

112TH CONGRESS
2D SESSION

S. _____

To amend title XVIII of the Social Security Act to protect the Medicare program.

IN THE SENATE OF THE UNITED STATES

Mr. LIEBERMAN (for himself and Mr. COBURN) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend title XVIII of the Social Security Act to protect the Medicare program.

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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Protecting the Rightfully Owed Medicare Insurance for
6 Seniors and the Elderly (Promise) Act”.

7 (b) **TABLE OF CONTENTS.**—The table of contents of
8 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Improved benefit structure.

“Sec. 1899B. Unified part A and B deductible.

“Sec. 1899C. Uniform part A and B coinsurance rate.

“Sec. 1899D. Protection against high out-of-pocket expenditures for fee-for-service benefits.

Sec. 3. Prohibition on first-dollar coverage under medigap policies and development of new standards for medigap policies.

Sec. 4. Increase in the Medicare eligibility age.

Sec. 5. Adjustments to Medicare home health prospective payment amounts.

Sec. 6. Reduction of bad debt treated as an allowable cost.

Sec. 7. Requiring higher income individuals to pay more for their share of Medicare part B.

Sec. 8. Increase in Medicare part B premium.

Sec. 9. Requiring higher income individuals to pay more for their share of Medicare part D.

Sec. 10. Physician payment update.

1 SEC. 2. IMPROVED BENEFIT STRUCTURE.

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

5 “UNIFIED PART A AND B DEDUCTIBLE

6 “SEC. 1899B. (a) IN GENERAL.—Notwithstanding
7 any other provision of this title, for a year (beginning with
8 2014), in the case of an individual entitled to, or enrolled
9 for, benefits under part A or enrolled in part B—

10 “(1) the amount otherwise payable under part
11 A and the total amount of expenses incurred by the
12 individual during a year which would (except for this
13 section) constitute incurred expenses for which bene-
14 fits payable under section 1833(a) are determinable,
15 shall be reduced by the amount of the unified de-
16 ductible under subsection (b); and

17 “(2) the individual shall be responsible for pay-
18 ment of such amount.

19 “(b) AMOUNT OF UNIFIED DEDUCTIBLE.—

1 “(1) IN GENERAL.—The amount of the unified
2 deductible under this section shall be—

3 “(A) for 2014, \$550; or

4 “(B) for a subsequent year, the amount
5 specified in this subsection for the preceding
6 year increased or decreased by the percentage
7 change in the per capita actuarial value of ben-
8 efits under parts A and B for such subsequent
9 year.

10 “(2) ROUNDING.—If any amount determined
11 under paragraph (1) is not a multiple of \$1, such
12 amount shall be rounded to the nearest multiple of
13 \$1.

14 “(c) APPLICATION TO ALL ITEMS AND SERVICES.—
15 The unified deductible under this section for a year shall
16 be applied as follows:

17 “(1) With respect to items and services covered
18 under part A, such unified deductible shall be ap-
19 plied on the basis of the amount that is payable for
20 such items and services without regard to any copay-
21 ments or coinsurance and before the application of
22 any such copayments or coinsurance.

23 “(2) With respect to items and services covered
24 under part B, such unified deductible shall be ap-
25 plied on the basis of the total amount of the ex-

1 penses incurred by the individual during a year
2 which would, except for the application of the unified
3 deductible, constitute incurred expenses for which
4 items and services are payable under part B, without
5 regard to any copayments or coinsurance and before
6 the application of any such copayments or coinsur-
7 ance.

8 “(3)(A) Except as provided in subparagraph
9 (B), such unified deductible shall be applied with re-
10 spect to all items and services covered under parts
11 A and B and in lieu of the deductibles described in
12 sections 1813(b) and 1833(b) or otherwise.

13 “(B) Such unified deductible shall not be ap-
14 plied to preventive services and additional preventive
15 services (as those terms are defined in section
16 1861(ddd)).

17 “(d) ANNOUNCEMENT OF UNIFIED DEDUCTIBLE
18 AND ANNUAL OUT-OF-POCKET LIMIT.—The Secretary
19 shall (beginning in 2013) announce (in a manner intended
20 to provide notice to all interested parties) the unified de-
21 ductible under this section and the annual out-of-pocket
22 limit under section 1899D that will be applicable for the
23 succeeding year.

