42 U.S.C. 1308) is amended—
(1) in subsection (f), in the matter before paragraph (1), by striking “subsection (g)” and inserting “subsections (g) and (h)”;

(2) in subsection (g)(2), in the matter before subparagraph (A), by inserting “and subsection (h)” after “paragraphs (3) and (5)”; and

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

“(h) SUNSET OF MEDICAID FUNDING LIMITATIONS FOR PUERTO RICO, THE VIRGIN ISLANDS OF THE UNITED STATES, GUAM, THE NORTHERN MARIANA ISLANDS, AND AMERICAN SAMOA.—Subsections (f) and (g) shall not apply to Puerto Rico, the Virgin Islands of the United States, Guam, the Northern Mariana Islands, and American Samoa beginning with fiscal year 2019.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 1902(j) of the Social Security Act (42 U.S.C. 1396a(j)) is amended by striking “, the limitation in section 1108(f),”.

(2) Section 1903(u) of the Social Security Act (42 U.S.C. 1396b(u)) is amended by striking paragraph (4).

(3) Section 1323(c)(1) of the Patient Protection and Affordable Care Act (42 U.S.C. 18043(c)(1)) is amended by striking “2019” and inserting “2018”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply beginning with fiscal year 2019.

**SEC. 102. ELIMINATION OF SPECIFIC FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP) LIMITATION FOR TERRITORIES.**

Section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) is amended, in clause (2), by inserting “for fiscal years before fiscal year 2019” after “American Samoa”.

**SEC. 103. APPLICATION OF MEDICAID WAIVER AUTHORITY TO ALL OF THE TERRITORIES.**

(a) **IN GENERAL.**—Section 1902(j) of the Social Security Act (42 U.S.C. 1396a(j)) is amended—

(1) by striking “American Samoa and the Northern Mariana Islands” and inserting “Puerto Rico, the Virgin Islands of the United States, Guam, the Northern Mariana Islands, and American Samoa”;

(2) by striking “American Samoa or the Northern Mariana Islands” and inserting “Puerto Rico, the Virgin Islands of the United States, Guam, the Northern Mariana Islands, or American Samoa”;

(3) by inserting “(1)” after “(j)”;
(4) by inserting “except as otherwise provided in this subsection,” after “Notwithstanding any other requirement of this title”; and

(5) by adding at the end the following:

“(2) The Secretary may not waive under this subsection the requirement of subsection (a)(10)(A)(i)(IX) (relating to coverage of adults formerly under foster care) with respect to any territory.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply beginning October 1, 2018.

SEC. 104. PERMITTING MEDICAID DSH ALLOTMENTS FOR TERRitories.

Section 1923(f) of the Social Security Act (42 U.S.C. 1396) is amended—

(1) in paragraph (6), by adding at the end the following new subparagraph:

“(C) TERRitories.—

“(i) FISCAL YEAR 2019.—For fiscal year 2019, the DSH allotment for Puerto Rico, the Virgin Islands of the United States, Guam, the Northern Mariana Islands, and American Samoa shall bear the same ratio to $150,000,000 as the ratio of the number of individuals who are low-income or uninsured and residing in such re-
spective territory (as estimated from time
to time by the Secretary) bears to the
sums of the number of such individuals re-
siding in all of the territories.

“(ii) SUBSEQUENT FISCAL YEAR.—
For each subsequent fiscal year, the DSH
allotment for each such territory is subject
to an increase in accordance with para-
graph (2).”;

(2) in paragraph (9), by inserting before the pe-
period at the end the following: “, and includes, begin-
ning with fiscal year 2019, Puerto Rico, the Virgin
Islands of the United States, Guam, the Northern
Mariana Islands, and American Samoa”.

TITLE II—MEDICARE
Subtitle A—Part A
SEC. 201. CALCULATION OF MEDICARE DSH PAYMENTS FOR
IPPS HOSPITALS IN PUERTO RICO.
Section 1886(d)(9)(D)(iii) of the Social Security Act
(42 U.S.C. 1395ww(d)(9)(D)(iii)) is amended to read as
follows:

“(iii) Subparagraph (F) (relating to dispropor-
tionate share payments), including application of
subsection (r), except that for this purpose—
“(I) the sum described in clause (ii) of this subparagraph shall be substituted for the sum referred to in paragraph (5)(F)(ii)(I); and

“(II) for discharges occurring on or after October 1, 2017, subclause (I) of paragraph (5)(F)(vi) shall be applied by substituting for the numerator described in such subclause the number of subsection (d) Puerto Rico hospital’s patient days for the cost reporting period involved which were made up of patients who (for such days) were entitled to benefits under part A of this title and were—

“(aa) entitled to supplementary security income benefits (excluding any State supplementation) under title XVI of this Act;

“(bb) eligible for medical assistance under a State plan under title XIX; or

“(cc) receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI.”.
SEC. 202. REBASING TARGET AMOUNT FOR HOSPITALS IN TERRITORIES.

