

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.**

2 Title XIX of the Social Security Act (42 U.S.C. 1396
3 et seq.) is amended—

4 (1) in section 1902 (42 U.S.C. 1396a)—

5 (A) in subsection (a)(10)(A)—

6 (i) in clause (i)(VIII), by inserting
7 “and ending December 31, 2019,” after
8 “2014,”;

9 (ii) in clause (ii)(XX), by inserting
10 “and ending December 31, 2017,” after
11 “2014,”; and

12 (iii) in clause (ii), by adding at the
13 end the following new subclause:

14 “(XXIII) beginning January 1,
15 2020—

16 “(aa) who are expansion enrollees
17 (as defined in subsection (nn)(1)); or

1 “(bb) who are grandfathered ex-
2 pansion enrollees (as defined in sub-
3 section (nn)(2));”; and

4 (B) by adding at the end the following new
5 subsection:

6 “(nn) EXPANSION ENROLLEES.—In this title:

7 “(1) IN GENERAL.—The term ‘expansion en-
8 rollee’ means an individual—

9 “(A) who is under 65 years of age;

10 “(B) who is not pregnant;

11 “(C) who is not entitled to, or enrolled for,
12 benefits under part A of title XVIII, or enrolled
13 for benefits under part B of title XVIII;

14 “(D) who is not described in any of sub-
15 clauses (I) through (VII) of subsection
16 (a)(10)(A)(i); and

17 “(E) whose income (as determined under
18 subsection (e)(14)) does not exceed 133 percent
19 of the poverty line (as defined in section
20 2110(c)(5)) applicable to a family of the size in-
21 volved.

22 “(2) GRANDFATHERED EXPANSION ENROLL-
23 EES.—The term ‘grandfathered expansion enrollee’
24 means an expansion enrollee who—

1 “(A) was enrolled under the State plan
2 under this title (or under a waiver of such plan)
3 as of December 31, 2019; and

4 “(B) does not have a break in eligibility
5 for medical assistance under such State plan
6 (or waiver) for more than one month after such
7 date.

8 “(3) APPLICATION OF RELATED PROVISIONS.—
9 Any reference in subsection (a)(10)(G), (k), or (gg)
10 of this section or in section 1903, 1905(a), 1920(e),
11 or 1937(a)(1)(B) to individuals described in sub-
12 clause (VIII) of subsection (a)(10)(A)(i) shall be
13 deemed to include a reference to expansion enrollees
14 (including grandfathered expansion enrollees).”; and

15 (2) in section 1905 (42 U.S.C. 1396d)—

16 (A) in subsection (y)(1), in the matter pre-
17 ceding subparagraph (A)—

18 (i) by inserting “and that has elected
19 to cover newly eligible individuals before
20 March 1, 2017” after “that is one of the
21 50 States or the District of Columbia”;
22 and

23 (ii) by inserting after “subclause
24 (VIII) of section 1902(a)(10)(A)(i)” the
25 following: “who, for periods after Decem-

1 ber 31, 2019, are grandfathered expansion
 2 enrollees (as defined in section
 3 1902(nm)(2))”; and

4 (B) in subsection (z)(2)—

5 (i) in subparagraph (A), by inserting
 6 after “section 1937” the following: “and,
 7 for periods after December 31, 2019, who
 8 are grandfathered expansion enrollees (as
 9 defined in section 1902(nm)(2))”; and

10 (ii) in subparagraph (B)(ii)—

11 (I) in subclause (III), by adding
 12 “and” at the end; and

13 (II) by striking subclauses (IV),
 14 (V), and (VI) and inserting the fol-
 15 lowing new subclause:

16 “(IV) 2017 and each subsequent year is 80
 17 percent.”.

