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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To amend title XVIII of the Social Security Act to protect against high out-of-pocket expenditures for Medicare fee-for-service benefits, and to amend titles XVIII and XIX of the Social Security Act to enhance programs that protect low-income Medicare beneficiaries.

IN THE HOUSE OF REPRESENTATIVES

Mrs. DINGELL introduced the following bill; which was referred to the Committee on _____

A BILL

To amend title XVIII of the Social Security Act to protect against high out-of-pocket expenditures for Medicare fee-for-service benefits, and to amend titles XVIII and XIX of the Social Security Act to enhance programs that protect low-income Medicare beneficiaries.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Medicare Cost Cap Act of 2026''.

SEC. 2. PROTECTION AGAINST HIGH OUT-OF-POCKET EXPENDITURES FOR MEDICARE FEE-FOR-SERVICE BENEFITS.

(a) IN GENERAL.—Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is amended by adding at the end the following new section:

"SEC. 1899D. PROTECTION AGAINST HIGH OUT-OF-POCKET EXPENDITURES.

''(a) IN GENERAL.—Notwithstanding any other provision of this title, in the case of an applicable individual (as defined in subsection (c)), if the amount of the out-of-pocket cost-sharing (as defined in subsection (d)) incurred by such individual for a year (beginning with 2028) equals or exceeds the annual out-of-pocket limit under subsection (b) for that year, the individual shall not be responsible for additional out-of-pocket cost-sharing incurred during that year.

''(b) ANNUAL OUT-OF-POCKET LIMIT.—

''(1) IN GENERAL.—The amount of the annual out-of-pocket limit under this subsection shall be—

''(A) for 2028, $5,000; or

''(B) for a subsequent year, the amount specified in this subsection for the preceding year increased by the annual percentage increase in average per capita aggregate expenditures under parts A and B, as determined by

the Secretary for the 12-month period ending in July of the previous year using such methods as the Secretary shall specify.

''(2) ROUNDING.—If any amount determined under paragraph (1)(B) is not a multiple of $5, such amount shall be rounded to the nearest multiple of $5.

''(c) APPLICABLE INDIVIDUAL DEFINED.—In this section, the term 'applicable individual' means an individual who is entitled to, or enrolled for, benefits under part A or enrolled in part B.

''(d) OUT-OF-POCKET COST-SHARING DEFINED.—

''(1) IN GENERAL.—Subject to paragraphs (2) and (3), in this section, the term 'out-of-pocket cost-sharing' means, with respect to an applicable individual, the amount of the expenses incurred by the individual that are attributable to coinsurance, deductible, copayment, or other cost-sharing otherwise applicable under part A or B.

''(2) CERTAIN COSTS NOT INCLUDED.—

''(A) NON-COVERED ITEMS AND SERVICES.—Expenses incurred for items and services which are not covered under part A or B shall not be considered incurred expenses for

purposes of determining out-of-pocket cost-sharing under paragraph (1).

''(B) ITEMS AND SERVICES NOT FURNISHED ON AN ASSIGNMENT-RELATED BASIS.—If an item or service is furnished to an individual under this title and is not furnished on an assignment-related basis, any additional expenses the individual incurs above the amount the individual would have incurred if the item or service was furnished on an assignment-related basis shall not be considered incurred expenses for purposes of determining out-of-pocket cost-sharing under paragraph (1).

''(3) APPLICATION.—For purposes of paragraph (1), the Secretary shall consider expenses to be incurred by the individual regardless of whether such costs are reimbursed through insurance or otherwise, a group health plan, or other third-party payment arrangement.

''(e) ANNOUNCEMENT.—Not later than the first Monday in April of each year (beginning with 2027), the Secretary shall determine, and shall announce (in a manner intended to provide notice to interested parties), the annual out-of-pocket limit under this section for the succeeding year.

''(f) IMPLEMENTATION.—The Secretary shall establish procedures to carry out this section, including procedures—

''(1) to track the amount of out-of-pocket cost-sharing incurred by applicable individuals for items and services covered under this title during a year; and

''(2) provide notice to the applicable individual and providers of services and suppliers who furnish items and services to the applicable individual when the applicable individual has incurred expenses that exceed the annual out-of-pocket limit under subsection (b) for the year.

''(g) PAYMENT.—For provisions relating to payment for items and services furnished to an applicable individual once the annual out-of-pocket limit has been met, see sections 1813(c) and 1833(ee).''.