Section 1886(b)(3) of the Social Security Act (42 U.S.C. 1395ww(b)(3)) is amended by adding at the end the following new subparagraph:

"(M)(i) For each cost reporting period beginning on or after October 1, 2017, in the case of a hospital located in a territory of the United States, there shall be substituted for the target amount otherwise determined under subparagraph (A) the rebased target amount (as defined in clause (ii)), if such substitution results in an amount of payment under this section to the hospital for such period that is greater than the amount of payment that would be made under this section to the hospital for such period if this subparagraph were not to apply.

"(ii) For purposes of this subparagraph, the term ‘rebased target amount’ has the meaning given the term ‘target amount’ in subparagraph (A), except that—

“(I) there shall be substituted for the base cost reporting period the 12-month cost reporting period beginning during fiscal year 2015;
“(II) any reference in subparagraph (A)(i) to the ‘first such cost reporting period’ is deemed a reference to the first cost reporting period beginning on or after October 1, 2017; and

“(III) the applicable percentage increase shall only be applied under subparagraph (B)(ii) for cost reporting periods beginning on or after October 1, 2017.

“(iii) Nothing in this subparagraph shall affect any rebasing request by a hospital for any cost reporting period beginning during a fiscal year before fiscal year 2015.”.

SEC. 203. MEDICARE DSH TARGET ADJUSTMENT FOR HOSPITALS IN TERRITORIES.

Section 1886(b)(3) of the Social Security Act (42 U.S.C. 1395ww(b)(3)), as amended by section 202, is further amended by adding at the end the following new subparagraph:

“(N)(i) For each cost reporting period beginning on or after October 1, 2017, in the case of a hospital that is located in a territory of the United States other than Puerto Rico and that would be a subsection (d) hospital if it were lo-
cated in one of the 50 States, the target amount shall be increased by—

“(I) in the case that such hospital has a disproportionate patient percentage of not less than 15 percent and not greater than 40 percent, 10 percent; and

“(II) in the case that such hospital has a disproportionate patient percentage of greater than 40 percent, 10 percent plus 60 percent of the number of percentage points by which such hospital’s disproportionate patient percentage exceeds 40 percent.

“(ii) For purposes of this subparagraph, the term ‘disproportionate patient percentage’ has the meaning given such term in subsection (d)(5)(F)(vi), except that in applying such meaning any reference under such subsection to individuals entitled to supplementary security income under title XVI shall be deemed for purposes of this subparagraph to include individuals—

“(I) eligible for medical assistance under a State plan under title XIX; or
“(II) receiving aid or assistance under any plan of the territory approved under title I, X, XIV, or XVI.”

Subtitle B—Part B

SEC. 211. APPLICATION OF PART B DEEMED ENROLLMENT PROCESS TO RESIDENTS OF PUERTO RICO; SPECIAL ENROLLMENT PERIOD AND LIMIT ON LATE ENROLLMENT PENALTIES.

(a) 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”.

(b) Effective Date.—The amendment made by subsection (a) 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).

(c) 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—
(1) 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

(2) 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 2018 and not later than January 2019, 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 enroll-
ment 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 pe-
riod 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 indi-
vidual was a resident of Puerto Rico, regardless of
whether the individual is enrolled under this part as
of such first day.”.
Subtitle C—Medicare Advantage
(Part C)

SEC. 221. ADJUSTMENT IN BENCHMARK FOR LOW BASE PAYMENT COUNTIES IN PUERTO RICO.