Page 29, after line 2, insert the following new sec-
 tion:

18 **SEC. 117. PERMITTING STATES TO APPLY A WORK RE-**
 19 **QUIREMENT FOR NONDISABLED, NON-**
 20 **ELDERLY, NONPREGNANT ADULTS UNDER**
 21 **MEDICAID.**

22 (a) IN GENERAL.—Section 1902 of the Social Secu-
 23 rity Act (42 U.S.C. 1396a), as previously amended, is fur-

1 ther amended by adding at the end the following new sub-
2 section:

3 “(oo) WORK REQUIREMENT OPTION FOR NON-
4 DISABLED, NONELDERLY, NONPREGNANT ADULTS.—

5 “(1) IN GENERAL.—Beginning October 1,
6 2017, subject to paragraph (3), a State may elect to
7 condition medical assistance to a nondisabled, non-
8 elderly, nonpregnant individual under this title upon
9 such an individual’s satisfaction of a work require-
10 ment (as defined in paragraph (2)).

11 “(2) WORK REQUIREMENT DEFINED.—In this
12 section, the term ‘work requirement’ means, with re-
13 spect to an individual, the individual’s participation
14 in work activities (as defined in section 407(d)) for
15 such period of time as determined by the State, and
16 as directed and administered by the State.

17 “(3) REQUIRED EXCEPTIONS.—States admin-
18 istering a work requirement under this subsection
19 may not apply such requirement to—

20 “(A) a woman during pregnancy through
21 the end of the month in which the 60-day pe-
22 riod (beginning on the last day of her preg-
23 nancy) ends;

24 “(B) an individual who is under 19 years
25 of age;

1 “(C) an individual who is the only parent
2 or caretaker relative in the family of a child
3 who has not attained 6 years of age or who is
4 the only parent or caretaker of a child with dis-
5 abilities; or

6 “(D) an individual who is married or a
7 head of household and has not attained 20
8 years of age and who—

9 “(i) maintains satisfactory attendance
10 at secondary school or the equivalent; or

11 “(ii) participates in education directly
12 related to employment.”.

13 (b) INCREASE IN MATCHING RATE FOR IMPLEMEN-
14 TATION.—Section 1903 of the Social Security Act (42
15 U.S.C. 1396b) is amended by adding at the end the fol-
16 lowing:

17 “(aa) The Federal matching percentage otherwise ap-
18 plicable under subsection (a) with respect to State admin-
19 istrative expenditures during a calendar quarter for which
20 the State receives payment under such subsection shall,
21 in addition to any other increase to such Federal matching
22 percentage, be increased for such calendar quarter by 5
23 percentage points with respect to State expenditures at-
24 tributable to activities carried out by the State (and ap-

1 proved by the Secretary) to implement subsection (oo) of
2 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:

3 “(2) TARGET PER CAPITA MEDICAL ASSISTANCE
4 EXPENDITURES.—In this subsection, the term ‘tar-
5 get per capita medical assistance expenditures’
6 means, for a 1903A enrollee category and State—

7 “(A) for fiscal year 2020, an amount equal
8 to—

9 “(i) the provisional FY19 target per
10 capita amount for such enrollee category
11 (as calculated under subsection (d)(5)) for
12 the State; increased by

13 “(ii) the applicable annual inflation
14 factor (as defined in paragraph (3)) for
15 fiscal year 2020; and

16 “(B) for each succeeding fiscal year, an
17 amount equal to—

18 “(i) the target per capita medical as-
19 sistance expenditures (under subparagraph
20 (A) or this subparagraph) for the 1903A

1 enrollee category and State for the pre-
2 ceding fiscal year, increased by

3 “(ii) the applicable annual inflation
4 factor for that succeeding fiscal year.

5 “(3) APPLICABLE ANNUAL INFLATION FAC-
6 TOR.—In paragraph (2), the term ‘applicable annual
7 inflation factor’ means, for a fiscal year—

8 “(A) for each of the 1903A enrollee cat-
9 egories described in subparagraphs (C), (D),
10 and (E) of subsection (e)(2), the percentage in-
11 crease in the medical care component of the
12 consumer price index for all urban consumers
13 (U.S. city average) from September of the pre-
14 vious fiscal year to September of the fiscal year
15 involved; and

16 “(B) for each of the 1903A enrollee cat-
17 egories described in subparagraphs (A) and (B)
18 of subsection (e)(2), the percentage increase de-
19 scribed in subparagraph (A) plus 1 percentage
20 point.

