AMENDMENT NO._______ Calendar No._______

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—114th Cong., 1st Sess.

H. R. 3762

To provide for reconciliation pursuant to section 2002 of the concurrent resolution on the budget for fiscal year 2016.

Referred to the Committee on ________________ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by _____________

Viz:

1 Strike all after the enacting clause and insert the fol-

2 lowing:

3 TITLE I—HEALTH, EDUCATION,

4 LABOR, AND PENSIONS

5 SEC. 101. THE PREVENTION AND PUBLIC HEALTH FUND.

6 (a) In General.—Subsection (b) of section 4002 of

7 the Patient Protection and Affordable Care Act (42

8 U.S.C. 300u–11) is amended—

9 (1) in paragraph (2), by striking “2017” and

10 inserting “2015”; and

11 (2) by striking paragraphs (3) through (5).
(b) Rescission of Unobligated Funds.—Of the funds made available by such section 4002, the unobligated balance is rescinded.

SEC. 102. COMMUNITY HEALTH CENTER PROGRAM.

Effective as if included in the enactment of the Medicare Access and CHIP Reauthorization Act of 2015 (Public Law 114–10, 129 Stat. 87), paragraph (1) of section 221(a) of such Act is amended by inserting after “Section 10503(b)(1)(E) of the Patient Protection and Affordable Care Act (42 U.S.C. 254b–2(b)(1)(E)) is amended” the following: “by striking ‘$3,600,000,000’ and inserting ‘$3,835,000,000’ and”.

SEC. 103. FEDERAL EXCHANGE.

Section 1321(c) of the Patient Protection and Affordable Care Act (42 U.S.C. 18041(c)) is amended by adding at the end the following:

“(3) Authority.—The authority of the Secretary to operate an Exchange under paragraph (1) shall terminate on January 1, 2018.”.

SEC. 104. TERRITORIES.

Section 1323(c) of the Patient Protection and Affordable Care Act (42 U.S.C. 18043(c)) is amended by adding at the end the following:
“(3) No force and effect.—Effective January 1, 2018, this subsection shall have no force or effect.”.

SEC. 105. REINSURANCE, RISK CORRIDOR, AND RISK ADJUSTMENT PROGRAMS.

(a) Transitional Reinsurance Program for Individual Market.—Section 1341 of the Patient Protection and Affordable Care Act (42 U.S.C. 18061) is amended by adding at the end the following:

“(e) No force and effect.—Effective January 1, 2016, the Secretary shall not collect fees and shall not make payments under this section.”.

(b) Risk Corridors for Plans in Individual and Small Group Markets.—Section 1342 of the Patient Protection and Affordable Care Act (42 U.S.C. 18062) is amended by adding at the end the following:

“(d) No force and effect.—Effective January 1, 2016, this section shall have no force or effect.”.

(c) Risk Adjustment.—Section 1343 of the Patient Protection and Affordable Care Act (42 U.S.C. 18063) is amended by adding at the end the following:

“(d) No force and effect.—Effective January 1, 2016, this section shall have no force or effect.”.
SEC. 106. SUPPORT FOR STATE RESPONSE TO SUBSTANCE ABUSE PUBLIC HEALTH CRISIS AND URGENT MENTAL HEALTH NEEDS.

(a) In General.—There are authorized to be appropriated, and are appropriated, out of monies in the Treasury not otherwise obligated, $750,000,000 for each of fiscal years 2016 and 2017, to the Secretary of Health and Human Services (referred to in this section as the “Secretary”) to award grants to States to address the substance abuse public health crisis or to respond to urgent mental health needs within the State. In awarding grants under this section, the Secretary may give preference to States with an incidence or prevalence of substance use disorders that is substantial relative to other States or to States that identify mental health needs within their communities that are urgent relative to such needs of other States. Funds appropriated under this subsection shall remain available until expended.

(b) Use of Funds.—Grants awarded to a State under subsection (a) shall be used for one or more of the following public health-related activities:

(1) Improving State prescription drug monitoring programs.

