

One Hundred Thirteenth Congress  
of the  
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Thursday,  
the third day of January, two thousand and thirteen*

Joint Resolution

Making continuing appropriations for fiscal year 2014, and for other purposes.

*Resolved by the Senate and House of Representatives of the  
United States of America in Congress assembled, That*

**DIVISION A—BIPARTISAN BUDGET  
AGREEMENT**

**SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This division may be cited as the “Bipartisan Budget Act of 2013”.

(b) **TABLE OF CONTENTS.**—The table of contents of this division is as follows:

**DIVISION A—BUDGET ENFORCEMENT AND DEFICIT REDUCTION**

Sec. 1. Short title and table of contents.

**TITLE I—BUDGET ENFORCEMENT**

**Subtitle A—Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985**

Sec. 101. Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985.

**Subtitle B—Establishing a Congressional Budget**

- Sec. 111. Fiscal year 2014 budget resolution.
- Sec. 112. Limitation on advance appropriations in the Senate.
- Sec. 113. Rule of construction in the House of Representatives.
- Sec. 114. Additional Senate budget enforcement.
- Sec. 115. Authority for fiscal year 2015 budget resolution in the House of Representatives.
- Sec. 116. Authority for fiscal year 2015 budget resolution in the Senate.
- Sec. 117. Exclusion of savings from PAYGO scorecards.
- Sec. 118. Exercise of rulemaking powers.

**Subtitle C—Technical Corrections**

- Sec. 121. Technical corrections to the Balanced Budget and Emergency Deficit Control Act of 1985.
- Sec. 122. Technical corrections to the Congressional Budget Act of 1974.

**TITLE II—PREVENTION OF WASTE, FRAUD, AND ABUSE**

- Sec. 201. Improving the collection of unemployment insurance overpayments.
- Sec. 202. Strengthening Medicaid Third-Party Liability.
- Sec. 203. Restriction on access to the death master file.
- Sec. 204. Identification of inmates requesting or receiving improper payments.

**TITLE III—NATURAL RESOURCES**

- Sec. 301. Ultra-deepwater and unconventional natural gas and other petroleum resources.

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- Sec. 302. Amendment to the Mineral Leasing Act.
- Sec. 303. Approval of agreement with Mexico.
- Sec. 304. Amendment to the Outer Continental Shelf Lands Act.
- Sec. 305. Federal oil and gas royalty prepayment cap.
- Sec. 306. Strategic Petroleum Reserve.

TITLE IV—FEDERAL CIVILIAN AND MILITARY RETIREMENT

- Sec. 401. Increase in contributions to Federal Employees Retirement System for new employees.
- Sec. 402. Foreign Service Pension System.
- Sec. 403. Annual adjustment of retired pay and retainer pay amounts for retired members of the Armed Forces under age 62.

TITLE V—HIGHER EDUCATION

- Sec. 501. Default reduction program.
- Sec. 502. Elimination of nonprofit servicing contracts.

TITLE VI—TRANSPORTATION

- Sec. 601. Aviation security service fees.
- Sec. 602. Transportation cost reimbursement.
- Sec. 603. Sterile areas at airports.

TITLE VII—MISCELLANEOUS PROVISIONS

- Sec. 701. Extension of customs user fees.
- Sec. 702. Limitation on allowable government contractor compensation costs.
- Sec. 703. Pension Benefit Guaranty Corporation premium rate increases.
- Sec. 704. Cancellation of Unobligated Balances.
- Sec. 705. Conservation planning technical assistance user fees.
- Sec. 706. Self plus one coverage.

(c) REFERENCES.—Except as expressly provided otherwise, any reference to “this Act” contained in any division of this Act shall be treated as referring only to the provisions of that division.

## TITLE I—BUDGET ENFORCEMENT

### Subtitle A—Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985

#### SEC. 101. AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

(a) REVISED DISCRETIONARY SPENDING LIMITS.—Section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking paragraphs (1) through (10) and inserting the following new paragraphs:

“(1) for fiscal year 2014—

“(A) for the revised security category, \$520,464,000,000 in new budget authority; and

“(B) for the revised nonsecurity category, \$491,773,000,000 in new budget authority;

“(2) for fiscal year 2015—

“(A) for the revised security category, \$521,272,000,000 in new budget authority; and

“(B) for the revised nonsecurity category, \$492,356,000,000 in new budget authority;

“(3) for fiscal year 2016—

“(A) for the revised security category, \$577,000,000,000 in new budget authority; and

“(B) for the revised nonsecurity category, \$530,000,000,000 in new budget authority;

“(4) for fiscal year 2017—

“(A) for the revised security category, \$590,000,000,000 in new budget authority; and

“(B) for the revised nonsecurity category, \$541,000,000,000 in new budget authority;

“(5) for fiscal year 2018—

“(A) for the revised security category, \$603,000,000,000 in new budget authority; and

“(B) for the revised nonsecurity category, \$553,000,000,000 in new budget authority;

“(6) for fiscal year 2019—

“(A) for the revised security category, \$616,000,000,000 in new budget authority; and

“(B) for the revised nonsecurity category, \$566,000,000,000 in new budget authority;

“(7) for fiscal year 2020—

“(A) for the revised security category, \$630,000,000,000 in new budget authority; and

“(B) for the revised nonsecurity category, \$578,000,000,000 in new budget authority; and

“(8) for fiscal year 2021—

“(A) for the revised security category, \$644,000,000,000 in new budget authority; and

“(B) for the revised nonsecurity category, \$590,000,000,000 in new budget authority;”.

(b) DIRECT SPENDING ADJUSTMENTS FOR FISCAL YEARS 2014 AND 2015.—(1) Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as redesignated by subsection (d), is amended by adding at the end the following new paragraph:

“(10) IMPLEMENTING DIRECT SPENDING REDUCTIONS FOR FISCAL YEARS 2014 AND 2015.—(A) OMB shall make the calculations necessary to implement the direct spending reductions calculated pursuant to paragraphs (3) and (4) without regard to the amendment made to section 251(c) revising the discretionary spending limits for fiscal years 2014 and 2015 by the Bipartisan Budget Act of 2013.

“(B) Paragraph (5)(B) shall not be implemented for fiscal years 2014 and 2015.”.

(2) Paragraph (5)(B) of section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985, as redesignated by subsection (d)(2)(C) of this section, is amended by striking “On” and inserting “Except as provided by paragraph (10), on”.

(c) EXTENSION OF DIRECT SPENDING REDUCTIONS FOR FISCAL YEARS 2022 AND 2023.—Paragraph (6), as redesignated by subsection (d)(2)(C) of this section, of section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting “(A)” before “On the date” and by adding at the end the following new subparagraph:

“(B) On the dates OMB issues its sequestration preview reports for fiscal year 2022 and for fiscal year 2023, pursuant to section 254(c), the President shall order a sequestration, effective upon issuance such that—

“(i) the percentage reduction for nonexempt direct spending for the defense function is the same percent as the percentage reduction for nonexempt direct spending for the defense function for fiscal year 2021 calculated under paragraph (3)(B); and

“(ii) the percentage reduction for nonexempt direct spending for nondefense functions is the same percent as the percentage reduction for nonexempt direct spending for nondefense functions for fiscal year 2021 calculated under paragraph (4)(B).”

(d) CONFORMING AMENDMENTS.—Part C of title II of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et seq.) is amended—

(1) in section 250(c)(4) (2 U.S.C. 900(c)(4)), by adding at the end the following:

“(D) The term ‘revised security category’ means discretionary appropriations in budget function 050.

“(E) The term ‘revised nonsecurity category’ means discretionary appropriations other than in budget function 050.

“(F) The term ‘category’ means the subsets of discretionary appropriations in section 251(c). Discretionary appropriations in each of the categories shall be those designated in the joint explanatory statement accompanying the conference report on the Balanced Budget Act of 1997. New accounts or activities shall be categorized only after consultation with the Committees on Appropriations and the Budget of the House of Representatives and the Senate and that consultation shall, to the extent practicable, include written communication to such committees that affords such committees the opportunity to comment before official action is taken with respect to new accounts or activities.”; and

(2) in section 251A (2 U.S.C. 901a)—

(A) by striking, in the matter preceding paragraph (1), “Unless” through “as follows:” and inserting the following: “Discretionary appropriations and direct spending accounts shall be reduced in accordance with this section as follows:”;

(B) by striking paragraphs (1) and (2);

(C) by redesignating paragraphs (3) through (11) as paragraphs (1) through (9), respectively;

(D) in paragraph (2), as redesignated, by striking “paragraph (3)” and inserting “paragraph (1)”;

(E) in paragraph (3), as redesignated, by striking “paragraph (4)” each place it appears and inserting “paragraph (2)”;

(F) in paragraph (4), as redesignated, by striking “paragraph (4)” each place it appears and inserting “paragraph (2)”;

(G) in paragraph (5), as redesignated—

(i) by striking “paragraph (5)” each place it appears and inserting “paragraph (3)”;

(ii) by striking “paragraph (6)” each place it appears and inserting “paragraph (4)”;

(H) in paragraph (6), as redesignated—

(i) by striking “paragraph (4)” and inserting “paragraph (2)”;

(ii) by striking “paragraphs (5) and (6)” and inserting “paragraphs (3) and (4)”;

(I) in paragraph (7), as redesignated—

(i) by striking “paragraph (8)” and inserting “paragraph (6)”;

and

(ii) by striking “paragraph (6)” each place it appears and inserting “paragraph (4)”; and  
(J) in paragraph (9), as redesignated, by striking “paragraph (4)” and inserting “paragraph (2)”.