Page 35, after line 7, insert the following:

21 “(4) DECREASE IN TARGET EXPENDITURES
22 FOR REQUIRED EXPENDITURES BY CERTAIN POLIT-
23 ICAL SUBDIVISIONS.—

1 “(A) IN GENERAL.—In the case of a State
2 that had a DSH allotment under section
3 1923(f) for fiscal year 2016 that was more than
4 6 times the national average of such allotments
5 for all the States for such fiscal year and that
6 requires political subdivisions within the State
7 to contribute funds towards medical assistance
8 or other expenditures under the State plan
9 under this title (or under a waiver of such plan)
10 for a fiscal year (beginning with fiscal year
11 2020), the target total medical assistance ex-
12 penditures for such State and fiscal year shall
13 be decreased by the amount that political sub-
14 divisions in the State are required to contribute
15 under the plan (or waiver) without reimburse-
16 ment from the State for such fiscal year, other
17 than contributions described in subparagraph
18 (B).

19 “(B) EXCEPTIONS.—The contributions de-
20 scribed in this subparagraph are the following:

21 “(i) Contributions required by a State
22 from a political subdivision that, as of the
23 first day of the calendar year in which the
24 fiscal year involved begins—

1 “(I) has a population of more
2 than 5,000,000, as estimated by the
3 Bureau of the Census; and

4 “(II) imposes a local income tax
5 upon its residents.

6 “(ii) Contributions required by a
7 State from a political subdivision for ad-
8 ministrative expenses if the State required
9 such contributions from such subdivision
10 without reimbursement from the State as
11 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:

12 “(i) FLEXIBLE BLOCK GRANT OPTION FOR
13 STATES.—

14 “(1) IN GENERAL.—In the case of a State that
15 elects the option of applying this subsection for a
16 10-fiscal-year period (beginning no earlier than fiscal
17 year 2020 and, at the State option, for any suc-
18 ceeding 10-fiscal-year period) and that has a plan
19 approved by the Secretary under paragraph (2) to
20 carry out the option for such period—

1 “(A) the State shall receive, instead of
2 amounts otherwise payable to the State under
3 this title for medical assistance for block grant
4 individuals within the applicable block grant
5 category (as defined in paragraph (6)) for the
6 State during the period in which the election is
7 in effect, the amount specified in paragraph
8 (4);

9 “(B) the previous provisions of this section
10 shall be applied as if—

11 “(i) block grant individuals within the
12 applicable block grant category for the
13 State and period were not section 1903A
14 enrollees for each 10-fiscal year period for
15 which the State elects to apply this sub-
16 section; and

17 “(ii) if such option is not extended at
18 the end of a 10-fiscal-year-period, the per
19 capita limitations under such previous pro-
20 visions shall again apply after such period
21 and such limitations shall be applied as if
22 the election under this subsection had
23 never taken place;

24 “(C) the payment under this subsection
25 may only be used consistent with the State plan

1 under paragraph (2) for block grant health care
2 assistance (as defined in paragraph (7)); and

3 “(D) with respect to block grant individ-
4 uals within the applicable block grant category
5 for the State for which block grant health care
6 assistance is made available under this sub-
7 section, such assistance shall be instead of med-
8 ical assistance otherwise provided to the indi-
9 vidual under this title.

10 “(2) STATE PLAN FOR ADMINISTERING BLOCK
11 GRANT OPTION.—

12 “(A) IN GENERAL.—No payment shall be
13 made under this subsection to a State pursuant
14 to an election for a 10-fiscal-year period under
15 paragraph (1) unless the State has a plan, ap-
16 proved under subparagraph (B), for such period
17 that specifies—

18 “(i) the applicable block grant cat-
19 egory with respect to which the State will
20 apply the option under this subsection for
21 such period;

22 “(ii) the conditions for eligibility of
23 block grant individuals within such appli-
24 cable block grant category for block grant
25 health care assistance under the option,