24 “UNIFORM PART A AND B COINSURANCE RATE

25 “SEC. 1899C. (a) IN GENERAL.—Notwithstanding
26 any other provision of this title, in the case of an indi-

1 individual entitled to, or enrolled for, benefits under part A
2 or enrolled in part B, after the application of the unified
3 deductible under section 1899B and subject to the limit
4 on annual out-of-pocket expenses under section 1899D,
5 the amount otherwise payable under part A and the total
6 amount of expenses incurred by the individual during a
7 year (beginning with 2014) which would (except for this
8 section) constitute incurred expenses for which benefits
9 are payable under part B, shall be reduced by a coinsur-
10 ance of 20 percent of such amount.

11 “(b) APPLICATION TO ALL ITEMS AND SERVICES.—

12 The uniform coinsurance under this section for a year
13 shall be applied as follows:

14 “(1) With respect to items and services covered
15 under part A, such uniform coinsurance shall be ap-
16 plied on the basis of the amount that is payable for
17 such items and services.

18 “(2) With respect to items and services covered
19 under part B, such uniform coinsurance shall be ap-
20 plied on the basis of the total amount of the ex-
21 penses incurred by the individual during a year
22 which would, except for the application of the unified
23 deductible, constitute incurred expenses from which
24 items and services are payable under part B.

1 “(3)(A) Except as provided in subparagraph
2 (B), such uniform coinsurance shall be applied with
3 respect to all items and services covered under parts
4 A and B and in lieu of any other copayments or co-
5 insurance under such parts.

6 “(B) Such uniform coinsurance shall not be ap-
7 plied to preventive services and additional preventive
8 services (as those terms are defined in section
9 1861(ddd)).

10 “PROTECTION AGAINST HIGH OUT-OF-POCKET
11 EXPENDITURES FOR FEE-FOR-SERVICE BENEFITS

12 “SEC. 1899D. (a) IN GENERAL.—Notwithstanding
13 any other provision of this title, in the case of an indi-
14 vidual entitled to, or enrolled for, benefits under part A
15 or enrolled in part B, if the amount of the out-of-pocket
16 cost-sharing of such individual for a year (beginning with
17 2014) equals or exceeds—

18 “(1) the first threshold annual out-of-pocket
19 limit under subsection (b) but is less than the sec-
20 ond threshold annual out-of-pocket limit under sub-
21 section (c) for that year, section 1899C(a) shall be
22 applied by substituting ‘5 percent’ for ‘20 percent’;
23 and

24 “(2) the second threshold annual out-of-pocket
25 limit under subsection (c) for that year, there shall
26 not be any additional reduction under section 1899C

1 for the remainder of the year (and the individual
2 shall not be responsible for additional out-of-pocket
3 cost-sharing incurred during that year).

4 “(b) FIRST THRESHOLD ANNUAL OUT-OF-POCKET
5 LIMIT.—

6 “(1) IN GENERAL.—The amount of the first
7 threshold annual out-of-pocket limit under this sub-
8 section shall be—

9 “(A) for 2014, \$5,500; or

10 “(B) for a subsequent year, the amount
11 specified in this subsection for the preceding
12 year increased or decreased by the percentage
13 change in the per capita actuarial value of ben-
14 efits under parts A and B for such subsequent
15 year.

16 “(2) ROUNDING.—If any amount determined
17 under paragraph (1)(A) is not a multiple of \$50,
18 such amount shall be rounded to the nearest mul-
19 tiple of \$50.

20 “(c) SECOND THRESHOLD ANNUAL OUT-OF-POCKET
21 LIMIT.—

22 “(1) AMOUNT.—

23 “(A) IN GENERAL.—The amount of the
24 second threshold annual out-of-pocket limit

1 under this subsection for a year shall be as fol-
 2 lows:

“If the modified adjusted gross income is:	The second threshold an- nual out-of-pocket limit is:
Not more than the threshold amount	\$7,500
More than the threshold amount but not more than \$107,000	\$12,500
More than \$107,000 but not more than \$160,000	\$17,500
More than \$160,000	\$22,500

3 “(B) THRESHOLD AMOUNT.—In this sub-
 4 section, the term ‘threshold amount’ means
 5 \$85,000.

