

117TH CONGRESS
1ST SESSION

H. R. 3961

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

JUNE 17, 2021

Mr. DOGGETT (for himself, Ms. ADAMS, Mr. ALLRED, Mr. BISHOP of Georgia, Ms. BOURDEAUX, Ms. BUSH, Mr. BUTTERFIELD, Ms. CASTOR of Florida, Mr. CASTRO of Texas, Mr. CLEAVER, Mr. CLYBURN, Mr. COHEN, Mr. COOPER, Mr. CRIST, Mr. CUELLAR, Mrs. DEMINGS, Mr. DEUTCH, Ms. ESCOBAR, Mrs. FLETCHER, Ms. LOIS FRANKEL of Florida, Ms. GARCIA of Texas, Mr. VICENTE GONZALEZ of Texas, Mr. GREEN of Texas, Ms. JACKSON LEE, Ms. JOHNSON of Texas, Mr. JOHNSON of Georgia, Mr. LAWSON of Florida, Ms. MANNING, Mrs. MCBATH, Mrs. MURPHY of Florida, Mr. POCAN, Mr. PRICE of North Carolina, Ms. ROSS, Ms. SEWELL, Mr. DAVID SCOTT of Georgia, Mr. SOTO, Mr. THOMPSON of Mississippi, Mr. VEASEY, Mr. VELA, Ms. WASSERMAN SCHULTZ, Ms. WILLIAMS of Georgia, Ms. WILSON of Florida, and Mr. CONNOLLY) 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,*

3 **SECTION 1. SHORT TITLE.**

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

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

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

13 (1) in subsection (a)—

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

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

18 (C) by inserting after paragraph (87) the
19 following new paragraph:

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

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

1 “(tt) DEMONSTRATION PROJECT FOR POLITICAL
2 SUBDIVISIONS OF STATES TO PROVIDE MEDICAL ASSIST-
3 ANCE FOR EXPANSION POPULATION.—

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

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

18 “(3) QUALIFYING POLITICAL SUBDIVISION.—A
19 qualifying political subdivision described in this
20 paragraph is—

21 “(A) a political subdivision—

22 “(i) located in a State that has not
23 elected to provide medical assistance for
24 individuals described in subclause (VIII) of

1 subsection (a)(10)(A)(i) as of the date of
2 the enactment of this subsection; and

3 “(ii) submits an application to the
4 Secretary—

5 “(I) at such time, in such man-
6 ner, and containing such information
7 as the Secretary may require; and

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

14 “(B) any number of political subdivisions
15 described in subparagraph (A) which form a
16 partnership for purposes of implementing the
17 demonstration project under this subsection.

18 “(4) LENGTH OF DEMONSTRATION PROJECT.—

19 “(A) IN GENERAL.—Subject to subpara-
20 graph (B), a qualifying political subdivision se-
21 lected to participate in the demonstration
22 project under this subsection or partnership de-
23 scribed in paragraph (3)(B) (referred to in this
24 subsection as a ‘participating political subdivi-
25 sion’) shall provide medical assistance for indi-

1 individuals described in subclause (VIII) of sub-
2 section (a)(10)(A)(i) for seven years or through
3 the day before the date on which the State in
4 which such political subdivision is located pro-
5 vides for medical assistance under the State
6 plan (or a waiver of such plan) for such individ-
7 uals, whichever is shorter.

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

1 “(C) AUTOMATIC ENROLLMENT IN CASE
2 OF STATES THAT ELECT TO PROVIDE MEDICAL
3 ASSISTANCE FOR EXPANSION POPULATION.—In
4 the case of a participating political subdivision
5 whose participation in the demonstration
6 project under this subsection ends because the
7 State in which such political subdivision is lo-
8 cated elects to provide for medical assistance
9 under the State plan (or a waiver of such plan)
10 for individuals described in subclause (VIII) of
11 subsection (a)(10)(A)(i), such State shall auto-
12 matically enroll under such State plan (or waiv-
13 er) any eligible and enrolled individual so de-
14 scribed receiving medical assistance from such
15 political subdivision and coverage for such indi-
16 vidual under such State plan (or waiver) begin-
17 ning with the first day on which the State pro-
18 vides medical assistance under such State plan
19 (or waiver) for individuals described in sub-
20 clause (VIII) of subsection (a)(10)(A)(i).