## **Subtitle B—Establishing a Congressional Budget**

### **SEC. 111. FISCAL YEAR 2014 BUDGET RESOLUTION.**

(a) **FISCAL YEAR 2014.**—For the purpose of enforcing the Congressional Budget Act of 1974 for fiscal year 2014, and enforcing, in the Senate, budgetary points of order in prior concurrent resolutions on the budget, the allocations, aggregates, and levels provided for in subsection (b) shall apply in the same manner as for a concurrent resolution on the budget for fiscal year 2014 with appropriate budgetary levels for fiscal year 2014 and for fiscal years 2015 through 2023.

(b) **COMMITTEE ALLOCATIONS, AGGREGATES, AND LEVELS.**—The Chairmen of the Committee on the Budget of the House of Representatives and the Senate shall each submit a statement for publication in the Congressional Record as soon as practicable after the date of enactment of this Act that includes—

(1) for the Committee on Appropriations of that House, committee allocations for fiscal year 2014 consistent with the discretionary spending limits set forth in this Act for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(2) for all committees of that House other than the Committee on Appropriations, committee allocations for—

(A) fiscal year 2014;

(B) fiscal years 2014 through 2018 in the Senate only;

and

(C) fiscal years 2014 through 2023;

consistent with the May 2013 baseline of the Congressional Budget Office adjusted to account for the budgetary effects of this Act and legislation enacted prior to this Act but not included in the May 2013 baseline of the Congressional Budget Office, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(3) aggregate spending levels for fiscal year 2014 in accordance with the allocations established under paragraphs (1) and (2), for the purpose of enforcing section 311 of the Congressional Budget Act of 1974;

(4) aggregate revenue levels for—

(A) fiscal year 2014;

(B) fiscal years 2014 through 2018 in the Senate only;

and

(C) fiscal years 2014 through 2023;

consistent with the May 2013 baseline of the Congressional Budget Office adjusted to account for the budgetary effects of this Act and legislation enacted prior to this Act but not included in the May 2013 baseline of the Congressional Budget Office, for the purpose of enforcing section 311 of the Congressional Budget Act of 1974; and

(5) in the Senate only, levels of Social Security revenues and outlays for fiscal year 2014 and for the periods of fiscal

years 2014 through 2018 and 2014 through 2023 consistent with the May 2013 baseline of the Congressional Budget Office adjusted to account for the budgetary effects of this Act and legislation enacted prior to this Act but not included in the May 2013 baseline of the Congressional Budget Office, for the purpose of enforcing sections 302 and 311 of the Congressional Budget Act of 1974.

(c) FURTHER ADJUSTMENTS.—After the date of enactment of this Act, the Chairman of the Committee on the Budget of the House of Representatives may reduce the aggregates, allocations, and other budgetary levels included in the statement of the Chairman of the Committee on the Budget of the House of Representatives referred to in subsection (b) to reflect the budgetary effects of any legislation enacted during the 113th Congress that reduces the deficit.

**SEC. 112. LIMITATION ON ADVANCE APPROPRIATIONS IN THE SENATE.**

(a) POINT OF ORDER AGAINST ADVANCE APPROPRIATIONS IN THE SENATE.—

(1) IN GENERAL.—

(A) POINT OF ORDER.—Except as provided in paragraph (2), it shall not be in order in the Senate to consider any bill, joint resolution, motion, amendment, amendment between the Houses, or conference report that would provide an advance appropriation.

(B) DEFINITION.—In this subsection, the term “advance appropriation” means any new budget authority provided in a bill or joint resolution making appropriations for fiscal year 2014 that first becomes available for any fiscal year after 2014 or any new budget authority provided in a bill or joint resolution making appropriations for fiscal year 2015 that first becomes available for any fiscal year after 2015.

(2) EXCEPTIONS.—Advance appropriations may be provided—

(A) for fiscal years 2015 and 2016 for programs, projects, activities, or accounts identified in a statement submitted to the Congressional Record by the Chairman of the Committee on the Budget of the Senate under the heading “Accounts Identified for Advance Appropriations” in an aggregate amount not to exceed \$28,852,000,000 in new budget authority in each fiscal year;

(B) for the Corporation for Public Broadcasting; and

(C) for the Department of Veterans Affairs for the Medical Services, Medical Support and Compliance, and Medical Facilities accounts of the Veterans Health Administration.

(3) SUPERMAJORITY WAIVER AND APPEAL.—

(A) WAIVER.—In the Senate, paragraph (1) may be waived or suspended only by an affirmative vote of three-fifths of the Members, duly chosen and sworn.

(B) APPEAL.—An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under paragraph (1).

(4) **FORM OF POINT OF ORDER.**—A point of order under paragraph (1) may be raised by a Senator as provided in section 313(e) of the Congressional Budget Act of 1974.

(5) **CONFERENCE REPORTS.**—When the Senate is considering a conference report on, or an amendment between the Houses in relation to, a bill, upon a point of order being made by any Senator pursuant to this subsection, and such point of order being sustained, such material contained in such conference report or amendment between the Houses shall be stricken, and the Senate shall proceed to consider the question of whether the Senate shall recede from its amendment and concur with a further amendment, or concur in the House amendment with a further amendment, as the case may be, which further amendment shall consist of only that portion of the conference report or House amendment, as the case may be, not so stricken. Any such motion in the Senate shall be debatable. In any case in which such point of order is sustained against a conference report (or Senate amendment derived from such conference report by operation of this paragraph), no further amendment shall be in order.

(6) **INAPPLICABILITY.**—In the Senate, section 402 of S. Con. Res. 13 (111th Congress) shall no longer apply.

(b) **EXPIRATION.**—Subsection (a) shall expire if a concurrent resolution on the budget for fiscal year 2015 is agreed to by the Senate and House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974.

**SEC. 113. RULE OF CONSTRUCTION IN THE HOUSE OF REPRESENTATIVES.**

In the House of Representatives, for the remainder of the 113th Congress, the provisions of H. Con. Res. 25 (113th Congress), as deemed in force by H. Res. 243 (113th Congress), shall remain in force to the extent its budgetary levels are not superseded by this subtitle or by further action of the House of Representatives.

**SEC. 114. ADDITIONAL SENATE BUDGET ENFORCEMENT.**

(a) **SENATE PAY-AS-YOU-GO SCORECARD.**—

(1) **IN GENERAL.**—Effective on the date of enactment of this Act, for the purpose of enforcing section 201 of S. Con. Res. 21 (110th Congress), the Chairman of the Committee on the Budget of the Senate shall reduce any balances of direct spending and revenues for any fiscal year to zero.

(2) **FISCAL YEAR 2015.**—After April 15, 2014, but not later than May 15, 2014, for the purpose of enforcing section 201 of S. Con. Res. 21 (110th Congress), the Chairman of the Committee on the Budget of the Senate shall reduce any balances of direct spending and revenues for any fiscal year to zero.

(3) **PUBLICATION.**—Upon resetting the Senate paygo scorecard pursuant to paragraph (2), the Chairman of the Committee on the Budget of the Senate shall publish a notification of such action in the Congressional Record.

(b) **FURTHER ADJUSTMENTS.**—With respect to any allocations, aggregates, or levels set or adjustments made pursuant to this subtitle, sections 412 through 414 of S. Con. Res. 13 (111th Congress) shall remain in effect.

(c) **DEFICIT-NEUTRAL RESERVE FUND TO REPLACE SEQUESTRATION.**—The Chairman of the Committee on the Budget of the Senate

may revise the allocations of a committee or committees, aggregates, and other appropriate levels and limits set pursuant to this subtitle for one or more bills, joint resolutions, amendments, motions, or conference reports that amend section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901a) to repeal or revise the enforcement procedures established under that section, by the amounts provided in such legislation for those purposes, provided that such legislation would not increase the deficit over the period of the total of fiscal years 2014 through 2023. For purposes of determining deficit-neutrality under this subsection, the Chairman may include the estimated effects of any amendment or amendments to the discretionary spending limits in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(c)).

