

108TH CONGRESS  
1ST SESSION

# H. R. 2199

To amend title XVIII of the Social Security Act to provide for a voluntary program for limiting maximum out-of-pocket expenditures for beneficiaries under the Medicare Program.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 21, 2003

Mr. STARK introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title XVIII of the Social Security Act to provide for a voluntary program for limiting maximum out-of-pocket expenditures for beneficiaries under the Medicare 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Medicare Out-of-Pocket Spending Limit Act of 2003”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Establishment of medicare voluntary catastrophic coverage program.

“PART D—VOLUNTARY CATASTROPHIC BENEFIT PROGRAM

“Sec. 1860. Establishment of program.

“Sec. 1860A. Scope of benefits.

“Sec. 1860B. Eligibility and enrollment.

“Sec. 1860C. Monthly premium; collection of premiums.

“Sec. 1860E. Federal Catastrophic Insurance Account.

“Sec. 1860F. Appropriations to cover Government contributions.

Sec. 3. Medicaid buy-in of medicare catastrophic coverage for certain low-income individuals.

“Sec. 1860D. Special eligibility, enrollment, and copayment rules for low-income individuals.

1 **SEC. 2. ESTABLISHMENT OF MEDICARE VOLUNTARY CATA-**  
 2 **STROPHIC COVERAGE PROGRAM.**

3 (a) IN GENERAL.—Title XVIII of the Social Security  
 4 Act is amended—

5 (1) by redesignating part D as part E; and

6 (2) by inserting after part C the following new  
 7 part:

8 “PART D—VOLUNTARY CATASTROPHIC BENEFIT  
 9 PROGRAM

10 “ESTABLISHMENT OF PROGRAM

11 “SEC. 1860. There is established as a part of the  
 12 medicare program under this title a voluntary program to  
 13 cover catastrophic out-of-pocket costs incurred under  
 14 parts A and B.

15 “SCOPE OF BENEFITS

16 “SEC. 1860A. (a) IN GENERAL.—The benefits pro-  
 17 vided to an individual enrolled in the insurance program  
 18 under this part shall consist of elimination of further cost-

1 sharing (described in subsection (b)) for expenses incurred  
2 during a year after the individual has incurred cost-shar-  
3 ing totaling the catastrophic limit specified in subsection  
4 (c).

5 “(b) COST-SHARING COVERED.—

6 “(1) IN GENERAL.—For purposes of this part,  
7 the term ‘cost-sharing’ means costs incurred by an  
8 individual that are attributable to the following:

9 “(A) INPATIENT HOSPITAL DEDUCTIBLE  
10 AND HOSPITAL COINSURANCE.—Costs incurred  
11 for the deductible and coinsurance described in  
12 section 1813(a)(1).

13 “(2) BLOOD DEDUCTIBLE.—The deduction  
14 described in section 1813(a)(2).

15 “(C) SNF COINSURANCE.—Coinsurance  
16 described in section 1813(a)(3).

17 “(D) HOSPICE COINSURANCE.—Hospice  
18 coinsurance under section 1813(a)(4).

19 “(E) PART B DEDUCTIBLE AND COINSUR-  
20 ANCE.—Amounts charged as the deductible or  
21 coinsurance or copayments under part B, but  
22 not including any amounts owed in excess of  
23 the full payment rate recognized under this title  
24 with respect to the items or services involved.

1           “(2) TREATMENT OF INCURRED COSTS.—For  
2 purposes of this part, costs shall be treated as in-  
3 curred only if they were incurred during an individ-  
4 ual’s coverage period under this part and only if  
5 they were billed and owed, regardless of whether  
6 payment was or was not made by the individual or  
7 by another party (including by a group health plan,  
8 by a medicare supplemental health insurance policy,  
9 under title XIX, or otherwise).

10          “(c) CATASTROPHIC LIMIT.—

11           “(1) IN GENERAL.—The catastrophic limit  
12 under this subsection is equal to—

13                   “(A) for 2006, \$2000; or

14                   “(B) for a subsequent year, is equal to  
15 \$2,000 increased the percentage by which the  
16 average expenditures per full-year enrollee  
17 under this part for that subsequent year will ex-  
18 ceed such average for 2006.

19           “(2) ROUNDING.—Any amount computed under  
20 paragraph (1)(B) shall be rounded to the nearest  
21 \$50.