(b) CONFORMING AMENDMENTS.—

(1) PART A.—Section 1813 of the Social Security Act (42 U.S.C. 1395e) is amended by adding at the end the following new subsection:

''(c)(1) Notwithstanding subsections (a) and (b), if the amount of the out-of-pocket cost-sharing for an applicable individual for a year (beginning with 2028) equals or exceeds the annual out-of-pocket limit under section

1899D(b) for that year, payment under this part with respect to any additional incurred expenses for items or services furnished to the applicable individual in the calendar year shall be made as if any reduction in the amount payable for such items or services under subsection (a) due to any deductible or coinsurance that would (but for the application of section 1899D) otherwise be applicable no longer applied.

''(2) In this subsection, the terms 'applicable individual' and 'out-of-pocket cost sharing' have the meaning given those terms in section 1899D.''.

(2) PART B.—

(A) PAYMENT.—Section 1833 of the Social Security Act (42 U.S.C. 1395l) is amended—

(i) by adding at the end the following new subsection:

''(ee)(1) Notwithstanding subsections (a) and (b), if the amount of the out-of-pocket cost-sharing for an applicable individual for a year (beginning with 2028) equals or exceeds the annual out-of-pocket limit under section 1899D(b) for that year, payment under this part with respect to any additional incurred expenses for items or services furnished to the applicable individual in the calendar year shall be made as if—

''(A) the deductible under subsection (b) no longer applied;

''(B) the deduction described in the second sentence of subsection (b) (relating to blood) no longer applied; and

''(C) '100 percent' and '0 percent' were substituted for '80 percent' and '20 percent', respectively, each place either appears in subsection (a), in subsection (i)(2), in section 1835(b)(2), and in subsections (b)(2) and (b)(3) of section 1881.

''(2) In this subsection, the terms 'applicable individual' and 'out-of-pocket cost sharing' have the meaning given those terms in section 1899D.''; and

(ii) in subsections (c) and (g), by striking ''(a) and (b)'' each place it appears and inserting ''(a), (b), and (ee)''.

(B) LIMITATION ON CHARGES WHEN ANNUAL LIMIT REACHED.—Section 1866(a)(2)(A) of the Social Security Act (42 U.S.C. 1395cc(a)(2)(A)) is amended by adding at the end the following new sentence: ''A provider of services may not impose a charge under the first sentence of this subparagraph for services for which payment is made to the provider pur-

suant to section 1833(ee) (relating to protection against high out-of-pocket expenses).''.

(C) BENEFICIARY PROTECTIONS.—Section 1842(b)(3) of the Social Security Act (42 U.S.C. 1395u(b)(3)) is amended—

(i) in subparagraph (L), by striking the period at the end and inserting ''; and''; and

(ii) by inserting after subparagraph (L) the following new subparagraph:

''(M) if it makes determinations or payments with respect to items and services furnished by a physician for which payment is made pursuant to section 1833(ee) but not on an assignment-related basis, provide to the physician a notice that—

''(i) states that the individual provided the service has reached the annual out-of-pocket limit under section 1899D(b) for the year, and

''(ii) encourages the physician not to charge the individual amounts in excess of the reasonable charge recognized under this section and to accept payment on an assignment-related basis for physicians' services furnished the individual during the remainder of the year.''.

SEC. 3. ENHANCEMENTS TO PROGRAMS THAT PROTECT LOW-INCOME MEDICARE BENEFICIARIES.

(a) ELIMINATION OF RESOURCE STANDARD FOR ELIGIBILITY AND ENROLLMENT DETERMINATIONS.—

(1) LIS.—Section 1860D–14(a)(3)(A)(iii) of the Social Security Act (42 U.S.C. 1395w–114(a)(3)(A)(iii)) is amended by striking ''meets'' and inserting ''with respect to a plan year beginning before January 1, 2028, meets''.

(2) MSP.—Section 1905(p)(1)(C) of the Social Security Act (42 U.S.C. 1396d(p)(1)(C)) is amended by striking ''whose resources'' and inserting ''prior to January 1, 2028, whose resources''.

(b) ALIGNING ELIGIBILITY CRITERIA ACROSS MSP AND LIS.—

(1) LIS.—Section 1860D–14(a) of the Social Security Act (42 U.S.C. 1395w–114(a)) is amended—

(A) in paragraph (1), in the matter preceding subparagraph (A), by inserting ''or, with respect to a plan year beginning on or after January 1, 2028, 200 percent'' after ''150 percent''; and

(B) in paragraph (3)(A)(ii), by inserting ''(or, with respect to a plan year beginning on

or after January 1, 2028, 200 percent'' after ''150 percent''.