6 “(C) JOINT RETURNS.—In the case of a
 7 joint return, subparagraph (A), under the head-
 8 ing ‘If the modified adjusted gross income is:’
 9 and subparagraph (B) shall be applied by sub-
 10 stituting dollar amounts which are twice the
 11 dollar amounts otherwise applicable under such
 12 heading or under subparagraph (B) for the cal-
 13 endar year. For purposes of the preceding sen-
 14 tence and subparagraph (D), the term ‘joint re-
 15 turn’ has the meaning given to such term by
 16 section 7701(a)(38) of the Internal Revenue
 17 Code of 1986.

18 “(D) MARRIED INDIVIDUALS FILING SEPA-
 19 RATE RETURNS.—In the case of an individual
 20 who—

1 “(i) is married as of the close of the
2 taxable year (within the meaning of section
3 7703 of the Internal Revenue Code of
4 1986) but does not file a joint return for
5 such year, and

6 “(ii) does not live apart from such in-
7 dividual’s spouse at all times during the
8 taxable year,
9 subparagraph (A), under the heading ‘If the
10 modified adjusted gross income is:’, and sub-
11 paragraph (B) shall be applied by reducing
12 each of the dollar amounts otherwise applicable
13 under such heading or subparagraph (B) for
14 the calendar year by the threshold amount for
15 such year applicable to an unmarried individual.

16 “(2) MODIFIED ADJUSTED GROSS INCOME.—
17 For purposes of this subsection, the term ‘modified
18 adjusted gross income’ has the meaning given such
19 term in subparagraph (A) of section 1839(i)(4), de-
20 termined for the taxable year using a process similar
21 to the process under subparagraphs (B) and (C) of
22 such section.

23 “(3) INFLATION ADJUSTMENT.—

24 “(A) INCOME.—

1 “(i) IN GENERAL.—In the case of any
2 calendar year beginning after 2013, each
3 dollar amount in paragraph (1)(A), under
4 the heading ‘If the modified adjusted gross
5 income is:’ and the dollar amount in para-
6 graph (1)(B), shall be increased by an
7 amount equal to—

8 “(I) such dollar amount, multi-
9 plied by

10 “(II) the percentage (if any) by
11 which the average of the Consumer
12 Price Index for all urban consumers
13 (United States city average) for the
14 12-month period ending with August
15 of the preceding calendar year exceeds
16 such average for the 12-month period
17 ending with August 2012.

18 “(ii) ROUNDING.—If any dollar
19 amount after being increased under clause
20 (i) is not a multiple of \$1,000, such dollar
21 amount shall be rounded to the nearest
22 multiple of \$1,000.

23 “(B) SECOND THRESHOLD ANNUAL OUT-
24 OF-POCKET LIMIT.—

1 “(i) IN GENERAL.—In the case of any
2 calendar year beginning after 2013, each
3 dollar amount in paragraph (1)(A), under
4 the heading ‘The second threshold annual
5 out-of-pocket limit is:’, shall be the amount
6 specified under such heading for the pre-
7 ceding year increased or decreased by the
8 percentage change in the per capita actu-
9 arial value of benefits under parts A and
10 B for such subsequent year.

11 “(ii) ROUNDING.—If any amount de-
12 termined under clause (i) is not a multiple
13 of \$100, such amount shall be rounded to
14 the nearest multiple of \$100.

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

16 “(1) IN GENERAL.—Subject to paragraph (2),
17 in this section, the term ‘out-of-pocket cost-sharing’
18 means, with respect to an individual, the amount of
19 expenses incurred by the individual that are attrib-
20 utable to deductibles, coinsurance, and copayments
21 applicable under part A or B, without regard to
22 whether the individual or another person, including
23 a State program or other third-party coverage, has
24 paid for such expenses.

1 “(2) ITEMS AND SERVICES NOT FURNISHED ON
2 AN ASSIGNMENT-RELATED BASIS.—If an item or
3 service is furnished to an individual under this title
4 and is not furnished on an assignment-related basis,
5 any additional expenses the individual incurs above
6 the amount the individual would have incurred if the
7 item or service was furnished on an assignment-re-
8 lated basis shall not be considered incurred expenses
9 for purposes of determining out-of-pocket cost-shar-
10 ing under paragraph (1).”.