22           “(3) PROMULGATION.—Not later than Sep-  
23 tember 1 of each year (beginning with 2006) the  
24 Secretary shall determine the catastrophic limit  
25 under this subsection for the following year.

1       “(d) ADMINISTRATION OF BENEFITS.—The Sec-  
2 retary shall establish a method for the administration of  
3 this part through fiscal intermediaries and carriers under  
4 parts A and B in coordination with the payment of bene-  
5 fits under those parts. In carrying out this part—

6           “(1) to the maximum extent feasible, the Sec-  
7 retary shall provide for timely determination of eligi-  
8 bility and benefits so as to permit the adjustment of  
9 the amount of payments made to providers under  
10 such parts to take into account the catastrophic ben-  
11 efits provided under this part and to avoid the need  
12 for payment of covered cost-sharing by beneficiaries;

13           “(2) the Secretary shall develop a method for  
14 the reimbursement of individuals (or other parties)  
15 in cases in which they make payment for costs for  
16 which benefits are available under this part; and

17           “(3) the Secretary may enter into contracts  
18 with other parties to administer and facilitate ad-  
19 ministration of this part.

20       “(e) SOURCE OF PAYMENT.—Payment of benefits  
21 under this part shall be made from the Federal Cata-  
22 strophic Insurance Account within the Federal Supple-  
23 mentary Medical Insurance Trust Fund and shall be  
24 transferred (in a manner specified by the Secretary) to  
25 the Federal Hospital Insurance Trust Fund.

## 1                   “ELIGIBILITY AND ENROLLMENT

2           “SEC. 1860B. (a) ELIGIBILITY.—Every individual  
3 who, in or after 2006, is entitled to hospital insurance ben-  
4 efits under part A and is enrolled in the medical insurance  
5 program under part B is eligible to enroll in the insurance  
6 program under this part, during an enrollment period pre-  
7 scribed in or under this section, in such manner and form  
8 as may be prescribed by regulations.

9           “(b) ENROLLMENT.—

10           “(1) IN GENERAL.—Each individual who satis-  
11 fies subsection (a) shall be enrolled (or eligible to en-  
12 roll) in the program under this part in accordance  
13 with the provisions of section 1837 (other than sub-  
14 section (f)), as if that section applied to this part,  
15 except as otherwise explicitly provided in this part.

16           “(2) PENALTY FOR LATE ENROLLMENT.—Ex-  
17 cept as provided in subsection (d), section 1860D(b)  
18 (relating to loss of coverage under the medicaid pro-  
19 gram) or as otherwise explicitly provided, no indi-  
20 vidual shall be entitled to enroll in the program  
21 under this part at any time after the initial enroll-  
22 ment period without penalty, and in the case of all  
23 other late enrollments, the Secretary shall develop  
24 and apply a late enrollment penalty for the indi-

1       vidual that is similar to the late enrollment penalty  
2       described in section 1839(b).

3               “(3) SPECIAL ENROLLMENT PERIOD IN 2005.—

4                       “(A) IN GENERAL.—In the case of an indi-  
5       vidual who first satisfies subsection (a) on or  
6       before October 1, 2005, there shall be an initial  
7       general enrollment period beginning on such  
8       date and ending on March 31, 2006, during  
9       which the individual may enroll under this part.

10                      “(B) EFFECTIVE DATE OF COVERAGE.—

11       An individual who enrolls under the program  
12       under this part pursuant to subparagraph (A)  
13       shall be entitled to benefits under this part be-  
14       ginning on the first day of the month following  
15       the month in which such enrollment occurs, but  
16       in no case earlier than January 1, 2006.

17               “(c) PERIOD OF COVERAGE.—

18                      “(1) IN GENERAL.—Except as otherwise pro-  
19       vided in this part, an individual’s coverage under the  
20       program under this part shall be effective for the pe-  
21       riod provided in section 1838, as if that section ap-  
22       plied to the program under this part.

23                      “(2) PART D COVERAGE TERMINATED BY TER-  
24       MINATION OF COVERAGE UNDER PART A OR PART  
25       B.—In addition to the causes of termination speci-

1       fied in section 1838, an individual’s coverage under  
2       this part shall be terminated when the individual  
3       terminates coverage under either part A or part B,  
4       effective on the effective date of the earlier termi-  
5       nation of coverage under either such part.