(d) **ADDITIONAL DEFICIT-NEUTRAL RESERVE FUNDS.**—In the Senate only, sections 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 338, 339, 340, 341, 344, 348, 349, 350, 353, 354, 356, 361, 363, 364, 365, 366, 367, 368, 369, 371, 376, 378, 379, and 383 of S. Con. Res. 8 (113th Congress), as passed the Senate, shall have force and effect.

(e) **EXPIRATION.**—Subsections (a)(2), (c), and (d) shall expire if a concurrent resolution on the budget for fiscal year 2015 is agreed to by the Senate and House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974.

**SEC. 115. AUTHORITY FOR FISCAL YEAR 2015 BUDGET RESOLUTION IN THE HOUSE OF REPRESENTATIVES.**

(a) **FISCAL YEAR 2015.**—If a concurrent resolution on the budget for fiscal year 2015 has not been adopted by April 15, 2014, for the purpose of enforcing the Congressional Budget Act of 1974, the allocations, aggregates, and levels provided for in subsection (b) shall apply in the House of Representatives after April 15, 2014, in the same manner as for a concurrent resolution on the budget for fiscal year 2015 with appropriate budgetary levels for fiscal year 2015 and for fiscal years 2016 through 2024.

(b) **COMMITTEE ALLOCATIONS, AGGREGATES, AND LEVELS.**—In the House of Representatives, the Chairman of the Committee on the Budget shall submit a statement for publication in the Congressional Record after April 15, 2014, but not later than May 15, 2014, containing—

(1) for the Committee on Appropriations, committee allocations for fiscal year 2015 at the total level as set forth in section 251(c)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(2) for all committees other than the Committee on Appropriations, committee allocations for fiscal year 2015 and for the period of fiscal years 2015 through 2024 at the levels included in the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974; and



(3) aggregate spending levels for fiscal year 2015 and aggregate revenue levels for fiscal year 2015 and for the period of fiscal years 2015 through 2024, at the levels included in the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing section 311 of the Congressional Budget Act of 1974.

(c) **ADDITIONAL MATTER.**—The statement referred to in subsection (b) may also include for fiscal year 2015, the matter contained in title IV (reserve funds) and in sections 601, 603(a), 605(a), and 609 of H. Con. Res. 25 (113th Congress), as adopted by the House, updated by one fiscal year, including updated amounts for section 601.

(d) **FISCAL YEAR 2015 ALLOCATION TO THE COMMITTEE ON APPROPRIATIONS.**—If the statement referred to in subsection (b) is not filed by May 15, 2014, then the matter referred to in subsection (b)(1) shall be submitted by the Chairman of the Committee on the Budget for publication in the Congressional Record on the next day that the House of Representatives is in session.

(e) **ADJUSTMENTS.**—The Chairman of the Committee on the Budget of the House of Representatives may adjust the levels included in the statement referred to in subsection (b) to reflect the budgetary effects of any legislation enacted during the 113th Congress that reduces the deficit or as otherwise necessary.

(f) **APPLICATION.**—Subsections (a), (b), (c), (d), and (e) shall no longer apply if a concurrent resolution on the budget for fiscal year 2015 is agreed to by the Senate and House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974.

**SEC. 116. AUTHORITY FOR FISCAL YEAR 2015 BUDGET RESOLUTION IN THE SENATE.**

(a) **FISCAL YEAR 2015.**—For the purpose of enforcing the Congressional Budget Act of 1974, after April 15, 2014, and enforcing budgetary points of order in prior concurrent resolutions on the budget, the allocations, aggregates, and levels provided for in subsection (b) shall apply in the Senate in the same manner as for a concurrent resolution on the budget for fiscal year 2015 with appropriate budgetary levels for fiscal years 2014 and 2016 through 2024.

(b) **COMMITTEE ALLOCATIONS, AGGREGATES, AND LEVELS.**—After April 15, 2014, but not later than May 15, 2014, the Chairman of the Committee on the Budget of the Senate shall file—

(1) for the Committee on Appropriations, committee allocations for fiscal years 2014 and 2015 consistent with the discretionary spending limits set forth in this Act for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(2) for all committees other than the Committee on Appropriations, committee allocations for fiscal years 2014, 2015, 2015 through 2019, and 2015 through 2024 consistent with the most recent baseline of the Congressional Budget Office for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(3) aggregate spending levels for fiscal years 2014 and 2015 in accordance with the allocations established under paragraphs (1) and (2), for the purpose of enforcing section 311 of the Congressional Budget Act of 1974;

(4) aggregate revenue levels for fiscal years 2014, 2015, 2015 through 2019, and 2015 through 2024 consistent with the most recent baseline of the Congressional Budget Office for the purpose of enforcing section 311 of the Congressional Budget Act of 1974; and

(5) levels of Social Security revenues and outlays for fiscal years 2014, 2015, 2015 through 2019, and 2015 through 2024 consistent with the most recent baseline of the Congressional Budget Office for the purpose of enforcing sections 302 and 311 of the Congressional Budget Act of 1974.

(c) **ADDITIONAL MATTER.**—The filing referred to in subsection (b) may also include, for fiscal year 2015, the reserve funds included in section 114(c) and (d) of this Act, updated by one fiscal year.

(d) **SUPERSEDING PREVIOUS STATEMENT.**—In the Senate, the filing referred to in subsection (b) shall supersede the statement referred to in section 111(b) of this Act.

(e) **EXPIRATION.**—This section shall expire if a concurrent resolution on the budget for fiscal year 2015 is agreed to by the Senate and House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974.

**SEC. 117. EXCLUSION OF SAVINGS FROM PAYGO SCORECARDS.**

(a) **STATUTORY PAY-AS-YOU-GO SCORECARDS.**—Notwithstanding section 1(c) of this division, the budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

(b) **SENATE PAYGO SCORECARDS.**—Notwithstanding section 1(c) of this division, the budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 201 of S. Con. Res. 21 (110th Congress).

**SEC. 118. EXERCISE OF RULEMAKING POWERS.**

The provisions of this subtitle are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

## **Subtitle C—Technical Corrections**

**SEC. 121. TECHNICAL CORRECTIONS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.**

The Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In section 252(b)(2)(B), strike “applicable to budget year” and insert “applicable to the budget year”.

(2) In section 252(c)(1)(C)(i), strike “paragraph (1)” and insert “subsection (b)”.

(3) In section 254(c)(3)(A), strike “subsection 252(b)” and insert “section 252(b)”.

(4) In section 254(f)(4), strike “subsection 252(b)” and insert “section 252(b)”.

(5) In section 255(a), strike “section 231b(a), 231b(f)(2), 231c(a), and 231c(f) of title 45 United States Code” and insert “sections 3 and 4 of the Railroad Retirement Act of 1937 (45 U.S.C. 231 et seq.)”.

(6) In section 255(h), in the item relating to Federal Pell Grants, strike “section 401 Title IV” and insert “section 401 of title IV”.

(7) In the first subsection (j) of section 255 (relating to Split Treatment Programs), move the margins for the list items two ems to the right.

(8) Redesignate the second subsection (j) of section 255 (relating to Identification of Programs) as subsection (k).

(9) In section 257(b)(2)(A)(i), strike “differenes” and insert “differences”.

(10) In section 258(a)(1), strike “section 254(j)” and insert “section 254(i)”.

**SEC. 122. TECHNICAL CORRECTIONS TO THE CONGRESSIONAL BUDGET ACT OF 1974.**

The Congressional Budget Act of 1974 is amended as follows:

(1) In sections 301(a)(6) and 301(a)(7), strike “For purposes” and insert “for purposes”.

(2) In section 301(a), in the matter following paragraph (7), strike “old age” and insert “old-age”.

(3) In section 302(g)(2)(A), strike “committee on the Budget” and insert “Committee on the Budget”.

(4) In section 305(a)(1), strike “clause 2(1)(6) of rule XI” and insert “clause 4 of rule XIII”.

(5) In section 305(a)(5), strike “provisions of rule XXIII” and insert “provisions of rule XVIII”.

(6) In section 305(b)(1), strike “section 304(a)” and insert “section 304”.

(7) In section 306 strike “No” and insert “(a) IN THE SENATE.—In the Senate, no”, strike “of either House” and “in that House”, strike “of that House”, and add at the end the following new subsection:

“(b) IN THE HOUSE OF REPRESENTATIVES.—In the House of Representatives, no bill or joint resolution, or amendment thereto, or conference report thereon, dealing with any matter which is within the jurisdiction of the Committee on the Budget shall be considered unless it is a bill or joint resolution which has been reported by the Committee on the Budget (or from the consideration of which such committee has been discharged) or unless it is an amendment to such a bill or joint resolution.”.

(8) In section 308(d), in the subsection heading, strike “Scorekeeping Guidelines.—” and insert “SCOREKEEPING GUIDELINES.—”.

(9) In section 310(c)(1)(A)(i) and (ii), strike “under that paragraph by more than” and insert “under that paragraph by more than—”.

