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(Original Signature of Member)

112TH CONGRESS
2D SESSION

H. R. _____

To provide a demonstration project under which Medicare and Medicaid beneficiaries are provided the choice of health benefits coverage and access to a debit style card for the purpose of purchasing qualified health benefits coverage and paying for other health care expenses.

IN THE HOUSE OF REPRESENTATIVES

Mr. NUNES introduced the following bill; which was referred to the Committee
on _____

A BILL

To provide a demonstration project under which Medicare and Medicaid beneficiaries are provided the choice of health benefits coverage and access to a debit style card for the purpose of purchasing qualified health benefits coverage and paying for other health care expenses.

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 “Choice in Healthcare
5 Act”.

1 **SEC. 2. MEDICARE AND MEDICAID CHOICE.**

2 (a) IN GENERAL.—Notwithstanding any other provi-
3 sion of law, the Secretary of Health and Human Services
4 (referred to in this Act as the “Secretary”) shall establish
5 a demonstration program (referred to in this Act as the
6 “demonstration program”) under which Medicare and
7 Medicaid eligible beneficiaries (as defined in section 4) are
8 provided—

9 (1) the option of purchasing qualifying health
10 benefits coverage; and

11 (2) access to a debit style card (referred to in
12 this Act as a “Medi-Choice card”) for the purpose
13 of purchasing health benefits coverage in accordance
14 with the demonstration program and for paying cer-
15 tain other out-of-pocket health care expenditures.

16 (b) QUALIFYING HEALTH BENEFITS COVERAGE.—In
17 this Act, the term “qualifying health benefits coverage”
18 means health benefits coverage that meets the following
19 requirements:

20 (1) BENEFITS COVERAGE.—In the case of—

21 (A) a dual eligible beneficiary, the coverage
22 provides benefits that are at least as com-
23 prehensive as the benefits provided, as of the
24 date of the date of the enactment of this Act,
25 under parts A, B, and D of title XVIII of the
26 Social Security Act and under the State Med-

1 icaid plan under title XIX of such Act in Cali-
2 fornia;

3 (B) a Medicare eligible beneficiary who is
4 not a dual eligible beneficiary, the coverage pro-
5 vides benefits that are at least as comprehen-
6 sive as the benefits provided, as of the date of
7 the date of the enactment of this Act, under
8 parts A, B, and D of title XVIII of the Social
9 Security Act; and

10 (C) a Medicaid eligible beneficiary who is
11 not a dual eligible beneficiary, the coverage pro-
12 vides benefits that are at least as comprehen-
13 sive as the benefits provided, as of the date of
14 the enactment of this Act, under the State
15 Medicaid plan under title XIX of the Social Se-
16 curity Act in California.

17 (2) GUARANTEE ISSUE; NO PREEXISTING CON-
18 DITION EXCLUSIONS.—The coverage is offered and
19 available under the demonstration program on a
20 guaranteed issue basis without regard to health sta-
21 tus and does not apply any preexisting condition ex-
22 clusion (as defined in section 2701(b)(1)(A) of the
23 Public Health Service Act).

24 (3) COMMUNITY RATING.—Premiums for the
25 coverage are uniform and do not vary by age, health

1 status, geographic area, or other characteristics of
2 the enrolled individual.

3 **SEC. 3. MEDI-CHOICE CARD.**

4 (a) PROVISION.—The Secretary shall enter into a
5 contract with a major credit card provider or financial in-
6 stitution for the purpose of issuing Medi-Choice cards
7 under the demonstration program.

8 (b) USE.—

9 (1) TOWARD PURCHASING QUALIFYING BENE-
10 FITS COVERAGE.—Medi-Choice cards shall be used
11 to purchase qualifying health benefits coverage for
12 eligible beneficiaries enrolled in the demonstration
13 program.

14 (2) TOWARD OUT OF POCKET COSTS.—Amounts
15 remaining on such a card after the application of
16 paragraph (1) may be used—

17 (A) to pay copayments or deductibles and
18 other cost sharing on behalf of enrolled eligible
19 beneficiaries; and

20 (B) for other qualified medical expenses
21 (as defined in section 223(d)(2) of the Internal
22 Revenue Code of 1986) of such beneficiaries.

23 (3) UNUSED AMOUNT.—Amounts on a Medi-
24 Choice card not otherwise used under this paragraph
25 shall remain available under the card until expended

1 by or on behalf of an enrolled eligible beneficiary
2 during the period of participation in the demonstra-
3 tion program.

