

119TH CONGRESS
1ST SESSION

H. R. 6494

To amend titles XVIII and XIX of the Social Security Act to make improvements to the treatment of the United States territories under the Medicare and Medicaid programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 5, 2025

Ms. PLASKETT (for herself, Mrs. RADEWAGEN, Mr. HERNÁNDEZ, Mr. MOYLAN, and Ms. KING-HINDS) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend titles XVIII and XIX of the Social Security Act to make improvements to the treatment of the United States territories under the Medicare and Medicaid programs, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Territories Health Equity Act of 2025”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—MEDICAID

Sec. 101. Elimination of general Medicaid funding limitations (“CAP”) for territories.

Sec. 102. Elimination of specific Federal medical assistance percentage (FMAP) limitation for Puerto Rico.

Sec. 103. Permitting Medicaid DSH allotments for territories.

TITLE II—MEDICARE

Subtitle A—Part A

Sec. 201. Calculation of Medicare DSH payments for IPPS hospitals in Puerto Rico.

Sec. 202. Rebasing target amount for hospitals in territories.

Sec. 203. Medicare DSH target adjustment for hospitals in territories.

Subtitle B—Part B

Sec. 211. Eliminating late enrollment penalties under Part B of the Medicare program for certain individuals residing in Puerto Rico.

Subtitle C—Medicare Advantage (Part C)

Sec. 221. Adjustment in benchmark for low-base payment counties in Puerto Rico.

Subtitle D—Part D

Sec. 231. Automatic eligibility of certain low-income territorial residents for premium and cost-sharing subsidies under the Medicare program; sunset of enhanced allotment program.

TITLE III—MISCELLANEOUS

Sec. 301. Medicaid and CHIP territory transparency and information.

Sec. 302. Report on exclusion of territories from exchanges.

Sec. 303. Access to coverage for individuals in certain areas without any available exchange plans.

TITLE I—MEDICAID

3

4 SEC. 101. ELIMINATION OF GENERAL MEDICAID FUNDING 5 LIMITATIONS (“CAP”) FOR TERRITORIES.

6 (a) IN GENERAL.—Section 1108 of the Social Security
 7 Act (42 U.S.C. 1308) is amended—

1 (1) in subsection (f), in the matter preceding
2 paragraph (1), by striking “subsections (g) and (h)”
3 and inserting “subsections (g), (h), and (j)”;

4 (2) in subsection (g)(2), in the matter pre-
5 ceding subparagraph (A), by inserting “subsection
6 (j) and” after “subject to”;

7 (3) in subsection (i), by striking paragraph (4);
8 and

9 (4) by adding at the end the following new sub-
10 section:

11 “(j) SUNSET OF MEDICAID FUNDING LIMITATIONS
12 FOR PUERTO RICO, THE VIRGIN ISLANDS, GUAM, THE
13 NORTHERN MARIANA ISLANDS, AND AMERICAN SAMOA.—
14 Subsections (f) and (g) shall not apply to Puerto Rico,
15 the Virgin Islands, Guam, the Northern Mariana Islands,
16 and American Samoa beginning with fiscal year 2026.”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) Section 1902(j) of the Social Security Act
19 (42 U.S.C. 1396a(j)) is amended by striking “, the
20 limitation in section 1108(f),”.

21 (2) Section 1903(u) of the Social Security Act
22 (42 U.S.C. 1396b(u)) is amended by striking para-
23 graph (4).

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall apply beginning with fiscal year 2026.

1 **SEC. 102. ELIMINATION OF SPECIFIC FEDERAL MEDICAL**
2 **ASSISTANCE PERCENTAGE (FMAP) LIMITA-**
3 **TION FOR PUERTO RICO.**

4 Section 1905 of the Social Security Act (42 U.S.C.
5 1396d) is amended—

6 (1) in subsection (b)(2), by inserting “for fiscal
7 years before fiscal year 2026” after “American
8 Samoa”; and

9 (2) in subsection (ff)(2), by striking “2027”
10 and inserting “2025”.