11 (b) CLARIFICATION REGARDING APPLICATION
12 UNDER MEDICARE ADVANTAGE.—Section
13 1852(a)(1)(B)(iii) of the Social Security Act (42 U.S.C.
14 1395w–22(a)(1)(B)(iii)) is amended by adding at the end
15 the following new sentence: “For plan year 2018 and sub-
16 sequent plan years, the preceding sentence shall be applied
17 to take into account the application of sections 1899B,
18 1899C, and 1899D.”.

19 (c) DISCLOSURE OF RETURN INFORMATION.—

20 (1) IN GENERAL.—Section 6103(l) of the Inter-
21 nal Revenue Code of 1986 (relating to disclosure of
22 returns and returns information for purposes other
23 than tax administration) is amended by adding at
24 the end the following new paragraph:

1 “(23) DISCLOSURE OF RETURN INFORMATION
2 TO CARRY OUT MEDICARE SECOND THRESHOLD AN-
3 NUAL OUT-OF-POCKET LIMIT INCOME-RELATED IN-
4 CREASE.—

5 “(A) IN GENERAL.—The Secretary shall,
6 upon written request from the Secretary of
7 Health and Human Services, disclose to offi-
8 cers, employees, and contractors of the Depart-
9 ment of Health and Human Services return in-
10 formation of a taxpayer whose second threshold
11 annual out-of-pocket limit (according to the
12 records of the Secretary) may be subject to ad-
13 justment under section 1899D of the Social Se-
14 curity Act. Such return information shall be
15 limited to—

16 “(i) taxpayer identity information
17 with respect to such taxpayer,

18 “(ii) the filing status of such tax-
19 payer,

20 “(iii) the adjusted gross income of
21 such taxpayer,

22 “(iv) the amounts excluded from such
23 taxpayer’s gross income under sections 135
24 and 911 to the extent such information is
25 available,

1 “(v) the interest received or accrued
2 during the taxable year which is exempt
3 from the tax imposed by chapter 1 to the
4 extent such information is available,

5 “(vi) the amounts excluded from such
6 taxpayer’s gross income by sections 931
7 and 933 to the extent such information is
8 available,

9 “(vii) such other information relating
10 to the liability of the taxpayer as is pre-
11 scribed by the Secretary by regulation as
12 might indicate that the taxpayer’s modified
13 gross income is above the threshold
14 amount under section 1899D(c)(1)(B) of
15 the Social Security Act, and

16 “(viii) the taxable year with respect to
17 which the preceding information relates.

18 “(B) RESTRICTION ON USE OF DISCLOSED
19 INFORMATION.—

20 “(i) IN GENERAL.—Return informa-
21 tion disclosed under subparagraph (A) may
22 be used by officers, employees, and con-
23 tractors of the Department of Health and
24 Human Services only for the purposes of,
25 and to the extent necessary in, establishing

1 the appropriate amount of the second
2 threshold annual out-of-pocket limit under
3 section 1899D of the Social Security Act.

4 “(ii) DISCLOSURE TO OTHER AGEN-
5 CIES.—Officers, employees, and contrac-
6 tors of the Department of Health and
7 Human Services may disclose return infor-
8 mation with respect to a taxpayer de-
9 scribed in subparagraph (A) to officers and
10 employees of the Department of Justice for
11 use in judicial proceedings to the extent
12 necessary to carry out the purpose de-
13 scribed in clause (i).”.

14 (2) CONFORMING AMENDMENTS.—(A) Para-
15 graph (3) of section 6103(a) of the Internal Revenue
16 Code of 1986 is amended by striking “or (21)” and
17 inserting “(21), or (23)”.

18 (B) Paragraph (4) of section 6103(p) of the In-
19 ternal Revenue Code of 1986 is amended by striking
20 “or (20)” each place it appears and inserting “(20),
21 or (23)”.

22 (C) Paragraph (2) of section 7213(a) of the In-
23 ternal Revenue Code of 1986 is amended by striking
24 “or (21)” and inserting “(21), or (23)”.

