

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 4886

To amend title XVIII of the Social Security Act to protect against high out-of-pocket expenditures for Medicare fee-for-service benefits, and to amend titles XVIII and XIX of the Social Security Act to enhance programs that protect low-income Medicare beneficiaries.

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## IN THE SENATE OF THE UNITED STATES

JUNE 24, 2026

Ms. BLUNT ROCHESTER (for herself, Mr. WYDEN, Mr. SCHUMER, Mr. MERKLEY, Mr. LUJÁN, Mr. MARKEY, Ms. WARREN, Mr. REED, Ms. DUCKWORTH, Mr. WELCH, Mr. BOOKER, Mrs. GILLIBRAND, Mr. PADILLA, Mr. VAN HOLLEN, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XVIII of the Social Security Act to protect against high out-of-pocket expenditures for Medicare fee-for-service benefits, and to amend titles XVIII and XIX of the Social Security Act to enhance programs that protect low-income Medicare beneficiaries.

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 “Medicare Cost Cap  
5       Act of 2026”.

1 **SEC. 2. PROTECTION AGAINST HIGH OUT-OF-POCKET EX-**  
 2 **PENDITURES FOR MEDICARE FEE-FOR-SERV-**  
 3 **ICE BENEFITS.**

4 (a) IN GENERAL.—Title XVIII of the Social Security  
 5 Act (42 U.S.C. 1395 et seq.) is amended by adding at  
 6 the end the following new section:

7 **“SEC. 1899D. PROTECTION AGAINST HIGH OUT-OF-POCKET**  
 8 **EXPENDITURES.**

9 “(a) IN GENERAL.—Notwithstanding any other pro-  
 10 vision of this title, in the case of an applicable individual  
 11 (as defined in subsection (c)), if the amount of the out-  
 12 of-pocket cost-sharing (as defined in subsection (d)) in-  
 13 curred by such individual for a year (beginning with 2028)  
 14 equals or exceeds the annual out-of-pocket limit under  
 15 subsection (b) for that year, the individual shall not be  
 16 responsible for additional out-of-pocket cost-sharing in-  
 17 curred during that year.

18 “(b) ANNUAL OUT-OF-POCKET LIMIT.—

19 “(1) IN GENERAL.—The amount of the annual  
 20 out-of-pocket limit under this subsection shall be—

21 “(A) for 2028, \$5,000; or

22 “(B) for a subsequent year, the amount  
 23 specified in this subsection for the preceding  
 24 year increased by the annual percentage in-  
 25 crease in average per capita aggregate expendi-  
 26 tures under parts A and B, as determined by

1 the Secretary for the 12-month period ending in  
2 July of the previous year using such methods as  
3 the Secretary shall specify.

4 “(2) ROUNDING.—If any amount determined  
5 under paragraph (1)(B) is not a multiple of \$5, such  
6 amount shall be rounded to the nearest multiple of  
7 \$5.

8 “(c) APPLICABLE INDIVIDUAL DEFINED.—In this  
9 section, the term ‘applicable individual’ means an indi-  
10 vidual who is entitled to, or enrolled for, benefits under  
11 part A or enrolled in part B.

12 “(d) OUT-OF-POCKET COST-SHARING DEFINED.—

13 “(1) IN GENERAL.—Subject to paragraphs (2)  
14 and (3), in this section, the term ‘out-of-pocket cost-  
15 sharing’ means, with respect to an applicable indi-  
16 vidual, the amount of the expenses incurred by the  
17 individual that are attributable to coinsurance, de-  
18 ductible, copayment, or other cost-sharing otherwise  
19 applicable under part A or B.

20 “(2) CERTAIN COSTS NOT INCLUDED.—

21 “(A) NON-COVERED ITEMS AND SERV-  
22 ICES.—Expenses incurred for items and serv-  
23 ices which are not covered under part A or B  
24 shall not be considered incurred expenses for

1 purposes of determining out-of-pocket cost-  
2 sharing under paragraph (1).

