



(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R.

To amend the Internal Revenue Code of 1986 to provide for a temporary expansion of health insurance premium tax credits for certain low-income populations, and to amend title XIX of the Social Security Act to establish a Federal Medicaid program.

IN THE HOUSE OF REPRESENTATIVES

Mrs. FLETCHER introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide for a temporary expansion of health insurance premium tax credits for certain low-income populations, and to amend title XIX of the Social Security Act to establish a Federal Medicaid program.

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 “Affordable Care Cov-
5 erage Expansion and Support for States Act” or the “AC-
6 CESS Act”.

1 **SEC. 2. TEMPORARY EXPANSION OF HEALTH INSURANCE**
2 **PREMIUM TAX CREDITS FOR CERTAIN LOW-**
3 **INCOME POPULATIONS.**

4 (a) IN GENERAL.—Section 36B of the Internal Rev-
5 enue Code of 1986 is amended by redesignating subsection
6 (h) as subsection (i) and by inserting after subsection (g)
7 the following new subsection:

8 “(h) CERTAIN TEMPORARY RULES BEGINNING IN
9 2024.—With respect to any taxable year beginning after
10 December 31, 2023, and before January 1, 2027—

11 “(1) ELIGIBILITY FOR CREDIT NOT LIMITED
12 BASED ON INCOME.—Subsection (c)(1)(A) shall be
13 disregarded in determining whether a taxpayer is an
14 applicable taxpayer.

15 “(2) CREDIT ALLOWED TO CERTAIN LOW-IN-
16 COME EMPLOYEES OFFERED EMPLOYER-PROVIDED
17 COVERAGE.—Subclause (II) of subsection
18 (c)(2)(C)(i) shall not apply if the taxpayer’s house-
19 hold income does not exceed 138 percent of the pov-
20 erty line for a family of the size involved. Subclause
21 (II) of subsection (c)(2)(C)(i) shall also not apply to
22 an individual described in the last sentence of such
23 subsection if the taxpayer’s household income does
24 not exceed 138 percent of the poverty line for a fam-
25 ily of the size involved.

1 “(3) CREDIT ALLOWED TO CERTAIN LOW-IN-
2 COME EMPLOYEES OFFERED QUALIFIED SMALL EM-
3 PLOYER HEALTH REIMBURSEMENT ARRANGE-
4 MENTS.—A qualified small employer health reim-
5 bursement arrangement shall not be treated as con-
6 stituting affordable coverage for an employee (or any
7 spouse or dependent of such employee) for any
8 months of a taxable year if the employee’s household
9 income for such taxable year does not exceed 138
10 percent of the poverty line for a family of the size
11 involved.

12 “(4) LIMITATIONS ON RECAPTURE.—

13 “(A) IN GENERAL.—In the case of a tax-
14 payer whose household income is less than 200
15 percent of the poverty line for the size of the
16 family involved for the taxable year, the amount
17 of the increase under subsection (f)(2)(A) shall
18 in no event exceed \$300 (one-half of such
19 amount in the case of a taxpayer whose tax is
20 determined under section 1(c) for the taxable
21 year).

22 “(B) LIMITATION ON INCREASE FOR CER-
23 TAIN NON-FILERS.—In the case of any taxpayer
24 who would not be required to file a return of
25 tax for the taxable year but for any require-

1 ment to reconcile advance credit payments
2 under subsection (f), if an Exchange established
3 under title I of the Patient Protection and Af-
4 fordable Care Act has determined that—

5 “(i) such taxpayer is eligible for ad-
6 vance payments under section 1412 of
7 such Act for any portion of such taxable
8 year, and

9 “(ii) such taxpayer’s household in-
10 come for such taxable year is projected to
11 not exceed 138 percent of the poverty line
12 for a family of the size involved,

13 subsection (f)(2)(A) shall not apply to such tax-
14 payer for such taxable year and such taxpayer
15 shall not be required to file such return of tax.