(2) Implementing prevention activities, and evaluating such activities to identify effective strategies to prevent substance abuse.
(3) Training for health care practitioners, such as best practices for prescribing opioids, pain management, recognizing potential cases of substance abuse, referral of patients to treatment programs, and overdose prevention.

(4) Supporting access to health care services provided by federally certified opioid treatment programs or other appropriate health care providers to treat substance use disorders or mental health needs.

(5) Other public health-related activities, as the State determines appropriate, related to addressing the substance abuse public health crisis or responding to urgent mental health needs within the State.

**TITLE II—FINANCE**

**SEC. 201. RECAPTURE EXCESS ADVANCE PAYMENTS OF PREMIUM TAX CREDITS.**

Subparagraph (B) of section 36B(f)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new clause:

“(iii) **Nonapplicability of Limitation.**—This subparagraph shall not apply to taxable years ending after December 31, 2015, and before January 1, 2018.”.
SEC. 202. PREMIUM TAX CREDIT AND COST-SHARING SUBSIDIES.

(a) Repeal of Premium Tax Credit.—Subpart C of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by striking section 36B.

(b) Repeal of Cost-sharing Subsidy.—Section 1402 of the Patient Protection and Affordable Care Act is repealed.

(c) Repeal of Eligibility Determinations.—The following sections of the Patient Protection and Affordable Care Act are repealed:

(1) Section 1411 (other than subsection (i), the last sentence of subsection (e)(4)(A)(ii), and such provisions of such section solely to the extent related to the application of the last sentence of subsection (e)(4)(A)(ii)).

(2) Section 1412.

(d) Protecting Americans by Repeal of Disclosure Authority to Carry Out Eligibility Requirements for Certain Programs.—

(1) In general.—Paragraph (21) of section 6103(l) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:
“(D) TERMINATION.—No disclosure may be made under this paragraph after December 31, 2017.”.

(2) PROTECTING AMERICANS BY REPEAL OF AUTHORITY TO USE SOCIAL SECURITY NUMBERS.—
Clause (x) of section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)) is amended by adding at the end the following new sentence: “The preceding sentence shall not apply after December 31, 2017.”.

(e) EFFECTIVE DATES.—
(1) PREMIUM TAX CREDIT.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2017.

(2) COST SHARING-SUBSIDIES AND ELIGIBILITY DETERMINATIONS.—The repeals in subsection (b) and (c) shall take effect on December 31, 2017.

(3) PROTECTING AMERICANS BY RESCINDING DISCLOSURE AUTHORITY.—The amendments made by subsection (d) shall take effect on December 31, 2017.

SEC. 203. SMALL BUSINESS TAX CREDIT.
(a) IN GENERAL.—Section 45R of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:
“(j) SHALL NOT APPLY.—This section shall not apply with respect to amounts paid or incurred in taxable years beginning after December 31, 2017.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2017.

SEC. 204. INDIVIDUAL MANDATE.

(a) IN GENERAL.—Section 5000A(c) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (2)(B) by striking clauses (ii) and (iii) and inserting the following:

“(ii) Zero percent for taxable years beginning after 2014.”, and

(2) in paragraph (3)—

(A) by striking “$695” in subparagraph (A) and inserting “$0”,

(B) by striking “and $325 for 2015” in subparagraph (B), and

(C) by striking subparagraph (D).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to months beginning after December 31, 2014.

SEC. 205. EMPLOYER MANDATE.

(a) IN GENERAL.—
(1) Paragraph (1) of section 4980H(c) of the Internal Revenue Code of 1986 is amended by inserting "($0 in the case of months beginning after December 31, 2014)" after "$2,000".

(2) Paragraph (1) of section 4980H(b) of the Internal Revenue Code of 1986 is amended by inserting "($0 in the case of months beginning after December 31, 2014)" after "$3,000".

