

SEC. 1101. CLOSING THE MEDICARE PRESCRIPTION DRUG “DONUT HOLE”[SUBSTITUTES FOR SECTION 3315 OF PPACA].

(a) COVERAGE GAP REBATE FOR 2010.—

(1) IN GENERAL.—Section 1860D–42 of the Social Security Act (42 U.S.C. 1395w–152) is amended by adding at the end the following new subsection:

“(c) COVERAGE GAP REBATE FOR 2010.—

“(1) IN GENERAL.—In the case of an individual described in subparagraphs (A) through (D) of section 1860D–14A(g)(1) who as of the last day of a calendar quarter in 2010 has incurred costs for covered part D drugs so that the individual has exceeded the initial coverage limit under section 1860D–2(b)(3) for 2010, the Secretary shall provide for payment from the Medicare Prescription Drug Account of \$250 to the individual by not later than the 15th day of the third month following the end of such quarter.

“(2) LIMITATION.—The Secretary shall provide only 1 payment under this subsection with respect to any individual.”.

(2) REPEAL OF PROVISION.—[*Repealed section 3315 of PPACA*]

(b) CLOSING THE DONUT HOLE.—Part D of title XVIII of the Social Security Act (42 U.S.C. 1395w–101 et seq.), as amended by section 3301 of the Patient Protection and Affordable Care Act, is further amended—

(1) [*Amended dates in section 1860D–43*]

(2) [*Amended dates in section 1860D–14A*]

(3) in section 1860D–2(b)—

(A) in paragraph (2)(A), by striking “The coverage” and inserting “Subject to subparagraphs (C) and (D), the coverage”;

(B) in paragraph (2)(B), by striking “subparagraph (A)(ii)” and inserting “subparagraphs (A)(ii), (C), and (D)”;

(C) by adding at the end of paragraph (2) the following new subparagraphs:

“(C) COVERAGE FOR GENERIC DRUGS IN COVERAGE GAP.—

“(i) IN GENERAL.—Except as provided in paragraph (4), the coverage for an applicable beneficiary (as defined in section 1860D–14A(g)(1)) has coinsurance (for costs above the initial coverage limit under

paragraph (3) and below the out-of-pocket threshold) for covered part D drugs that are not applicable drugs under section 1860D-14A(g)(2) that is—

“(I) equal to the generic-gap coinsurance percentage (specified in clause (ii)) for the year; or

“(II) actuarially equivalent (using processes and methods established under section 1860D-11(c)) to an average expected payment of such percentage of such costs for covered part D drugs that are not applicable drugs under section 1860D-14A(g)(2).

“(ii) GENERIC-GAP COINSURANCE PERCENTAGE.—The generic-gap coinsurance percentage specified in this clause for—

“(I) 2011 is 93 percent;

“(II) 2012 and each succeeding year before 2020 is the generic-gap coinsurance percentage under this clause for the previous year decreased by 7 percentage points; and

“(III) 2020 and each subsequent year is 25 percent.

“(D) COVERAGE FOR APPLICABLE DRUGS IN COVERAGE GAP.—

“(i) IN GENERAL.—Except as provided in paragraph (4), the coverage for an applicable beneficiary (as defined in section 1860D-14A(g)(1)) has coinsurance (for costs above the initial coverage limit under paragraph (3) and below the out-of-pocket threshold) for the negotiated price (as defined in section 1860D-14A(g)(6)) of covered part D drugs that are applicable drugs under section 1860D-14A(g)(2) that is—

“(I) equal to the difference between the applicable gap percentage (specified in clause (ii) for the year) and the discount percentage specified in section 1860D-14A(g)(4)(A) for such applicable drugs; or

“(II) actuarially equivalent (using processes and methods established under section 1860D-11(c)) to an average expected payment of such percentage of such costs, for covered part D drugs that are applicable drugs under section 1860D-14A(g)(2).

“(ii) APPLICABLE GAP PERCENTAGE.—The applicable gap percentage specified in this clause for—

“(I) 2013 and 2014 is 97.5 percent;

“(II) 2015 and 2016 is 95 percent;

“(III) 2017 is 90 percent;

“(IV) 2018 is 85 percent;

“(V) 2019 is 80 percent; and

“(VI) 2020 and each subsequent year is 75 percent.”;

(D) in paragraph (3)(A), as restored under subsection (a)(2), by striking “paragraph (4)” and inserting “paragraphs (2)(C), (2)(D), and (4)”;

(E) *Amends paragraph (4)(E)*

(4) in section 1860D-22(a)(2)(A), by inserting before the period at the end the following: “, not taking into account the value of any discount or coverage provided during the gap in prescription drug coverage that occurs between the initial coverage limit under section 1860D-2(b)(3) during the year and the out-of-pocket threshold specified in section 1860D-2(b)(4)(B)”.

(c) CONFORMING AMENDMENT TO AMP UNDER MEDICAID.—*【Adds new subclause (V) to section 1927(k)(1)(B)(i) of the Social Security Act, as amended by section 2503(a)(2)(B) of PPACA; error in subclause (IV) by only striking period and not inserting “; and”】*

(d) REDUCING GROWTH RATE OF OUT-OF-POCKET COST THRESHOLD.—Section 1860D-2(b) of the Social Security Act (42 U.S.C. 1395w-102(b)) is amended—

(1) in paragraph (4)(B)(i)—

(A) in subclause (I), by striking “or” at the end;

(B) by redesignating subclause (II) as subclause (VI);

and

(C) by inserting after subclause (I) the following new subclauses:

“(II) for each of years 2007 through 2013, is equal to the amount specified in this subparagraph for the previous year, increased by the annual percentage increase described in paragraph (6) for the year involved;

“(III) for 2014 and 2015, is equal to the amount specified in this subparagraph for the previous year, increased by the annual percentage increase described in paragraph (6) for the year involved, minus 0.25 percentage point;

“(IV) for each of years 2016 through 2019, is equal to the amount specified in this subparagraph for the previous year, increased by the lesser of—

“(aa) the annual percentage increase described in paragraph (7) for the year involved, plus 2 percentage points; or

“(bb) the annual percentage increase described in paragraph (6) for the year;

“(V) for 2020, is equal to the amount that would have been applied under this subparagraph for 2020 if the amendments made by section 1101(d)(1) of the Health Care and Education Reconciliation Act of 2010 had not been enacted; or”; and

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

“(7) ADDITIONAL ANNUAL PERCENTAGE INCREASE.—The annual percentage increase specified in this paragraph for a year is equal to the annual percentage increase in the consumer price index for all urban consumers (United States city average) for the 12-month period ending in July of the previous year.”.