11 **SEC. 103. PERMITTING MEDICAID DSH ALLOTMENTS FOR**
12 **TERRITORIES.**

13 Section 1923(f) of the Social Security Act (42 U.S.C.
14 1396r-4(f)) is amended—

15 (1) in paragraph (6), by adding at the end the
16 following new subparagraph:

17 “(C) TERRITORIES.—

18 “(i) FISCAL YEAR 2026.—For fiscal
19 year 2026, the DSH allotment for Puerto
20 Rico, the Virgin Islands, Guam, the North-
21 ern Mariana Islands, and American Samoa
22 shall bear the same ratio to \$300,000,000
23 as the ratio of the number of individuals
24 who are low-income or uninsured and re-
25 siding in such respective territory (as esti-
26 mated from time to time by the Secretary)

1 bears to the sums of the number of such
2 individuals residing in all of the territories.

3 “(ii) SUBSEQUENT FISCAL YEAR.—
4 For each subsequent fiscal year, the DSH
5 allotment for each such territory is subject
6 to an increase in accordance with para-
7 graph (3).”; and

8 (2) in paragraph (9), by inserting before the pe-
9 riod at the end the following: “, and includes, begin-
10 ning with fiscal year 2026, Puerto Rico, the Virgin
11 Islands, Guam, the Northern Mariana Islands, and
12 American Samoa”.

13 **TITLE II—MEDICARE**

14 **Subtitle A—Part A**

15 **SEC. 201. CALCULATION OF MEDICARE DSH PAYMENTS FOR** 16 **IPPS HOSPITALS IN PUERTO RICO.**

17 Section 1886(d)(9)(D)(iii) of the Social Security Act
18 (42 U.S.C. 1395ww(d)(9)(D)(iii)) is amended to read as
19 follows:

20 “(iii) Subparagraph (F) (relating to
21 disproportionate share payments), includ-
22 ing application of subsection (r), except
23 that for this purpose—

24 “(I) the sum described in clause
25 (ii) of this subparagraph shall be sub-

1 stituted for the sum referred to in
2 paragraph (5)(F)(ii)(I); and

3 “(II) for discharges occurring on
4 or after October 1, 2025, subclause
5 (I) of paragraph (5)(F)(vi) shall be
6 applied by substituting for the numer-
7 ator described in such subclause the
8 number of subsection (d) Puerto Rico
9 hospital’s patient days for the cost re-
10 porting period involved which were
11 made up of patients who (for such
12 days) were entitled to benefits under
13 part A of this title and were—

14 “(aa) entitled to supple-
15 mentary security income benefits
16 (excluding any State supplemen-
17 tation) under title XVI;

18 “(bb) eligible for medical as-
19 sistance under a State plan
20 under title XIX; or

21 “(cc) receiving aid or assist-
22 ance under any plan of the State
23 approved under title I, X, XIV,
24 or XVI.”.

1 **SEC. 202. REBASING TARGET AMOUNT FOR HOSPITALS IN**
2 **TERRITORIES.**

3 Section 1886(b)(3) of the Social Security Act (42
4 U.S.C. 1395ww(b)(3)) is amended by adding at the end
5 the following new subparagraph:

6 “(M)(i) For each cost reporting period be-
7 ginning on or after October 1, 2025, in the case
8 of a hospital located in a territory of the United
9 States, there shall be substituted for the target
10 amount otherwise determined under subpara-
11 graph (A) the rebased target amount (as de-
12 fined in clause (ii)), if such substitution results
13 in an amount of payment under this section to
14 the hospital for such period that is greater than
15 the amount of payment that would be made
16 under this section to the hospital for such pe-
17 riod if this subparagraph were not to apply.