4 **SEC. 4. ELIGIBLE BENEFICIARIES.**

5 (a) IN GENERAL.—In this Act, the term “eligible
6 beneficiary” means an individual—

7 (1) who is a legal permanent resident of the
8 United States residing within the area covered by
9 the demonstration program; and

10 (2)(A) who is eligible for medical assistance for
11 full benefits under the State plan under title XIX of
12 the Social Security Act for California as of the date
13 of the enactment of this Act; or

14 (B) who is entitled to benefits under part A of
15 title XVIII of the Social Security Act.

16 (b) EXCLUSION.—The term “eligible beneficiary”
17 does not include any individual for a month if the indi-
18 vidual, as of the first day of the month is—

19 (1) enrolled by reason of disability in the pro-
20 gram under title XIX of the Social Security Act;

21 (2) entitled to benefits under chapter 55 of title
22 10, United States Code, including under the
23 TRICARE program (as defined in section 1072(7)
24 of such title);

1 (3) imprisoned under Federal, State, or local
2 authority; or

3 (4) an alien who is not a lawful permanent resi-
4 dent of the United States.

5 (c) REFERENCES.—In this Act:

6 (1) MEDICARE ELIGIBLE BENEFICIARY.—The
7 term “Medicare eligible beneficiary” means an eligi-
8 ble beneficiary described in subsection (a)(2)(B).

9 (2) MEDICAID ELIGIBLE BENEFICIARY.—The
10 term “Medicaid eligible beneficiary” means an eligi-
11 ble beneficiary described in subsection (a)(2)(A).

12 (3) DUAL ELIGIBLE BENEFICIARY.—The term
13 “dual eligible beneficiary” means an eligible bene-
14 ficiary who is both a Medicare eligible beneficiary
15 and a Medicaid eligible beneficiary.

16 **SEC. 5. FUNDING OF MEDI-CHOICE CARDS.**

17 (a) AMOUNTS.—Under the demonstration program,
18 subject to the succeeding subsections, the Secretary shall
19 make funds available through the Medi-Choice card as fol-
20 lows:

21 (1) DUAL ELIGIBLE BENEFICIARIES.—For a
22 dual eligible beneficiary the annual amount of the
23 deposit—

24 (A) for 2012 is equal to the sum of—

1 (i) the United States average nominal
2 dollar value of medical assistance under
3 title XIX of the Social Security Act; and

4 (ii) the United States average nominal
5 dollar value of the benefits under parts A,
6 B, and D of title XVIII of such Act;

7 (B) for any subsequent year is equal to the
8 annual amount specified in this paragraph for
9 the preceding year increased by the annual in-
10 flation adjustment described in subsection (d)
11 for such subsequent year.

12 (2) OTHER MEDICAID ELIGIBLE BENE-
13 FICIARIES.—For a Medicaid eligible beneficiary who
14 is not a dual eligible beneficiary, the annual amount
15 of the deposit—

16 (A) for 2012 is equal to the United States
17 average nominal dollar value of medical assist-
18 ance under title XIX of the Social Security Act;
19 and

20 (B) for any subsequent year is equal to the
21 annual amount specified in this paragraph for
22 the preceding year increased by the annual in-
23 flation adjustment described in subsection (d)
24 for such subsequent year.

1 (3) OTHER MEDICARE ELIGIBLE BENE-
2 FICIARIES.—For a Medicare eligible beneficiary who
3 is not a dual eligible beneficiary, the annual amount
4 of the deposit shall—

5 (A) for 2012 be equal to the United States
6 average nominal dollar value of the benefits
7 under parts A, B, and D of title XVIII of the
8 Social Security Act; and

9 (B) for any subsequent year is equal to the
10 annual amount specified in this paragraph for
11 the preceding year increased by the annual in-
12 flation adjustment described in subsection (d)
13 for such subsequent year.

14 (4) ROUNDING.—Any amount computed under
15 paragraph (1)(B), (2)(B), or (3)(B) that is not a
16 multiple of \$12 shall be rounded to the nearest mul-
17 tiple of \$12.

18 (b) RISK ADJUSTMENT.—The payment amounts
19 under subsection (a) for an individual shall be adjusted,
20 using a methodology specified by the Secretary, in a man-
21 ner that takes into account the relative risk factors (such
22 as those described in section 1853(a)(1)(C)(i) of the Social
23 Security Act) associated with such individual. Such ad-
24 justment shall be made in such a manner as not to change

1 the total amount of payments made under this section as
2 a result of such adjustment.

3 (c) **MEDI -CHOICE REDUCTIONS FOR HIGHER-IN-**
4 **COME INDIVIDUALS.**—In the case of an individual whose
5 modified adjusted gross income (as defined in paragraph
6 (4) of section 1839(i)(4) of the Social Security Act), ex-
7 ceeds the threshold amount specified in paragraph (2) of
8 such section, as adjusted under paragraph (5) of such sec-
9 tion, the annual amount under subsection (a)(2) shall be
10 reduced by one percent for each percent of such excess,
11 but not to exceed a reduction of 50 percentage points.

