

113TH CONGRESS
1ST SESSION

H. R. 3639

To eliminate sequestration for the security-related functions, to be offset through reductions in payments under Medicare, agricultural subsidies, federal retirement, and the application of chained CPI, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 3, 2013

Mr. BRIDENSTINE introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committees on Ways and Means, Energy and Commerce, Agriculture, Oversight and Government Reform, and House Administration, 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

A BILL

To eliminate sequestration for the security-related functions, to be offset through reductions in payments under Medicare, agricultural subsidies, federal retirement, and the application of chained CPI, and for other purposes.

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 “Provide for the Common Defense Act of 2013”.

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

Sec. 1. Short title; table of contents.

TITLE I—ELIMINATION OF SEQUESTRATION FOR REVISED
 SECURITY CATEGORY

Sec. 101. Elimination of 251A reductions for revised security category in fiscal
 years 2014 and 2015.

TITLE II—OFFSETTING PAYMENT CHANGES

Subtitle A—Medicare

Sec. 201. Adjustments to calculation of Medicare part B and part D premiums
 for high-income beneficiaries.

Sec. 202. Increase in part B deductible for new enrollees.

Subtitle B—Agriculture

Sec. 211. Cap on overall rate of return for crop insurance providers.

Sec. 212. Cap on reimbursements for administrative and operating expenses of
 crop insurance providers.

Sec. 213. Reduction in share of crop insurance premium paid by Federal Crop
 Insurance Corporation.

Subtitle C—Federal Retirement

Sec. 221. Retirement contributions.

Sec. 222. Annuity supplement.

Sec. 223. Use of Chained Consumer Price Index.

Subtitle D—Chained CPI

Sec. 231. Change in index used to calculate Social Security cost-of-living ad-
 justments.

3 **TITLE I—ELIMINATION OF SE-**
 4 **QUESTRATION FOR REVISED**
 5 **SECURITY CATEGORY**

6 **SEC. 101. ELIMINATION OF 251A REDUCTIONS FOR REVISED**
 7 **SECURITY CATEGORY IN FISCAL YEARS 2014**
 8 **AND 2015.**

9 (a) ELIMINATION OF THE ADJUSTMENT UNDER SEC-
 10 TION 251A FOR FISCAL YEARS 2014 AND 2015.—Section

1 251A of the Balanced Budget and Emergency Deficit
2 Control Act of 1985 (2 U.S.C. 901a) is amended—

3 (1) in paragraphs (7)(B) and (8), by striking
4 “On the date” in each instance and inserting “Sub-
5 ject to paragraph (12), on the date”; and

6 (2) by adding at the end the following new
7 paragraph:

8 “(12) NO REDUCTIONS FOR REVISED SECURITY
9 CATEGORY IN FISCAL YEARS 2014 AND 2015.—Para-
10 graphs (7)(B) and (8) shall have no force or effect
11 for fiscal years 2014 and 2015 with respect to the
12 revised security category.”.

13 (b) DISCRETIONARY SPENDING LIMITS FOR THE RE-
14 VISED SECURITY CATEGORY IN FISCAL YEARS 2014 AND
15 2015.—For purposes of section 251(c) of the Balanced
16 Budget and Emergency Deficit Control Act of 1985 (as
17 modified by section 251A(2) of such Act), for fiscal years
18 2014 and 2015, the discretionary spending limit for the
19 revised security category in each such fiscal year shall be
20 \$552,000,000,000 and \$566,000,000,000, respectively.