1 (d) SOCIAL SECURITY ACT CONFORMING AMEND-
2 MENTS.—

3 (1) Section 1813 of the Social Security Act (42
4 U.S.C. 1395e) is amended—

5 (A) in subsection (a), by inserting “Subject
6 to sections 1899B, 1899C, and 1899D:” before
7 paragraph (1); and

8 (B) in subsection (b), by inserting “Sub-
9 ject to sections 1899B, 1899C, and 1899D:”
10 before paragraph (1).

11 (2) Section 1833 of the Social Security Act (42
12 U.S.C. 1395l) is amended—

13 (A) in subsection (a), in the matter pre-
14 ceding paragraph (1), by inserting “and sec-
15 tions 1899B, 1899C, and 1899D” after “suc-
16 ceeding provisions of this section”;

17 (B) in subsection (b), in the first sentence,
18 by striking “Before applying” and inserting
19 “Subject to sections 1899B, 1899C, and
20 1899D, before applying”;

21 (C) in subsection (c)(1), in the matter pre-
22 ceding subparagraph (A), by inserting “subject
23 to sections 1899B, 1899C, and 1899D,” after
24 “this part,”;

1 (D) in subsection (f), by striking “In es-
2 tablishing” and inserting “Subject to sections
3 1899B, 1899C, and 1899D, in establishing”;
4 and

5 (E) in subsection (g)(1), by inserting “and
6 sections 1899B, 1899C, and 1899D” after
7 “paragraphs (4) and (5)”.

8 (3) Section 1905(p)(3) of the Social Security
9 Act (42 U.S.C. 1396d(p)(3)) is amended—

10 (A) in subparagraph (B), striking “section
11 1813” and inserting “sections 1813 and
12 1899B”; and

13 (B) in subparagraph (C), by striking “and
14 section 1833(b)” and inserting “, 1833(b), and
15 1899C”.

16 **SEC. 3. PROHIBITION ON FIRST-DOLLAR COVERAGE UNDER**
17 **MEDIGAP POLICIES AND DEVELOPMENT OF**
18 **NEW STANDARDS FOR MEDIGAP POLICIES.**

19 Section 1882 of the Social Security Act (42 U.S.C.
20 1395ss) is amended by adding at the end the following
21 new subsection:

22 “(z) PROHIBITION ON FIRST-DOLLAR COVERAGE
23 AND DEVELOPMENT OF NEW STANDARDS FOR MEDICARE
24 SUPPLEMENTAL POLICIES.—

1 “(1) DEVELOPMENT.—The Secretary shall re-
2 quest the National Association of Insurance Com-
3 missioners to review and revise the standards for
4 benefit packages under subsection (p)(1), taking into
5 account the changes in benefits resulting from the
6 enactment of the Protecting the Rightfully Owed
7 Medicare Insurance for Seniors and the Elderly
8 (Promise) Act and to otherwise update standards to
9 include the requirements for cost sharing described
10 in paragraph (2). Such revisions shall be made con-
11 sistent with the rules applicable under subsection
12 (p)(1)(E) with the reference to the ‘1991 NAIC
13 Model Regulation’ deemed a reference to the NAIC
14 Model Regulation as published in the Federal Reg-
15 ister on December 4, 1998, and as subsequently up-
16 dated by the National Association of Insurance
17 Commissioners to reflect previous changes in law
18 and the reference to ‘date of enactment of this sub-
19 section’ deemed a reference to the date of enactment
20 of the Protecting the Rightfully Owed Medicare In-
21 surance for Seniors and the Elderly (Promise) Act.
22 To the extent practicable, such revision shall provide
23 for the implementation of revised standards for ben-
24 efit packages as of January 1, 2014.

1 “(2) COST SHARING REQUIREMENTS.—The cost
2 sharing requirements described in this paragraph
3 are that, notwithstanding any other provision of law,
4 no medicare supplemental policy may provide for
5 coverage of—

6 “(A) any portion of the unified deductible
7 under section 1899B(b) for the year; and

8 “(B) more than 50 percent of the cost-
9 sharing (excluding premiums) otherwise appli-
10 cable under parts A and B after the individual
11 has met the unified deductible under section
12 1899B(b) for the year and before the individual
13 has reached the first threshold annual out-of-
14 pocket limit under section 1899D(b) for the
15 year.