1 which shall be instead of other conditions
2 for eligibility under this title, except that
3 in the case of a State that has elected the
4 applicable block grant category described
5 in—

6 “(I) subparagraph (A) of para-
7 graph (6), the plan must provide for
8 eligibility for pregnant women and
9 children required to be provided med-
10 ical assistance under subsections
11 (a)(10)(A)(i) and (e)(4) of section
12 1902; or

13 “(II) subparagraph (B) of para-
14 graph (6), the plan must provide for
15 eligibility for pregnant women re-
16 quired to be provided medical assist-
17 ance under subsection (a)(10)(A)(i);
18 and

19 “(iii) the types of items and services,
20 the amount, duration, and scope of such
21 services, the cost-sharing with respect to
22 such services, and the method for delivery
23 of block grant health care assistance under
24 this subsection, which shall be instead of
25 the such types, amount, duration, and

1 scope, cost-sharing, and methods of deliv-
2 ery for medical assistance otherwise re-
3 quired under this title, except that the plan
4 must provide for assistance for—

5 “(I) hospital care;

6 “(II) surgical care and treat-
7 ment;

8 “(III) medical care and treat-
9 ment;

10 “(IV) obstetrical and prenatal
11 care and treatment;

12 “(V) prescribed drugs, medicines,
13 and prosthetic devices;

14 “(VI) other medical supplies and
15 services; and

16 “(VII) health care for children
17 under 18 years of age.

18 “(B) REVIEW AND APPROVAL.—A plan de-
19 scribed in subparagraph (A) shall be deemed
20 approved by the Secretary unless the Secretary
21 determines, within 30 days after the date of the
22 Secretary’s receipt of the plan, that the plan is
23 incomplete or actuarially unsound and, with re-
24 spect to such plan and its implementation
25 under this subsection, the requirements of para-

1 graphs (1), (10)(B), (17), and (23) of section
2 1902(a) shall not apply.

3 “(3) AMOUNT OF BLOCK GRANT FUNDS.—

4 “(A) FOR INITIAL FISCAL YEAR.—The
5 block grant amount under this paragraph for a
6 State for the initial fiscal year in the first 10-
7 fiscal-year period is equal to the sum of the
8 products (for each applicable block grant cat-
9 egory for such State and period) of—

10 “(i) the target per capita medical as-
11 sistance expenditures for such State for
12 such fiscal year (under subsection (c)(2));

13 “(ii) the number of 1903A enrollees
14 for such category and State for fiscal year
15 2019, as determined under subsection
16 (e)(4); and

17 “(iii) the Federal average medical as-
18 sistance matching percentage (as defined
19 in subsection (a)(4)) for the State for fis-
20 cal year 2019.

21 “(B) FOR ANY SUBSEQUENT FISCAL
22 YEAR.—The block grant amount under this
23 paragraph for a State for each succeeding fiscal
24 year (in any 10-fiscal-year period) is equal to
25 the block grant amount under subparagraph

1 (A) (or this subparagraph) for the State for the
2 previous fiscal year increased by the annual in-
3 crease in the consumer price index for all urban
4 consumers (all items; U.S. city average) for the
5 fiscal year involved.

6 “(C) AVAILABILITY OF ROLLOVER
7 FUNDS.—The block grant amount under this
8 paragraph for a State for a fiscal year shall re-
9 main available to the State for expenditures
10 under this subsection for the succeeding fiscal
11 year but only if an election is in effect under
12 this subsection for the State in such succeeding
13 fiscal year.

14 “(4) FEDERAL PAYMENT AND STATE RESPONS-
15 BILITY.—The Secretary shall pay to each State with
16 an election in effect under this subsection for a fiscal
17 year, from its block grant amount under paragraph
18 (3) available for such fiscal year, an amount for
19 each quarter of such fiscal year equal to the en-
20 hanced FMAP described in the first sentence of sec-
21 tion 2105(b), and the State is responsible for the
22 balance of funds to carry out such plan.