(b) Effective Date.—The amendments made by this section shall apply to months beginning after December 31, 2014.

SEC. 206. FEDERAL PAYMENTS TO STATES.

(a) In General.—Notwithstanding section 504(a), 1902(a)(23), 1903(a), 2002, 2005(a)(4), 2102(a)(7), or 2105(a)(1) of the Social Security Act (42 U.S.C. 704(a), 1396a(a)(23), 1396b(a), 1397a, 1397d(a)(4), 1397bb(a)(7), 1397ee(a)(1)), or the terms of any Medicaid waiver in effect on the date of enactment of this Act that is approved under section 1115 or 1915 of the Social Security Act (42 U.S.C. 1315, 1396n), for the 1-year period beginning on the date of enactment of this Act, no Federal funds provided from a program referred to in this subsection that is considered direct spending for any year may be made available to a State for payments to a prohibited entity, whether made directly to the prohibited en-
tity or through a managed care organization under con-
tract with the State.

(b) DEFINITIONS.—In this section:

(1) PROHIBITED ENTITY.—The term “prohib-
ited entity” means an entity, including its affiliates,
subsidiaries, successors, and clinics—

(A) that, as of the date of enactment of
this Act—

(i) is an organization described in sec-
tion 501(c)(3) of the Internal Revenue
Code of 1986 and exempt from tax under
section 501(a) of such Code;

(ii) is an essential community provider
described in section 156.235 of title 45,
Code of Federal Regulations (as in effect
on the date of enactment of this Act), that
is primarily engaged in family planning
services, reproductive health, and related
medical care; and

(iii) provides for abortions, other than
an abortion—

(I) if the pregnancy is the result
of an act of rape or incest; or

(II) in the case where a woman
suffers from a physical disorder, phys-
ical injury, or physical illness that
would, as certified by a physician,
place the woman in danger of death
unless an abortion is performed, in-
cluding a life-endangering physical
condition caused by or arising from
the pregnancy itself; and

(B) for which the total amount of Federal
and State expenditures under the Medicaid pro-
gram under title XIX of the Social Security Act
in fiscal year 2014 made directly to the entity
and to any affiliates, subsidiaries, successors, or
clinics of the entity, or made to the entity and
to any affiliates, subsidiaries, successors, or
clinics of the entity as part of a nationwide
health care provider network, exceeded
$350,000,000.

(2) DIRECT SPENDING.—The term “direct
spending” has the meaning given that term under
section 250(c) of the Balanced Budget and Emer-
gency Deficit Control Act of 1985 (2 U.S.C. 900(c)).

SEC. 207. MEDICAID.

The Social Security Act (42 U.S.C. 301 et seq.) is
amended—
(1) in section 1108(g)(5), by striking “2019” and inserting “2017”;

(2) in section 1902—

(A) in subsection (a)(10)(A), in each of clauses (i)(VIII) and (ii)(XX), by inserting “and ending December 31, 2017,” after “January 1, 2014,”;

(B) in subsection (a)(47)(B), by inserting “and provided that any such election shall cease to be effective on January 1, 2018, and no such election shall be made after that date” before the semicolon at the end; and

(C) in subsection (l)(2)(C), by inserting “and ending December 31, 2017,” after “January 1, 2014,”;

(3) in each of sections 1902(gg)(2) and 2105(d)(3)(A), by striking “September 30, 2019” and inserting “September 30, 2017”;

(4) in section 1905—

(A) in the first sentence of subsection (b), by inserting “(50 percent on or after January 1, 2018)” after “55 percent”;

(B) in subsection (y)(1), by striking the semicolon at the end of subparagraph (B) and all that follows through “thereafter”; and
(C) in subsection (z)(2)—

(i) in subparagraph (A), by striking “each year thereafter” and inserting “through 2017”; and

(ii) in subparagraph (B)(ii), by striking the semicolon at the end of subclause (IV) and all that follows through “100 percent”;

(5) in section 1915(k)(2), by striking “during the period described in paragraph (1)” and inserting “on or after the date referred to in paragraph (1) and before January 1, 2018”;

(6) in section 1920(e), by adding at the end the following: “This subsection shall not apply after December 31, 2017.”;

(7) in section 1937(b)(5), by adding at the end the following: “This paragraph shall not apply after December 31, 2017.”; and

(8) in section 1943(a), by inserting “and before January 1, 2018,” after “January 1, 2014,”.