16 “(3) RENEWABILITY.—The renewability re-
17 quirement under subsection (q)(1) shall be satisfied
18 with the renewal of the revised package under para-
19 graph (1) that most closely matches the policy in
20 which the individual was enrolled prior to such revi-
21 sion.”.

22 **SEC. 4. INCREASE IN THE MEDICARE ELIGIBILITY AGE.**

23 Section 226 of the Social Security Act (42 U.S.C.
24 426) is amended by adding at the end the following new
25 subsection:

1 “(k) INCREASING MEDICARE QUALIFYING AGE.—

2 “(1) IN GENERAL.—Notwithstanding any other
3 provision of law, any reference in this section, title
4 XVIII, or title XIX (insofar as it relates to the eligi-
5 bility age for Medicare benefits under title XVIII) to
6 ‘age 65’ shall be deemed a reference to the Medicare
7 qualifying age specified in paragraph (2).

8 “(2) MEDICARE QUALIFYING AGE SPECIFIED.—
9 The Medicare qualifying age specified in this para-
10 graph is determined as follows:

11 “(A) In the case of an individual who at-
12 tains 65 years of age before January 1, 2014,
13 the Medicare qualifying age is 65 years of age.

14 “(B) In the case of an individual who at-
15 tains 65 years of age in a year after 2013, and
16 before 2025, the Medicare qualifying age is the
17 Medicare qualifying age specified in this para-
18 graph for the previous year increased by 2
19 months.

20 “(C) In the case of an individual who at-
21 tains 65 years of age in a year after 2024, the
22 Medicare qualifying age is 67 years of age.”.

1 **SEC. 5. ADJUSTMENTS TO MEDICARE HOME HEALTH PRO-**
2 **SPECTIVE PAYMENT AMOUNTS.**

3 (a) ACCELERATION OF APPLICATION OF PRODUC-
4 TIVITY ADJUSTMENT.—Section 1895(b)(3)(B)(vi)(I) of
5 the Social Security Act (42 U.S.C.
6 1395fff(b)(3)(B)(vi)(I)) is amended by striking “2015”
7 and inserting “2014”.

8 (b) ACCELERATION OF REBASING.—Section
9 1895(b)(3)(A)(iii)(II) of the Social Security Act (42
10 U.S.C. 1395fff(b)(3)(A)(iii)(II)) is amended—

11 (1) in the first sentence—

12 (A) by striking “4-year” and inserting “2-
13 year”; and

14 (B) by striking “2017” and inserting
15 “2015”; and

16 (2) in the second sentence, by striking “each
17 year” and inserting “the first year”.

18 **SEC. 6. REDUCTION OF BAD DEBT TREATED AS AN ALLOW-**
19 **ABLE COST.**

20 (a) HOSPITALS.—Section 1861(v)(1)(T) of the Social
21 Security Act (42 U.S.C. 1395x(v)(1)(T)) is amended—

22 (1) in clause (iv), by striking “and” at the end;

23 (2) in clause (v)—

24 (A) by striking “or a subsequent fiscal
25 year”; and

1 (B) by striking the period at the end and
2 inserting a comma; and

3 (3) by adding at the end the following:

4 “(vi) for cost reporting periods beginning dur-
5 ing fiscal year 2014, by 60 percent of such amount
6 otherwise allowable,

7 “(vii) for cost reporting periods beginning dur-
8 ing fiscal year 2015, by 80 percent of such amount
9 otherwise allowable, and

10 “(viii) for cost reporting periods beginning dur-
11 ing fiscal year 2016 or a subsequent fiscal year, by
12 100 percent of such amount otherwise allowable.”.