23 “(5) BLOCK GRANT INDIVIDUAL DEFINED.—In
24 this subsection, the term ‘block grant individual’
25 means, with respect to a State for a 10-fiscal-year

1 period, an individual who is not disabled (as defined
2 for purposes of the State plan) and who is within an
3 applicable block grant category for the State and
4 such period.

5 “(6) APPLICABLE BLOCK GRANT CATEGORY DE-
6 FINED.—In this subsection, the term ‘applicable
7 block grant category’ means with respect to a State
8 for a 10-fiscal-year period, either of the following as
9 specified by the State for such period in its plan
10 under paragraph (2)(A)(i):

11 “(A) 2 ENROLLEE CATEGORIES.—Both of
12 the following 1903A enrollee categories:

13 “(i) CHILDREN.—The 1903A enrollee
14 category specified in subparagraph (C) of
15 subsection (e)(2).

16 “(ii) OTHER NONELDERLY, NON-
17 DISABLED, NON-EXPANSION ADULTS.—The
18 1903A enrollee category specified in sub-
19 paragraph (E) of such subsection.

20 “(B) OTHER NONELDERLY, NONDISABLED,
21 NON-EXPANSION ADULTS.—Only the 1903A en-
22 rollee category specified in subparagraph (E) of
23 subsection (e)(2).

24 “(7) BLOCK GRANT HEALTH CARE ASSIST-
25 ANCE.—In this subsection, the term ‘block grant

1 health care assistance’ means assistance for health-
2 care-related items and medical services for block
3 grant individuals within the applicable block grant
4 category for the State and 10-fiscal-year period in-
5 volved who are low-income individuals (as defined by
6 the State).

7 “(8) AUDITING.—As a condition of receiving
8 funds under this subsection, a State shall contract
9 with an independent entity to conduct audits of its
10 expenditures made with respect to activities funded
11 under this subsection for each fiscal year for which
12 the State elects to apply this subsection to ensure
13 that such funds are used consistent with this sub-
14 section and shall make such audits available to the
15 Secretary upon the request of the Secretary.”.

Page 69, after line 15, insert the following:

16 **Subtitle E—Implementation**
17 **Funding**

18 **SEC. 141. AMERICAN HEALTH CARE IMPLEMENTATION**
19 **FUND.**

20 (a) IN GENERAL.—There is hereby established an
21 American Health Care Implementation Fund (referred to
22 in this section as the “Fund”) within the Department of
23 Health and Human Services to carry out sections 121,

1 132, 202, and 214 (including the amendments made by
2 such sections).

3 (b) FUNDING.—There is appropriated to the Fund,
4 out of any funds in the Treasury not otherwise appro-
5 priated, \$1,000,000,000 for Federal administrative ex-
6 penses to carry out the sections described in subsection
7 (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:

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to taxable years beginning after
10 December 31, 2016.

Page 88, line 4, strike “2017” and insert “2016”.

Page 88, after line 4, insert the following:

1 (d) TRANSITION RULE.—An employer shall not be
2 treated as failing to comply with the requirements of sec-
3 tion 3102 of the Internal Revenue Code of 1986 with re-
4 spect to any period during 2017 if such employer would
5 have complied with such requirements with respect to such
6 period if section 3101 of such Code were applied without
7 regard to the amendment made by subsection (a).

Page 123, strike lines 3 through 17, and insert the
following:

8 **SEC. 221. REPEAL OF TAX ON PRESCRIPTION MEDICA-**
9 **TIONS.**

10 Subsection (j) of section 9008 of the Patient Protec-
11 tion and Affordable Care Act is amended to read as fol-
12 lows:

13 “(j) REPEAL.—This section shall apply to calendar
14 years beginning after December 31, 2010, and ending be-
15 fore January 1, 2017.”.

16 **SEC. 222. REPEAL OF HEALTH INSURANCE TAX.**

17 Subsection (j) of section 9010 of the Patient Protec-
18 tion and Affordable Care Act is amended to read as fol-
19 lows:

1 “(j) REPEAL.—This section shall apply to calendar
2 years beginning after December 31, 2013, and ending be-
3 fore 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”.