21 “(5) PAYMENTS.—

22 “(A) IN GENERAL.—The Secretary shall
23 pay a participating political subdivision the
24 Federal matching percentage specified in sub-
25 paragraph (B) for amounts expended by such

1 political subdivision to provide medical assist-
2 ance for individuals described in subclause
3 (VIII) of subsection (a)(10)(A)(i).

4 “(B) CALCULATION OF FEDERAL AND
5 NON-FEDERAL SHARE.—Except as provided
6 under clause (ii) and subparagraph (C), the cal-
7 culation and payment of the Federal and non-
8 Federal share of expenditures for medical as-
9 sistance under a demonstration described in
10 paragraph (1) shall be calculated in accordance
11 with section 1903 as if the qualifying political
12 subdivision was a State.

13 “(C) FEDERAL MATCHING PERCENTAGE.—
14 The Federal matching percentage specified in
15 this subparagraph, with respect to a partici-
16 pating political subdivision and the demonstra-
17 tion project under this subsection, is—

18 “(i) 100 percent for calendar quarters
19 in the first three years that such political
20 subdivision participates in such demonstra-
21 tion project, if applicable;

22 “(ii) with respect to a participating
23 political subdivision which—

24 “(I) includes a rural political
25 subdivision (as defined by the Office

1 of Management and Budget), 100
2 percent for calendar quarters in the
3 fourth year that such political subdivi-
4 sion participates in such demonstra-
5 tion project, if applicable; and

6 “(II) does not include a rural po-
7 litical subdivision (as defined by the
8 Office of Management and Budget),
9 95 percent for calendar quarters in
10 the fourth year that such political
11 subdivision participates in such dem-
12 onstration project, if applicable;

13 “(iii) with respect to a participating
14 political subdivision which—

15 “(I) includes a rural political
16 subdivision (as defined by the Office
17 of Management and Budget), 95 per-
18 cent for calendar quarters in the fifth
19 year that such political subdivision
20 participates in such demonstration
21 project, if applicable; and

22 “(II) does not include a rural po-
23 litical subdivision (as defined by the
24 Office of Management and Budget),
25 94 percent for calendar quarters in

1 the fifth year that such political sub-
2 division participates in such dem-
3 onstration project, if applicable;

4 “(iv) with respect to a participating
5 political subdivision which—

6 “(I) includes a rural political
7 subdivision (as defined by the Office
8 of Management and Budget), 94 per-
9 cent for calendar quarters in the sixth
10 year that such political subdivision
11 participates in such demonstration
12 project, if applicable; and

13 “(II) does not include a rural po-
14 litical subdivision (as defined by the
15 Office of Management and Budget),
16 93 percent for calendar quarters in
17 the sixth year that such political sub-
18 division participates in such dem-
19 onstration project, if applicable;

20 “(v) with respect to a participating
21 political subdivision which—

22 “(I) includes a rural political
23 subdivision (as defined by the Office
24 of Management and Budget), 93 per-
25 cent for calendar quarters in the sev-

1 enth year that such political subdivi-
2 sion participates in such demonstra-
3 tion project, if applicable; and

4 “(II) does not include a rural po-
5 litical subdivision (as defined by the
6 Office of Management and Budget),
7 90 percent for calendar quarters in
8 the seventh year that such political
9 subdivision participates in such dem-
10 onstration project, if applicable; and

11 “(vi) 90 percent for calendar quarters
12 in the eighth year and any subsequent
13 years thereafter that such political subdivi-
14 sion participates in such demonstration
15 project, if applicable.

