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To amend title XIX of the Social Security Act to provide for a demonstration project under the Medicaid program for political subdivisions of States to provide medical assistance for the expansion population under such program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 2023

Mr. DOGGETT (for himself, Mr. ALLRED, Mr. BISHOP of Georgia, Ms. BUSH, Mr. CASAR, Ms. CASTOR of Florida, Mr. CASTRO of Texas, Mr. CLEAVER, Mr. COHEN, Mr. CONNOLLY, Mr. CUELLAR, Mr. DESAULNIER, Ms. ESCOBAR, Ms. LOIS FRANKEL of Florida, Ms. GARCIA of Texas, Mr. VICENTE GONZALEZ of Texas, Mr. GREEN of Texas, Ms. JACKSON LEE, Mr. JOHNSON of Georgia, Ms. MANNING, Mrs. MCBATH, Mr. NICKEL, Ms. NORTON, Mr. POCAN, Ms. ROSS, Mr. DAVID SCOTT of Georgia, Ms. SEWELL, Mr. SOTO, Mr. THOMPSON of Mississippi, Mr. VEASEY, Ms. WASSERMAN SCHULTZ, Ms. WILLIAMS of Georgia, Ms. WILSON of Florida, Ms. ADAMS, Mrs. CHERFILUS-McCORMICK, Ms. CROCKETT, Mr. MOSKOWITZ, Mr. DAVIS of North Carolina, Mr. CLYBURN, Mr. JACKSON of North Carolina, and Mrs. FLETCHER) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend title XIX of the Social Security Act to provide for a demonstration project under the Medicaid program for political subdivisions of States to provide medical assistance for the expansion population under such program, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Cover Outstanding
3 Vulnerable Expansion-eligible Residents Now Act” or the
4 “COVER Now Act”.

5 **SEC. 2. DEMONSTRATION PROJECT FOR POLITICAL SUB-**
6 **DIVISIONS OF STATES TO PROVIDE MEDICAL**
7 **ASSISTANCE FOR MEDICAID EXPANSION POP-**
8 **ULATION.**

9 (a) IN GENERAL.—Section 1902 of the Social Secu-
10 rity Act is amended—

11 (1) in subsection (a)—

12 (A) in paragraph (86), by striking at the
13 end “and”;

14 (B) in paragraph (87), by striking the pe-
15 riod at the end and inserting “; and”; and

16 (C) by inserting after paragraph (87) the
17 following new paragraph:

18 “(88) provide, at the option of the qualifying
19 political subdivisions of a State, for a demonstration
20 project described in subsection (uu).”; and

21 (2) by adding at the end the following new sub-
22 section:

23 “(uu) DEMONSTRATION PROJECT FOR POLITICAL
24 SUBDIVISIONS OF STATES TO PROVIDE MEDICAL ASSIST-
25 ANCE FOR EXPANSION POPULATION.—

1 “(1) IN GENERAL.—Notwithstanding section
2 subsection (a)(5), the Secretary shall conduct a dem-
3 onstration project under which the Secretary shall,
4 subject to paragraph (9), select qualifying political
5 subdivisions described in paragraph (2) to provide,
6 in accordance with the requirements of this sub-
7 section, medical assistance for individuals described
8 in subclause (VIII) of subsection (a)(10)(A)(i) who
9 reside in such political subdivisions in accordance
10 with the timeline specified under paragraph (8).

11 “(2) WAIVER AUTHORITY.—The Secretary may
12 waive the requirements of paragraphs (1) and (5) of
13 subsection (a) relating to statewideness and relating
14 to single state agency, respectively.

15 “(3) QUALIFYING POLITICAL SUBDIVISION.—A
16 qualifying political subdivision described in this
17 paragraph is—

18 “(A) a political subdivision—

19 “(i) located in a State that has not
20 elected to provide medical assistance for
21 individuals described in subclause (VIII) of
22 subsection (a)(10)(A)(i) as of the date of
23 the enactment of this subsection; and

24 “(ii) submits an application to the
25 Secretary—

1 “(I) at such time, in such man-
2 ner, and containing such information
3 as the Secretary may require; and

4 “(II) which has undergone a
5 process for public notice and comment
6 at the political subdivision level, in-
7 cluding public hearings, sufficient to
8 ensure a meaningful level of public
9 input; or

10 “(B) any number of political subdivisions
11 described in subparagraph (A) which form a
12 partnership for purposes of implementing the
13 demonstration project under this subsection.