6       “(d) ENROLLMENT FOR INDIVIDUALS WHOSE GROUP  
7 HEALTH PLAN COVERAGE ENDS.—The provisions of sec-  
8 tion 1837(i) shall apply with respect to enrollment under  
9 this part in the same manner as such section applies with  
10 respect to enrollment under part B.

11       “MONTHLY PREMIUM; COLLECTION OF PREMIUMS

12       “SEC. 1860C. (a) MONTHLY PREMIUM BASED ON  
13 PART B METHODOLOGY.—

14               “(1) DETERMINATION OF MONTHLY ACTUARIAL  
15 RATE AND MONTHLY PREMIUM.—The Secretary  
16 shall compute, with respect to this part and the Fed-  
17 eral Catastrophic Insurance Account, a monthly ac-  
18 tuarial rate and a monthly premium in the same  
19 manner as such a rate and premium is computed  
20 under section 1839(a) with respect to part B and  
21 the Federal Supplementary Medical Insurance Trust  
22 Fund.

23               “(2) APPLICATION OF PART B LATE ENROLL-  
24 MENT PENALTY AND RELATED PROVISIONS.—The  
25 provisions of subsections (b), (d), and (e) of section  
26 1839 shall apply with respect to enrollment under

1 this part and the premium established under para-  
2 graph (1) in the same manner as such provisions  
3 apply to enrollment under part B and the premium  
4 established under section 1839(a).

5 “(3) TREATMENT AS PART OF CONSOLIDATED  
6 PREMIUM.—The provisions of section 1839(f) shall  
7 be applied (after the first year in which this part is  
8 in effect) as if the premium established under this  
9 section were included as part of the premium under  
10 section 1839.

11 “(b) PAYMENT OF PREMIUMS.—

12 “(1) GENERALLY THROUGH DEDUCTION FROM  
13 SOCIAL SECURITY, RAILROAD RETIREMENT BENE-  
14 FITS, OR BENEFITS ADMINISTERED BY OPM.—

15 “(A) IN GENERAL.—In the case of an indi-  
16 vidual who is entitled to or receiving benefits as  
17 described in subsection (a), (b), or (d) of sec-  
18 tion 1840, premiums payable under this part  
19 shall be collected by deduction from such bene-  
20 fits at the same time and in the same manner  
21 as premiums payable under part B are collected  
22 pursuant to section 1840.

23 “(B) TRANSFERS OF DEDUCTION TO AC-  
24 COUNT.—The Secretary of the Treasury shall,  
25 from time to time, but not less often than quar-

1           terly, transfer premiums collected pursuant to  
2           subparagraph (A) to the Federal Catastrophic  
3           Insurance Account from the appropriate funds  
4           and accounts described in subsections (a)(2),  
5           (b)(2), and (d)(2) of section 1840, on the basis  
6           of the certifications described in such sub-  
7           sections. The amounts of such transfers shall be  
8           appropriately adjusted to the extent that prior  
9           transfers were too great or too small.

10           “(2) OTHERWISE THROUGH DIRECT PAYMENTS  
11           BY ENROLLEE TO SECRETARY.—

12                   “(A) IN THE CASE OF INADEQUATE DE-  
13           DUCTION.—An individual to whom paragraph  
14           (1) applies (other than an individual receiving  
15           benefits as described in section 1840(d)) and  
16           who estimates that the amount that will be  
17           available for deduction under such paragraph  
18           for any premium payment period will be less  
19           than the amount of the monthly premiums for  
20           such period may (under regulations) pay to the  
21           Secretary the estimated balance, or such great-  
22           er portion of the monthly premium as the indi-  
23           vidual chooses.

24                   “(B) OTHER CASES.—An individual en-  
25           rolled in the insurance program under this part

1 with respect to whom none of the preceding  
2 provisions of this subsection applies (or to  
3 whom section 1840(c) applies) shall pay pre-  
4 miums to the Secretary at such times and in  
5 such manner as the Secretary shall by regula-  
6 tions prescribe.

7 “(C) DEPOSIT OF PREMIUMS IN AC-  
8 COUNT.—Amounts paid to the Secretary under  
9 this paragraph shall be deposited in the Treas-  
10 ury to the credit of the Federal Catastrophic  
11 Insurance Account in the Federal Supple-  
12 mentary Medical Insurance Trust Fund.