16 “(C) INFORMATION PROVIDED BY EX-
17 CHANGE.—The information required to be pro-
18 vided by an Exchange to the Secretary and to
19 the taxpayer under subsection (f)(3) shall in-
20 clude such information as is necessary to deter-
21 mine whether such Exchange has made the de-
22 terminations described in clauses (i) and (ii) of
23 subparagraph (B) with respect to such tax-
24 payer.”.

1 (b) EMPLOYER SHARED RESPONSIBILITY PROVISION
2 NOT APPLICABLE WITH RESPECT TO CERTAIN LOW-IN-
3 COME TAXPAYERS RECEIVING PREMIUM ASSISTANCE.—

4 Section 4980H(c)(3) is amended to read as follows:

5 “(3) APPLICABLE PREMIUM TAX CREDIT AND
6 COST-SHARING REDUCTION.—

7 “(A) IN GENERAL.—The term ‘applicable
8 premium tax credit and cost-sharing reduction’
9 means—

10 “(i) any premium tax credit allowed
11 under section 36B,

12 “(ii) any cost-sharing reduction under
13 section 1402 of the Patient Protection and
14 Affordable Care Act, and

15 “(iii) any advance payment of such
16 credit or reduction under section 1412 of
17 such Act.

18 “(B) EXCEPTION WITH RESPECT TO CER-
19 TAIN LOW-INCOME TAXPAYERS.—Such term
20 shall not include any premium tax credit, cost-
21 sharing reduction, or advance payment other-
22 wise described in subparagraph (A) if such
23 credit, reduction, or payment is allowed or paid
24 for a taxable year of an employee (beginning

1 after December 31, 2023, and before January
2 1, 2027) with respect to which—

3 “(i) an Exchange established under
4 title I of the Patient Protection and Af-
5 fordable Care Act has determined that
6 such employee’s household income for such
7 taxable year is projected to not exceed 138
8 percent of the poverty line for a family of
9 the size involved, or

10 “(ii) such employee’s household in-
11 come for such taxable year does not exceed
12 138 percent of the poverty line for a family
13 of the size involved.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 December 31, 2023.

17 **SEC. 3. CLOSING THE MEDICAID COVERAGE GAP.**

18 (a) FEDERAL MEDICAID PROGRAM TO CLOSE COV-
19 ERAGE GAP IN NONEXPANSION STATES.—Title XIX of
20 the Social Security Act (42 U.S.C. 1396 et seq.) is amend-
21 ed by adding at the end the following new section:

22 **“SEC. 1948. FEDERAL MEDICAID PROGRAM TO CLOSE COV-
23 ERAGE GAP IN NONEXPANSION STATES.**

24 “(a) ESTABLISHMENT.—In the case of a State that
25 the Secretary determines (based on the State plan under

1 this title, waiver of such plan, or other relevant informa-
2 tion) is not expected to expend amounts under the State
3 plan (or waiver of such plan) for all individuals described
4 in section 1902(a)(10)(A)(i)(VIII) during a year (begin-
5 ning with 2027), (in this section defined as ‘a coverage
6 gap State’, with respect to such year), the Secretary shall
7 (including through contract with eligible entities (as speci-
8 fied by the Secretary), consistent with subsection (b)) pro-
9 vide for the offering to such individuals residing in such
10 State of a health benefits plan (in this section referred
11 to as the ‘Federal Medicaid program’ or the ‘Program’),
12 for each quarter during the period beginning on January
13 1 of such year, and ending with the last day of the first
14 quarter during which the State provides medical assist-
15 ance to all such individuals under the State plan (or waiv-
16 er of such plan). Under the Federal Medicaid program,
17 the Secretary—

18 “(1) may use the Federally Facilitated Market-
19 place to facilitate eligibility determinations and en-
20 rollments under the Federal Medicaid Program and
21 shall establish a set of eligibility rules to be applied
22 under the Program in a manner consistent with sec-
23 tion 1902(e)(14);

1 “(2) shall establish benefits, beneficiary protec-
2 tions, and access to care standards by, at a min-
3 imum—