14 “(4) LENGTH OF DEMONSTRATION PROJECT.—

15 “(A) IN GENERAL.—Subject to subpara-
16 graph (B), a qualifying political subdivision se-
17 lected to participate in the demonstration
18 project under this subsection or partnership de-
19 scribed in paragraph (3)(B) (referred to in this
20 subsection as a ‘participating political subdivi-
21 sion’) shall provide medical assistance for indi-
22 viduals described in subclause (VIII) of sub-
23 section (a)(10)(A)(i) for seven years or through
24 the day before the date on which the State in
25 which such political subdivision is located pro-

1 vides for medical assistance under the State
2 plan (or a waiver of such plan) for such individ-
3 uals, whichever is shorter.

4 “(B) EXTENSION.—A participating polit-
5 ical subdivision that participates in the dem-
6 onstration project under this subsection for five
7 years may extend its participation in the dem-
8 onstration project by submitting an application
9 to the Secretary at such time, in such manner,
10 and containing such information as the Sec-
11 retary may require. Under such extension, such
12 political subdivision shall provide medical assist-
13 ance for individuals described in subclause
14 (VIII) of subsection (a)(10)(A)(i) for up to an
15 additional five years or through the day before
16 the date on which the State in which such polit-
17 ical subdivision is located provides for medical
18 assistance under the State plan (or a waiver of
19 such plan) for such individuals, whichever is
20 shorter.

21 “(C) AUTOMATIC ENROLLMENT IN CASE
22 OF STATES THAT ELECT TO PROVIDE MEDICAL
23 ASSISTANCE FOR EXPANSION POPULATION.—In
24 the case of a participating political subdivision
25 whose participation in the demonstration

1 project under this subsection ends because the
2 State in which such political subdivision is lo-
3 cated elects to provide for medical assistance
4 under the State plan (or a waiver of such plan)
5 for individuals described in subclause (VIII) of
6 subsection (a)(10)(A)(i), such State shall auto-
7 matically enroll under such State plan (or waiv-
8 er) any eligible and enrolled individual so de-
9 scribed receiving medical assistance from such
10 political subdivision and coverage for such indi-
11 vidual under such State plan (or waiver) begin-
12 ning with the first day on which the State pro-
13 vides medical assistance under such State plan
14 (or waiver) for individuals described in sub-
15 clause (VIII) of subsection (a)(10)(A)(i).

16 “(5) PAYMENTS.—

17 “(A) IN GENERAL.—The Secretary shall
18 pay a participating political subdivision the
19 Federal matching percentage specified in sub-
20 paragraph (B) for amounts expended by such
21 political subdivision to provide medical assist-
22 ance for individuals described in subclause
23 (VIII) of subsection (a)(10)(A)(i).

24 “(B) CALCULATION OF FEDERAL AND
25 NON-FEDERAL SHARE.—Except as provided

1 under clause (ii) and subparagraph (C), the cal-
2 culation and payment of the Federal and non-
3 Federal share of expenditures for medical as-
4 sistance under a demonstration described in
5 paragraph (1) shall be calculated in accordance
6 with section 1903 as if the qualifying political
7 subdivision was a State.

8 “(C) FEDERAL MATCHING PERCENTAGE.—

9 The Federal matching percentage specified in
10 this subparagraph, with respect to a partici-
11 pating political subdivision and the demonstra-
12 tion project under this subsection, is—

13 “(i) 100 percent for calendar quarters
14 in the first three years that such political
15 subdivision participates in such demonstra-
16 tion project, if applicable;

17 “(ii) with respect to a participating
18 political subdivision which—

19 “(I) includes a rural political
20 subdivision (as defined by the Office
21 of Management and Budget), 100
22 percent for calendar quarters in the
23 fourth year that such political subdivi-
24 sion participates in such demonstra-
25 tion project, if applicable; and