13 (b) SKILLED NURSING FACILITIES.—Section
14 1861(v)(1)(V) of the Social Security Act (42 U.S.C.
15 1395x(v)(1)(V)) is amended—

16 (1) by moving subclauses (I) and (II) of clause
17 (i) and subclauses (I) through (IV) of clause (ii) two
18 ems to the right;

19 (2) in clause (i)—

20 (A) in subclause (I), by striking “and” at
21 the end;

22 (B) in subclause (II)—

23 (i) by striking “or a subsequent fiscal
24 year”; and

1 (ii) by striking the period at the end
2 and inserting a semicolon; and

3 (C) by adding at the end the following:

4 “(III) for cost reporting periods beginning
5 during fiscal year 2014, by 60 percent of such
6 amount otherwise allowable;

7 “(IV) for cost reporting periods beginning
8 during fiscal year 2015, by 80 percent of such
9 amount otherwise allowable; and

10 “(V) for cost reporting periods beginning
11 during fiscal year 2016 or a subsequent fiscal
12 year, by 100 percent of such amount otherwise
13 allowable.”; and

14 (3) in clause (ii)—

15 (A) in subclause (III), by striking “and” at
16 the end;

17 (B) in subclause (IV)—

18 (i) by striking “or a subsequent fiscal
19 year”; and

20 (ii) by striking the period at the end
21 and inserting a semicolon; and

22 (C) by adding at the end the following:

23 “(V) for cost reporting periods beginning
24 during fiscal year 2016, by 60 percent of such
25 amount otherwise allowable;

1 “(VI) for cost reporting periods beginning
2 during fiscal year 2017, by 80 percent of such
3 amount otherwise allowable; and

4 “(VII) for cost reporting periods beginning
5 during fiscal year 2018 or a subsequent fiscal
6 year, by 100 percent of such amount otherwise
7 allowable.”.

8 (c) CERTAIN OTHER PROVIDERS.—Section
9 1861(v)(1)(W)(i) of the Social Security Act (42 U.S.C.
10 1395x(v)(1)(W)(i)) is amended—

11 (1) in subclause (II), by striking “and” at the
12 end;

13 (2) in subclause (III)—

14 (A) by striking “a subsequent fiscal year”
15 and inserting “fiscal year 2015”; and

16 (B) by striking the period at the end and
17 inserting a semicolon; and

18 (3) by adding at the end the following:

19 “(IV) for cost reporting periods beginning dur-
20 ing fiscal year 2016, by 60 percent of such amount
21 otherwise allowable;

22 “(V) for cost reporting periods beginning dur-
23 ing fiscal year 2017, by 80 percent of such amount
24 otherwise allowable; and

1 “(VI) for cost reporting periods beginning dur-
2 ing fiscal year 2018, by 100 percent of such amount
3 otherwise allowable.”.

4 **SEC. 7. REQUIRING HIGHER INCOME INDIVIDUALS TO PAY**
5 **MORE FOR THEIR SHARE OF MEDICARE PART**
6 **B.**

7 (a) IN GENERAL.—Section 1839 of the Social Secu-
8 rity Act (42 U.S.C. 1395r) is amended by adding at the
9 end the following new subsection:

10 “(j) PAYMENT OF UNSUBSIDIZED PART B PREMIUM
11 AMOUNT BY HIGHER INCOME INDIVIDUALS.—

12 “(1) IN GENERAL.—In the case of an individual
13 whose modified adjusted gross income exceeds the
14 applicable amount described in paragraph (2), the
15 monthly premium determined under subsection (a)
16 for a month after December 2013 shall be equal to
17 the unsubsidized part B premium amount, adjusted
18 as required in accordance with subsections (b), (c),
19 and (f), and to reflect any credit under section
20 1854(b)(1)(C)(ii)(III).

21 “(2) APPLICABLE AMOUNT DESCRIBED.—

22 “(A) IN GENERAL.—For purposes of para-
23 graph (1), subject to subparagraph (C), the ap-
24 plicable amount described in this paragraph is
25 \$150,000.

1 “(B) JOINT RETURNS.—In the case of a
2 joint return, subparagraph (A) shall be applied
3 by substituting a dollar amount which is twice
4 the dollar amount otherwise applicable under
5 such subparagraph for the calendar year.

6 “(C) INFLATION ADJUSTMENT.—In the
7 case of any calendar year beginning after 2014,
8 each dollar amount in this paragraph shall be
9 increased as described in subsection (i)(5).

10 “(3) DEFINITIONS.—In this subsection:

11 “(A) MODIFIED ADJUSTED GROSS IN-
12 COME.—The term ‘modified adjusted gross in-
13 come’ has the meaning given such term in sub-
14 paragraph (A) of subsection (i)(4), determined
15 for the taxable year applicable under subpara-
16 graphs (B) and (C) of such section.

