

***Proposed by:***

Secretary of Health & Human Services Chad Vita (I-MD)

***Cosponsors:***

Congressman McDonough (R-NC), Majority Whip Atatchi (D-PA), Congressman Cucag (R-FL), Solicitor General Cade Holbrook (D-AZ), Congressman Hawk (I-CT), Secretary of Environment Sandoval, Chief of Staff McKenna (D-CA), Congressman Alex (D-CA), Congressman Jehebus (I), Congressman Emperio (R-PA), Congressman Chuck (D-VA), Congressman Tarkin (R-VA), Congressman Jacob Helton (D-KY), Congressman Thatcher (I-AZ), Congressman Allen (D-OR), Vice President Starro (D), Congressman Putin (R-RUS), Congressman Hull (D-NY)

**Title: Leveraging Allocations for Medicaid Expansion (L.A.M.E.) Act**

**Preamble:** *Whereas 2.5 million uninsured Americans maintain income above the federal Medicaid eligibility baseline but below the lower limit for Marketplace premium tax credits, falling into the coverage “gap”; whereas the Supreme Court decision in N.F.I.B. v. Sebelius (2012) struck down the mandatory Medicaid expansion under the Affordable Care Act as unconstitutional; whereas 37 states and the District of Columbia have opted into full coverage and accepted 90-100% federal funding of the cost of Medicaid expansion while 13 states have refused; whereas the federal government may use the flow of hospital funding, insurance payouts, and matching rates to influence a push towards expansion.*

**Be it hereby enacted by the Virtual Congress:**

**Definition:** A “Medicaid expansion plan” shall be defined as a statewide extension of Medicaid coverage under for all individuals with incomes up to 138% of the federal poverty level (FPL).

**Section 1:** States without Medicaid expansion plans shall be classified as “disproportionate share states” (DSSs) for the purposes of payouts under the Medicaid DSH payout program.

**Subsection A:** The Medicaid and CHIP Payment and Access Commission shall establish a funding formula for hospitals with the largest uncompensated care expenses in DSSs, based on uninsured patients’ costs and a 20% minimum Medicaid utilization rate.

**Subsection B:** DSSs are hereby barred from using federal funding under State Relief and Empowerment Waivers (ACA, Sec. 1332) to subsidize insurance companies.

**Subsection C:** Local jurisdictions in DSSs deemed “metropolitan statistical areas” (MSAs) by the U.S. Office of Management and Budget shall be eligible to receive federal funding for Medicaid expansion plans implemented within their own jurisdictions.

**Section 2:** All states with Medicaid expansion plans implemented after 2014 shall receive the same FMAP as the matching rate of federal funding for the expansion offered under the PPACA.

**Subsection A:** There shall be a reduction of up to 10% in the federal matching rate for Medicaid in states that do not implement a full Medicaid expansion plan by 2021.

**Subsection B:** The Congressional Budget Office shall annually verify that reductions in federal funding under subsection 2A do not exceed 7% of the concerned state budget.

**Subsection C:** No federal funding shall be allocated for a state Medicaid expansion plan containing statutory provisions automatically ending the program in the scenario of a decrease in federal funding.

**Section 3:** This bill shall be enforced by the U.S. Department of Health and Human Services.

**Section 4:** This bill shall take effect immediately upon passage.

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