4 “(A) establishing a minimum set of bene-
5 fits to be provided (and providing such benefits)
6 under the Federal Medicaid program, which
7 shall be in compliance with the requirements of
8 section 1937 and shall consist of benchmark
9 coverage described in section 1937(b)(1) or
10 benchmark equivalent coverage described in sec-
11 tion 1937(b)(2) to the same extent as medical
12 assistance provided to such an individual under
13 this title (without application of this section) is
14 required under section 1902(k)(1) to consist of
15 such benchmark coverage or benchmark equiva-
16 lent coverage;

17 “(B) applying the provisions of sections
18 1902(a)(8), 1902(a)(34) (which may be applied
19 in accordance with such phased-in implementa-
20 tion as the Secretary deems necessary, but be-
21 ginning as soon as practicable), and 1943 with
22 respect to such an individual, benefits under the
23 Federal Medicaid program, and making applica-
24 tion for such benefits (which may be in accord-
25 ance with a phased-in implementation as the

1 Secretary deems necessary, but beginning as
2 soon as practicable) in the same manner as
3 such provisions would apply to such an indi-
4 vidual, medical assistance under this title (other
5 than pursuant to this section), and making ap-
6 plication for such medical assistance under this
7 title (other than pursuant to this section); and
8 providing that redeterminations and appeals of
9 eligibility and coverage determinations of serv-
10 ices (including benefit reductions, terminations,
11 and suspension) shall be conducted under the
12 Federal Medicaid program in accordance with a
13 Federal fair hearing process established by the
14 Secretary that is subject to the same require-
15 ments as applied with respect to redetermina-
16 tions and appeals of eligibility, and with respect
17 to coverage of services (including benefit reduc-
18 tions, terminations, and suspension), under a
19 State plan under this title and that may provide
20 for such fair hearings related to denials of eligi-
21 bility (based on modified adjusted gross income
22 eligibility determinations) to be conducted
23 through the Federally Facilitated Marketplace
24 for Exchanges;

1 “(C) applying, in accordance with sub-
2 section (d), the provisions of section 1927
3 (other than subparagraphs (B) and (C) of sub-
4 section (b)(1) of such section) with respect to
5 the Secretary and payment under the Federal
6 Medicaid program for covered outpatient drugs
7 with respect to a rebate period in the same
8 manner and to the same extent as such provi-
9 sions apply with respect to a State and payment
10 under the State plan for covered outpatient
11 drugs with respect to the rebate period; and

12 “(D) applying the provisions of sections
13 1902(a)(14), 1902(a)(23), 1902(a)(47), and
14 1920 through 1920C (as applicable) to the Fed-
15 eral Medicaid program and such individuals en-
16 rolled in such program in the same manner and
17 to the same extent as such provisions apply to
18 a State plan and such individuals eligible for
19 medical assistance under the State plan, and
20 applying the provisions of section
21 1902(a)(30)(A) with respect to medical assist-
22 ance available under the Federal Medicaid pro-
23 gram in the same manner and to the same ex-
24 tent as such provisions apply to medical assist-

1 ance under a State plan under this title, except
2 that—

3 “(i) the Secretary shall provide that
4 no cost sharing shall be applied under the
5 Federal Medicaid program;

6 “(ii) the Secretary may waive the pro-
7 visions of subparagraph (A) of section
8 1902(a)(23) to the extent deemed appro-
9 priate to facilitate the implementation of
10 managed care; and

11 “(iii) in applying the provisions of sec-
12 tion 1902(a)(47) and sections 1920
13 through 1920C, the Secretary—

14 “(I) shall establish a single pre-
15 sumptive eligibility process for individ-
16 uals eligible under the Federal Med-
17 icaid program, under which the Sec-
18 retary may contract with entities to
19 carry out such process; and

20 “(II) may apply such provisions
21 and process in accordance with such
22 phased-in implementation as the Sec-
23 retary deems necessary, but beginning
24 as soon as practicable.