13 “SPECIAL ELIGIBILITY, ENROLLMENT, AND COPAYMENT  
14 RULES FOR LOW-INCOME INDIVIDUALS

15 “SEC. 1860D. (a) STATE OPTIONS FOR COVERAGE:  
16 CONTINUATION OF MEDICAID COVERAGE OR ENROLL-  
17 MENT UNDER THIS PART.—

18 “(1) IN GENERAL.—The Secretary shall, at the  
19 request of a State, enter into an agreement with the  
20 State under which all individuals described in para-  
21 graph (2) are enrolled in the program under this  
22 part, without regard to whether any such individual  
23 has previously declined the opportunity to enroll in  
24 such program.

25 “(2) ELIGIBILITY GROUPS.—The individuals de-  
26 scribed in this paragraph, for purposes of paragraph

1 (1), are individuals who satisfy section 1860B(a)  
2 and who are—

3 “(A) in a coverage group or groups per-  
4 mitted under section 1843 (as selected by the  
5 State and specified in the agreement); or

6 “(B) qualified medicare catastrophic bene-  
7 ficiaries (as defined in section 1905(x)(1)).

8 “(3) COVERAGE PERIOD.—The period of cov-  
9 erage under this part of an individual enrolled under  
10 an agreement under this subsection shall be as fol-  
11 lows:

12 “(A) INDIVIDUALS ELIGIBLE (AT STATE  
13 OPTION) FOR PART B BUY-IN.—In the case of  
14 an individual described in subsection (a)(2)(A),  
15 the coverage period shall be the same period  
16 that applies (or would apply) pursuant to sec-  
17 tion 1843(d).

18 “(B) QUALIFIED MEDICARE CATA-  
19 STROPHIC BENEFICIARIES.—In the case of an  
20 individual described in subsection (a)(2)(B)—

21 “(i) the coverage period shall begin on  
22 the latest of—

23 “(I) January 1, 2006;

24 “(II) the first day of the third  
25 month following the month in which

1 the State agreement is entered into;  
2 or

3 “(III) the first day of the first  
4 month following the month in which  
5 the individual satisfies section  
6 1860B(a); and

7 “(ii) the coverage period shall end on  
8 the last day of the month in which the in-  
9 dividual is determined by the State to have  
10 become ineligible for medicare catastrophic  
11 coverage benefits.

12 “(4) ENROLLMENT FOR LOW-INCOME SUBSIDY  
13 THROUGH OTHER MEANS.—

14 “(A) FLEXIBILITY IN ENROLLMENT PROC-  
15 ESS.—With respect to low-income individuals  
16 residing in a State enrolling under this part on  
17 or after January 1, 2006, the Secretary shall  
18 provide for determinations of whether the indi-  
19 vidual is eligible for a subsidy and the amount  
20 of such individual’s income to be made under  
21 arrangements with appropriate entities other  
22 than State medicaid agencies.

23 “(B) USE OF CERTAIN INFORMATION.—  
24 Arrangements with entities under subparagraph  
25 (A) shall provide for —

1                   “(i) the use of existing Federal gov-  
2                   ernment databases to identify eligibility;  
3                   and

4                   “(ii) the use of information obtained  
5                   under section 154 of the Social Security  
6                   Act Amendments of 1994 for newly eligible  
7                   medicare beneficiaries, and the application  
8                   of such information with respect to other  
9                   medicare beneficiaries.

10           “(b) SPECIAL PART D ENROLLMENT OPPORTUNITY  
11 FOR INDIVIDUALS LOSING MEDICAID ELIGIBILITY.—

12                   “(1) IN GENERAL.—In the case of an individual  
13                   who—

14                           “(A) satisfies section 1860B(a); and

15                           “(B) loses eligibility for benefits under the  
16                   State plan under title XIX after having been  
17                   enrolled under such plan or having been deter-  
18                   mined eligible for such benefits;

19                   the Secretary shall provide an opportunity for enroll-  
20                   ment under the program under this part during the  
21                   period that begins on the date that such individual  
22                   loses such eligibility and ends on the date specified  
23                   by the Secretary.

24                   “(2) REFERENCE TO WAIVER OF LATE ENROLL-  
25                   MENT PENALTY.—For provision waiving imposition

1 of late enrollment penalty in the case of an enroll-  
2 ment of an individual under this part by reason of  
3 paragraph (1), see section 1860B(b)(2).

4 “(c) DEFINITION.—For purposes of this section, the  
5 term ‘State’ has the meaning given such term under sec-  
6 tion 1101(a) for purposes of title XIX.