1 “(II) does not include a rural po-
2 litical subdivision (as defined by the
3 Office of Management and Budget),
4 95 percent for calendar quarters in
5 the fourth year that such political
6 subdivision participates in such dem-
7 onstration project, if applicable;

8 “(iii) with respect to a participating
9 political subdivision which—

10 “(I) includes a rural political
11 subdivision (as defined by the Office
12 of Management and Budget), 95 per-
13 cent for calendar quarters in the fifth
14 year that such political subdivision
15 participates in such demonstration
16 project, if applicable; and

17 “(II) does not include a rural po-
18 litical subdivision (as defined by the
19 Office of Management and Budget),
20 94 percent for calendar quarters in
21 the fifth year that such political sub-
22 division participates in such dem-
23 onstration project, if applicable;

24 “(iv) with respect to a participating
25 political subdivision which—

1 “(I) includes a rural political
2 subdivision (as defined by the Office
3 of Management and Budget), 94 per-
4 cent for calendar quarters in the sixth
5 year that such political subdivision
6 participates in such demonstration
7 project, if applicable; and

8 “(II) does not include a rural po-
9 litical subdivision (as defined by the
10 Office of Management and Budget),
11 93 percent for calendar quarters in
12 the sixth year that such political sub-
13 division participates in such dem-
14 onstration project, if applicable;

15 “(v) with respect to a participating
16 political subdivision which—

17 “(I) includes a rural political
18 subdivision (as defined by the Office
19 of Management and Budget), 93 per-
20 cent for calendar quarters in the sev-
21 enth year that such political subdivi-
22 sion participates in such demonstra-
23 tion project, if applicable; and

24 “(II) does not include a rural po-
25 litical subdivision (as defined by the

1 Office of Management and Budget),
2 90 percent for calendar quarters in
3 the seventh year that such political
4 subdivision participates in such dem-
5 onstration project, if applicable; and
6 “(vi) 90 percent for calendar quarters
7 in the eighth year and any subsequent
8 years thereafter that such political subdivi-
9 sion participates in such demonstration
10 project, if applicable.

11 “(6) COMPARABILITY OF BENEFITS TO ESSEN-
12 TIAL HEALTH BENEFITS.—The medical assistance
13 made available by a participating political subdivi-
14 sion to individuals described in subclause (VIII) of
15 subsection (a)(10)(A)(i) shall consist of coverage de-
16 scribed in subsection (k)(1).

17 “(7) REDUCTION IN FEDERAL FUNDING FOR
18 MEDICAL ASSISTANCE FOR STATES THAT TAKE CER-
19 TAIN ACTIONS.—

20 “(A) IN GENERAL.—In the case of a State
21 that does any of the prohibited items described
22 in subparagraph (B), the Secretary shall with-
23 hold from the amount otherwise payable under
24 section 1903 an amount equal to 25 percent of

1 the amount of administrative costs under the
2 State plan under title XIX during a calendar.

3 “(B) PROHIBITED ITEMS.—For purposes
4 of subparagraph (A), a State may not—

5 “(i) shift the costs of providing med-
6 ical assistance to individuals enrolled under
7 a State plan under title XIX to a political
8 subdivision that establishes a demonstra-
9 tion project under this subsection by
10 disenrolling such individuals from the
11 State plan to the demonstration project of
12 the political subdivision;

13 “(ii) withhold or reduce any kind of
14 funding or State support to political sub-
15 division on account of the political subdivi-
16 sion’s establishment of a demonstration
17 project;

18 “(iii) increase taxes on taxpayers of a
19 political subdivision on account of the po-
20 litical subdivision’s establishment of a dem-
21 onstration project;

22 “(iv) require a political subdivision to
23 increase or lower a tax rate required by the
24 political subdivision on account of the po-

1 political subdivision’s establishment of a dem-
2 onstration project;

3 “ (v) prohibit a political subdivision
4 from participating in a demonstration
5 project pursuant to this subsection;

6 “ (vi) prohibit a political subdivision
7 from participating in a Federal demonstra-
8 tion project, establishing or expanding a
9 health coverage program, contracting or
10 otherwise entering into an agreement with
11 the Centers for Medicare & Medicaid Serv-
12 ices, or receiving Federal funding directly
13 from a Federal agency;