SEC. 208. REPEAL OF DSH ALLOTMENT REDUCTIONS.

Section 1923(f) of the Social Security Act (42 U.S.C. 1396r–4(f)) is amended by striking paragraphs (7) and (8).
SEC. 209. REPEAL OF THE TAX ON EMPLOYEE HEALTH INSURANCE PREMIUMS AND HEALTH PLAN BENEFITS.

(a) IN GENERAL.—Chapter 43 of the Internal Revenue Code of 1986 is amended by striking section 4980I.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2017.

(c) SUBSEQUENT EFFECTIVE DATE.—The amendment made by subsection (a) shall not apply to taxable years beginning after December 31, 2024, and chapter 43 of the Internal Revenue Code of 1986 is amended to read as such chapter would read if such subsection had never been enacted.

SEC. 210. REPEAL OF TAX ON OVER-THE-COUNTER MEDICATIONS.

(a) HSAS.—Subparagraph (A) of section 223(d)(2) of the Internal Revenue Code of 1986 is amended by striking “Such term” and all that follows through the period.

(b) ARCHER MSAs.—Subparagraph (A) of section 220(d)(2) of the Internal Revenue Code of 1986 is amended by striking “Such term” and all that follows through the period.

(e) HEALTH FLEXIBLE SPENDING ARRANGEMENTS AND HEALTH REIMBURSEMENT ARRANGEMENTS.—Sec-
tion 106 of the Internal Revenue Code of 1986 is amended by striking subsection (f).

(d) Effective Dates.—

(1) Distributions from Savings Accounts.—The amendments made by subsections (a) and (b) shall apply to amounts paid with respect to taxable years beginning after December 31, 2015.

(2) Reimbursements.—The amendment made by subsection (c) shall apply to expenses incurred with respect to taxable years beginning after December 31, 2015.

SEC. 211. REPEAL OF TAX ON HEALTH SAVINGS ACCOUNTS.

(a) HSAs.—Section 223(f)(4)(A) of the Internal Revenue Code of 1986 is amended by striking “20 percent” and inserting “10 percent”.

(b) Archer MSAs.—Section 220(f)(4)(A) of the Internal Revenue Code of 1986 is amended by striking “20 percent” and inserting “15 percent”.

(c) Effective Date.—The amendments made by this section shall apply to distributions made after December 31, 2015.

SEC. 212. REPEAL OF LIMITATIONS ON CONTRIBUTIONS TO FLEXIBLE SPENDING ACCOUNTS.

(a) In General.—Section 125 of the Internal Revenue Code of 1986 is amended by striking subsection (i).
(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 213. REPEAL OF TAX ON PRESCRIPTION MEDICATIONS.

Subsection (j) of section 9008 of the Patient Protection and Affordable Care Act is amended to read as follows:

“(j) Repeal.—This section shall apply to calendar years beginning after December 31, 2010, and ending before January 1, 2016.”.

SEC. 214. REPEAL OF MEDICAL DEVICE EXCISE TAX.

(a) In General.—Chapter 32 of the Internal Revenue Code of 1986 is amended by striking subchapter E.

(b) Effective Date.—The amendment made by this section shall apply to sales in calendar quarters beginning after December 31, 2015.

SEC. 215. REPEAL OF HEALTH INSURANCE TAX.