**TITLE II—OFFSETTING
PAYMENT CHANGES
Subtitle A—Medicare**

SEC. 201. ADJUSTMENTS TO CALCULATION OF MEDICARE

**PART B AND PART D PREMIUMS FOR HIGH-
INCOME BENEFICIARIES.**

(a) INCREASE IN APPLICABLE PERCENTAGE USED TO CALCULATE PREMIUMS.—Section 1839(i)(3)(C)(i) of the Social Security Act (42 U.S.C. 1395r(i)(3)(C)(i)) is amended—

(1) by inserting after “IN GENERAL.—” the following:

“(I) YEARS BEFORE 2017.—For calendar years prior to 2017.”; and

(2) by adding at the end the following new subclause:

“(II) 2017 AND SUBSEQUENT YEARS.—For calendar year 2017 and each subsequent calendar year:

“If the modified adjusted gross income is:	The applicable percentage is:
More than \$85,000 but not more than \$107,000	40
More than \$107,000 but not more than \$160,000	55
More than \$160,000 but not more than \$214,000	70
More than \$214,000	90.”.

(b) TEMPORARY ADJUSTMENT TO INCOME THRESHOLDS USED TO CALCULATE PREMIUMS.—

1 (1) IN GENERAL.—Section 1839(i)(6) of the
2 Social Security Act (42 U.S.C. 1395r(i)(6)) is
3 amended in the matter preceding subparagraph (A)
4 by striking “December 31, 2019” and inserting
5 “December 31 of the year after 2019 that is the
6 first year after the year in which at least 25 percent
7 of individuals enrolled under this part are subject to
8 a reduction under this subsection to the monthly
9 amount of the premium subsidy applicable to the
10 premium under this section.”.

11 (2) APPLICATION OF INFLATION ADJUST-
12 MENT.—Section 1839(i)(5) of the Social Security
13 Act (42 U.S.C. 1395r(i)(5)) is amended—

14 (A) in subparagraph (A), by striking “In
15 the case” and inserting “Subject to subpara-
16 graph (C), in the case”; and

17 (B) by adding at the end the following new
18 subparagraph:

19 “(C) TREATMENT OF YEARS AFTER TEM-
20 PORARY ADJUSTMENT PERIOD.—In applying
21 subparagraph (A) for the first year beginning
22 after the period described in paragraph (6) and
23 for each subsequent year, the 12-month period
24 ending with August 2006 described in clause
25 (ii) of such subparagraph shall be deemed to be

1 the 12-month period ending with August of the
 2 last year of such period described in paragraph
 3 (6).”.

4 **SEC. 202. INCREASE IN PART B DEDUCTIBLE FOR NEW EN-**
 5 **ROLLEES.**

6 Section 1833 of the Social Security Act (42 U.S.C.
 7 1395l) is amended—

8 (1) in the first sentence of subsection (b), by in-
 9 serting “(subject to subsection (z))” after “for a
 10 subsequent year”; and

11 (2) by adding at the end the following:

12 “(z) HIGHER DEDUCTIBLE FOR NEW ENROLLEES.—

13 In the case of an individual who is not enrolled under this
 14 part before January 1, 2017, the amount of the deductible
 15 under subsection (b)—

16 “(1) for 2017 shall be the amount otherwise de-
 17 termined under such subsection for 2017 increased
 18 by \$25;

19 “(2) for 2018 shall be the amount otherwise de-
 20 termined under such subsection for 2018, taking
 21 into account the application of the previous para-
 22 graph;

23 “(3) for 2019 shall be the amount otherwise de-
 24 termined under such subsection for 2019, taking

1 into the application of the previous paragraphs, , in-
 2 creased by \$25;

3 “(4) for 2020 shall be the amount otherwise de-
 4 termined under such subsection for 2020, taking
 5 into account the application of the previous para-
 6 graphs, increased by \$25;

7 “(5) for 2021 shall be the amount otherwise de-
 8 termined under such subsection for 2021, taking
 9 into account the application of the previous para-
 10 graphs, increased by \$25; and

11 “(6) for any subsequent year shall be the
 12 amount otherwise determined under such subsection
 13 for such year, taking into account the application of
 14 the previous paragraphs and this paragraph for pre-
 15 vious years.”.