18 “(ii) For purposes of this subparagraph,
19 the term ‘rebased target amount’ has the mean-
20 ing given the term ‘target amount’ in subpara-
21 graph (A), except that—

22 “(I) for a cost reporting period begin-
23 ning on or after October 1, 2025, and be-
24 fore September 30, 2030, there shall be
25 substituted for the preceding 12-month
26 cost reporting period the 12-month cost re-

1 reporting period beginning during fiscal year
2 2017;

3 “(II) for a cost reporting period be-
4 ginning on or after October 1, 2030, there
5 shall be substituted for the preceding 12-
6 month cost reporting period the cost re-
7 porting period for which the target amount
8 determined under subparagraph (A) is the
9 highest among the 5 cost reporting periods
10 for which the Secretary has the most re-
11 cent settled cost reports;

12 “(III) any reference in subparagraph
13 (A)(i) to the ‘first such cost reporting pe-
14 riod’ is deemed a reference to the first cost
15 reporting period following the 12-month
16 cost reporting period beginning during fis-
17 cal year 2017; and

18 “(IV) the applicable percentage in-
19 crease shall only be applied under subpara-
20 graph (B)(ii) for cost reporting periods be-
21 ginning on or after October 1, 2025.”.

22 **SEC. 203. MEDICARE DSH TARGET ADJUSTMENT FOR HOS-**
23 **PITALS IN TERRITORIES.**

24 Section 1886(b)(3) of the Social Security Act (42
25 U.S.C. 1395ww(b)(3)), as amended by section 202, is fur-

1 ther amended by adding at the end the following new sub-
2 paragraph:

3 “(N)(i) For each cost reporting period be-
4 ginning on or after October 1, 2025, in the case
5 of a hospital that is located in a territory of the
6 United States other than Puerto Rico and that
7 would be a subsection (d) hospital if it were lo-
8 cated in one of the 50 States, the target
9 amount shall be increased by—

10 “(I) in the case that such hospital has
11 a disproportionate patient percentage of
12 not less than 15 percent and not greater
13 than 40 percent, 10 percent; and

14 “(II) in the case that such hospital
15 has a disproportionate patient percentage
16 of greater than 40 percent, 10 percent plus
17 60 percent of the number of percentage
18 points by which such hospital’s dispropor-
19 tionate patient percentage exceeds 40 per-
20 cent.

21 “(ii) For purposes of this subparagraph,
22 the term ‘disproportionate patient percentage’
23 has the meaning given such term in subsection
24 (d)(5)(F)(vi), except that in applying such
25 meaning any reference under such subsection to

1 individuals entitled to supplementary security
 2 income under title XVI shall be deemed for pur-
 3 poses of this subparagraph to include individ-
 4 uals—

5 “(I) eligible for medical assistance
 6 under a State plan under title XIX; or

7 “(II) receiving aid or assistance under
 8 any plan of the territory approved under
 9 title I, X, XIV, or XVI.”.

10 **Subtitle B—Part B**

11 **SEC. 211. ELIMINATING LATE ENROLLMENT PENALTIES** 12 **UNDER PART B OF THE MEDICARE PROGRAM** 13 **FOR CERTAIN INDIVIDUALS RESIDING IN** 14 **PUERTO RICO.**

15 (a) IN GENERAL.—Section 1839(b) of the Social Se-
 16 curity Act (42 U.S.C. 1395r(b)) is amended in the second
 17 sentence by inserting “or months occurring in the 5-year
 18 period beginning on the date on which the individual be-
 19 comes entitled to benefits under part A if such individual
 20 was residing in Puerto Rico as of such date and such date
 21 is after the date that is 4 years before the date of the
 22 enactment of the Territories Health Equity Act of 2025”
 23 before the period at the end of such sentence.

24 (b) APPLICATION.—The amendment made by sub-
 25 section (a) shall apply with respect to premiums paid for

1 months beginning on or after the date of the enactment
2 of this Act.

3 **Subtitle C—Medicare Advantage**
4 **(Part C)**

5 **SEC. 221. ADJUSTMENT IN BENCHMARK FOR LOW-BASE**
6 **PAYMENT COUNTIES IN PUERTO RICO.**

7 Section 1853(n) of the Social Security Act (42 U.S.C.
8 1395w–23(n)) is amended—

9 (1) in paragraph (1), by striking “and (5)” and
10 inserting “(5), and (6)”;

11 (2) in paragraph (4), by striking “In no case”
12 and inserting “Subject to paragraph (6), in no
13 case”; and

14 (3) by adding at the end the following new
15 paragraph:

16 “(6) SPECIAL RULES FOR BLENDED BENCH-
17 MARK AMOUNT FOR TERRITORIES.—

18 “(A) IN GENERAL.—Subject to paragraph
19 (2), the blended benchmark amount for an area
20 in a territory for a year (beginning with 2026)
21 shall not be less than 80 percent of the national
22 average of the base payment amounts specified
23 in subparagraph (2)(E) for such year for areas
24 within the 50 States and the District of Colum-
25 bia.