(10) In section 314(d)(2), strike subparagraph (A), redesignate subparagraphs (B) and (C) as subparagraphs (A) and (B) respectively, in subparagraph (A), as redesignated, strike “under subparagraph (A)” and insert “under paragraph (1)”, and in subparagraph (B), as redesignated, strike “under subparagraph (B)” and insert “under subparagraph (A)”.

(11) In section 315, add at the end the following new sentence: “In the case of a reported bill or joint resolution considered pursuant to a special order of business, a point of order under section 303 shall be determined on the basis of the text made in order as an original bill or joint resolution for the purpose of amendment or to the text on which the previous question is ordered directly to passage, as the case may be.”

(12) In section 401(b)(2), strike “section 302(b)” and insert “section 302(a)”.

(13) In section 401(c), add at the end the following new paragraph:

“(3) In the House of Representatives, subsections (a) and (b) shall not apply to new authority described in those subsections to the extent that a provision in a bill or joint resolution, or an amendment thereto or a conference report thereon, establishes prospectively for a Federal office or position a specified or minimum level of compensation to be funded by annual discretionary appropriations.”

(14) In section 421(5)(A)(i)(II), strike “subparagraph (B)” and insert “subparagraph (B)”.

(15) In section 505(c), strike “section 406(b)” both places it appears and insert “section 405(b)”.

(16) In section 904(c)(2), strike “258A(b)(3)(C)(I)” and “258(h)(3)” and insert “258A(b)(3)(C)(i)” and “258B(h)(3)”, respectively, and strike “and 314(e)” and insert “314(e), and 314(f)”.

(17) In section 904(d)(3), strike “258A(b)(3)(C)(I)” and “258(h)(3)” and insert “258A(b)(3)(C)(i)” and “258B(h)(3)”, respectively, and strike “and 312(c)” and insert “312(c), 314(e), and 314(f)”.

## **TITLE II—PREVENTION OF WASTE, FRAUD, AND ABUSE**

### **SEC. 201. IMPROVING THE COLLECTION OF UNEMPLOYMENT INSURANCE OVERPAYMENTS.**

(a) **IN GENERAL.**—Section 303 of the Social Security Act (42 U.S.C. 503) is amended by adding at the end the following:

“(m) In the case of a covered unemployment compensation debt (as defined under section 6402(f)(4) of the Internal Revenue Code of 1986) that remains uncollected as of the date that is 1 year after the debt was finally determined to be due and collected, the State to which such debt is owed shall take action to recover such debt under section 6402(f) of the Internal Revenue Code of 1986.”

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect upon the date of enactment of this Act.

**SEC. 202. STRENGTHENING MEDICAID THIRD-PARTY LIABILITY.**

(a) **PAYMENT FOR PRENATAL AND PREVENTIVE PEDIATRIC CARE AND IN CASES INVOLVING MEDICAL SUPPORT.**—Section 1902(a)(25) of the Social Security Act (42 U.S.C. 1396a(a)(25)) is amended—

(1) in subparagraph (E)(i), by inserting before the semicolon at the end the following: “, except that the State may, if the State determines doing so is cost-effective and will not adversely affect access to care, only make such payment if a third party so liable has not made payment within 90 days after the date the provider of such services has initially submitted a claim to such third party for payment for such services”; and

(2) in subparagraph (F)(i), by striking “30 days after such services are furnished” and inserting “90 days after the date the provider of such services has initially submitted a claim to such third party for payment for such services, except that the State may make such payment within 30 days after such date if the State determines doing so is cost-effective and necessary to ensure access to care.”.

(b) **RECOVERY OF MEDICAID EXPENDITURES FROM BENEFICIARY LIABILITY SETTLEMENTS.**—

(1) **STATE PLAN REQUIREMENTS.**—Section 1902(a)(25) of the Social Security Act (42 U.S.C. 1396a(a)(25)) is amended—

(A) in subparagraph (B), by striking “to the extent of such legal liability”; and

(B) in subparagraph (H), by striking “payment by any other party for such health care items or services” and inserting “any payments by such third party”.

(2) **ASSIGNMENT OF RIGHTS OF PAYMENT.**—Section 1912(a)(1)(A) of such Act (42 U.S.C. 1396k(a)(1)(A)) is amended by striking “payment for medical care from any third party” and inserting “any payment from a third party that has a legal liability to pay for care and services available under the plan”.

(3) **LIENS.**—Section 1917(a)(1)(A) of such Act (42 U.S.C. 1396p(a)(1)(A)) is amended to read as follows:

“(A) pursuant to—

“(i) the judgment of a court on account of benefits incorrectly paid on behalf of such individual, or

“(ii) rights acquired by or assigned to the State in accordance with section 1902(a)(25)(H) or section 1912(a)(1)(A), or”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on October 1, 2014.

**SEC. 203. RESTRICTION ON ACCESS TO THE DEATH MASTER FILE.**

(a) **IN GENERAL.**—The Secretary of Commerce shall not disclose to any person information contained on the Death Master File with respect to any deceased individual at any time during the 3-calendar-year period beginning on the date of the individual’s death, unless such person is certified under the program established under subsection (b).

(b) **CERTIFICATION PROGRAM.**—

(1) **IN GENERAL.**—The Secretary of Commerce shall establish a program—

(A) to certify persons who are eligible to access the information described in subsection (a) contained on the Death Master File, and

(B) to perform periodic and unscheduled audits of certified persons to determine the compliance by such certified persons with the requirements of the program.

(2) CERTIFICATION.—A person shall not be certified under the program established under paragraph (1) unless such person certifies that access to the information described in subsection (a) is appropriate because such person—

(A) has—

(i) a legitimate fraud prevention interest, or

(ii) a legitimate business purpose pursuant to a law, governmental rule, regulation, or fiduciary duty, and

(B) has systems, facilities, and procedures in place to safeguard such information, and experience in maintaining the confidentiality, security, and appropriate use of such information, pursuant to requirements similar to the requirements of section 6103(p)(4) of the Internal Revenue Code of 1986, and

(C) agrees to satisfy the requirements of such section 6103(p)(4) as if such section applied to such person.

(3) FEES.—

(A) IN GENERAL.—The Secretary of Commerce shall establish under section 9701 of title 31, United States Code, a program for the charge of fees sufficient to cover (but not to exceed) all costs associated with evaluating applications for certification and auditing, inspecting, and monitoring certified persons under the program. Any fees so collected shall be deposited and credited as offsetting collections to the accounts from which such costs are paid.

(B) REPORT.—The Secretary of Commerce shall report on an annual basis to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on the total fees collected during the preceding year and the cost of administering the certification program under this subsection for such year.

(c) IMPOSITION OF PENALTY.—

(1) IN GENERAL.—Any person who is certified under the program established under subsection (b), who receives information described in subsection (a), and who during the period of time described in subsection (a)—

(A) discloses such information to any person other than a person who meets the requirements of subparagraphs (A), (B), and (C) of subsection (b)(2),

(B) discloses such information to any person who uses the information for any purpose not listed under subsection (b)(2)(A) or who further discloses the information to a person who does not meet such requirements, or

(C) uses any such information for any purpose not listed under subsection (b)(2)(A),

and any person to whom such information is disclosed who further discloses or uses such information as described in the preceding subparagraphs, shall pay a penalty of \$1,000 for each such disclosure or use.

(2) LIMITATION ON PENALTY.—

(A) IN GENERAL.—The total amount of the penalty imposed under this subsection on any person for any calendar year shall not exceed \$250,000.

(B) EXCEPTION FOR WILLFUL VIOLATIONS.—Subparagraph (A) shall not apply in the case of violations under paragraph (1) that the Secretary of Commerce determines to be willful or intentional violations.

(d) DEATH MASTER FILE.—For purposes of this section, the term “Death Master File” means information on the name, social security account number, date of birth, and date of death of deceased individuals maintained by the Commissioner of Social Security, other than information that was provided to such Commissioner under section 205(r) of the Social Security Act (42 U.S.C. 405(r)).

(e) EXEMPTION FROM FREEDOM OF INFORMATION ACT REQUIREMENT WITH RESPECT TO CERTAIN RECORDS OF DECEASED INDIVIDUALS.—

(1) IN GENERAL.—No Federal agency shall be compelled to disclose the information described in subsection (a) to any person who is not certified under the program established under subsection (b).

(2) TREATMENT OF INFORMATION.—For purposes of section 552 of title 5, United States Code, this section shall be considered a statute described in subsection (b)(3) of such section 552.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section shall take effect on the date that is 90 days after the date of the enactment of this Act.

(2) FOIA EXEMPTION.—Subsection (e) shall take effect on the date of the enactment of this Act.