Section 1853(n) of the Social Security Act (42 U.S.C. 1395w–103(n)) is amended—

(1) in paragraph (1), by striking “and (5)” and inserting “, (5), and (6)”;

(2) in paragraph (4), by striking “In no case” and inserting “Subject to paragraph (6), in no case”; and

(3) by adding at the end the following new paragraph:

“(6) SPECIAL RULES FOR BLENDED BENCHMARK AMOUNT FOR TERRITORIES.—

“(A) IN GENERAL.—Subject to paragraph (2), the blended benchmark amount for an area in a territory for a year (beginning with 2018) shall not be less than 80 percent of the national average of the base payment amounts specified in subparagraph (2)(E) for such year for areas within the 50 States and the District of Columbia.

“(B) LIMITATION.—In no case shall the blended benchmark amount for an area in a
territory for a year under subparagraph (A) exceed the lowest blended benchmark amount for any area within the 50 States and the District of Columbia for such year.”.

Subtitle D—Part D

SEC. 231. IMPROVED USE OF ALLOCATED PRESCRIPTION DRUG FUNDS BY TERRITORIES.

Section 1935(e) of the Social Security Act (42 U.S.C. 1396u–5(e)) is amended by adding at the end the following new paragraph:

“(5) IMPROVED USE OF FUNDS FOR LOW-INCOME PART D ELIGIBLE INDIVIDUALS.—This subsection shall be applied beginning with fiscal year 2018 as follows, notwithstanding any other provision of this title:

“(A) CLARIFYING STATE FLEXIBILITY TO COVER NON-DUAL-ELIGIBLE INDIVIDUALS.—In this title, the term ‘medical assistance’ includes financial assistance furnished by a State under this subsection to part D eligible individuals who, if they were residing in one of the 50 States or the District of Columbia, would qualify as subsidy eligible individuals under section 1860D–14(a)(3), and without regard to wheth-
er such individuals otherwise qualify for medical assistance under this title.

“(B) 100 PERCENT FMAP TO REFLECT NO STATE MATCHING REQUIRED FOR PART D LOW INCOME SUBSIDIES.—The Federal medical assistance percentage applicable to the assistance furnished under this subsection is 100 percent.

“(C) LIMITED FUNDING FOR SPECIAL RULES.—Subparagraphs (A) and (B), and the provision of medical assistance for covered part D drugs to low-income part D eligible individuals for a State and period under this subsection, is limited to the amount specified in paragraph (3) for such State and period, without regard to the application of subsection (f) or (g) of section 1108.”.

SEC. 232. REPORT ON TREATMENT OF TERRITORIES UNDER MEDICARE PART D.

Paragraph (4) of section 1935(e) of the Social Security Act (42 U.S.C. 1396u–5(e)) is amended to read as follows:

“(4) REPORT ON APPLICATION OF SUBSECTION.—

“(A) IN GENERAL.—Not later than February 1, 2020, the Secretary shall submit to
Congress a report on the application of this subsection during the period beginning fiscal year 2006 and ending fiscal year 2019.

“(B) INFORMATION TO BE INCLUDED IN REPORT.—Such report shall include—

“(i) program guidance issued by the Secretary to implement this subsection;

“(ii) for each territory, information on the increased amount under paragraph (3) and how the territory has applied such amount, including the territory’s program design, expenditures, and number of individuals (and dual-eligible individuals) assisted; and

“(iii) differences between how such territories are treated under part D of title XVIII and under this title compared with the treatment of the 50 States and the District of Columbia under such part and this title for different fiscal years within the period covered under the report.

“(C) RECOMMENDATIONS.—Such report shall include recommendations for improving prescription drug coverage for low-income individuals in each territory, including rec-
ommendations regarding each of the following alternative approaches:

“(i) Adjusting the aggregate amount specified in paragraph (3)(B).

“(ii) Allowing residents of the territories to be subsidy eligible individuals under section 1860D–14, notwithstanding subsection (a)(3)(F) of such section, or providing substantially equivalent low-income prescription drug subsidies to such residents.”.

**TITLE III—MISCELLANEOUS**

**SEC. 301. MODIFIED TREATMENT OF TERRITORIES WITH RESPECT TO APPLICATION OF ACA ANNUAL HEALTH INSURANCE PROVIDER FEES.**

Section 9010 of the Patient Protection and Affordable Care Act (26 U.S.C. 4001 note prec.) is amended—

(1) in subsection (b)(1), by inserting “subject to subsection (j)(1),” after “With respect to each covered entity,”; and

(2) by striking subsection (j) and inserting the following:

“(j) SPECIAL RULES FOR TREATMENT OF TERRITORIES.—
“(1) IN GENERAL.—In applying this section with respect to United States health risks located outside of the 50 States or the District of Columbia for years beginning with 2018—

“(A) the amount of the fee under subsection (b) shall be 50 percent of the amount of the fee otherwise determined;

“(B) the Secretary shall deposit the amount of such fees collected for each territory into a separate account; and

“(C) amounts in such an account for a territory for a year are appropriated and shall be available to the territory in accordance with paragraph (2).