1 (iii) by inserting after subclause (II)
2 the following new subclause:

3 “(III) with respect to plan years
4 beginning on or after January 1,
5 2026, shall provide that any part D
6 eligible individual who is enrolled for
7 medical assistance under the State
8 Medicaid plan of a territory (as de-
9 fined in section 1935(f)) under title
10 XIX (or a waiver of such a plan) shall
11 be treated as a subsidy eligible indi-
12 vidual described in paragraph (1).”;
13 and

14 (B) in subparagraph (F), by adding at the
15 end the following new sentence: “The previous
16 sentence shall not apply with respect to eligi-
17 bility determinations for premium and cost-
18 sharing subsidies under this section made on or
19 after January 1, 2026.”.

20 (2) CONFORMING AMENDMENT.—Section
21 1860D–31(j)(2)(D) of the Social Security Act (42
22 U.S.C. 1395w–141(j)(2)(D)) is amended by adding
23 at the end the following new sentence: “The previous
24 sentence shall not apply with respect to amounts

1 made available to a State under this paragraph on
2 or after January 1, 2026.”.

3 (b) SUNSET OF ENHANCED ALLOTMENT PRO-
4 GRAM.—

5 (1) IN GENERAL.—Section 1935(e) of the So-
6 cial Security Act (42 U.S.C. 1396u–5(e)) is amend-
7 ed—

8 (A) in paragraph (1)(A), by inserting after
9 “such State” the following: “before January 1,
10 2026”; and

11 (B) in paragraph (3)—

12 (i) in subparagraph (A), in the matter
13 preceding clause (i), by inserting after “a
14 year” the following: “(before 2026)”; and

15 (ii) in subparagraph (B)(iii), by strik-
16 ing “a subsequent year” and inserting
17 “each of fiscal years 2010 through 2025”.

18 (2) TERRITORY DEFINED.—Section 1935 of the
19 Social Security Act (42 U.S.C. 1396u–5) is amended
20 by adding at the end the following new subsection:
21 “(f) TERRITORY DEFINED.—In this section, the term
22 ‘territory’ means Puerto Rico, the Virgin Islands, Guam,
23 the Northern Mariana Islands, and American Samoa.”.

1 **TITLE III—MISCELLANEOUS**

2 **SEC. 301. MEDICAID AND CHIP TERRITORY TRANSPARENCY**
3 **AND INFORMATION.**

4 (a) PUBLICATION OF INFORMATION ON FEDERAL
5 EXPENDITURES UNDER MEDICAID AND CHIP IN THE
6 TERRITORIES.—Not later than 180 days after the date
7 of the enactment of this Act, the Secretary of Health and
8 Human Services shall publish, and periodically update, on
9 the internet site of the Centers for Medicare & Medicaid
10 Services information on Medicaid and CHIP carried out
11 in the territories of the United States. Such information
12 shall include, with respect to each such territory—

13 (1) the income levels established by the terri-
14 tory for purposes of eligibility of an individual to re-
15 ceive medical assistance under Medicaid or child
16 health assistance under CHIP;

17 (2) the number of individuals enrolled in Med-
18 icaid and CHIP in such territory;

19 (3) any State plan amendments in effect to
20 carry out Medicaid or CHIP in such territory;

21 (4) any waiver of the requirements of title XIX
22 or title XXI issued by the Secretary to carry out
23 Medicaid or CHIP in the territory, including a waiv-
24 er under section 1115 of the Social Security Act (42
25 U.S.C. 1315), any application for such a waiver, and

1 any documentation related to such application (in-
2 cluding correspondence);

3 (5) the amount of the Federal and non-Federal
4 share of expenditures under Medicaid and CHIP in
5 such territory;

6 (6) the systems in place for the furnishing of
7 health care items and services under Medicaid and
8 CHIP in such territory;

9 (7) the design of CHIP in such territory; and

10 (8) other information regarding the carrying
11 out of Medicaid and CHIP in the territory that is
12 published on such internet site with respect to car-
13 rying out Medicaid and CHIP in each State and the
14 District of Columbia.