3 “(B) ITEMS AND SERVICES NOT FUR-  
4 NISHED ON AN ASSIGNMENT-RELATED BASIS.—  
5 If an item or service is furnished to an indi-  
6 vidual under this title and is not furnished on  
7 an assignment-related basis, any additional ex-  
8 penses the individual incurs above the amount  
9 the individual would have incurred if the item  
10 or service was furnished on an assignment-re-  
11 lated basis shall not be considered incurred ex-  
12 penses for purposes of determining out-of-pock-  
13 et cost-sharing under paragraph (1).

14 “(3) APPLICATION.—For purposes of para-  
15 graph (1), the Secretary shall consider expenses to  
16 be incurred by the individual regardless of whether  
17 such costs are reimbursed through insurance or oth-  
18 erwise, a group health plan, or other third-party  
19 payment arrangement.

20 “(e) ANNOUNCEMENT.—Not later than the first  
21 Monday in April of each year (beginning with 2027), the  
22 Secretary shall determine, and shall announce (in a man-  
23 ner intended to provide notice to interested parties), the  
24 annual out-of-pocket limit under this section for the suc-  
25 ceeding year.

1       “(f) IMPLEMENTATION.—The Secretary shall estab-  
2 lish procedures to carry out this section, including proce-  
3 dures—

4           “(1) to track the amount of out-of-pocket cost-  
5 sharing incurred by applicable individuals for items  
6 and services covered under this title during a year;  
7 and

8           “(2) provide notice to the applicable individual  
9 and providers of services and suppliers who furnish  
10 items and services to the applicable individual when  
11 the applicable individual has incurred expenses that  
12 exceed the annual out-of-pocket limit under sub-  
13 section (b) for the year.

14       “(g) PAYMENT.—For provisions relating to payment  
15 for items and services furnished to an applicable individual  
16 once the annual out-of-pocket limit has been met, see sec-  
17 tions 1813(c) and 1833(ee).”.

18       (b) CONFORMING AMENDMENTS.—

19           (1) PART A.—Section 1813 of the Social Secu-  
20 rity Act (42 U.S.C. 1395e) is amended by adding at  
21 the end the following new subsection:

22       “(c)(1) Notwithstanding subsections (a) and (b), if  
23 the amount of the out-of-pocket cost-sharing for an appli-  
24 cable individual for a year (beginning with 2028) equals  
25 or exceeds the annual out-of-pocket limit under section

1 1899D(b) for that year, payment under this part with re-  
2 spect to any additional incurred expenses for items or  
3 services furnished to the applicable individual in the cal-  
4 endar year shall be made as if any reduction in the amount  
5 payable for such items or services under subsection (a)  
6 due to any deductible or coinsurance that would (but for  
7 the application of section 1899D) otherwise be applicable  
8 no longer applied.

9 “(2) In this subsection, the terms ‘applicable indi-  
10 vidual’ and ‘out-of-pocket cost sharing’ have the meaning  
11 given those terms in section 1899D.”.

12 (2) PART B.—

13 (A) PAYMENT.—Section 1833 of the Social  
14 Security Act (42 U.S.C. 1395l) is amended—

15 (i) by adding at the end the following  
16 new subsection:

17 “(ee)(1) Notwithstanding subsections (a) and (b), if  
18 the amount of the out-of-pocket cost-sharing for an appli-  
19 cable individual for a year (beginning with 2028) equals  
20 or exceeds the annual out-of-pocket limit under section  
21 1899D(b) for that year, payment under this part with re-  
22 spect to any additional incurred expenses for items or  
23 services furnished to the applicable individual in the cal-  
24 endar year shall be made as if—

1           “(A) the deductible under subsection (b) no  
2 longer applied;

3           “(B) the deduction described in the second sen-  
4 tence of subsection (b) (relating to blood) no longer  
5 applied; and

6           “(C) ‘100 percent’ and ‘0 percent’ were sub-  
7 stituted for ‘80 percent’ and ‘20 percent’, respec-  
8 tively, each place either appears in subsection (a), in  
9 subsection (i)(2), in section 1835(b)(2), and in sub-  
10 sections (b)(2) and (b)(3) of section 1881.