**SEC. 204. IDENTIFICATION OF INMATES REQUESTING OR RECEIVING IMPROPER PAYMENTS.**

(a) INFORMATION PROVIDED TO THE PRISONER UPDATE PROCESSING SYSTEM (PUPS).—

(1) SECTION 202(x)(3)(B)(i)(I).—Section 202(x)(3)(B)(i)(I) of the Social Security Act (42 U.S.C. 402(x)(3)(B)(i)(I)) is amended by—

(A) inserting “first, middle, and last” before “names”;

(B) striking the comma after the words “social security account numbers” and inserting “or taxpayer identification numbers, prison assigned inmate numbers, last known addresses,”;

(C) inserting “dates of release or anticipated dates of release, dates of work release,” before “and, to the extent available”; and

(D) by inserting “and clause (iv) of this subparagraph” after “paragraph (1)”.

(2) SECTION 1611(e)(1)(I)(i)(I).—Section 1611(e)(1)(I)(i)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I)) is amended by—

(A) inserting “first, middle, and last” before “names”;

(B) striking the comma after the words “social security account numbers” and inserting “or taxpayer identification numbers, prison assigned inmate numbers, last known addresses,”;

(C) inserting “dates of release or anticipated dates of release, dates of work release,” before “and, to the extent available”; and

(D) by inserting “and clause (iv) of this subparagraph” after “this paragraph”.

(b) AUTHORITY OF SECRETARY OF THE TREASURY TO ACCESS PUPS.—

(1) SECTION 202(x)(3)(B).—Section 202(x)(3)(B) of the Social Security Act (42 U.S.C. 402(x)(3)(B)) is amended—

(A) in clause (iv), by inserting before the period the following: “, for statistical and research activities conducted by Federal and State agencies, and to the Secretary of the Treasury for the purposes of tax administration, debt collection, and identifying, preventing, and recovering improper payments under federally funded programs”; and

(B) by adding at the end the following:

“(v)(I) The Commissioner may disclose information received pursuant to this paragraph to any officer, employee, agent, or contractor of the Department of the Treasury whose official duties require such information to assist in the identification, prevention, and recovery of improper payments or in the collection of delinquent debts owed to the United States, including payments certified by the head of an executive, judicial, or legislative paying agency, and payments made to individuals whose eligibility, or continuing eligibility, to participate in a Federal program (including those administered by a State or political subdivision thereof) is being reviewed.

“(II) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law, the Secretary of the Treasury may compare information disclosed under subclause (I) with any other personally identifiable information derived from a Federal system of records or similar records maintained by a Federal contractor, a Federal grantee, or an entity administering a Federal program or activity, and may redisclose such comparison of information to any paying or administering agency and to the head of the Federal Bureau of Prisons and the head of any State agency charged with the administration of prisons with respect to inmates whom the Secretary of the Treasury has determined may have been issued, or facilitated in the issuance of, an improper payment.

“(III) The comparison of information disclosed under subclause (I) shall not be considered a matching program for purposes of section 552a of title 5, United States Code.”.

(2) SECTION 1611(e)(1)(I).—Section 1611(e)(1)(I) of the Social Security Act (42 U.S.C. 1382(e)(1)(I)) is amended—

(A) in clause (iii), by inserting before the period the following: “, for statistical and research activities conducted by Federal and State agencies, and to the Secretary of the Treasury for the purposes of tax administration, debt collection, and identifying, preventing, and recovering improper payments under federally funded programs”; and

(B) by adding at the end the following:

“(v)(I) The Commissioner may disclose information received pursuant to this paragraph to any officer, employee, agent, or contractor of the Department of the Treasury whose official duties require such information to assist in the identification, prevention, and recovery of improper payments or in the collection of delinquent



debts owed to the United States, including payments certified by the head of an executive, judicial, or legislative paying agency, and payments made to individuals whose eligibility, or continuing eligibility, to participate in a Federal program (including those administered by a State or political subdivision thereof) is being reviewed.

“(II) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law, the Secretary of the Treasury may compare information disclosed under subclause (I) with any other personally identifiable information derived from a Federal system of records or similar records maintained by a Federal contractor, a Federal grantee, or an entity administering a Federal program or activity and may redisclose such comparison of information to any paying or administering agency and to the head of the Federal Bureau of Prisons and the head of any State agency charged with the administration of prisons with respect to inmates whom the Secretary of the Treasury has determined may have been issued, or facilitated in the issuance of, an improper payment.

“(III) The comparison of information disclosed under subclause (I) shall not be considered a matching program for purposes of section 552a of title 5, United States Code.”.

(c) CONFORMING AMENDMENT TO THE DO NOT PAY INITIATIVE.—Section 5(a)(2) of the Improper Payments Elimination and Recovery Improvement Act of 2012 (31 U.S.C. 3321 note) is amended by adding at the end the following:

“(F) Information regarding incarcerated individuals maintained by the Commissioner of Social Security under sections 202(x) and 1611(e) of the Social Security Act.”.

### **TITLE III—NATURAL RESOURCES**

#### **SEC. 301. ULTRA-DEEPWATER AND UNCONVENTIONAL NATURAL GAS AND OTHER PETROLEUM RESOURCES.**

(a) REPEAL.—Subtitle J of title IX of the Energy Policy Act of 2005 (42 U.S.C. 16371 et seq.) is repealed.

(b) RESCISSION.—Any unobligated funds appropriated for carrying out the subtitle repealed by subsection (a) are rescinded.

#### **SEC. 302. AMENDMENT TO THE MINERAL LEASING ACT.**

Section 35(b) of the Mineral Leasing Act (30 U.S.C. 191(b)) is amended to read as follows—

“(b) DEDUCTION FOR ADMINISTRATIVE COSTS.—In determining the amount of payments to the States under this section, beginning in fiscal year 2014 and for each year thereafter, the amount of such payments shall be reduced by 2 percent for any administrative or other costs incurred by the United States in carrying out the program authorized by this Act, and the amount of such reduction shall be deposited to miscellaneous receipts of the Treasury.”.

#### **SEC. 303. APPROVAL OF AGREEMENT WITH MEXICO.**

The Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico, signed at Los Cabos, February 20, 2012, is hereby approved.

**SEC. 304. AMENDMENT TO THE OUTER CONTINENTAL SHELF LANDS ACT.**

The Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) is amended by adding at the end the following:

**“SEC. 32. TRANSBOUNDARY HYDROCARBON AGREEMENTS.**

“(a) **AUTHORIZATION.**—After the date of enactment of the Bipartisan Budget Act of 2013, the Secretary may implement the terms of any transboundary hydrocarbon agreement for the management of transboundary hydrocarbon reservoirs entered into by the President and approved by Congress. In implementing such an agreement, the Secretary shall protect the interests of the United States to promote domestic job creation and ensure the expeditious and orderly development and conservation of domestic mineral resources in accordance with all applicable United States laws governing the exploration, development, and production of hydrocarbon resources on the Outer Continental Shelf.

“(b) **SUBMISSION TO CONGRESS.**—

“(1) **IN GENERAL.**—No later than 180 days after all parties to a transboundary hydrocarbon agreement have agreed to its terms, a transboundary hydrocarbon agreement that does not constitute a treaty in the judgment of the President shall be submitted by the Secretary to—

“(A) the Speaker of the House of Representatives;

“(B) the Majority Leader of the Senate;

“(C) the Chair of the Committee on Natural Resources of the House of Representatives; and

“(D) the Chair of the Committee on Energy and Natural Resources of the Senate.

“(2) **CONTENTS OF SUBMISSION.**—The submission shall include—

“(A) any amendments to this Act or other Federal law necessary to implement the agreement;

“(B) an analysis of the economic impacts such agreement and any amendments necessitated by the agreement will have on domestic exploration, development, and production of hydrocarbon resources on the Outer Continental Shelf; and

“(C) a detailed description of any regulations expected to be issued by the Secretary to implement the agreement.

“(c) **IMPLEMENTATION OF SPECIFIC TRANSBOUNDARY AGREEMENT WITH MEXICO.**—The Secretary may take actions as necessary to implement the terms of the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico, signed at Los Cabos, February 20, 2012, including—

“(1) approving unitization agreements and related arrangements for the exploration, development, or production of oil and natural gas from transboundary reservoirs or geological structures;

“(2) making available, in the limited manner necessary under the agreement and subject to the protections of confidentiality provided by the agreement, information relating to the exploration, development, and production of oil and natural gas from a transboundary reservoir or geological structure that may be considered confidential, privileged, or proprietary information under law;

“(3) taking actions consistent with an expert determination under the agreement; and

“(4) ensuring only appropriate inspection staff at the Bureau of Safety and Environmental Enforcement or other Federal agency personnel designated by the Bureau, the operator, or the lessee have authority to stop work on any installation or other device or vessel permanently or temporarily attached to the seabed of the United States that may be erected thereon for the purpose of resource exploration, development or production activities as approved by the Secretary.

