

Improvement, and Modernization Act of 2003 (Public Law 108–173), is repealed.

SEC. 1103. SAVINGS FROM LIMITS ON MA PLAN ADMINISTRATIVE COSTS.

Section 1857(e) of the Social Security Act (42 U.S.C. 1395w–27(e)) is amended by adding at the end the following new paragraph:

“(4) REQUIREMENT FOR MINIMUM MEDICAL LOSS RATIO.—

If the Secretary determines for a contract year (beginning with 2014) that an MA plan has failed to have a medical loss ratio of at least .85—

“(A) the MA plan shall remit to the Secretary an amount equal to the product of—

“(i) the total revenue of the MA plan under this part for the contract year; and

“(ii) the difference between .85 and the medical loss ratio;

“(B) for 3 consecutive contract years, the Secretary shall not permit the enrollment of new enrollees under the plan for coverage during the second succeeding contract year; and

“(C) the Secretary shall terminate the plan contract if the plan fails to have such a medical loss ratio for 5 consecutive contract years.”.

SEC. 1104. DISPROPORTIONATE SHARE HOSPITAL (DSH) PAYMENTS.

Section 1886(r) of the Social Security Act (42 U.S.C. 1395ww(r)), as added by section 3133 of the Patient Protection and Affordable Care Act and as amended by section 10316 of such Act, is amended—

(1) in paragraph (1), by striking “2015” and inserting “2014”; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking “2015” and inserting “2014”;

(B) in subparagraph (B)(i)—

(i) in the heading, by inserting “2014,” after “YEARS”;

(ii) in the matter preceding subclause (I), by inserting “2014,” after “each of fiscal years”;

(iii) in subclause (I), by striking “on such Act” and inserting “on the Health Care and Education Reconciliation Act of 2010”; and

(iv) in the matter following subclause (II), by striking “minus 1.5 percentage points” and inserting “minus 0.1 percentage points for fiscal year 2014 and minus 0.2 percentage points for each of fiscal years 2015, 2016, and 2017”; and

(C) in subparagraph (B)(ii), in the matter following subclause (II), by striking “and, for each of 2018 and 2019, minus 1.5 percentage points” and inserting “minus 0.2 percentage points for each of fiscal years 2018 and 2019”.

SEC. 1105. MARKET BASKET UPDATES.

(a) IPPS.—Section 1886(b)(3)(B) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(B)), as amended by sections 3401(a)(4) and 10319(a) of the Patient Protection and Affordable Care Act, is amended—