Subsection (j) of section 9010 of the Patient Protection and Affordable Care Act is amended to read as follows:

“(j) Repeal.—This section shall apply to calendar years beginning after December 31, 2013, and ending before January 1, 2016.”.
SEC. 216. REPEAL OF ELIMINATION OF DEDUCTION FOR EXPENSES ALLOCABLE TO MEDICARE PART D SUBSIDY.

(a) In General.—Section 139A of the Internal Revenue Code of 1986 is amended by adding at the end the following new sentence: “This section shall not be taken into account for purposes of determining whether any deduction is allowable with respect to any cost taken into account in determining such payment.”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 217. REPEAL OF CHRONIC CARE TAX.

(a) In General.—Subsection (a) of section 213 of the Internal Revenue Code of 1986 is amended by striking “10 percent” and inserting “7.5 percent”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 218. REPEAL OF MEDICARE TAX INCREASE.

(a) In General.—Subsection (b) of section 3101 of the Internal Revenue Code of 1986 is amended to read as follows:

“(b) Hospital Insurance.—In addition to the tax imposed by the preceding subsection, there is hereby imposed on the income of every individual a tax equal to 1.45
percent of the wages (as defined in section 3121(a)) re-
ceived by such individual with respect to employment (as
defined in section 3121(b)).”.

(b) SECA.—Subsection (b) of section 1401 of the In-
ternal Revenue Code of 1986 is amended to read as fol-
lows:

“(b) Hospital Insurance.—In addition to the tax
imposed by the preceding subsection, there shall be im-
posed for each taxable year, on the self-employment in-
come of every individual, a tax equal to 2.9 percent of the
amount of the self-employment income for such taxable
year.”.

(c) Effective Date.—The amendments made by
this section shall apply with respect to remuneration re-
ceived after, and taxable years beginning after, December
31, 2015.

SEC. 219. REPEAL OF TANNING TAX.
(a) In General.—The Internal Revenue Code of
1986 is amended by striking chapter 49.

(b) Effective Date.—The amendment made by
this section shall apply to services performed on or after
December 31, 2015.

SEC. 220. REPEAL OF NET INVESTMENT TAX.
(a) In General.—Subtitle A of the Internal Rev-
venue Code of 1986 is amended by striking chapter 2A.
(b) **Effective Date.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2015.

**SEC. 221. REMUNERATION.**

Paragraph (6) of section 162(m) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(I) **Termination.**—This paragraph shall not apply to taxable years beginning after December 31, 2015.”.

**SEC. 222. ECONOMIC SUBSTANCE DOCTRINE.**

(a) **In General.**—Subsection (o) of section 7701 of the Internal Revenue Code of 1986 is repealed.

(b) **Penalty for Underpayments.**—Paragraph (6) of section 6662(b) of the Internal Revenue Code of 1986 is repealed.

(c) **Increased Penalty for Nondisclosed Transactions.**—Subsection (i) of section 6662 of the Internal Revenue Code of 1986 is repealed.

(d) **Reasonable Cause Exception for Underpayments.**—Paragraph (2) of section 6664(c) of the Internal Revenue Code of 1986 is repealed.

(e) **Reasonable Cause Exception for Nondisclosed Transactions.**—Paragraph (2) of section 6664(d) of the Internal Revenue Code of 1986 is repealed.
1 (f) **Erroneous Claim for Refund or Credit.**—
2 Subsection (e) of section 6676 of the Internal Revenue Code of 1986 is repealed.
3
4 (g) **Effective Date.**—The repeals made by this section shall apply to transactions entered into, and to underpayments, understatements, or refunds and credits attributable to transactions entered into, after December 31, 2015.

**SEC. 223. BUDGETARY SAVINGS FOR EXTENDING MEDICAIRE SOLVENCY.**

As a result of policies contained in this Act, the Secretary of the Treasury shall transfer to the Federal Hospital Insurance Trust Fund under section 1817 of the Social Security Act (42 U.S.C. 1395i) $ which represents the full amount of on-budget savings during the period of fiscal years 2016 through 2025) for extending Medicare solvency, to remain available until expended.