“(d) SAVINGS PROVISIONS.—Nothing in this section shall be construed—

“(1) to authorize the Secretary to participate in any negotiations, conferences, or consultations with Cuba regarding exploration, development, or production of hydrocarbon resources in the Gulf of Mexico along the United States maritime border with Cuba or the area known by the Department of the Interior as the ‘Eastern Gap’; or

“(2) as affecting the sovereign rights and the jurisdiction that the United States has under international law over the Outer Continental Shelf that appertains to it.”.

**SEC. 305. FEDERAL OIL AND GAS ROYALTY PREPAYMENT CAP.**

(a) IN GENERAL.—Section 111(i) of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1721(i)) is amended by striking “(i) Upon” and all that follows through “For purposes” and inserting the following:

“(i) LIMITATION ON INTEREST.—

“(1) IN GENERAL.—Interest shall not be paid on any excessive overpayment.

“(2) EXCESSIVE OVERPAYMENT DEFINED.—For purposes”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on July 1, 2014.

**SEC. 306. STRATEGIC PETROLEUM RESERVE.**

(a) REPEAL OF AUTHORITY TO ACQUIRE IN-KIND ROYALTY CRUDE OIL.—Section 160(a) of the Energy Policy and Conservation Act (42 U.S.C. 6240(a)) is amended to read as follows:

“(a) The Secretary may acquire, place in storage, transport, or exchange petroleum products acquired by purchase or exchange.”.

(b) RESCISSION OF FUNDS.—Any unobligated balances available in the SPR Petroleum Account in the Treasury on the date of enactment of this section are permanently rescinded.

## **TITLE IV—FEDERAL CIVILIAN AND MILITARY RETIREMENT**

**SEC. 401. INCREASE IN CONTRIBUTIONS TO FEDERAL EMPLOYEES  
RETIREMENT SYSTEM FOR NEW EMPLOYEES.**

(a) DEFINITION.—

(1) IN GENERAL.—Section 8401 of title 5, United States Code, is amended—

(A) in paragraph (36), by striking “and” at the end;

(B) in paragraph (37), by striking the period and inserting “; and”; and

(C) by adding at the end the following:

“(38) the term ‘further revised annuity employee’ means any individual who—

“(A) on December 31, 2013—

“(i) is not an employee or Member covered under this chapter;

“(ii) is not performing civilian service which is creditable service under section 8411; and

“(iii) has less than 5 years of creditable civilian service under section 8411; and

“(B) after December 31, 2013, becomes employed as an employee or becomes a Member covered under this chapter performing service which is creditable service under section 8411.”.

(2) TECHNICAL AMENDMENT.—Section 8401(37)(B) of title 5, United States Code, is amended by inserting “and before January 1, 2014,” after “after December 31, 2012,”.

(b) INCREASE IN INDIVIDUAL CONTRIBUTIONS.—Section 8422(a)(3) of title 5, United States Code, is amended—

(1) in subparagraph (A), by inserting “or further revised annuity employees” after “revised annuity employees”; and

(2) by adding at the end the following:

“(C) The applicable percentage under this paragraph for civilian service by further revised annuity employees shall be as follows:

“Employee .....	10.6	After December 31, 2013.
Congressional em- ployee .....	10.6	After December 31, 2013.
Member .....	10.6	After December 31, 2013.
Law enforcement offi- cer, firefighter, mem- ber of the Capitol Po- lice, member of the Supreme Court Po- lice, or air traffic con- troller .....	11.1	After December 31, 2013.
Nuclear materials cou- rier .....	11.1	After December 31, 2013.
Customs and border protection officer .....	11.1	After December 31, 2013.”.

(c) GOVERNMENT CONTRIBUTIONS.—Section 8423(a)(2) of title 5, United States Code, is amended—

(1) by striking “(2)” and inserting “(2)(A)”; and

(2) by adding at the end the following:

“(B)(i) Subject to clauses (ii) and (iii), for purposes of any period in any year beginning after December 31, 2013, the normal-cost percentage under this subsection shall be determined and applied as if section 401(b) of the Bipartisan Budget Act of 2013 had not been enacted.

“(ii) Any contributions under this subsection in excess of the amounts which (but for clause (i)) would otherwise have been payable shall be applied toward reducing the unfunded liability of the Civil Service Retirement System.

“(iii) After the unfunded liability of the Civil Service Retirement System has been eliminated, as determined by the Office, Government contributions under this subsection shall be determined and made disregarding this subparagraph.

“(iv) The preceding provisions of this subparagraph shall be disregarded for purposes of determining the contributions payable by the United States Postal Service and the Postal Regulatory Commission.”.

(d) ANNUITY CALCULATION.—Section 8415(d) of title 5, United States Code, is amended by inserting “or a further revised annuity employee” after “a revised annuity employee”.

**SEC. 402. FOREIGN SERVICE PENSION SYSTEM.**

(a) DEFINITION.—

(1) IN GENERAL.—Section 852 of the Foreign Service Act of 1980 (22 U.S.C. 4071a) is amended—

(A) by redesignating paragraphs (8), (9), and (10) as paragraphs (9), (10), and (11), respectively; and

(B) by inserting after paragraph (7) the following:

“(8) the term ‘further revised annuity participant’ means any individual who—

“(A) on December 31, 2013—

“(i) is not a participant;

“(ii) is not performing service which is creditable service under section 854; and

“(iii) has less than 5 years creditable service under section 854; and

“(B) after December 31, 2013, becomes a participant performing service which is creditable service under section 854;”.

(2) TECHNICAL AMENDMENT.—Section 852(7)(B) of the Foreign Service Act of 1980 (22 U.S.C. 4071a(7)(B)) is amended by inserting “and before January 1, 2014,” after “after December 31, 2012,”.

(b) DEDUCTIONS AND WITHHOLDINGS FROM PAY.—Section 856(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4071e(a)(2)) is amended—

(1) in subparagraph (A), by inserting “or a further revised annuity participant” after “revised annuity participant”; and

(2) by adding at the end the following:

“(C) The applicable percentage for a further revised annuity participant shall be as follows:

“11.15 ..... After December 31, 2013.”.

(c) GOVERNMENT CONTRIBUTIONS.—Section 857 of the Foreign Service Act of 1980 (22 U.S.C. 4071f) is amended by adding at the end the following:

“(c)(1) Subject to paragraphs (2) and (3), for purposes of any period in any year beginning after December 31, 2013, the normal-cost percentage under this section shall be determined and applied as if section 402(b) of the Bipartisan Budget Act of 2013 had not been enacted.

“(2) Any contributions under this section in excess of the amounts which (but for paragraph (1)) would otherwise have been payable shall be applied toward reducing the unfunded liability of the Foreign Service Retirement and Disability System.

“(3) After the unfunded liability of the Foreign Service Retirement and Disability System has been eliminated, as determined by the Secretary of State, Government contributions under this section shall be determined and made disregarding this subsection.”.

**SEC. 403. ANNUAL ADJUSTMENT OF RETIRED PAY AND RETAINER PAY AMOUNTS FOR RETIRED MEMBERS OF THE ARMED FORCES UNDER AGE 62.**

(a) **CPI MINUS ONE PERCENT.**—Section 1401a(b) of title 10, United States Code, is amended—

(1) in paragraph (1), by striking “paragraphs (2) and (3)” and inserting “paragraph (2), (3), or (4)”;

(2) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(3) by inserting after paragraph (3) the following new paragraph (4):

“(4) **REDUCED PERCENTAGE FOR RETIRED MEMBERS UNDER AGE 62.**—

“(A) **IN GENERAL.**—Effective on December 1 of each year, the retired pay of each member and former member under 62 years of age entitled to that pay shall be adjusted in accordance with this paragraph instead of paragraph (2) or (3).

“(B) **CPI MINUS ONE.**—If the percent determined under paragraph (2) is greater than 1 percent, the Secretary shall increase the retired pay of each member and former member by the difference between—

“(i) the percent determined under paragraph (2);

and

“(ii) 1 percent.

“(C) **NO NEGATIVE ADJUSTMENT.**—If the percent determined under paragraph (2) is equal to or less than 1 percent, the Secretary shall not increase the retired pay of members and former members under this paragraph.

“(D) **REVISED ADJUSTMENT UPON REACHING AGE 62.**—When a member or former member whose retired pay has been subject to adjustment under this paragraph becomes 62 years of age, the Secretary of Defense shall recompute the retired pay of the member or former member, to be effective on the date of the next adjustment of retired pay under this subsection, so as to be the amount equal to the amount of retired pay to which the member or former member would be entitled on that date if increases in the retired pay of the member or former member had been computed as provided in paragraph (2) or as specified in section 1410 of this title, as applicable, rather than this paragraph.

“(E) **INAPPLICABILITY OF CATCH-UP RULE.**—Paragraph (5) shall not apply in the case of adjustments made, or not made, as a result of application of this paragraph.”.