15 (b) DEFINITIONS.—In this section:

16 (1) CHIP.—The term “CHIP” means the
17 State Children’s Health Insurance Program under
18 title XXI of the Social Security Act.

19 (2) MEDICAID.—The term “Medicaid” means
20 the Medicaid program under title XIX of the Social
21 Security Act.

22 (3) TERRITORY.—The term “territory of the
23 United States” includes Puerto Rico, the Virgin Is-
24 lands of the United States, Guam, the Northern
25 Mariana Islands, and American Samoa.

1 **SEC. 302. REPORT ON EXCLUSION OF TERRITORIES FROM**
2 **EXCHANGES.**

3 (a) IN GENERAL.—Not later than February 1, 2026,
4 the Secretary of Health and Human Services shall submit
5 to Congress a report that details the adverse impacts in
6 each territory from the practical exclusion of the terri-
7 tories from the provisions of part II of subtitle D of title
8 I of the Patient Protection and Affordable Care Act inso-
9 far as such provisions provide for the establishment of an
10 American Health Benefit Exchange or the administration
11 of a federally facilitated Exchange in each State and in
12 the District of Columbia for the purpose of making health
13 insurance more affordable and accessible for individuals
14 and small businesses.

15 (b) INFORMATION IN REPORT.—The report shall in-
16 clude information on the following:

17 (1) An estimate of the total number of unin-
18 sured and underinsured individuals residing in each
19 territory with respect to health insurance coverage.

20 (2) A description of the number of health insur-
21 ance issuers in each territory and the health insur-
22 ance plans these issuers offer.

23 (3) An estimate of the number of individuals re-
24 siding in each territory who are denied premium and
25 cost-sharing assistance that would otherwise be
26 available to them for obtaining health insurance cov-

1 erage through an Exchange if they resided in one of
 2 the 50 States or in the District of Columbia.

3 (4) An estimate of the amount of Federal as-
 4 sistance described in paragraph (3) that is not being
 5 made available to residents of each territory.

6 (5) An estimate of the number of small employ-
 7 ers in each territory that would be eligible to pur-
 8 chase health insurance coverage through a Small
 9 Business Health Options Program (SHOP) Market-
 10 place that would operate as part of an Exchange if
 11 the employers were in one of the 50 States or in the
 12 District of Columbia.

13 **SEC. 303. ACCESS TO COVERAGE FOR INDIVIDUALS IN CER-**
 14 **TAIN AREAS WITHOUT ANY AVAILABLE EX-**
 15 **CHANGE PLANS.**

16 Part 2 of subtitle D of title I of the Patient Protec-
 17 tion and Affordable Care Act (42 U.S.C. 18031 et seq.)
 18 is amended by adding at the end the following:

19 **“SEC. 1314. ACCESS TO COVERAGE FOR INDIVIDUALS IN**
 20 **CERTAIN AREAS WITHOUT ANY AVAILABLE**
 21 **EXCHANGE PLANS.**

22 **“(a) IN GENERAL.—**

23 **“(1) COVERAGE THROUGH DC EXCHANGE.—**

24 Not later than 3 months after the date of enactment
 25 of this section, the Secretary, in consultation with

1 the Secretary of the Treasury and the Director of
2 the Office of Personnel Management, shall establish
3 a mechanism to ensure that, for any plan year be-
4 ginning on or after the date described in subsection
5 (c), any individual described in paragraph (2) has
6 access to health insurance coverage which is at least
7 as broad as the coverage available to Members of
8 Congress and congressional staff (as defined in sec-
9 tion 1312(d)(3)(D)) through the Exchange operating
10 in the District of Columbia. Such individuals shall
11 be eligible for any premium tax credit under section
12 36B of the Internal Revenue Code of 1986, reduced
13 cost sharing under section 1402, and advance deter-
14 mination and payment of such credits or such reduc-
15 tions under section 1412 to be administered by the
16 Secretary, in consultation with the Secretary of the
17 Treasury and the Director of the Office of Personnel
18 Management. The District of Columbia, its resi-
19 dents, and small businesses shall be held harmless
20 from any increased costs resulting from the enact-
21 ment of this section.