1 “(b) ADMINISTRATION OF FEDERAL MEDICAID PRO-
2 GRAM THROUGH CONTRACTS WITH MEDICAID MANAGED
3 CARE ORGANIZATION AND THIRD PARTY PLAN ADMINIS-
4 TRATOR REQUIREMENTS.—

5 “(1) IN GENERAL.—For the purpose of admin-
6 istering the benefits under the Program (across all
7 coverage gap geographic areas (as defined in para-
8 graph (8)) to provide medical assistance to individ-
9 uals described in section 1902(a)(10)(A)(i)(VIII) en-
10 rolled under the Federal Medicaid program and re-
11 siding in such areas, the Secretary shall solicit bids
12 described in paragraph (2) and enter into contracts
13 with a total of at least 2 eligible entities (as speci-
14 fied by the Secretary, which may be a medicaid
15 managed care organization (in this section defined
16 as including a managed care organization described
17 in section 1932(a)(1)(B)(i), a prepaid inpatient
18 health plan, and a prepaid ambulatory health plans
19 (as defined in section 438.2 of title 42, Code of Fed-
20 eral Regulations)), a third party plan administrator,
21 or both). An eligible entity entering into a contract
22 with the Secretary under this paragraph may admin-
23 ister such benefits as a Medicaid managed care or-
24 ganization (as so defined), in which case such con-
25 tract shall be in accordance with paragraph (3) with

1 respect to such geographic area, or as a third-party
2 administrator, in which case such contract shall be
3 in accordance with paragraph (4) with respect to
4 such geographic area. The Secretary may so con-
5 tract with a Medicaid managed care organization or
6 third party plan administrator in each coverage gap
7 geographic area (and may specify which type of eli-
8 gible entity may bid with respect to a coverage gap
9 geographic area or areas) and may contract with
10 more than one such eligible entity in the same cov-
11 erage gap geographic area.

12 “(2) BIDS.—

13 “(A) IN GENERAL.—To be eligible to enter
14 into a contract under this subsection, for a
15 year, an entity shall submit (at such time, in
16 such manner, and containing such information
17 as specified by the Secretary) one or more bids
18 to administer the Program in one or more cov-
19 erage gap geographic areas, which reflects the
20 projected monthly cost to the entity of fur-
21 nishing benefits under the Program to an indi-
22 vidual enrolled under the Program in such a ge-
23 ographic area (or areas) for such year.

24 “(B) SELECTION.—In selecting from bids
25 submitted under subparagraph (A) for purposes

1 of entering into contracts with eligible entities
2 under this subsection, with respect to a cov-
3 erage gap geographic area, the Secretary shall
4 take into account at least each of the following,
5 with respect to each such bid:

6 “(i) Network adequacy (as proposed
7 in the submitted bid).

8 “(ii) The amount, duration, and scope
9 of benefits (such as value-added services
10 offered in the submitted bid), as compared
11 to the minimum set of benefits established
12 by the Secretary under subsection
13 (a)(2)(A).

14 “(iii) The amount of the bid, taking
15 into account the average per member cost
16 of providing medical assistance under
17 State plans under this title (or waivers of
18 such plans) to individuals enrolled in such
19 plans (or waivers) who are at least 18
20 years of age and residing in the coverage
21 gap geographic area, as well as the average
22 cost of providing medical assistance under
23 State plans under this title (and waivers of
24 such plans) to individuals described in sec-
25 tion 1902(a)(10)(A)(i)(VIII).

1 “(3) CONTRACT WITH MEDICAID MANAGED
2 CARE ORGANIZATION.—In the case of a contract
3 under paragraph (1) between the Secretary and an
4 eligible entity administering benefits under the Pro-
5 gram as a Medicaid managed care organization, with
6 respect to one or more coverage gap geographic
7 areas, the following shall apply:

8 “(A) The provisions of clauses (i) through
9 (xi) of section 1903(m)(2)(A), clause (xii) of
10 such section (to the extent such clause relates
11 to subsections (b) and (f) of section 1932), and
12 clause (xiii) of such section 1903(m)(2)(A)
13 shall, to the greatest extent practicable, apply
14 to the contract, to the Secretary, and to the
15 Medicaid managed care organization, with re-
16 spect to providing medical assistance under the
17 Federal Medicaid program with respect to such
18 area, in the same manner and to the same ex-
19 tent as such provisions apply to a contract
20 under section 1903(m) between a State and an
21 entity that is a Medicaid managed care organi-
22 zation (as defined in section 1903(m)(1)), to
23 the State, and to the entity, with respect to
24 providing medical assistance to individuals eligi-
25 ble for benefits under this title.