12 (d) **ANNUAL INFLATION ADJUSTMENT.**—The annual
13 inflation adjustment under paragraphs (1)(B) and (2)(B)
14 for a year is equal to the average of—

15 (1) the annual rate of increase in the consumer
16 price index for urban consumers (all items; United
17 States city average) for the year, as projected by the
18 Secretary in consultation with the Bureau of Labor
19 Statistics before the beginning of the year; and

20 (2) the annual rate of increase in the medical
21 care component of the consumer price index for all
22 urban consumers (United States city average) for
23 the year, as projected by the Secretary in consulta-
24 tion with the Bureau of Labor Statistics before the
25 beginning of the year.

1 (e) MONTHLY DEPOSITS.—Deposits of amounts to
2 Medi-Choice cards under this section shall be credited on
3 a monthly basis and prorated for partial months of pro-
4 gram enrollment.

5 **SEC. 6. SCOPE OF DEMONSTRATION PROGRAM.**

6 (a) AREA.—The demonstration program shall be con-
7 ducted in the counties of Kern, Tulare, Kings, Fresno,
8 Madera, Stanislaus, and San Joaquin in California.

9 (b) PERIOD OF DEMONSTRATION PROJECT.—

10 (1) DURATION.—The demonstration program
11 shall be conducted for a period of 6 years.

12 (2) INITIAL ENROLLMENT.—Eligible bene-
13 ficiaries shall be permitted to enroll in the dem-
14 onstration program beginning on June 1, 2013.

15 (c) NUMERICAL LIMITATION.—No more than
16 100,000 eligible beneficiaries may be enrolled in the dem-
17 onstration program at any time.

18 **SEC. 7. PAYMENT OF COSTS.**

19 (a) IN GENERAL.—The Secretary shall be responsible
20 for the cost of operating the demonstration program, in-
21 cluding all amounts deposited onto Medi-Choice cards.
22 The cost of operation of the program insofar as they are
23 attributable (as determined by the Secretary) to—

24 (1) Medicare eligible beneficiaries and benefits
25 under part A, part B, or part D of title XVIII of

1 the Social Security Act shall be payable from the re-
2 spective trust fund or account under the respective
3 part, and the amounts in such trust funds or ac-
4 count shall be available to make such payments; or

5 (2) Medicaid eligible beneficiaries and benefits
6 under title XIX of such Act shall be payable from
7 amounts appropriated to carry out such title and the
8 amounts so appropriated shall be available to make
9 such payments.

10 (b) NO DUPLICATE PAYMENTS.—Except as provided
11 in section 8(d)(2), no amounts shall be payable under title
12 XVIII or XIX of the Social Security Act for benefits or
13 medical assistance for an eligible beneficiary participating
14 in the demonstration program.

15 **SEC. 8. MISCELLANEOUS.**

16 (a) ASSISTANCE IN ENROLLMENT.—The Secretary
17 shall maintain a toll free phone number to assist eligible
18 beneficiaries with enrollment under the demonstration
19 program and shall make information available to eligible
20 beneficiaries in the demonstration area describing the op-
21 tions available, which shall include a comparison of plan
22 costs and benefits.

23 (b) NOT TREATED AS INCOME.—Amounts paid into
24 a Medi-Choice card shall not be treated as income for pur-

1 poses of the Internal Revenue Code of 1986 or for pur-
2 poses of determining eligibility for any Federal program.

3 (c) PREMIUM OBLIGATIONS.—An individual partici-
4 pating in the demonstration—

5 (1) is not responsible for payment of any pre-
6 mium otherwise applicable under part B or D of title
7 XVIII or under title XIX of the Social Security Act;
8 but

9 (2) shall use benefits applied to the Medi-
10 Choice card for the purpose of purchasing qualifying
11 health benefits coverage.

12 (d) RELATION TO MEDICAID BENEFITS.—

13 (1) IN GENERAL.—In the case of an individual
14 who participates in the demonstration program, the
15 individual is not entitled to any payment under a
16 State plan under title XIX of the Social Security Act
17 with respect to any benefits relating to items and
18 services for which coverage is provided under this
19 title.

20 (2) CONTINUATION OF MEDICAL ASSISTANCE
21 FOR NONCOVERED ITEMS AND SERVICES.—Nothing
22 in this Act shall affect the continued provision of
23 medical assistance under title XIX of such Act for
24 items and services, such as dental, vision, or long-
25 term care facility services, for which benefits are not

1 provided under this Act regardless of medical neces-
2 sity.