H.R.______

To amend title XVIII of the Social Security Act to establish a risk corridor program for Medicare Advantage plans during the COVID-19 emergency, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. Houlahan introduced the following bill; which was referred to the Committee on

A BILL

To amend title XVIII of the Social Security Act to establish a risk corridor program for Medicare Advantage plans during the COVID-19 emergency, 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,
SECTION 1. ESTABLISHING A RISK CORRIDOR PROGRAM FOR MEDICARE ADVANTAGE PLANS DURING THE COVID-19 EMERGENCY.

(a) IN GENERAL.—Section 1853 of the Social Security Act (42 U.S.C. 1395w–23) is amended by adding at the end the following new subsection:

"(p) RISK CORRIDOR PROGRAM DURING THE COVID-19 EMERGENCY.—

“(1) IN GENERAL.—The Secretary shall establish and administer a program of risk corridors for each plan year, any portion of which occurs during the emergency period defined in section 1135(g)(1)(B), under which the Secretary shall make payments to MA organizations offering a Medicare Advantage plan based on the ratio of the allowable costs of the plan to the aggregate premiums of the plan.

“(2) PAYMENT METHODOLOGY.—The Secretary shall provide under the program established under paragraph (1) that if the allowable costs for a Medicare Advantage plan for any plan year are more than 105 percent of the target amount, the Secretary shall pay to the plan an amount equal to 75 percent of the allowable costs in excess of 105 percent of the target amount.

“(3) TIMING.—
(A) Submission of information by plans.—With respect to a plan year for which the program described in paragraph (1) is established and administered, not later than July 1 of the succeeding plan year each MA organization offering a Medicare Advantage plan shall submit to the Secretary such information as the Secretary may require for purposes of carrying out such program.

(B) Payment.—The Secretary shall pay to an MA organization offering a Medicare Advantage plan eligible to receive a payment under the program with respect to a plan year the amount provided under paragraph (2) for such plan year not later than 60 days after such organization submits information with respect to such plan and plan year under subparagraph (A).

(4) Definitions.—

(A) Allowable costs.—The term ‘allowable costs’ means, with respect to an MA organization offering a Medicare Advantage plan for a plan year, an amount equal to the total costs (other than administrative costs) of such plan in providing benefits covered by such plan,
but only to the extent that such costs are incurred with respect to such benefits for items and services that are benefits under the original medicare fee-for-service program option.

"(B) TARGET AMOUNT.—The term ‘target amount’ means, with respect to an MA organization offering a Medicare Advantage plan for a plan year, the total amount of payments paid to the MA organization for the plan for benefits under the original medicare fee-for-service program option for the plan year, taking into account amounts paid by the Secretary and enrollees, based upon the bid amount submitted under section 1854, reduced by the total amount of administrative expenses for the year assumed in such bid.

“(5) FUNDING.—There are appropriated to the Centers for Medicare & Medicaid Services Program Management Account, out of any monies in the Treasury not otherwise obligated, such sums as may be necessary for purposes of carrying out this subsection.”.

(b) IMPLEMENTATION.—Notwithstanding any other provision of law, the Secretary of Health and Human
Service may implement the amendments made by this section by program instruction or otherwise.