1 “(B) The provisions of section 1932(h)
2 shall apply to the contract, Secretary, and Med-
3 icaid managed care organization.

4 “(C) The contract shall provide that the
5 entity pay claims in a timely manner and in ac-
6 cordance with the provisions of section
7 1902(a)(37).

8 “(D) The contract shall provide that the
9 Secretary shall make payments under this sec-
10 tion to the entity, with respect to coverage of
11 each individual enrolled under the Program in
12 such a coverage gap geographic area with re-
13 spect to which the entity administers the Pro-
14 gram in an amount specified in the contract,
15 subject to subparagraph (D)(ii) and paragraph
16 (6).

17 “(E) The contract shall require—

18 “(i) the application of a minimum
19 medical loss ratio (as calculated under sub-
20 section (d) of section 438.8 of title 42,
21 Code of Federal Regulations (or any suc-
22 cessor regulation)) for payment for medical
23 assistance administered by the managed
24 care organization under the Program, with
25 respect to a year, that is equal to or great-

1 er than 85 percent (or such higher percent
2 as specified by the Secretary); and

3 “(ii) in the case, with respect to a
4 year, the minimum medical loss ratio (as
5 so calculated) for payment for services
6 under the benefits so administered is less
7 than 85 percent (or such higher percent as
8 specified by the Secretary under clause
9 (i)), remittance by the organization to the
10 Secretary of any payments (or portions of
11 payments) made to the organization under
12 this section in an amount equal to the dif-
13 ference in payments for medical assistance,
14 with respect to the year, resulting from the
15 organization’s failure to meet such ratio
16 for such year.

17 “(F) The contract shall require that the el-
18 igible entity submit to the Secretary the num-
19 ber of individuals enrolled in the Program with
20 respect to each coverage gap geographic area
21 and month with respect to which the contract
22 applies and such additional information as spec-
23 ified by the Secretary for purposes of payment,
24 program integrity, oversight, quality measure-

1 ment, or such other purpose specified by the
2 Secretary.

3 “(G) The contract shall require that the el-
4 igible entity perform any other activity identi-
5 fied by the Secretary.

6 “(4) CONTRACT WITH A THIRD PARTY PLAN
7 ADMINISTRATOR.—

8 “(A) IN GENERAL.—In the case of a con-
9 tract under paragraph (1) between the Sec-
10 retary and an eligible entity to administer the
11 Program as a third party plan administrator,
12 with respect to one or more coverage gap geo-
13 graphic areas, such contract shall provide that,
14 with respect to medical assistance provided
15 under the Federal Medicaid program to individ-
16 uals who are enrolled in the Program with re-
17 spect to such area (or areas)—

18 “(i) the third party plan administrator
19 shall, consistent with such requirements as
20 may be established by the Secretary—

21 “(I) establish provider networks,
22 payment rates, and utilization man-
23 agement, consistent with the provi-
24 sions of section 1902(a)(30)(A), as
25 applied by subsection (a)(4);

1 “(II) pay claims in a timely man-
2 ner and in accordance with the provi-
3 sions of section 1902(a)(37);

4 “(III) submit to the Secretary
5 the number of individuals enrolled in
6 the Program with respect to each cov-
7 erage gap geographic area and month
8 with respect to which the contract ap-
9 plies and such additional information
10 as specified by the Secretary for pur-
11 poses of payment, program integrity,
12 oversight, quality measurement, or
13 such other purpose specified by the
14 Secretary; and

15 “(IV) perform any other activity
16 identified by the Secretary; and

17 “(ii) the Secretary shall make pay-
18 ments (for the claims submitted by the
19 third party plan administrator and for an
20 economic and efficient administrative fee)
21 under this section to the third party plan
22 administrator, with respect to coverage of
23 each individual enrolled under the Program
24 in a coverage gap geographic area with re-
25 spect to which the third party plan admin-

1 istrator administers the Program in an
2 amount determined under the contract,
3 subject to subclause (VI)(bb) and para-
4 graph (7).

