

108TH CONGRESS  
2D SESSION

# S. 2725

To amend the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 to eliminate the coverage gap, to eliminate HMO subsidies, to repeal health savings accounts, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 22, 2004

Mrs. BOXER (for herself, Ms. MIKULSKI, Mr. LAUTENBERG, and Mr. CORZINE) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 to eliminate the coverage gap, to eliminate HMO subsidies, to repeal health savings accounts, and for other purposes.

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.**

4 This Act may be cited as the “Closing the Coverage  
5 Gap Act of 2004”.

1 **TITLE I—IMPROVEMENT OF**  
2 **MEDICARE PRESCRIPTION**  
3 **DRUG BENEFIT**

4 **SEC. 101. ELIMINATION OF COVERAGE GAP.**

5 (a) IN GENERAL.—Section 1860D–2(b) of the Social  
6 Security Act, as added by section 101(a) of the Medicare  
7 Prescription Drug, Improvement, and Modernization Act  
8 of 2003, is amended—

9 (1) in paragraph (1)(A)(ii), by striking “para-  
10 graph (6)” and inserting “paragraph (5)”;

11 (2) in paragraph (2)(A), by striking “and up to  
12 the initial coverage limit under paragraph (3)”;

13 (3) by striking paragraphs (3) and (4) and in-  
14 serting the following:

15 “(3) PROTECTION AGAINST HIGH OUT-OF-POCK-  
16 ET EXPENDITURES.—

17 “(A) IN GENERAL.—The coverage provides  
18 benefits with cost-sharing that is equal to the  
19 greater of—

20 “(i) a copayment of \$2 for a generic  
21 drug or a preferred drug that is a multiple  
22 source drug (as defined in section  
23 1927(k)(7)(A)(i)) and \$5 for any other  
24 drug; or

1                   “(ii) coinsurance that is equal to 5  
2                   percent.

3                   “(B) ADJUSTMENT OF AMOUNT.—For a  
4                   year after 2006, the dollar amounts specified in  
5                   subparagraph (A)(i) shall be equal to the dollar  
6                   amounts specified in this subparagraph for the  
7                   previous year, increased by the annual percent-  
8                   age increase described in paragraph (5) for the  
9                   year involved. Any amount established under  
10                  this clause that is not a multiple of a 5 cents  
11                  shall be rounded to the nearest multiple of 5  
12                  cents.”; and

13                  (4) by redesignating paragraphs (5) and (6) as  
14                  paragraphs (4) and (5), respectively.

15                  (b) CONFORMING AMENDMENT.—Section 1860D–  
16 14(a) of such Act, as so added, is amended by striking  
17 subparagraph (C) of paragraphs (1) and (2).

18                  (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall take effect as if included in the enact-  
20 ment of the Medicare Prescription Drug, Improvement,  
21 and Modernization Act of 2003.

1 **TITLE II—ELIMINATION OF HMO**  
 2 **SUBSIDIES**

3 **SEC. 201. ELIMINATION OF MA REGIONAL PLAN STABILIZA-**  
 4 **TION FUND.**

5 Subsection (e) of section 1858 of the Social Security  
 6 Act, as added by section 221(c) of the Medicare Prescrip-  
 7 tion Drug, Improvement, and Modernization Act of 2003,  
 8 is repealed.

9 **SEC. 202. ELIMINATION OF PREMIUM SUPPORT DEM-**  
 10 **ONSTRATION PROGRAM.**

11 Effective as if included in the enactment of the Medi-  
 12 care Prescription Drug, Improvement, and Modernization  
 13 Act of 2003, subtitle E of title I of such Act is repealed  
 14 and any provisions of law amended by such subtitle are  
 15 restored as if such subtitle had not been enacted.

16 **TITLE III—REPEAL OF HEALTH**  
 17 **SAVINGS ACCOUNTS**

18 **SEC. 301. REPEAL OF HEALTH SAVINGS ACCOUNTS.**

19 Section 1201 of the Medicare Prescription Drug, Im-  
 20 provement, and Modernization Act of 2003 is repealed and  
 21 any provisions of law amended by such section are re-  
 22 stored as if such section had not been enacted.

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