# The Medicare-X Choice Act of 2019

Although the *Affordable Care Act* expanded health insurance coverage to an additional 20 million Americans, established critical protections for patients with pre-existing conditions, and created a standard for essential health benefits, too many Americans still live in areas with limited competition and high health care costs in the individual market.

U.S. Senators Michael Bennet (D-CO) and Tim Kaine (D-VA) introduced the *Medicare-X Choice Act* to build on the Medicare framework to establish a public option on the individual and small business exchanges.

**Establishment and Plan Availability.** In 2021, the Bennet-Kaine Medicare-X plan would be available in areas with one or fewer options on the Exchange. The plan would also be available in rating areas with a shortage of providers or a lack of plan competition, including HPSAs and rural areas. By 2024, the plan would be available in all rating areas. In 2025, it would be available on the Small Business Health Options Program Exchange.

The bill allows the HHS Secretary to contract with outside entities to process claims or administer additional components of the plan. This includes contractors that currently administer certain functions for Medicare. The bill also directs the Secretary to gather data from State Insurance Commissioners in order to set adequate premiums.

**Benefits.** The plan would cover essential health benefits to align with other plans on the Exchange. Benefits like maternity and newborn care, as well as pediatric services, are optimally suited for Americans under 65, making it practical for families. The bill directs the Secretary to create options in the silver and gold tiers with flexibility to add bronze and platinum options. Advance Premium Tax Credits and Cost-Sharing Reduction payments would be available to enrollees.

**Elimination of the Subsidy Cliff by Expanding Eligibility for Premium Tax Credits.** The bill would eliminate the subsidy cliff by extending eligibility for the premium tax credit to those at and above 400% FPL. Individuals at 400% FPL would pay 9% of their income toward the "benchmark plan," increasing to 13% of their income at 600% FPL and above.

**Enhancing Premium Affordability for Those Earning Less Than 400% FPL**. For Americans below 400% FPL, the bill would reduce the percentage of income one is expected to contribute to the benchmark plan by 0.5 percentage points. These enhancements would promote affordability and encourage more families to get covered.

**Reinsurance.** The bill authorizes 3 years of funding for a national reinsurance program at $10 billion per year, which would reduce premiums.

**Provider Network Reimbursement Rates.** Providers who participate in Medicare and/or Medicaid would also accept Medicare-X patients. The bill directs the Secretary to enroll additional providers, such as pediatricians and OB/GYNs. The bill reimburses providers at Medicare rates, with flexibility for the Secretary to reimburse up to 125% of Medicare rates for hospitals and physicians located in rural areas.

**Prescription Drugs.** The bill gives the Secretary authority to negotiate drug prices under Part D and permits the public plan to participate in those arrangements. The Secretary is encouraged to utilize value-based payment arrangements for prescription drugs.

**Delivery System Reform for an Enhanced Health Plan.** The bill directs the Secretary to use outcomes-based alternative payment models that are aimed at care coordination for patients with chronic conditions. Providers would use innovative technology, such as telehealth and remote patient monitoring, and integrate social services like food, housing, and transportation. The bill additionally authorizes the Secretary to establish a grant program that would allow for broader experimentation with accountable communities for health, in order to integrate social needs in the delivery of health care services.

**Funding.** The bill would set premiums to cover the full actuarial cost of the plan, including administrative costs.

**Traditional Medicare.** The bill would have no effect on benefits offered through Medicare Fee-for-Service (FFS), Medicare Advantage, or the Medicare trust fund.