5 “(B) THIRD PARTY PLAN ADMINISTRATOR
6 DEFINED.—For purposes of this section, the
7 term ‘third party plan administrator’ means an
8 entity that satisfies such requirements as estab-
9 lished by the Secretary, which shall include at
10 least that such an entity administers health
11 plan benefits, pays claims under the plan, es-
12 tablishes provider networks, sets payment rates,
13 and are not risk-bearing entities.

14 “(5) ADMINISTRATIVE AUTHORITY.—The Sec-
15 retary may take such actions as are necessary to ad-
16 minister this subsection, including by setting pay-
17 ment rates, setting network adequacy standards, es-
18 tablishing quality requirements, establishing report-
19 ing requirements, and specifying any other program
20 requirements or standards necessary in contracting
21 with specified entities under this subsection, and
22 overseeing such entities, with respect to the adminis-
23 tration of the Federal Medicaid program.

24 “(6) PREEMPTION.—In carrying out the duties
25 under a contract entered into under paragraph (1)

1 between the Secretary and a Medicaid managed care
2 organization or a third party plan administrator,
3 with respect to a coverage gap State—

4 “(A) the Secretary may establish minimum
5 standards and licensure requirements for such a
6 Medicaid managed care organization or third
7 party plan administrator for purposes of car-
8 rying out such duties; and

9 “(B) any provisions of law of that State
10 which relate to the licensing of the organization
11 or administrator and which prohibit the organi-
12 zation or administrator from providing coverage
13 pursuant to a contract under this section shall
14 be superseded.

15 “(7) PENALTIES.—In the case of an eligible en-
16 tity with a contract under this section that fails to
17 comply with the requirements of such entity pursu-
18 ant to this section or such contract, the Secretary
19 may withhold payment (or any portion of such pay-
20 ment) to such entity under this section in accord-
21 ance with a process specified by the Secretary, im-
22 pose a corrective action plan on such entity, or im-
23 pose a civil monetary penalty on such entity in an
24 amount not to exceed \$10,000 for each such failure.

25 In implementing this paragraph, the Secretary shall

1 have the authorities provided the Secretary under
2 section 1932(e) and subparts F and I of part 438
3 of title 42, Code of Federal Regulations.

4 “(8) COVERAGE GAP GEOGRAPHIC AREA.—For
5 purposes of this section, the term ‘coverage gap geo-
6 graphic area’ means an area of one or more coverage
7 gap States, as specified by the Secretary, or any
8 area within such a State, as specified by the Sec-
9 retary.

10 “(c) PERIODIC DATA MATCHING.—The Secretary
11 shall, including through contract, periodically verify the
12 income of an individual enrolled in the Federal Medicaid
13 program for a year, before the end of such year, to deter-
14 mine if there has been any change in the individual’s eligi-
15 bility for benefits under the program. For purposes of the
16 previous sentence, the Secretary may verify income of an
17 individual based on the prospective income of the indi-
18 vidual for such year or based on current monthly income
19 of the individual, as specified by the Secretary. In the case
20 that, pursuant to such verification, an individual is deter-
21 mined to have had a change in income that results in such
22 individual no longer be included as an individual described
23 in section 1902(a)(10)(A)(i)(VIII), the Secretary shall
24 apply the same processes and protections as States are
25 required under this title to apply with respect to an indi-

1 individual who is determined to have had a change in income
2 that results in such individual no longer being included
3 as eligible for medical assistance under this title (other
4 than pursuant to this section).