(2) MSP.—

(A) IN GENERAL.—Section 1905(p) of the Social Security Act (42 U.S.C. 1396d(p)) is amended—

(i) in paragraph (1)(B), by inserting '', except that, beginning with January 1, 2028, the methodology used in determining income eligibility under this subsection shall be no more restrictive than the methodology used by the Social Security Administration in making income determinations under section 1860D–14(a)(3)(C)'' after ''income program''; and

(ii) in paragraph (2)—

(I) in subparagraph (A)—

(aa) by striking ''shall be at least'' and inserting ''shall be—

''(i) prior to January 1, 2028, at least'';

(bb) in clause (i), as added by item (aa), by striking the period and inserting ''; and''; and

(cc) by adding at the end the following new clause:

''(ii) on or after January 1, 2028, 200 percent of the poverty line applicable to a family of the size involved.''; and

(II) by adding at the end the following new subparagraph:

''(E) With respect to eligibility for medical assistance on or after January 1, 2028, in this paragraph, the definition of the term 'family of the size involved' shall be no more restrictive than the definition of that term for purposes of section 1860D–14.''.

(B) CONFORMING AMENDMENTS.—Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) is amended—

(i) in section 1902(a)(10)(E)—

(I) in clause (iii), by striking ''for making'' and inserting ''prior to January 1, 2028, for making''; and

(II) in clause (iv), by striking ''subject to'' and inserting ''prior to January 1, 2028, subject to''; and

(ii) in section 1933(a), by striking ''A State plan'' and inserting ''Prior to January 1, 2028, a State plan''.

(3) BIDIRECTIONAL ELIGIBILITY DEEMING BETWEEN MSP AND LIS.—

(A) LIS.—Section 1860D–14(a)(3)(B)(v) of the Social Security Act (42 U.S.C. 1395w–114(a)(3)(B)(v)) is amended to read as follows:

''(v) TREATMENT OF MEDICAID BENEFICIARIES.—Subject to subparagraph (F), the Secretary shall treat a part D eligible individual as a subsidy eligible individual described in paragraph (1) if they are—

''(I) a full-benefit dual eligible individual (as defined in section 1935(c)(6));

''(II) a recipient of supplemental security income benefits under title XVI; or

''(III) determined for purposes of the State plan under title XIX to be eligible for medical assistance under section 1902(a)(10)(E)(i).''.

(B) MSP.—Section 1905(p) of the Social Security Act (42 U.S.C. 1396d(p)) is amended by adding at the end the following new paragraph:

''(7) Beginning January 1, 2028, a State shall provide that an individual described in paragraph (1)(A) who is a subsidy eligible individual described in section 1860D–

14(a)(3) shall be treated as a qualified medicare beneficiary described in paragraph (1).''.

(C) TREATMENT OF LEADS DATA.—

(i) TRANSMITTAL.—Section 1144(c)(3) of the Social Security Act (42 U.S.C. 1320b–14(c)(3)) is amended by striking ''which transmittal shall initiate an application of the individual for benefits under the Medicare Savings Program with the State Medicaid agency'' and inserting ''which the State Medicaid agency shall treat as an application of the individual for benefits under the Medicare Savings Program consistent with section 1935(a)(4)''.

(ii) CONSIDERATION BY STATES.—Section 1935(a)(4) of the Social Security Act (42 U.S.C. 1396u–5(a)(4)) is amended to read as follows:

''(4) CONSIDERATION OF DATA TRANSMITTED BY THE SOCIAL SECURITY ADMINISTRATION FOR PURPOSES OF MEDICARE SAVINGS PROGRAM.—

''(A) IN GENERAL.—The State shall accept data transmitted under section 1144(c)(3) and—

''(i) in the case of an individual who is a subsidy eligible individual described in section 1860D–14(a)(3), promptly treat such individual as a qualified medicare beneficiary described in 1905(p)(1); and

''(ii) in the case of any other individual who is likely to be a qualified medicare beneficiary, as determined by the Secretary, act on such data in the same manner and in accordance with the same deadlines as if the data constituted an initiation of an application for benefits under the Medicare Savings Program (as defined for purposes of section 1144(c)(3)) that had been submitted directly by the applicant.

''(B) DATE OF APPLICATION.—For purposes of subparagraph (A)(ii), the date of the individual's application for the low income subsidy program from which the data have been derived shall constitute the date of filing of such application for benefits under the Medicare Savings Program.''.

(D) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on January 1, 2028.