(b) **RESTORAL OF FULL RETIREMENT AMOUNT AT AGE 62.**—Section 1410(1) of title 10, United States Code, is amended by striking “paragraph (3)” and inserting “paragraph (3) or (4)”.

(c) **EFFECTIVE DATE.**—The amendments made by subsections (a) and (b) shall take effect on December 1, 2015.

**TITLE V—HIGHER EDUCATION**

**SEC. 501. DEFAULT REDUCTION PROGRAM.**

Effective July 1, 2014, section 428F(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1078–6(a)(1)) is amended—

(1) in subparagraph (A), by striking clause (ii) and inserting the following:

“(ii) beginning July 1, 2014, assign the loan to the Secretary if the guaranty agency has been unable to sell the loan under clause (i).”; and

(2) in subparagraph (D), by striking clause (i) and inserting the following:

“(i) the guaranty agency—

“(I) shall, in the case of a sale made on or after July 1, 2014, repay the Secretary 100 percent of the amount of the principal balance outstanding at the time of such sale, multiplied by the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

“(II) may, in the case of a sale made on or after July 1, 2014, in order to defray collection costs—

“(aa) charge to the borrower an amount not to exceed 16 percent of the outstanding principal and interest at the time of the loan sale; and

“(bb) retain such amount from the proceeds of the loan sale; and”.

**SEC. 502. ELIMINATION OF NONPROFIT SERVICING CONTRACTS.**

The Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is amended—

(1) in section 456 (20 U.S.C. 1087f)—

(A) in subsection (a), by striking paragraph (4); and

(B) by striking subsection (c); and

(2) in section 458(a) (20 U.S.C. 1087h(a)), by striking paragraph (2).

## TITLE VI—TRANSPORTATION

**SEC. 601. AVIATION SECURITY SERVICE FEES.**

(a) AIR CARRIER FEES.—

(1) REPEAL.—Section 44940(a)(2) of title 49, United States Code, is repealed.

(2) CONFORMING AMENDMENT.—Section 44940(d)(1) of such title is amended by striking “, and may impose a fee under subsection (a)(2).”.

(3) EFFECTIVE DATE.—The repeal made by paragraph (1) and the amendment made by paragraph (2) shall each take effect on October 1, 2014.

(b) RESTRUCTURING OF PASSENGER FEE.—Section 44940(c) of such title is amended to read as follows:

“(c) LIMITATION ON FEE.—Fees imposed under subsection (a)(1) shall be \$5.60 per one-way trip in air transportation or intrastate air transportation that originates at an airport in the United States.”.

(c) DEPOSIT OF RECEIPTS IN GENERAL FUND.—Section 44940(i) of such title is amended to read as follows:

“(i) DEPOSIT OF RECEIPTS IN GENERAL FUND.—

“(1) IN GENERAL.—Beginning in fiscal year 2014, out of fees received in a fiscal year under subsection (a)(1), after amounts are made available in the fiscal year under section 44923(h), the next funds derived from such fees in the fiscal year, in the amount specified for the fiscal year in paragraph (4), shall be credited as offsetting receipts and deposited in the general fund of the Treasury.

“(2) FEE LEVELS.—The Secretary of Homeland Security shall impose the fee authorized by subsection (a)(1) so as to collect in a fiscal year at least the amount specified in paragraph (4) for the fiscal year for making deposits under paragraph (1).

“(3) RELATIONSHIP TO OTHER PROVISIONS.—Subsections (b) and (f) shall not apply to amounts to be used for making deposits under this subsection.

“(4) FISCAL YEAR AMOUNTS.—For purposes of paragraphs (1) and (2), the fiscal year amounts are as follows:

“(A) \$390,000,000 for fiscal year 2014.

“(B) \$1,190,000,000 for fiscal year 2015.

“(C) \$1,250,000,000 for fiscal year 2016.

“(D) \$1,280,000,000 for fiscal year 2017.

“(E) \$1,320,000,000 for fiscal year 2018.

“(F) \$1,360,000,000 for fiscal year 2019.

“(G) \$1,400,000,000 for fiscal year 2020.

“(H) \$1,440,000,000 for fiscal year 2021.

“(I) \$1,480,000,000 for fiscal year 2022.

“(J) \$1,520,000,000 for fiscal year 2023.”

(d) IMPOSITION OF FEE INCREASE.—The Secretary of Homeland Security shall implement the fee increase authorized by the amendment made by subsection (b)—

(1) beginning on July 1, 2014; and

(2) through the publication of notice of such fee in the Federal Register, notwithstanding section 9701 of title 31, United States Code, and the procedural requirements of section 553 of title 5, United States Code.

(e) CONTINUED AVAILABILITY OF EXISTING BALANCES.—The amendments made by this section shall not affect the availability of funds made available under section 44940(i) of title 49, United States Code, before the date of enactment of this Act.

**SEC. 602. TRANSPORTATION COST REIMBURSEMENT.**

(a) REPEAL.—Sections 55316 and 55317 of chapter 553 of title 46, United States Code, are repealed.

(b) TABLE OF SECTIONS AMENDMENT.—The table of sections at the beginning of chapter 553 of title 46, United States Code, is amended by striking the items relating to section 55316 and 55317.

**SEC. 603. STERILE AREAS AT AIRPORTS.**

Section 44903 of title 49, United States Code, is amended by adding at the end the following:

“(n) PASSENGER EXIT POINTS FROM STERILE AREA.—

“(1) IN GENERAL.—The Secretary of Homeland Security shall ensure that the Transportation Security Administration is responsible for monitoring passenger exit points from the sterile area of airports at which the Transportation Security Administration provided such monitoring as of December 1, 2013.



“(2) STERILE AREA DEFINED.—In this section, the term ‘sterile area’ has the meaning given that term in section 1540.5 of title 49, Code of Federal Regulations (or any corresponding similar regulation or ruling).”.

## TITLE VII—MISCELLANEOUS PROVISIONS

### SEC. 701. EXTENSION OF CUSTOMS USER FEES.

Section 13031(j)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)) is amended—

(1) in subparagraph (A), by striking “October 22, 2021” and inserting “September 30, 2023”; and

(2) in subparagraph (B)(i), by striking “October 29, 2021” and inserting “September 30, 2023”.

### SEC. 702. LIMITATION ON ALLOWABLE GOVERNMENT CONTRACTOR COMPENSATION COSTS.

(a) LIMITATION.—

(1) CIVILIAN CONTRACTS.—Section 4304(a)(16) of title 41, United States Code, is amended to read as follows:

“(16) Costs of compensation of contractor and subcontractor employees for a fiscal year, regardless of the contract funding source, to the extent that such compensation exceeds \$487,000 per year, adjusted annually to reflect the change in the Employment Cost Index for all workers, as calculated by the Bureau of Labor Statistics, except that the head of an executive agency may establish one or more narrowly targeted exceptions for scientists, engineers, or other specialists upon a determination that such exceptions are needed to ensure that the executive agency has continued access to needed skills and capabilities.”.

(2) DEFENSE CONTRACTS.—Section 2324(e)(1)(P) of title 10, United States Code, is amended to read as follows:

“(P) Costs of compensation of contractor and subcontractor employees for a fiscal year, regardless of the contract funding source, to the extent that such compensation exceeds \$487,000 per year, adjusted annually to reflect the change in the Employment Cost Index for all workers, as calculated by the Bureau of Labor Statistics, except that the head of an executive agency may establish one or more narrowly targeted exceptions for scientists, engineers, or other specialists upon a determination that such exceptions are needed to ensure that the executive agency has continued access to needed skills and capabilities.”.

(b) CONFORMING AMENDMENTS.—

(1) REPEAL.—Section 1127 of title 41, United States Code, is hereby repealed.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 11 of title 41, United States Code, is amended by striking the item relating to section 1127.

(c) APPLICABILITY.—This section and the amendments made by this section shall apply only with respect to costs of compensation incurred under contracts entered into on or after the date that is 180 days after the date of the enactment of this Act.

(d) REPORTS.—

(1) IN GENERAL.—Not later than 60 days after the end of each fiscal year, the Director of the Office of Management and Budget shall submit a report on contractor compensation to—

- (A) the Committee on Armed Services of the Senate;
- (B) the Committee on Armed Services of the House of Representatives;
- (C) the Committee on Homeland Security and Governmental Affairs of the Senate;
- (D) the Committee on Oversight and Government Reform of the House of Representatives;
- (E) the Committee on Appropriations of the Senate; and
- (F) the Committee on Appropriations of the House of Representatives.

(2) ELEMENTS.—The report required under paragraph (1) shall include—

- (A) the total number of contractor employees, by executive agency, in the narrowly targeted exception positions described under subsection (a) during the preceding fiscal year;
- (B) the taxpayer-funded compensation amounts received by each contractor employee in a narrowly targeted exception position during such fiscal year; and
- (C) the duties and services performed by contractor employees in the narrowly targeted exception positions during such fiscal year.