5 “(d) DRUG REBATES.—For purposes of subsection
6 (a)(2)(B), in applying section 1927, the Secretary shall
7 (either directly or through contracts)—

8 “(1) require an eligible entity with a contract
9 under subsection (b) to report the data required to
10 be reported under section 1927(b)(2) by a State
11 agency and require such entity to submit to the Sec-
12 retary rebate data, utilization data, and any other
13 information that would otherwise be required under
14 section 1927 to be submitted to the Secretary by a
15 State;

16 “(2) shall take such actions as are necessary
17 and develop or adapt such processes and mecha-
18 nisms as are necessary to report and collect data as
19 is necessary and to bill and track rebates under sec-
20 tion 1927, as applied pursuant to subsection
21 (a)(2)(B) for drugs that are provided under the Fed-
22 eral Medicaid program;

23 “(3) provide that the coverage requirements of
24 prescription drugs under the Federal Medicaid pro-

1 gram comply with the coverage requirements section
2 1927; and

3 “(4) require that in order for payment to be
4 available under the Federal Medicaid program or
5 under section 1903(a) for covered outpatient drugs
6 of a manufacturer, the manufacturer must have en-
7 tered into and have in effect a rebate agreement to
8 provide rebates under section 1927 to the Federal
9 Medicaid program in the same form and manner as
10 the manufacturer is required to provide rebates
11 under an agreement described in section 1927(b) to
12 a State Medicaid program under this title.

13 “(e) TRANSITIONS.—

14 “(1) FROM EXCHANGE PLANS ONTO FEDERAL
15 MEDICAID PROGRAM.—The Secretary shall provide
16 for a process under which, in the case of individuals
17 described in section 1902(a)(10)(A)(i)(VIII) who are
18 enrolled in qualified health plans through an Ex-
19 change in a coverage gap State, the Secretary takes
20 such steps as are necessary to transition such indi-
21 viduals to coverage under the Federal Medicaid pro-
22 gram. Such process shall apply procedures described
23 in section 1943(b)(1)(C) to screen for eligibility and
24 enrollment under the Federal Medicaid program in
25 the same manner as such procedures screen for eligi-

1 bility and enrollment under qualified health plans
2 through an Exchange established under title I of the
3 Patient Protection and Affordable Care Act.

4 “(2) IN CASE COVERAGE GAP STATE BEGINS
5 PROVIDING COVERAGE UNDER STATE PLAN.—The
6 Secretary shall provide for a process for, in the case
7 of a coverage gap State in which the State begins
8 to provide medical assistance to individuals described
9 in section 1902(a)(10)(A)(i)(VIII) under the State
10 plan (or waiver of such plan) and the Federal Med-
11 icaid program ceases to be offered, transitioning in-
12 dividuals from such program to the State plan (or
13 waiver), as eligible, including a process for
14 transitioning all eligibility redeterminations.

15 “(f) COORDINATION WITH AND ENROLLMENT
16 THROUGH EXCHANGES.—The Secretary shall take such
17 actions as are necessary to provide, in the case of a cov-
18 erage gap State in which the Federal Medicaid program
19 is offered, for the availability of information on, deter-
20 minations of eligibility for, and enrollment in such pro-
21 gram through and coordinated with the Exchange estab-
22 lished with respect to such State under title I of the Pa-
23 tient Protection and Affordable Care Act.

24 “(g) THIRD PARTY LIABILITY.—The provisions of
25 section 1902(a)(25) shall apply with respect to the Fed-

1 eral Medicaid program, the Secretary, and the eligible en-
2 tities with a contract under subsection (b) in the same
3 manner as such provisions apply with respect to State
4 plans under this title (or waiver of such plans) and the
5 State or local agency administering such plan (or waiver).
6 The Secretary may specify a timeline (which may include
7 a phase-in) for implementing this subsection.