16 **Subtitle B—Agriculture**

17 **SEC. 211. CAP ON OVERALL RATE OF RETURN FOR CROP** 18 **INSURANCE PROVIDERS.**

19 Section 508(k) of the Federal Crop Insurance Act (7
 20 U.S.C. 1508(k)) is amended—

21 (1) by designating paragraph (3) as subpara-
 22 graph (A) (and adjusting the margin two ems to the
 23 right);

24 (2) by inserting before subparagraph (A) (as so
 25 designated) the following:

1 “(3) RISK.—”; and

2 (3) by adding at the end the following new sub-
3 paragraph:

4 “(B) CAP ON OVERALL RATE OF RE-
5 TURN.—The target rate of return for all the
6 companies combined for the 2014 and subse-
7 quent reinsurance years shall be 12.8 percent of
8 retained premium.”.

9 **SEC. 212. CAP ON REIMBURSEMENTS FOR ADMINISTRATIVE**
10 **AND OPERATING EXPENSES OF CROP INSUR-**
11 **ANCE PROVIDERS.**

12 Section 508(k)(4) of the Federal Crop Insurance Act
13 (7 U.S.C. 1508(k)(4)) is amended by adding at the end
14 the following new subparagraph:

15 “(G) ADDITIONAL CAP ON REIMBURSE-
16 MENTS.—Notwithstanding subparagraphs (A)
17 through (F), total reimbursements for adminis-
18 trative and operating costs for the 2014 insur-
19 ance year for all types of policies and plans of
20 insurance shall not exceed \$935,000,000. For
21 each subsequent insurance year, the dollar
22 amount in effect pursuant to the preceding sen-
23 tence shall be increased by the same inflation
24 factor as established for the administrative and

1 operating costs cap in the 2011 Standard Rein-
 2 surance Agreement.”.

3 **SEC. 213. REDUCTION IN SHARE OF CROP INSURANCE PRE-**
 4 **MIUM PAID BY FEDERAL CROP INSURANCE**
 5 **CORPORATION.**

6 (a) CATASTROPHIC RISK PROTECTION.—Section
 7 508(d)(2)(A) of the Federal Crop Insurance Act (7 U.S.C.
 8 1508(d)(2)(A)) is amended by striking “sufficient to cover
 9 anticipated losses and a reasonable reserve” and inserting
 10 “for all crops for which catastrophic risk protection cov-
 11 erage is available shall be reduced by the percentage equal
 12 to the difference between the average loss ratio for such
 13 crop and 100 percent, plus a reasonable reserve”.

14 (b) ADDITIONAL COVERAGE.—Section 508(e)(2) of
 15 the Federal Crop Insurance Act (7 U.S.C. 1508(e)(2)) is
 16 amended—

17 (1) in subparagraph (B)(i), by striking “67”
 18 and inserting “64”;

19 (2) in subparagraph (C)(i), by striking “64”
 20 and inserting “61”;

21 (3) in subparagraph (D)(i), by striking “59”
 22 and inserting “56”; and

23 (4) in subparagraph (E)(i), by striking “55”
 24 and inserting “52”.

1 (c) ENTERPRISE AND WHOLE FARM UNITS.—Sec-
2 tion 508(e)(5)(C) of the Federal Crop Insurance Act (7
3 U.S.C. 1508(e)(5)(C)) is amended by striking “80” and
4 inserting “77”.

5 (d) AREA REVENUE PLANS.—Section 508(e)(6) of
6 the Federal Crop Insurance Act (7 U.S.C. 1508(e)(6)) is
7 amended—

8 (1) in subparagraph (A)(i), by striking “59”
9 and inserting “56”; and

10 (2) in subparagraph (B)(i), by striking “55”
11 and inserting “52”.

12 (e) AREA YIELD PLANS.—Section 508(e)(7) of the
13 Federal Crop Insurance Act (7 U.S.C. 1508) is amend-
14 ed—

15 (1) in subparagraph (A)(i), by striking “59”
16 and inserting “56”;

17 (2) in subparagraph (B)(i), by striking “55”
18 and inserting “52”; and

19 (3) in subparagraph (C)(i), by striking “51”
20 and inserting “48”.