7 “FEDERAL CATASTROPHIC INSURANCE ACCOUNT

8 “SEC. 1860E. (a) ESTABLISHMENT.—There is cre-  
9 ated within the Federal Supplementary Medical Insurance  
10 Trust Fund established by section 1841 an account to be  
11 known as the ‘Federal Catastrophic Insurance Account’  
12 (in this section referred to as the ‘Account’).

13 “(b) AMOUNTS IN ACCOUNT.—

14 “(1) IN GENERAL.—The Account shall consist  
15 of—

16 “(A) such amounts as may be deposited in,  
17 or appropriated to, such fund as provided in  
18 this part; and

19 “(B) such gifts and bequests as may be  
20 made as provided in section 201(i)(1).

21 “(2) SEPARATION OF FUNDS.—Funds provided  
22 under this part to the Account shall be kept sepa-  
23 rate from all other funds within the Federal Supple-  
24 mentary Medical Insurance Trust Fund.

25 “(c) PAYMENTS FROM ACCOUNT.—



1 (A) in subsection (a)(1)(A), by striking  
2 “parts A and B” inserting “parts A, B, and  
3 D”; and

4 (B) in subsection (i)(1), by striking “parts  
5 A and B” and inserting “parts A, B, and D”.

6 (2) VOLUNTARY BENEFICIARY ENROLLMENT  
7 FOR CATASTROPHIC COVERAGE.—Section  
8 1852(a)(1)(A) of such Act (42 U.S.C. 1395w–  
9 22(a)(1)(A)) is amended by inserting “(and under  
10 part D to individuals also enrolled under that part)”  
11 after “parts A and B”.

12 (3) PAYMENTS TO ORGANIZATIONS.—Section  
13 1853(a)(1)(A) of such Act (42 U.S.C. 1395w–  
14 23(a)(1)(A)) is amended—

15 (A) by inserting “determined separately for  
16 benefits under parts A and B and under part  
17 D (for individuals enrolled under that part)”  
18 after “as calculated under subsection (c)”;

19 (B) by striking “that area, adjusted for  
20 such risk factors” and inserting “that area. In  
21 the case of payment for benefits under parts A  
22 and B, such payment shall be adjusted for such  
23 risk factors as”; and

24 (C) by inserting before the last sentence  
25 the following: “In the case of the payments for

1 benefits under part D, such payment shall be  
2 adjusted for the risk factors of each enrollee as  
3 the Secretary determines to be feasible and ap-  
4 propriate.”.

5 (4) CALCULATION OF ANNUAL  
6 MEDICARE+CHOICE CAPITATION RATES.—Section  
7 1853(e) of such Act (42 U.S.C. 1395w-23(e)) is  
8 amended—

9 (A) in paragraph (1), in the matter pre-  
10 ceeding subparagraph (A), by inserting “for ben-  
11 efits under parts A and B” after “capitation  
12 rate”;

13 (B) in paragraph (6)(A), by striking “rate  
14 of growth in expenditures under this title” and  
15 inserting “rate of growth in expenditures for  
16 benefits available under parts A and B”; and

17 (C) by adding at the end the following new  
18 paragraph:

19 “(8) PAYMENT FOR CATASTROPHIC COV-  
20 ERAGE.—The Secretary shall determine a capitation  
21 rate for catastrophic coverage described in part D—

22 “(A) for 2006, which is based on the pro-  
23 jected national per capita costs for coverage  
24 under part D and associated claims processing

1 costs for beneficiaries under the original medi-  
2 care fee-for-service program; and

3 “(B) for each subsequent year, which shall  
4 be equal to the rate for the previous year up-  
5 dated by the Secretary’s estimate of the pro-  
6 jected per capita rate of growth in expenditures  
7 under this title for such coverage for an indi-  
8 vidual enrolled under part D.

9 The Secretary shall provide for an appropriate geo-  
10 graphic adjustment in such capitation rate to reflect  
11 differences (other than those reflected in the health  
12 status adjustments) in the average per capita ex-  
13 penditures under part D in the different geographic  
14 areas.”.

15 (5) REQUIREMENT FOR ADDITIONAL BENE-  
16 FITS.—Section 1854(f)(1) of such Act (42 U.S.C.  
17 1395w–24(f)(1)) is amended by adding at the end  
18 the following new sentence: “Such determination  
19 shall be made separately for benefits under parts A  
20 and B and for catastrophic coverage benefits under  
21 part D.”.