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

22 “(7) REDUCTION IN FEDERAL FUNDING FOR
23 MEDICAL ASSISTANCE FOR STATES THAT TAKE CER-
24 TAIN ACTIONS.—

1 “(A) IN GENERAL.—In the case of a State
2 that does any of the prohibited items described
3 in subparagraph (B), the Secretary shall with-
4 hold from the amount otherwise payable under
5 section 1903 an amount equal to 25 percent of
6 the amount of administrative costs under the
7 State plan under title XIX during a calendar.

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

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

18 “(ii) withhold or reduce any kind of
19 funding or State support to political sub-
20 division on account of the political subdivi-
21 sion’s establishment of a demonstration
22 project;

23 “(iii) increase taxes on taxpayers of a
24 political subdivision on account of the po-

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

3 “(iv) require a political subdivision to
4 increase or lower a tax rate required by the
5 political subdivision on account of the po-
6 litical subdivision’s establishment of a dem-
7 onstration project;

8 “(v) prohibit a political subdivision
9 from participating in a demonstration
10 project pursuant to this subsection;

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

19 “(vii) prohibit a health care provider,
20 hospital, federally qualified health center,
21 or rural health clinic from—

22 “(I) accepting patients with
23 health coverage provided by a political
24 subdivision;

1 “(II) accepting payments from a
2 political subdivision;

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

5 “(IV) participating in the State
6 Medicaid program on account of par-
7 ticipation in a demonstration project
8 pursuant to this subsection;

9 “(viii) refuse to allow a political sub-
10 division to rely on State Medicaid systems
11 and state Medicaid agency staff to imple-
12 ment a demonstration project, including—

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

15 “(II) provider payment system;

16 “(III) claims processing system;

17 “(IV) fair hearing system; and

18 “(V) Federal reporting require-
19 ment system; or

20 “(ix) take any other punitive action
21 against a political subdivision that estab-
22 lish a demonstration project.

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

1 “(A) not later than 180 days after the date
2 of the enactment of this subsection, the Sec-
3 retary to promulgate any regulations necessary
4 to carry out this subsection, including—

5 “(i) the application requirements for a
6 political subdivision to apply for a dem-
7 onstration project, criteria on which appli-
8 cations will be reviewed, and how long po-
9 litical subdivisions have to begin the dem-
10 onstration once an application is approved;
11 and

12 “(ii) the application of all require-
13 ments under section 1903 to a partici-
14 pating political subdivision as if it was a
15 State;

16 “(B) not later than 180 days after receiv-
17 ing an application from a qualifying political
18 subdivision described in paragraph (3), the Sec-
19 retary to transmit a notice to such qualifying
20 political subdivision of the application’s ap-
21 proval or rejection, and in case of a rejection an
22 explanation for the rejection; and

23 “(C) not later than 7 years after the ap-
24 proval of an application, the Secretary to trans-
25 mit a notice to such qualifying political subdivi-

1 sion of the application’s approval or rejection
2 for an extension under this subsection.

3 “(9) LIMITATION ON NUMBER OF DEMONSTRA-
4 TION PROJECTS.—The Secretary may not approve
5 more than 100 demonstration projects under this
6 subsection, which may consist of demonstration
7 projects implemented by a single participating polit-
8 ical subdivision or implemented as partnerships
9 formed by multiple participating political subdivi-
10 sions (as described in paragraph (3)(B)).

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

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

21 “(A) the effect of the demonstration
22 project on—

23 “(i) the number of beneficiaries en-
24 rolled in demonstration projects under this
25 subsection; and

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

3 “(B) whether any States with a dem-
4 onstration project under this subsection have
5 expanded Medicaid coverage under the Patient
6 Protection and Affordable Care Act.”.

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

9 (1) in paragraph (6)(B), by striking at the end
10 “plus”;

11 (2) in paragraph (7), by striking the period at
12 the end and inserting “; plus”; and

13 (3) by adding at the end the following new
14 paragraph:

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

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