21 (f) EFFECTIVE DATE.—The amendments made by
22 this section shall apply with respect to the first contract
23 change date for a contract under the Federal Crop Insur-
24 ance Act occurring after the date of the enactment of this
25 Act.

1 **Subtitle C—Federal Retirement**

2 **SEC. 221. RETIREMENT CONTRIBUTIONS.**

3 (a) CIVIL SERVICE RETIREMENT SYSTEM.—

4 (1) INDIVIDUAL CONTRIBUTIONS.—Section
5 8334(c) of title 5, United States Code, is amended—

6 (A) by striking “(c) Each” and inserting
7 “(c)(1) Each”; and

8 (B) by adding at the end the following:

9 “(2) Notwithstanding any other provision of this sub-
10 section, the applicable percentage of basic pay under this
11 subsection for civilian service by an employee or Member
12 shall, for purposes of computing an amount—

13 “(A) for a period in calendar year 2014, be
14 equal to the applicable percentage under this sub-
15 section for calendar year 2013 plus an additional 0.4
16 percentage point;

17 “(B) for a period in calendar year 2015, be
18 equal to the applicable percentage under this sub-
19 section for calendar year 2014 (as determined under
20 subparagraph (A)) plus an additional 0.4 percentage
21 point;

22 “(C) for a period in calendar year 2016, be
23 equal to the applicable percentage under this sub-
24 section for calendar year 2015 (as determined under

1 subparagraph (B)) plus an additional 0.4 percentage
2 point; and

3 “(D) for a period in any calendar year after
4 2016, be equal to the applicable percentage under
5 this subsection for calendar year 2015 (as deter-
6 mined under subparagraph (C)).

7 “(3)(A) Notwithstanding subsection (a)(2), any ex-
8 cess contributions under subsection (a)(1)(A) (including
9 the portion of any deposit under this subsection allocable
10 to excess contributions) shall, if made by an employee of
11 the United States Postal Service or the Postal Regulatory
12 Commission, be deposited to the credit of the Postal Serv-
13 ice Fund under section 2003 of title 39, rather than the
14 Civil Service Retirement and Disability Fund.

15 “(B) For purposes of this paragraph, the term ‘ex-
16 cess contributions’, as used with respect to contributions
17 made under subsection (a)(1)(A) by an employee of the
18 United States Postal Service or the Postal Regulatory
19 Commission, means the amount by which—

20 “(i) deductions from basic pay of such employee
21 which are made under subsection (a)(1)(A), exceed

22 “(ii) deductions from basic pay of such em-
23 ployee which would have been so made if paragraph
24 (2) had not been enacted.”.

1 (2) GOVERNMENT CONTRIBUTIONS.—Section
2 8334(a)(1)(B) of title 5, United States Code, is
3 amended—

4 (A) in clause (i), by striking “Except as
5 provided in clause (ii),” and inserting “Except
6 as provided in clause (ii) or (iii),”; and

7 (B) by adding at the end the following:

8 “(iii) The amount to be contributed under clause (i)
9 shall, with respect to a period in any year beginning after
10 December 31, 2013, be equal to—

11 “(I) the amount which would otherwise apply
12 under clause (i) with respect to such period, reduced
13 by

14 “(II) the amount by which, with respect to such
15 period, the withholding under subparagraph (A) ex-
16 ceeds the amount which would otherwise have been
17 withheld from the basic pay of the employee or elect-
18 ed official involved under subparagraph (A) based on
19 the percentage applicable under subsection (c) for
20 calendar year 2013.”.