22 (c) CONFORMING REVISION OF MEDIGAP STAND-  
23 ARDS.—The provisions of section 1882(p)(1)(E) of the So-  
24 cial Security Act (42 U.S.C. 1395ss(p)(1)(E)) shall apply  
25 to the benefit changes effected by this section and the

1 standards for benefit packages previously established  
2 under section 1882(p) of such Act shall be revised to avoid  
3 duplication with the benefits provided under part D of title  
4 XVIII of such Act (as inserted by subsection (a)).

5 (d) CONFORMING AMENDMENTS TO FEDERAL SUP-  
6 PLEMENTARY HEALTH INSURANCE TRUST FUND.—Sec-  
7 tion 1841 of the Social Security Act (42 U.S.C. 1395t)  
8 is amended—

9 (1) in the last sentence of subsection (a)—

10 (A) by striking “and” after “section  
11 201(i)(1)”;

12 (B) by inserting before the period the fol-  
13 lowing: “, and such amounts as may be depos-  
14 ited in, or appropriated to, the Federal Cata-  
15 strophic Insurance Account established by sec-  
16 tion 1860E”;

17 (2) in subsection (g), by inserting after “by this  
18 part,” the following: “the payments provided for  
19 under part D (in which case the payments shall  
20 come from the Federal Catastrophic Insurance Ac-  
21 count in the Federal Supplementary Medical Insur-  
22 ance Trust Fund),”;

23 (3) in the first sentence of subsection (h), by  
24 inserting before the period the following: “and sec-  
25 tion 1860C(b)(1)(A) (in which case the payments

1 shall come from the Federal Catastrophic Insurance  
2 Account in the Federal Supplementary Medical In-  
3 surance Trust Fund)”; and

4 (4) in the first sentence of subsection (i)—

5 (A) by striking “and” after “section  
6 1840(b)(1)”; and

7 (B) by inserting before the period the fol-  
8 lowing: “, section 1860D(b)(1)(A) (in which  
9 case the payments shall come from the Federal  
10 Catastrophic Insurance Account in the Federal  
11 Supplementary Medical Insurance Trust  
12 Fund)”.

13 (e) APPLYING EXCLUSIONS FROM COVERAGE.—Sec-  
14 tion 1862(a) of such Act (42 U.S.C. 1395y(a)) is amended  
15 in the matter preceding paragraph (1) by striking “part  
16 A or part B” and inserting “part A, B, or D”.

17 **SEC. 3. MEDICAID BUY-IN OF MEDICARE CATASTROPHIC**  
18 **COVERAGE FOR CERTAIN LOW-INCOME INDI-**  
19 **VIDUALS.**

20 (a) STATE OPTION TO BUY-IN LOW-INCOME INDI-  
21 VIDUALS.—

22 (1) IN GENERAL.—Section 1902(a)(10)(E) of  
23 the Social Security Act (42 U.S.C. 1396a(a)(10)(E))  
24 is amended—

1 (A) by striking “and” at the end of clause  
2 (iii);

3 (B) by adding “and” at the end of clause  
4 (iv); and

5 (C) by adding at the end the following new  
6 clause:

7 “(v) at the option of a State, for mak-  
8 ing medical assistance available for medi-  
9 care catastrophic cost-sharing for qualified  
10 medicare catastrophic beneficiaries (as de-  
11 fined in subsection (x)(1)), regardless of  
12 whether or not such beneficiaries are oth-  
13 erwise eligible for medical assistance under  
14 this title;”.

15 (2) CONSTRUCTION.—Nothing in this section  
16 shall be construed as reducing the amount of med-  
17 ical assistance otherwise available to medicare bene-  
18 ficiaries under the medicaid program.

19 (b) ADDITIONAL FUNDS FOR TERRITORIES.—Section  
20 1108 of the Social Security Act (42 U.S.C. 1308) is  
21 amended—

22 (1) in subsection (f), by striking “subsection  
23 (g),” and inserting “subsections (g) and (h)”; and

24 (2) by adding at the end the following new sub-  
25 section:

1       “(h) ADDITIONAL MEDICAID PAYMENTS TO TERRI-  
2       TORIES FOR MEDICARE CATASTROPHIC COVERAGE.—

3               “(1) IN GENERAL.—In the case of a territory  
4       that develops and implements a plan described in  
5       paragraph (2) (for providing medical assistance with  
6       respect to the provision of catastrophic coverage to  
7       medicare beneficiaries), the amount otherwise deter-  
8       mined under subsection (f) (as increased under sub-  
9       section (g)) for the State shall be increased by the  
10      amount specified in paragraph (3).

