

114TH CONGRESS  
2D SESSION

# H. R. 4801

To amend title XXVII of the Public Health Service Act, and title XVIII of the Social Security Act, to direct the Secretary of Health and Human Services to conduct audits of medical loss ratio reports submitted by health insurance issuers, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2016

Ms. MICHELLE LUJAN GRISHAM of New Mexico (for herself and Ms. SCHA-KOWSKY) 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 XXVII of the Public Health Service Act, and title XVIII of the Social Security Act, to direct the Secretary of Health and Human Services to conduct audits of medical loss ratio reports submitted by health insurance issuers, 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 “Medical Loss Ratio  
5 Accountability Act of 2016”.

1 **SEC. 2. AUDITS OF MEDICAL LOSS RATIO REPORTS SUB-**  
2 **MITTED WITH RESPECT TO GROUP OR INDI-**  
3 **VIDUAL HEALTH INSURANCE COVERAGE.**

4 Section 2718 of the Public Health Service Act (42  
5 U.S.C. 300gg–18) is amended—

6 (1) in subsection (b)(3), by inserting “, includ-  
7 ing with respect to the submission of any informa-  
8 tion that, pursuant to an audit conducted under sub-  
9 section (f), is found to be untruthful or inaccurate”  
10 after “penalties”; and

11 (2) by adding at the end the following new sub-  
12 section:

13 “(f) AUDITS.—

14 “(1) IN GENERAL.—Beginning with the first  
15 plan year that begins after the date of the enact-  
16 ment of the Medical Loss Ratio Accountability Act  
17 of 2016, the Secretary shall, with respect to a statis-  
18 tically significant percentage of the reports sub-  
19 mitted under this section by health insurance issuers  
20 offering group or individual health insurance cov-  
21 erage (including grandfathered health plans), con-  
22 duct audits of the books and records (or such other  
23 information as may be necessary) of such health in-  
24 surance issuers to verify that the information con-  
25 tained in each such report is truthful and accurate.

1           “(2) SELECTION OF REPORTS FOR AUDITS.—In  
2           selecting reports to be audited under paragraph (1),  
3           the Secretary shall ensure that, for a plan year, the  
4           health insurance issuers whose reports are selected  
5           for such audits are representative of the health in-  
6           surance issuers that submitted such reports for such  
7           plan year.

8           “(3) AUTHORITY TO ENTER INTO CONTRACTS  
9           OR COOPERATIVE AGREEMENTS.—The Secretary  
10          may, for purposes of conducting audits under para-  
11          graph (1), enter into a contract or cooperative agree-  
12          ment with a private entity.

13          “(4) REPORT TO CONGRESS.—Beginning 18  
14          months after the date of the enactment of the Med-  
15          ical Loss Ratio Accountability Act of 2016 and each  
16          year thereafter, the Secretary shall submit to Con-  
17          gress a report on the results of audits conducted  
18          under this section with respect to the previous plan  
19          year.”.

20 **SEC. 3. APPLICATION TO PARTS C AND D OF THE MEDI-**  
21 **CARE PROGRAM.**

22          Section 1857(e)(4) of the Social Security Act (42  
23          U.S.C. 1395w-27(e)(4)) is amended by adding at the end  
24          the following new flush sentence:

1 “In the case that audits have been conducted by the Sec-  
2 retary (such as the audits conducted under section 2718(f)  
3 of the Public Health Service Act) of the books and records  
4 (or of such other information as may be necessary) of an  
5 MA plan for a contract year that begins on or after the  
6 date of the enactment of the Medical Loss Ratio Account-  
7 ability Act of 2016, a determination that is made under  
8 this paragraph for such MA plan for such contract year  
9 shall be based upon one or more reports (or other submis-  
10 sions of information) by the MA plan with respect to which  
11 the Secretary has verified, through such audits of such  
12 MA plan, that the information contained in such reports  
13 (or other submissions) is truthful and accurate.”.

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