

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.

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## 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

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## 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

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

“(ii) submits an application to the  
Secretary—

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

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

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

“(4) LENGTH OF DEMONSTRATION PROJECT.—

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

viduals described in subclause (VIII) of subsection (a)(10)(A)(i) for seven years or through the day before the date on which the State in which such political subdivision is located provides for medical assistance under the State plan (or a waiver of such plan) for such individuals, whichever is shorter.

“(B) EXTENSION.—A participating political subdivision that participates in the demonstration project under this subsection for five years may extend its participation in the demonstration project by submitting an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require. Under such extension, such political subdivision shall provide medical assistance for individuals described in subclause (VIII) of subsection (a)(10)(A)(i) for up to an additional five years or through the day before the date on which the State in which such political subdivision is located provides for medical assistance under the State plan (or a waiver of such plan) for such individuals, whichever is shorter.

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

“(5) PAYMENTS.—

“(A) IN GENERAL.—The Secretary shall  
pay a participating political subdivision the  
Federal matching percentage specified in sub-  
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.”.

○