

119TH CONGRESS
2D 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.

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

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

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

(2) MSP.—

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

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

(ii) in paragraph (2)—

(I) in subparagraph (A)—

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

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

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

1 “(ii) on or after January 1, 2028, 200 percent
2 of the poverty line applicable to a family of the size
3 involved.”; and

4 (II) by adding at the end the fol-
5 lowing new subparagraph:

6 “(E) With respect to eligibility for medical assistance
7 on or after January 1, 2028, in this paragraph, the defini-
8 tion of the term ‘family of the size involved’ shall be no
9 more restrictive than the definition of that term for pur-
10 poses of section 1860D–14.”.

11 (B) CONFORMING AMENDMENTS.—Title
12 XIX of the Social Security Act (42 U.S.C. 1396
13 et seq.) is amended—

14 (i) in section 1902(a)(10)(E)—

15 (I) in clause (iii), by striking “for
16 making” and inserting “prior to Jan-
17 uary 1, 2028, for making”; and

18 (II) in clause (iv), by striking
19 “subject to” and inserting “prior to
20 January 1, 2028, subject to”; and

21 (ii) in section 1933(a), by striking “A
22 State plan” and inserting “Prior to Janu-
23 ary 1, 2028, a State plan”.

24 (3) BIDIRECTIONAL ELIGIBILITY DEEMING BE-
25 TWEEN MSP AND LIS.—

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(c)(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.

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