MANAGER’S AMENDMENT (POLICY CHANGES)

OFFERED BY M___. ____________

[Budget Reconciliation; page and line numbers refer to Budget_Rec_2017; March 17, 2017, 10:24; as posted on the Rules Committee website]

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

1 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));” and

(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 sub-clause (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 Decem-
ber 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 fur-
ther amended by adding at the end the following new subsection:

“(oo) Work Requirement Option for Non-disabled, Nonelderly, 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 ap-
proven 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 para-
graphs (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 such subsection.

“(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 in-
volved 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 sub-
section 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”.

(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”.

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