11              “(2) PLAN.—The plan described in this para-  
12      graph is a plan that—

13                      “(A) provides medical assistance with re-  
14      spect to the provision of some or all medicare  
15      catastrophic coverage described in part D of  
16      title XVIII to low-income medicare bene-  
17      ficiaries; and

18                      “(B) assures that additional amounts re-  
19      ceived by the State that are attributable to the  
20      operation of this subsection are used only for  
21      such assistance.

22              “(3) INCREASED AMOUNT.—

23                      “(A) IN GENERAL.—The amount specified  
24      in this paragraph for a State for a year is equal  
25      to the product of—

1                   “(i) the aggregate amount specified in  
2                   subparagraph (B); and

3                   “(ii) the amount specified in sub-  
4                   section (g)(1) for that State, divided by the  
5                   sum of the amounts specified in such sec-  
6                   tion for all such States.

7                   “(B) AGGREGATE AMOUNT.—The aggre-  
8                   gate amount specified in this subparagraph  
9                   for—

10                   “(i) 2006, is equal to \$15,000,000; or

11                   “(ii) a subsequent year, is equal to  
12                   \$15,000,000 multiplied by the percentage  
13                   described in section 1860A(c)(1)(B) for  
14                   that subsequent year.”.

15                   (c) DEFINITIONS OF ELIGIBLE BENEFICIARIES AND  
16                   COVERAGE.—Section 1905 of the Social Security Act (42  
17                   U.S.C. 1396d) is amended by adding at the end the fol-  
18                   lowing new subsection:

19                   “(x)(1) The term ‘qualified medicare catastrophic  
20                   beneficiary’ means an individual—

21                   “(A) who is enrolled or enrolling under part D  
22                   of title XVIII; and

23                   “(B) whose income (as determined under sec-  
24                   tion 1612 for purposes of the supplemental security  
25                   income program, except as provided in subsection

1 (p)(2)(D)) is below 175 percent of the official pov-  
2 erty line (as referred to in subsection (p)(2)) appli-  
3 cable to a family of the size involved.

4 “(2) The term ‘medicare catastrophic cost-sharing’  
5 means the following:

6 “(A) In the case of a qualified medicare cata-  
7 strophic beneficiary whose income (as determined  
8 under paragraph (1)) is less than 150 percent of the  
9 official poverty line, premiums under section 1860D.

10 “(B) In the case of a qualified medicare cata-  
11 strophic beneficiary whose income (as determined  
12 under paragraph (1)) is at least 150 percent but less  
13 than 175 percent of the official poverty line, a per-  
14 centage of premiums under section 1860D, deter-  
15 mined on a linear sliding scale ranging from 100  
16 percent for individuals with incomes at 150 percent  
17 of such line to 0 percent for individuals with incomes  
18 at 175 percent of such line.

19 “(3) In the case of any State which is providing med-  
20 ical assistance to its residents under a waiver granted  
21 under section 1115, the Secretary shall require the State  
22 to meet the requirement of section 1902(a)(10)(E) in the  
23 same manner as the State would be required to meet such  
24 requirement if the State had in effect a plan approved  
25 under this title.”.

1 (d) 100 PERCENT FMAP FOR COST-SHARING.—The  
2 first sentence of section 1905(b) of such Act (42 U.S.C.  
3 1396d(b)) is amended—

4 (1) by striking “and” before “(4)”; and

5 (2) by inserting before the period at the end the  
6 following: “, and (5) with respect to the 50 States  
7 and the District of Columbia the Federal medical as-  
8 sistance percentage shall be 100 percent with respect  
9 to medicare catastrophic cost-sharing (as defined in  
10 subsection (x)(2))”.

11 (e) CONFORMING AMENDMENT.—Section 1905(a) of  
12 the Social Security Act (42 U.S.C. 1396d) is amended in  
13 the second sentence of the flush matter at the end by  
14 striking “premiums under part B” the first place it ap-  
15 pears and inserting “premiums under parts B and D”.

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