

SEC. 1206. COST-SHARING SUBSIDIES AND ADVANCE PAYMENTS OF PREMIUM CREDITS AND COST-SHARING SUBSIDIES.

Title XXII of the Social Security Act (as added by 10 section 1001 and amended by sections 1101 and 1201) is amended by adding at the end the following:

“Subpart 2—Premium Credits and Cost-sharing Subsidies

“SEC. 2246. PREMIUM CREDITS.

For refundable tax credit providing premium assistance for individuals with income less than 400 percent of the Federal poverty line, see section 36B of the Internal Revenue Code of 1986 (as added by section 1205 of the America’s Healthy Future Act of 2009).

“SEC. 2247. COST-SHARING SUBSIDIES FOR INDIVIDUALS ENROLLING IN QUALIFIED HEALTH BENEFIT PLANS.

(a) IN GENERAL. —In the case of an eligible insured enrolled in a qualified health benefits plan with respect to which a credit is allowed to the insured (or an applicable taxpayer on behalf of the insured) under section 36B of the Internal Revenue Code of 1986—

(1) the Secretary shall notify the offeror of the plan of the eligible insured’s eligibility for a reduction in cost-sharing under this section; and

(2) the offeror shall reduce the cost-sharing under the plan at the level and in the manner specified in subsection (c).

(b) ELIGIBLE INSURED. —In this section, the term ‘eligible insured’ means an individual—

(1) who enrolls in a qualified health benefits plan in the silver level of coverage in the individual market offered through an exchange under part B; and

(2) whose household income exceeds 100 percent (133 percent in the case of taxable years beginning in 2013) but does not exceed 400 percent of the poverty line for a family of the size involved.

In the case of an individual described in section 36B(c)(1)(B) of the Internal Revenue Code of 1986 for any taxable year beginning

after December 31, 2013, the individual shall be treated as having household income equal to 100 percent of such poverty line for purposes of applying this section.

(c) DETERMINATION OF REDUCTION IN COST-SHARING. —

(1) REDUCTION IN OUT-OF-POCKET LIMIT. —

The reduction in cost-sharing under this subsection shall first be achieved by reducing the applicable out-of pocket limit under section 2242(c)(2) in the case of—

(A) an eligible insured whose household income is more than 100 percent but not more than 200 percent of the poverty line for a family of the size involved, by two-thirds;

(B) an eligible insured whose household income is more than 200 percent but not more than 300 percent of the poverty line for a family of the size involved, by one-half; and

(C) an eligible insured whose household income is more than 300 percent but not more than 400 percent of the poverty line for a family of the size involved, by one-third.

The reduction under this paragraph shall not result in an increase in the plan's share of the total allowed costs of benefits provided under the plan above 80 percent (90 percent in the case of an eligible insured described in subparagraph (A)) of such costs

(2) ADDITIONAL REDUCTION FOR LOWER INCOME INSUREDS. —The Secretary shall establish procedures under which the offeror of a qualified health benefits plan to which this section applies shall further reduce cost-sharing under the plan in a manner sufficient to—

(A) in the case of an eligible insured whose household income is not less than 100 percent but not more than 150 percent of the poverty line for a family of the size involved, increase the plan's share of the total allowed costs of benefits provided under the plan to 90 percent of such costs; and

(B) in the case of an eligible insured whose household income is more than 150 percent but not more than 200 percent of the poverty line for a family of the size involved, increase the plan's share

of the total allowed costs of benefits provided under the plan to 80 percent of such costs.

(3) REDUCTION TO ELIMINATE FEDERAL BUDGET DEFICIT.—The reduction in cost-sharing under this section (determined without regard to this paragraph) with respect to a plan year for which a reduction is required in such amount under section 1209 of the America's Healthy Future Act of 2009 shall be reduced by the percentage specified in such section.

(4) METHODS FOR PROVIDING SUBSIDY.—

(A) IN GENERAL.—An offeror of a qualified health benefits plan making reductions under this subsection shall notify the Secretary of such reductions and the Secretary shall make periodic and timely payments to the offeror equal to the value of the reductions.

(B) CAPITATED PAYMENTS.—The Secretary may establish a capitated payment system to carry out the payment of subsidies under this section. Any such system shall take into account the value of the subsidies and make appropriate risk adjustments to such payments.

(d) SPECIAL RULES FOR INDIANS.—

(1) INDIANS UNDER 300 PERCENT OF POVERTY.—If an individual enrolled in any qualified health benefits plan in the individual market through an exchange is an Indian (as defined in section 4 of the Indian Health Care Improvement Act) whose household income is not more than 300 percent of the poverty line for a family of the size involved, then, for purposes of this section—

(A) such individual shall be treated as an eligible insured; and

(B) the offeror of the plan shall eliminate any cost-sharing under the plan.