22 “(2) INDIVIDUAL DESCRIBED.—An individual
23 described in this paragraph is any individual who—

24 “(A) is not eligible to enroll in an em-
25 ployer-sponsored health plan (excluding such a

1 plan that would not be considered minimum es-
2 sential coverage due to the application of sub-
3 paragraph (C) of section 36B(c)(2) of the In-
4 ternal Revenue Code of 1986 if such subpara-
5 graph applied to such plan); and

6 “(B) is a bona fide resident of any posses-
7 sion of the United States (as determined under
8 section 937(a) of such Code) in which the Sec-
9 retary certifies that no qualified health plan is
10 offered through an Exchange established under
11 this title.

12 “(3) POSSESSION OF THE UNITED STATES.—

13 For purposes of this section, the term ‘possession of
14 the United States’ shall include such possessions as
15 are specified in section 937(a)(1) of the Internal
16 Revenue Code of 1986.

17 “(b) TREATMENT OF POSSESSIONS.—

18 “(1) PAYMENTS TO POSSESSIONS.—

19 “(A) MIRROR CODE POSSESSION.—The
20 Secretary of the Treasury shall periodically (but
21 not less frequently than annually) pay to each
22 possession of the United States with a mirror
23 code tax system amounts equal to the loss to
24 that possession by reason of the application of
25 this section (determined without regard to para-

1 graph (2)) with respect to taxable years begin-
2 ning after the date described in subsection (c).
3 Such amounts shall be determined by the Sec-
4 retary of the Treasury based on information
5 provided by the government of the respective
6 possession.

7 “(B) OTHER POSSESSIONS.—The Sec-
8 retary of the Treasury shall periodically (but
9 not less frequently than annually) pay to each
10 possession of the United States which does not
11 have a mirror code tax system amounts esti-
12 mated by the Secretary of the Treasury as
13 being equal to the aggregate benefits that would
14 have been provided to residents of such posses-
15 sion by reason of the application of this section
16 for any taxable years beginning after the date
17 described in subsection (c) if a mirror code tax
18 system had been in effect in such possession.
19 The preceding sentence shall not apply with re-
20 spect to any possession of the United States un-
21 less such possession has a plan, which has been
22 approved by the Secretary of the Treasury,
23 under which such possession will promptly dis-
24 tribute such payments to the residents of such
25 possession.

1 “(2) COORDINATION WITH CREDIT ALLOWED
2 AGAINST UNITED STATES INCOME TAXES.—No cred-
3 it shall be allowed against United States income
4 taxes for any taxable year under section 36B of the
5 Internal Revenue Code of 1986 to any person—

6 “(A) to whom a credit is allowed against
7 taxes imposed by the possession by reason of
8 this section (determined without regard to this
9 paragraph) for such taxable year, or

10 “(B) who is eligible for a payment under
11 a plan described in paragraph (1)(B) with re-
12 spect to such taxable year.

13 “(3) MIRROR CODE TAX SYSTEM.—For pur-
14 poses of this subsection, the term ‘mirror code tax
15 system’ means, with respect to any possession of the
16 United States, the income tax system of such posses-
17 sion if the income tax liability of the residents of
18 such possession under such system is determined by
19 reference to the income tax laws of the United
20 States as if such possession were the United States.

21 “(4) TREATMENT OF PAYMENTS.—For pur-
22 poses of section 1324(b)(2) of title 31, United
23 States Code, or any similar rule of law, the pay-
24 ments under this subsection shall be treated in the
25 same manner as a refund due from the credit al-

1 lowed under section 36B of the Internal Revenue
2 Code of 1986.

3 “(c) DATE DESCRIBED.—The date described in this
4 subsection is the date on which the Secretary establishes
5 the mechanism described in subsection (a)(1).”.

○