11          “(2) In this subsection, the terms ‘applicable indi-  
12 vidual’ and ‘out-of-pocket cost sharing’ have the meaning  
13 given those terms in section 1899D.”; and

14                       (ii) in subsections (c) and (g), by  
15 striking “(a) and (b)” each place it ap-  
16 pears and inserting “(a), (b), and (ee)”.

17           (B) LIMITATION ON CHARGES WHEN AN-  
18 NUAL LIMIT REACHED.—Section 1866(a)(2)(A)  
19 of the Social Security Act (42 U.S.C.  
20 1395cc(a)(2)(A)) is amended by adding at the  
21 end the following new sentence: “A provider of  
22 services may not impose a charge under the  
23 first sentence of this subparagraph for services  
24 for which payment is made to the provider pur-

1 suant to section 1833(ee) (relating to protection  
2 against high out-of-pocket expenses).”.

3 (C) BENEFICIARY PROTECTIONS.—Section  
4 1842(b)(3) of the Social Security Act (42  
5 U.S.C. 1395u(b)(3)) is amended—

6 (i) in subparagraph (L), by striking  
7 the period at the end and inserting “;  
8 and”; and

9 (ii) by inserting after subparagraph  
10 (L) the following new subparagraph:

11 “(M) if it makes determinations or payments  
12 with respect to items and services furnished by a  
13 physician for which payment is made pursuant to  
14 section 1833(ee) but not on an assignment-related  
15 basis, provide to the physician a notice that—

16 “(i) states that the individual provided the  
17 service has reached the annual out-of-pocket  
18 limit under section 1899D(b) for the year, and

19 “(ii) encourages the physician not to  
20 charge the individual amounts in excess of the  
21 reasonable charge recognized under this section  
22 and to accept payment on an assignment-re-  
23 lated basis for physicians’ services furnished the  
24 individual during the remainder of the year.”.

1 **SEC. 3. ENHANCEMENTS TO PROGRAMS THAT PROTECT**  
2 **LOW-INCOME MEDICARE BENEFICIARIES.**

3 (a) **ELIMINATION OF RESOURCE STANDARD FOR**  
4 **ELIGIBILITY AND ENROLLMENT DETERMINATIONS.—**

5 (1) **LIS.**—Section 1860D–14(a)(3)(A)(iii) of  
6 the Social Security Act (42 U.S.C. 1395w–  
7 114(a)(3)(A)(iii)) is amended by striking “meets”  
8 and inserting “with respect to a plan year beginning  
9 before January 1, 2028, meets”.

10 (2) **MSP.**—Section 1905(p)(1)(C) of the Social  
11 Security Act (42 U.S.C. 1396d(p)(1)(C)) is amended  
12 by striking “whose resources” and inserting “prior  
13 to January 1, 2028, whose resources”.

14 (b) **ALIGNING ELIGIBILITY CRITERIA ACROSS MSP**  
15 **AND LIS.—**

16 (1) **LIS.**—Section 1860D–14(a) of the Social  
17 Security Act (42 U.S.C. 1395w–114(a)) is amend-  
18 ed—

19 (A) in paragraph (1), in the matter pre-  
20 ceding subparagraph (A), by inserting “or, with  
21 respect to a plan year beginning on or after  
22 January 1, 2028, 200 percent” after “150 per-  
23 cent”; and

24 (B) in paragraph (3)(A)(ii), by inserting  
25 “(or, with respect to a plan year beginning on

1 or after January 1, 2028, 200 percent” after  
2 “150 percent”.

