

MEDICARE-X CHOICE ACT

The Medicare-X Choice Act of 2025

U.S. Senators Michael Bennet (D-Colo.) and Tim Kaine (D-Va.)

The Affordable Care Act (ACA) expanded health insurance coverage to an additional 20 million Americans, established critical protections for patients with pre-existing conditions, and standardized essential health benefits for all qualified health plans. However, many Americans still face high health care costs and limited options for affordable health insurance. The Medicare-X Choice Act builds on the Medicare and ACA frameworks by establishing the Medicare Exchange Health Plan, a public option for uninsured individuals, families, and small businesses.

Establishment and Plan Availability. The Secretary of Health and Human Services (HHS) will make the Medicare Exchange (Medicare-X) plan available on the Federal- and State-based individual exchanges and the Small Business Health Options Program Exchange, starting in 2028. The Secretary can utilize contracts that currently help administer Medicare or contract with new entities to process claims or administer additional components of the plan.

Benefits and Plan Requirements. The plan would cover essential health benefits like other qualified health plans, including maternity and newborn care, pediatric services, and mental and behavioral health care. The plan expands on these benefits by covering primary care services without any cost-sharing. The bill directs the HHS Secretary to create options in the silver and gold tiers with flexibility to add bronze and platinum options. The Secretary will gather data from State Insurance Commissioners and other entities—including on racial and ethnic health disparities—in order to set adequate premiums and help improve the quality of health plans.

Improving Premium Tax Credits and Affordability. The bill would permanently extend eligibility for the premium tax credit to those at and above 400% of the Federal Poverty Level (FPL), limiting how much these individuals pay to 8.5% of their income. For Americans below 400% FPL, the legislation would permanently reduce the percentage of income an individual is expected to contribute toward a plan.

Codifying the Family Glitch Fix. Under the ACA, the definition of what constitutes “affordable” employer-sponsored coverage for an individual employee and their family is based on the cost of individual-only coverage rather than the cost of family or spousal coverage, which can be more expensive. In 2022, the Biden Administration recognized that the cost of a family plan should be used when determining “affordability” for an employee with a family rather than the cost of individual-only coverage and issued a rule to fix the definition. The Medicare-X Choice Act will codify this fix, so that future administrations can’t simply reverse the rule.

Reinsurance. The bill authorizes three years of funding for a national reinsurance program at \$10 billion per year to help cover the cost of high-cost patients, keeping premiums lower for all Medicare-X and other marketplace plan holders.

Provider Network and Reimbursement Rates. Providers who participate in Medicare and/or Medicaid must also accept Medicare-X plans and must serve Medicare-X plan holders on similar terms and conditions to any other Federal or State health plan holder. Providers may opt out only in exceptional circumstances. The HHS Secretary may enroll additional providers, such as pediatricians and OB/GYNs to the Medicare-X plan network. The plan will reimburse providers at 100% of Medicare fee-for-service (FFS) rates, with flexibility for the Secretary to reimburse up to 150% of Medicare rates for hospitals and physicians located in rural areas.

Prescription Drug Negotiation. The bill gives the HHS Secretary authority to negotiate drug prices under the Medicare-X plan and all of Medicare Part D. The Secretary may utilize value-based payment arrangements for prescription drugs.

Delivery System Reform for an Enhanced Health Plan. The HHS Secretary may use outcomes-based alternative payment models that are aimed at improving care, improving quality, reducing cost, and addressing racial, ethnic, socioeconomic, geographic, gender, sexual orientation, and other health disparities. Providers may use innovative technology, such as telehealth and remote patient monitoring, and integrate social services like food, housing, and transportation assistance. The bill additionally authorizes the Secretary to establish a grant program that would allow for broader experimentation with accountable communities for health, in order to integrate social needs into the delivery of health care services.

Covering Additional Services. The bill directs the Centers for Medicare and Medicaid Services to study the impact of, and provide recommendations to Congress on, covering services such as long-term services and support; home- and community-based services; assistive and enabling technologies; and vision, hearing, and dental services. The study would examine impacts on premiums, cost-sharing, and implications on the risk pool and individual and small group markets if such benefits were covered by the plan.

Addressing Health Care Market Consolidation. The bill authorizes \$50 million for the Department of Justice Antitrust Division and \$100 million for the Federal Trade Commission for each of the following five years to investigate health care markets and anticompetitive practices and take appropriate enforcement action. It also requires the agencies to report to Congress on their progress.

Protecting Traditional Medicare. The Medicare-X Choice Act would have no effect on benefits offered through Medicare FFS, Medicare Advantage, or the Medicare trust fund.