14 “ (vii) prohibit a health care provider,
15 hospital, federally qualified health center,
16 or rural health clinic from—

17 “ (I) accepting patients with
18 health coverage provided by a political
19 subdivision;

20 “ (II) accepting payments from a
21 political subdivision;

22 “ (III) making payments, includ-
23 ing taxes, to a political subdivision; or

24 “ (IV) participating in the State
25 Medicaid program on account of par-

1 participation in a demonstration project
2 pursuant to this subsection;

3 “(viii) refuse to allow a political sub-
4 division to rely on State Medicaid systems
5 and State Medicaid agency staff to imple-
6 ment a demonstration project, including—

7 “(I) the State’s Medicaid eligi-
8 bility check and enrollment system;

9 “(II) provider payment system;

10 “(III) claims processing system;

11 “(IV) fair hearing system; and

12 “(V) Federal reporting require-
13 ment system; or

14 “(ix) take any other punitive action
15 against a political subdivision that estab-
16 lish a demonstration project.

17 “(8) TIMELINE SPECIFIED.—For purposes of
18 paragraph (1), the timeline specified in this para-
19 graph shall require—

20 “(A) not later than 180 days after the date
21 of the enactment of this subsection, the Sec-
22 retary to promulgate any regulations necessary
23 to carry out this subsection, including—

24 “(i) the application requirements for a
25 political subdivision to apply for a dem-

1 onstration project, criteria on which appli-
2 cations will be reviewed, and how long po-
3 litical subdivisions have to begin the dem-
4 onstration once an application is approved;
5 and

6 “(ii) the application of all require-
7 ments under section 1903 to a partici-
8 pating political subdivision as if it was a
9 State;

10 “(B) not later than 180 days after receiv-
11 ing an application from a qualifying political
12 subdivision described in paragraph (3), the Sec-
13 retary to transmit a notice to such qualifying
14 political subdivision of the application’s ap-
15 proval or rejection, and in case of a rejection an
16 explanation for the rejection; and

17 “(C) not later than 7 years after the ap-
18 proval of an application, the Secretary to trans-
19 mit a notice to such qualifying political subdivi-
20 sion of the application’s approval or rejection
21 for an extension under this subsection.

22 “(9) LIMITATION ON NUMBER OF DEMONSTRA-
23 TION PROJECTS.—The Secretary may not approve
24 more than 100 demonstration projects under this
25 subsection, which may consist of demonstration

1 projects implemented by a single participating political
2 subdivision or implemented as partnerships
3 formed by multiple participating political subdivisions
4 (as described in paragraph (3)(B)).

5 “(10) APPLICATION WITHOUT REGARD TO
6 BUDGET NEUTRALITY.—The Secretary shall not re-
7 quire, as a condition for carrying out the demonstra-
8 tion project under this subsection, that the dem-
9 onstration project ensure that such model is budget
10 neutral initially with respect to expenditures under
11 the applicable title.

12 “(11) REPORT.—Not later than 4 years after
13 the first date of the demonstration project, the Sec-
14 retary shall submit a report to Congress on—

15 “(A) the effect of the demonstration
16 project on—

17 “(i) the number of beneficiaries en-
18 rolled in demonstration projects under this
19 subsection; and

20 “(ii) the amount of uncompensated
21 care costs for State Medicaid plans; and

22 “(B) whether any States with a dem-
23 onstration project under this subsection have
24 expanded Medicaid coverage under the Patient
25 Protection and Affordable Care Act.”

1 (b) PAYMENT TO STATES.—Section 1903(a) of the
2 Social Security Act (42 U.S.C. 1396b(a)) is amended—

3 (1) in paragraph (6)(B), by striking at the end
4 “and”;

5 (2) in paragraph (7), by striking the period at
6 the end and inserting “; and”; and

7 (3) by adding at the end the following new
8 paragraph:

9 “(8) an amount equal to an increase of 5 per-
10 centage points to Federal matching percentage for
11 administrative costs for every 100,000 individuals
12 described in paragraph (1) of section 1115(g) who
13 are enrolled in a demonstration project of a partici-
14 pating political subdivision (as referred to in para-
15 graph (4)(A) of such section) during a calendar
16 quarter.”.

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