8 “(h) FRAUD AND ABUSE PROVISIONS.—Provisions of
9 law (other than criminal law provisions) identified by the
10 Secretary by regulation, in consultation (as appropriate)
11 with the Inspector General of the Department of Health
12 and Human Services, that impose sanctions with respect
13 to waste, fraud, and abuse under this title or title XI, such
14 as the False Claims Act, as well as provisions of law (other
15 than criminal law provisions) identified by the Secretary
16 that provide oversight authority, shall also apply to the
17 Federal Medicaid program.

18 “(i) MAINTENANCE OF EFFORT.—

19 “(1) PAYMENT.—

20 “(A) IN GENERAL.—In the case of a State
21 that, as of January 1, 2027, is expending
22 amounts for all individuals described in section
23 1902(a)(10)(A)(i)(VIII) under the State plan
24 (or waiver of such plan) and that stops expend-
25 ing amounts for all such individuals under the

1 State plan (or waiver of such plan), such State
2 shall for each quarter beginning after January
3 1, 2027, during which such State does not ex-
4 pend amounts for all such individuals provide
5 for payment under this subsection to the Sec-
6 retary of the product of—

7 “(i) 10 percent of, subject to subpara-
8 graph (B), the average monthly per capita
9 costs expended under the State plan (or
10 waiver of such plan) for such individuals
11 during the most recent previous quarter
12 with respect to which the State expended
13 amounts for all such individuals; and

14 “(ii) the sum, for each month during
15 such quarter, of the number of individuals
16 enrolled under such program in such State.

17 “(B) ANNUAL INCREASE.—For purposes of
18 subparagraph (A), in the case of a State with
19 respect to which such subparagraph applies
20 with respect to a period of consecutive quarters
21 occurring during more than one calendar year,
22 for such consecutive quarters occurring during
23 the second of such calendar years or a subse-
24 quent calendar year, the average monthly per
25 capita costs for each such quarter for such

1 State determined under subparagraph (A)(i), or
2 this subparagraph, shall be annually increased
3 by the Secretary by the percentage increase in
4 Medicaid spending under this title during the
5 preceding year (as determined based on the
6 most recent National Health Expenditure data
7 with respect to such year).

8 “(2) FORM AND MANNER OF PAYMENT.—Pay-
9 ment under paragraph (1) shall be made in a form
10 and manner specified by the Secretary.

11 “(3) COMPLIANCE.—If a State fails to pay to
12 the Secretary an amount required under paragraph
13 (1), interest shall accrue on such amount at the rate
14 provided under section 1903(d)(5). The amount so
15 owed and applicable interest shall be immediately
16 offset against amounts otherwise payable to the
17 State under section 1903(a), in accordance with the
18 Federal Claims Collection Act of 1996 and applica-
19 ble regulations.

20 “(4) DATA MATCH.—The Secretary shall per-
21 form such periodic data matches as may be nec-
22 essary to identify and compute the number of indi-
23 viduals enrolled under the Federal Medicaid pro-
24 gram under section 1948 in a coverage gap State (as
25 referenced in subsection (a) of such section) for pur-

1 poses of computing the amount under paragraph
2 (1).

3 “(5) NOTICE.—The Secretary shall notify each
4 State described in paragraph (1) not later than a
5 date specified by the Secretary that is before the be-
6 ginning of each quarter (beginning with 2027) of the
7 amount computed under paragraph (1) for the State
8 for that year.

9 “(i) APPROPRIATIONS.—There is appropriated, out of
10 any funds in the Treasury not otherwise appropriated, for
11 each fiscal year such sums as are necessary to carry out
12 subsections (a) through (i) of this section.”.

13 (b) DRUG REBATE CONFORMING AMENDMENT.—
14 Section 1927(a)(1) of the Social Security Act (42 U.S.C.
15 1396r–8(a)(1)) is amended in the first sentence—

16 (1) by striking “or under part B of title XVIII”
17 and inserting “, under the Federal Medicaid pro-
18 gram under section 1948, or under part B of title
19 XVIII”; and

20 (2) by inserting “including as such subsection is
21 applied pursuant to subsections (a)(2)(C) and (d) of
22 section 1948 with respect to the Federal Medicaid
23 program,” before “and must meet”.