(2) ITEMS OR SERVICES FURNISHED THROUGH INDIAN HEALTH PROVIDERS.—If an Indian (as so defined) enrolled in a qualified health benefits plan is furnished an item or service directly by the Indian Health Service, an Indian Tribe, Tribal Organization, or Urban Indian Organization or through referral under contract health services—

(A) no cost-sharing under the plan shall be imposed under the plan for such item or service; and

(B) the offeror of the plan shall not reduce the payment to any such entity for such item or service by the amount of any cost-sharing that would be due from the Indian but for subparagraph (A).

(3) PAYMENT.—The Secretary shall pay to the offeror of a qualified health benefits plan the amount necessary to reflect the increase in actuarial value of the plan required by reason of this subsection.

(e) RULES FOR UNDOCUMENTED ALIENS.—

(1) IN GENERAL.—In the case of an individual who is undocumented alien—

(A) no cost-sharing reduction under this subsection shall apply with respect to any item or service provided to the individual; and

(B) the individual shall not be taken into account in determining the family size involved but the individual's modified gross income shall be taken into account in determining household income.

(2) IDENTIFICATION REQUIREMENT.—An individual shall be treated as an undocumented alien unless the information required under section 2238(b)(2) of the Social Security Act has been provided with respect to such individual.

(f) DEFINITIONS AND SPECIAL RULES.—In this section:

(1) IN GENERAL.—Any term used in this section which is also used in section 36B of the Internal Revenue Code of 1986 shall have the meaning given such term by such section.

(2) LIMITATIONS ON SUBSIDY.—No subsidy shall be allowed under this section with respect to coverage for any month if such month would not be treated as a coverage month under section 36B(c)(2) of such Code.

“SEC. 2248. ADVANCE DETERMINATION AND PAYMENT OF PREMIUM CREDITS AND COST-SHARING SUBSIDIES.

(a) IN GENERAL.—The Secretary, in consultation with the Secretary of the Treasury, shall establish a program under which—

(1) upon request of an exchange, advance determinations are made under section 2238 with respect to the income eligibility of

individuals enrolling in a qualified health benefits plan in the individual market through the exchange for the credit allowable under section 36B of the Internal Revenue Code of 1986 and the cost-sharing subsidy under section 2247;

(2) the Secretary notifies the exchange and the Secretary of the Treasury of the advance determinations; and

(3) the Secretary of the Treasury makes advance payments of such credit or subsidy to the offerors of the qualified health benefits plans in order to reduce the premiums payable by individuals eligible for such credit.

(b) ADVANCE DETERMINATIONS. —

(1) IN GENERAL. —The Secretary shall provide under the program established under subsection (a) that advance determination of eligibility with respect to any individual shall be made—

(A) during the annual open enrollment period applicable to the individual (or such other enrollment period as may be specified by the Secretary); and

(B) on the basis of the individual's household income for the second taxable year preceding the taxable year in which enrollment through such enrollment period first takes effect.

(2) CHANGES IN CIRCUMSTANCES. —The Secretary shall provide procedures for making advance determinations on the basis of information other than that described in paragraph (1)(B) in cases where information included with an application form demonstrates substantial changes in income, changes in family size or other household circumstances, change in filing status, the filing of an application for unemployment benefits, or other significant changes affecting eligibility, including—

(A) allowing an individual claiming a decrease of 20 percent or more in income, or filing an application for unemployment benefits, to have eligibility for the credit determined on the basis of household income for a later period or on the basis of the individual's estimate of such income for the taxable year; and

(B) the determination of household income in cases where the taxpayer was not required to file a return of tax imposed by this chapter for the second preceding taxable year.

(c) PAYMENT OF PREMIUM CREDITS. —

(1) IN GENERAL. —The Secretary shall notify the Secretary of the Treasury and the exchange through which the individual is enrolling of the advance determination under section 2238.

(2) PREMIUM CREDIT. —

(A) IN GENERAL. —The Secretary of the Treasury shall make the advance payment under this section of any credit allowed under section 36B of the Internal Revenue Code of 1986 to the offeror of a qualified health benefits plan on a monthly basis (or such other periodic basis as the Secretary may provide).

(B) OFFEROR RESPONSIBILITIES. —An offeror of a qualified health benefits plan receiving an advance payment with respect to an individual enrolled in the plan shall—

(i) reduce the premium charged the insured for any period by the amount of the advance payment for the period;

(ii) notify the exchange and the Secretary of such reduction; and

(iii) in the case of any nonpayment of premiums by the insured—

(I) notify the Secretary of such nonpayment; and

(II) allow a 3-month grace period for nonpayment of premiums before discontinuing coverage.

(d) COORDINATION WITH VERIFICATION OF LAWFUL PRESENCE. —No advance payment shall be made under this section unless there has been a verification under section 2238 of the individual's citizenship or nationality or lawful presence in the United States.' ' .