21 (b) INDIVIDUAL CONTRIBUTIONS UNDER THE FED-
22 ERAL EMPLOYEES’ RETIREMENT SYSTEM.—Section
23 8422(a)(3) of title 5, United States Code, is amended—

24 (1) by redesignating subparagraph (B) as sub-
25 paragraph (C); and

1 (2) by inserting after subparagraph (A) the fol-
2 lowing:

3 “(B) Notwithstanding any other provision of this
4 paragraph, the applicable percentage under this para-
5 graph for civilian service by employees or Members other
6 than revised annuity employees shall—

7 “(i) for a period in calendar year 2014, be
8 equal to the applicable percentage under this para-
9 graph for calendar year 2013 plus an additional 0.4
10 percentage point;

11 “(ii) for a period in calendar year 2015, be
12 equal to the applicable percentage under this para-
13 graph for calendar year 2014 (as determined under
14 clause (i)) plus an additional 0.4 percentage point;

15 “(iii) for a period in calendar year 2016, be
16 equal to the applicable percentage under this para-
17 graph for calendar year 2015 (as determined under
18 clause (ii)) plus an additional 0.4 percentage point;
19 and

20 “(iv) for a period in any calendar year after
21 2016, be equal to the applicable percentage under
22 this paragraph for calendar year 2016 (as deter-
23 mined under clause (iii)).”.

1 **SEC. 222. ANNUITY SUPPLEMENT.**

2 Section 8421(a) of title 5, United States Code, is
3 amended—

4 (1) in paragraph (1), by striking “paragraph
5 (3)” and inserting “paragraphs (3) and (4)”;

6 (2) in paragraph (2), by striking “paragraph
7 (3)” and inserting “paragraphs (3) and (4)”; and

8 (3) by adding at the end the following:

9 “(4) No annuity supplement under this section shall
10 be payable in the case of an individual who first becomes
11 subject to this chapter after December 31, 2013.”.

12 **SEC. 223. USE OF CHAINED CONSUMER PRICE INDEX.**

13 (a) IN GENERAL.—Paragraph (15) of section 8331
14 of title 5, United States Code, is amended to read as fol-
15 lows:

16 “(15) the term ‘price index’ means the Chained
17 Consumer Price Index (all items-all urban con-
18 sumers) published monthly by the Bureau of Labor
19 Statistics;”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall take effect on January 1, 2015, and
22 shall apply with respect to any cost-of-living adjustment
23 taking effect under section 8340 or 8462 of title 5, United
24 States Code, on or after that date.

Subtitle D—Chained CPI

SEC. 231. CHANGE IN INDEX USED TO CALCULATE SOCIAL SECURITY COST-OF-LIVING ADJUSTMENTS.

(a) IN GENERAL.—Section 215(i)(1) of the Social Security Act (42 U.S.C. 415(i)(1)) is amended—

(1) in subparagraph (G), by striking the period at the end and inserting “; and”; and

(2) by adding at the end the following new subparagraph:

“(H) the term ‘Consumer Price Index’ means the Chained Consumer Price Index for All Urban Consumers (C-CPI-U, as published in its initial version by the Bureau of Labor Statistics of the Department of Labor).”.

(b) APPLICATION TO PRE-1979 LAW.—

(1) IN GENERAL.—Section 215(i)(1) of the Social Security Act as in effect in December 1978, and as applied in certain cases under the provisions of such Act as in effect after December 1978, is amended—

(A) in subparagraph (C), by striking the period at the end and inserting “; and”; and

(B) by adding at the end the following new subparagraph:

1 “(D) the term ‘Consumer Price Index’ means
2 the Chained Consumer Price Index for All Urban
3 Consumers (C-CPI-U, as published in its initial
4 version by the Bureau of Labor Statistics of the De-
5 partment of Labor).”.

6 (2) CONFORMING CHANGE.—Section 215(i)(4)
7 of the Social Security Act (42 U.S.C. 415(i)(4)) is
8 amended by inserting “and by section 231 of the
9 Provide for the Common Defense Act of 2013” after
10 “1986”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply with respect to adjustments effec-
13 tive with or after December 2014.

○