3 (2) MSP.—

4 (A) IN GENERAL.—Section 1905(p) of the  
5 Social Security Act (42 U.S.C. 1396d(p)) is  
6 amended—

7 (i) in paragraph (1)(B), by inserting  
8 “, except that, beginning with January 1,  
9 2028, the methodology used in determining  
10 income eligibility under this subsection  
11 shall be no more restrictive than the meth-  
12 odology used by the Social Security Admin-  
13 istration in making income determinations  
14 under section 1860D–14(a)(3)(C)” after  
15 “income program”; and

16 (ii) in paragraph (2)—

17 (I) in subparagraph (A)—

18 (aa) by striking “shall be at  
19 least” and inserting “shall be—  
20 “(i) prior to January 1, 2028, at least”;

21 (bb) in clause (i), as added  
22 by item (aa), by striking the pe-  
23 riod and inserting “; and”; and

24 (cc) by adding at the end  
25 the following new clause:



1 (A) LIS.—Section 1860D–14(a)(3)(B)(v)  
 2 of the Social Security Act (42 U.S.C. 1395w–  
 3 114(a)(3)(B)(v)) is amended to read as follows:

4 “(v) TREATMENT OF MEDICAID BENE-  
 5 FICIARIES.—Subject to subparagraph (F),  
 6 the Secretary shall treat a part D eligible  
 7 individual as a subsidy eligible individual  
 8 described in paragraph (1) if they are—

9 “(I) a full-benefit dual eligible in-  
 10 dividual (as defined in section  
 11 1935(e)(6));

12 “(II) a recipient of supplemental  
 13 security income benefits under title  
 14 XVI; or

15 “(III) determined for purposes of  
 16 the State plan under title XIX to be  
 17 eligible for medical assistance under  
 18 section 1902(a)(10)(E)(i).”.

19 (B) MSP.—Section 1905(p) of the Social  
 20 Security Act (42 U.S.C. 1396d(p)) is amended  
 21 by adding at the end the following new para-  
 22 graph:

23 “(7) Beginning January 1, 2028, a State shall pro-  
 24 vide that an individual described in paragraph (1)(A) who  
 25 is a subsidy eligible individual described in section 1860D–

1 14(a)(3) shall be treated as a qualified medicare bene-  
 2 ficiary described in paragraph (1).”.

3 (C) TREATMENT OF LEADS DATA.—

4 (i) TRANSMITTAL.—Section  
 5 1144(c)(3) of the Social Security Act (42  
 6 U.S.C. 1320b–14(c)(3)) is amended by  
 7 striking “which transmittal shall initiate  
 8 an application of the individual for benefits  
 9 under the Medicare Savings Program with  
 10 the State Medicaid agency” and inserting  
 11 “which the State Medicaid agency shall  
 12 treat as an application of the individual for  
 13 benefits under the Medicare Savings Pro-  
 14 gram consistent with section 1935(a)(4)”.

15 (ii) CONSIDERATION BY STATES.—

16 Section 1935(a)(4) of the Social Security  
 17 Act (42 U.S.C. 1396u–5(a)(4)) is amended  
 18 to read as follows:

19 “(4) CONSIDERATION OF DATA TRANSMITTED  
 20 BY THE SOCIAL SECURITY ADMINISTRATION FOR  
 21 PURPOSES OF MEDICARE SAVINGS PROGRAM.—

22 “(A) IN GENERAL.—The State shall accept  
 23 data transmitted under section 1144(c)(3)  
 24 and—

1           “(i) in the case of an individual who  
2           is a subsidy eligible individual described in  
3           section 1860D–14(a)(3), promptly treat  
4           such individual as a qualified medicare  
5           beneficiary described in 1905(p)(1); and

6           “(ii) in the case of any other indi-  
7           vidual who is likely to be a qualified medi-  
8           care beneficiary, as determined by the Sec-  
9           retary, act on such data in the same man-  
10          ner and in accordance with the same dead-  
11          lines as if the data constituted an initiation  
12          of an application for benefits under the  
13          Medicare Savings Program (as defined for  
14          purposes of section 1144(c)(3)) that had  
15          been submitted directly by the applicant.

16          “(B) DATE OF APPLICATION.—For pur-  
17          poses of subparagraph (A)(ii), the date of the  
18          individual’s application for the low income sub-  
19          sidy program from which the data have been  
20          derived shall constitute the date of filing of  
21          such application for benefits under the Medi-  
22          care Savings Program.”.

1                   (D) EFFECTIVE DATE.—The amendments  
2                   made by this paragraph shall take effect on  
3                   January 1, 2028.

○