17 “(B) UNSUBSIDIZED PART B PREMIUM
18 AMOUNT.—The term ‘unsubsidized part B pre-
19 mium amount’ means 200 percent of the
20 monthly actuarial rate for enrollees age 65 and
21 over (as determined under subsection (a)(1) for
22 the year).”.

23 (b) CONFORMING AMENDMENTS.—(1) Section
24 1839(b) of the Social Security Act (42 U.S.C. 1395r(b))

1 is amended by inserting “, subject to subsection (j),” be-
2 fore “(without regard” in the first sentence.

3 (2) The table in section 1839(i)(3)(C) of the Social
4 Security Act (42 U.S.C. 1395r(i)(3)(C)) is amended—

5 (A) in the second line—

6 (i) by striking “but not more than
7 \$150,000” and inserting “but not more than
8 the applicable amount described in subsection
9 (j)(2)”; and

10 (ii) by adding a period at the end; and

11 (B) by striking the third and fourth lines.

12 (3) Section 1844 of the Social Security Act (42
13 U.S.C. 1395w) is amended, in each of subsections
14 (a)(1)(C) and (e), by striking “section 1839(i)” and in-
15 serting “subsections (i) and (j) of section 1839”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to months after December 2013.

18 **SEC. 8. INCREASE IN MEDICARE PART B PREMIUM.**

19 (a) IN GENERAL.—Section 1839(a) of the Social Se-
20 curity Act (42 U.S.C. 1395r(a)) is amended—

21 (1) in paragraph (3), by inserting “(or, in the
22 case of months after December 2013, the applicable
23 percent determined under paragraph (5))” after “50
24 percent”; and

1 (2) by adding at the end the following new
2 paragraph:

3 “(5) The applicable percent determined under this
4 paragraph is—

5 “(A) for 2014, 54 percent;

6 “(B) for 2015, 58 percent;

7 “(C) for 2016, 62 percent;

8 “(D) for 2017, 66 percent; and

9 “(E) for 2018 and subsequent years, 70 per-
10 cent.”.

11 (b) **EFFECTIVE DATE.**—The amendments made by
12 this section shall apply to months after December 2013.

13 **SEC. 9. REQUIRING HIGHER INCOME INDIVIDUALS TO PAY**

14 **MORE FOR THEIR SHARE OF MEDICARE PART**

15 **D.**

16 (a) **IN GENERAL.**—Section 1860D–13(a) of the So-
17 cial Security Act (42 U.S.C. 1395w–113(a)) is amended
18 by adding at the end the following new paragraph:

19 “(8) **PAYMENT OF UNSUBSIDIZED PART D PRE-**
20 **MIUM AMOUNT BY HIGHER INCOME INDIVIDUALS.**—

21 “(A) **IN GENERAL.**—In the case of an indi-
22 vidual whose modified adjusted gross income
23 exceeds the applicable amount described in sec-
24 tion 1839(j)(2) (including application of sub-
25 paragraph (C) of such section) for the calendar

1 year, the monthly amount of the beneficiary
2 premium applicable under this section for a
3 month after December 2013 shall be equal to
4 the unsubsidized part D premium amount.

5 “(B) DEFINITIONS.—In this paragraph:

6 “(i) MODIFIED ADJUSTED GROSS IN-
7 COME.—The term ‘modified adjusted gross
8 income’ has the meaning given such term
9 in subparagraph (A) of subsection (i)(4),
10 determined for the taxable year applicable
11 under subparagraphs (B) and (C) of such
12 section.

13 “(ii) UNSUBSIDIZED PART D PREMIUM
14 AMOUNT.—The term ‘unsubsidized part D
15 premium amount’ means the national aver-
16 age monthly bid amount (computed under
17 paragraph (4)) for the month.”.

18 (b) CONFORMING AMENDMENTS.—Section 1860D-
19 13(a)(1) of the Social Security Act (42 U.S.C. 1395w-
20 113(a)(1)) is amended—

21 (1) in subparagraph (A), by striking “The
22 monthly” and inserting “Except as provided in para-
23 graph (8), the monthly”; and

24 (2) in subparagraph (G), by inserting “and
25 paragraph (8)” after “and (F)”.