“(2) AVAILABILITY OF FUNDS.—Amounts made available to a territory under paragraph (1)(C) with respect to a territory for a year shall be made available to the territory, upon application of the territory to the Secretary of Health and Human Services, only for the following purposes, as elected by the territory in such application:

“(A) INCREASED PRESCRIPTION DRUG ASSISTANCE FOR LOW-INCOME PART D ELIGIBLE INDIVIDUALS.—For increasing the amount of funds made available to the territory under sec-

“(B) Satisfying State Medicaid Matching Requirement.—For purposes of the territory meeting non-Federal matching requirements imposed with respect to obtaining Federal financial participation under title XIX of the Social Security Act.”

SEC. 302. MEDICAID AND CHIP TERRITORY TRANSPARENCY AND INFORMATION.

(a) Publication of Information on Federal Expenditures Under Medicaid and CHIP in the Territories.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall publish, and periodically update, on the Internet site of the Centers for Medicare & Medicaid Services information on Medicaid and CHIP carried out in the territories of the United States. Such information shall include, with respect to each such territory—

(1) the income levels established by the territory for purposes of eligibility of an individual to receive medical assistance under Medicaid or child health assistance under CHIP;
(2) the number of individuals enrolled in Medicaid and CHIP in such territory;

(3) any State plan amendments in effect to carry out Medicaid or CHIP in such territory;

(4) any waiver of the requirements of title XIX or title XXI issued by the Secretary to carry out Medicaid or CHIP in the territory, including a waiver under section 1115 of the Social Security Act (42 U.S.C. 1315), any application for such a waiver, and any documentation related to such application (including correspondence);

(5) the amount of the Federal and non-Federal share of expenditures under Medicaid and CHIP in such territory;

(6) the systems in place for the furnishing of health care items and services under Medicaid and CHIP in such territory;

(7) the design of CHIP in such territory; and

(8) other information regarding the carrying out of Medicaid and CHIP in the territory that is published on such Internet site with respect to carrying out Medicaid and CHIP in each State and the District of Columbia.

(b) DEFINITIONS.—In this section:
(1) CHIP.—The term “CHIP” means the State Children’s Health Insurance Program under title XXI of the Social Security Act.

(2) MEDICAID.—The term “Medicaid” means the Medicaid program under title XIX of the Social Security Act.

(3) TERRITORY.—The term “territory of the United States” includes Puerto Rico, the Virgin Islands of the United States, Guam, the Northern Marianas Islands, and American Samoa.

SEC. 303. REPORT ON EXCLUSION OF TERRITORIES FROM EXCHANGES.

(a) IN GENERAL.—Not later than February 1, 2020, the Secretary of Health and Human Services shall submit to Congress a report that details the adverse impacts in each territory from the practical exclusion of the territories from the provisions of part II of subtitle D of title I of the Patient Protection and Affordable Care Act insofar as such provisions provide for the establishment of an American Health Benefit Exchange or the administration of a federally facilitated Exchange in each State and in the District of Columbia for the purpose of making health insurance more affordable and accessible for individuals and small businesses.
(b) INFORMATION IN REPORT.—The report shall include information on the following:

(1) An estimate of the total number of uninsured and underinsured individuals residing in each territory with respect to health insurance coverage.

(2) A description of the number of health insurance issuers in each territory and the health insurance plans these issuers offer.

(3) An estimate of the number of individuals residing in each territory who are denied premium and cost-sharing assistance that would otherwise be available to them for obtaining health insurance coverage through an Exchange if they resided in one of the 50 States or in the District of Columbia.

(4) An estimate of the amount of Federal assistance described in paragraph (3) that is not being made available to residents of each territory.

(5) An estimate of the number of small employers in each territory that would be eligible to purchase health insurance coverage through a Small Business Health Options Program (SHOP) Marketplace that would operate as part of an Exchange if the employers were in one of the 50 States or in the District of Columbia.