(e) REVIEW.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense and the Director of the Office of Management and Budget shall report to Congress on alternative benchmarks and industry standards for compensation, including whether any such benchmarks or standards would provide a more appropriate measure of allowable compensation for the purposes of section 2324(e)(1)(P) of title 10, United States Code, and section 4304(a)(16) of title 41, United States Code, as amended by this Act.

**SEC. 703. PENSION BENEFIT GUARANTY CORPORATION PREMIUM RATE INCREASES.**

(a) FLAT-RATE PREMIUM INCREASES.—Section 4006(a)(3)(A)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)(i)) is amended—

- (1) in subclause (II), by striking “and” at the end;
- (2) in subclause (III), by inserting “and before January 1, 2015,” after “December 31, 2013”; and
- (3) by inserting after subclause (III) the following:
  - “(IV) for plan years beginning after December 31, 2014, and before January 1, 2016, \$57; and
  - “(V) for plan years beginning after December 31, 2015, and before January 1, 2017, \$64.”

(b) FLAT-RATE PREMIUM RATE INDEXED TO WAGES.—

(1) IN GENERAL.—Section 4006(a)(3) of such Act (29 U.S.C. 1306(a)(3)) is amended—

- (A) by redesignating subparagraphs (G) through (J) as subparagraphs (H) through (K), respectively; and
- (B) by inserting after subparagraph (F) the following:

“(G) For each plan year beginning in a calendar year after 2016, there shall be substituted for the premium rate specified in clause (i) of subparagraph (A) an amount equal to the greater of—

“(i) the product derived by multiplying the premium rate specified in clause (i) of subparagraph (A) by the ratio of—

“(I) the national average wage index (as defined in section 209(k)(1) of the Social Security Act) for the first of the 2 calendar years preceding the calendar year in which such plan year begins, to

“(II) the national average wage index (as so defined) for 2014; and

“(ii) the premium rate in effect under clause (i) of subparagraph (A) for plan years beginning in the preceding calendar year.

If the amount determined under this subparagraph is not a multiple of \$1, such product shall be rounded to the nearest multiple of \$1.”.

(2) CONFORMING AMENDMENTS.—Section 4006(a)(3)(F) of such Act (29 U.S.C. 1306(a)(3)(F)) is amended—

(A) in the matter before clause (i), by inserting “and before 2013” after “after 2006”; and

(B) in the flush text following clause (ii), by striking the second sentence.

(c) VARIABLE RATE PREMIUM INCREASES.—

(1) IN GENERAL.—Section 4006(a)(8)(C) of such Act (29 U.S.C. 1306(a)(8)(C)) is amended—

(A) in clause (i), by striking “and” at the end;

(B) in clause (ii), by striking “\$5.” and inserting “\$10; and”; and

(C) by adding at the end the following:

“(iii) in the case of plan years beginning in calendar year 2016, by \$5.”.

(2) CONFORMING AMENDMENTS.—Section 4006(a)(8) of such Act (29 U.S.C. 1306(a)(8)) is amended—

(A) in subparagraph (A)—

(i) in clause (ii), by striking “and” at the end;

(ii) in clause (iii), by striking the period at the end and inserting “; and”; and

(iii) by adding at the end the following:

“(iv) for plan years beginning after calendar year 2016, the amount in effect for plan years beginning in 2016 (determined after application of subparagraph (C)).”; and

(B) in subparagraph (D)—

(i) in clause (ii), by striking “and” at the end;

(ii) in clause (iii), by striking the period at the end and inserting “; and”; and

(iii) by adding at the end the following:

“(iv) 2014, in the case of plan years beginning after calendar year 2016.”.

(d) INCREASE IN VARIABLE RATE PREMIUM CAP.—

(1) IN GENERAL.—Section 4006(a)(3)(E)(i) of such Act (29 U.S.C. 1306(a)(3)(E)(i)) is amended—

(A) in subclause (I), by striking “and” at the end;

(B) in subclause (II)—

- (i) by inserting “and before 2016” after “2012”; and
  - (ii) by striking the period at the end and inserting “and”; and
  - (C) by adding at the end the following:
    - “(III) in the case of plan years beginning in a calendar year after 2015, shall not exceed \$500.”.
  - (2) INDEX TO WAGES.—Section 4006(a)(3) of such Act (29 U.S.C. 1306(a)(3)) is amended—
    - (A) in subparagraph (K) (as redesignated by subsection (b)(1)(A)), by inserting “and before 2016” after “2013”; and
    - (B) by inserting at the end the following:
      - “(L) For each plan year beginning in a calendar year after 2016, there shall be substituted for the dollar amount specified in subclause (III) of subparagraph (E)(i) an amount equal to the greater of—
        - (i) the product derived by multiplying such dollar amount by the ratio of—
          - (I) the national average wage index (as defined in section 209(k)(1) of the Social Security Act) for the first of the 2 calendar years preceding the calendar year in which such plan year begins, to
          - (II) the national average wage index (as so defined) for 2014; and
        - (ii) such dollar amount for plan years beginning in the preceding calendar year.
- If the amount determined under this subparagraph is not a multiple of \$1, such product shall be rounded to the nearest multiple of \$1.”.
- (e) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2013.

**SEC. 704. CANCELLATION OF UNOBLIGATED BALANCES.**

- (a) DEPARTMENT OF JUSTICE ASSETS FORFEITURE FUND.—Effective on the date of enactment of this Act, of the unobligated balances available under the Department of Justice Assets Forfeiture Fund, \$693,000,000 are permanently cancelled.
- (b) TREASURY FORFEITURE FUND.—Effective on the date of enactment of this Act, of the unobligated balances available under the Department of the Treasury Forfeiture Fund, \$867,000,000, are permanently cancelled.

**SEC. 705. CONSERVATION PLANNING TECHNICAL ASSISTANCE USER FEES.**

- (a) USER FEES AUTHORIZED.—Section 3 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590c) is amended—
  - (1) by striking “require—” and inserting “require the following:”;
  - (2) in paragraph (1), by striking the semicolon at the end and inserting a period;
  - (3) in paragraph (2), by striking “; and” at the end and inserting a period; and
  - (4) by adding at the end the following:
    - “(4)(A) The payment of user fees for conservation planning technical assistance if the Secretary determines that the fees, subject to subparagraph (B), are—
      - (i) reasonable and appropriate;

“(ii) assessed for conservation planning technical assistance resulting in the development of a conservation plan; and

“(iii) assessed based on the size of the land or the complexity of the resource issues involved.

“(B) Fees under subparagraph (A) may not exceed \$150 per conservation plan for which technical assistance is provided.

“(C) The Secretary may waive fees otherwise required under subparagraph (A) in the case of conservation planning technical assistance provided—

“(i) to beginning farmers or ranchers (as defined in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a));

“(ii) to limited resource farmers or ranchers (as defined by the Secretary);

“(iii) to socially disadvantaged farmers or ranchers (as defined in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e));

“(iv) to qualify for an exemption from ineligibility under section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812); or

“(v) to comply with Federal, State, or local regulatory requirements.”.

(b) CONSERVATION TECHNICAL ASSISTANCE FUND.—Section 6 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590f) is amended—

(1) by striking “SEC. 6.” and all that follows through “There are hereby authorized” and inserting the following:

“SEC. 6. AUTHORIZATION OF APPROPRIATIONS AND CONSERVATION TECHNICAL ASSISTANCE FUNDS.

“(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized”; and

(2) by adding at the end the following:

“(b) CONSERVATION TECHNICAL ASSISTANCE FUND.—

“(1) IN GENERAL.—There is established in the Treasury of the United States a fund to be known as the ‘Conservation Technical Assistance Fund’ (referred to in this subsection as the ‘Fund’), to be administered by the Secretary of Agriculture.

“(2) DEPOSITS.—An amount equal to the amounts collected as fees under section 3(4) and late payments, interest, and such other amounts as are authorized to be collected pursuant to section 3717 of title 31, United States Code, shall be deposited in the Fund.

“(3) AVAILABILITY.—Amounts in the Fund shall—

“(A) only be available to the extent and in the amount provided in advance in appropriations Acts;

“(B) be used for the costs of carrying out this Act;

and

“(C) remain available until expended.”.

**SEC. 706. SELF PLUS ONE COVERAGE.**

(a) ELECTION OF COVERAGE.—Section 8905 of title 5, United States Code, is amended—

(1) by striking subsection (a) and inserting the following:

“(a) An employee may enroll in an approved health benefits plan described in section 8903 or 8903a—

“(1) as an individual;

“(2) for self plus one; or

“(3) for self and family.”;

(2) in subsection (c)—

(A) in paragraph (1), in the matter following subparagraph (B), by inserting “for self plus one or” before “self and family as provided in paragraph (2) of this subsection”;

and

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A), by inserting “for self plus one or” before “for self and family”; and

(ii) in subparagraph (B), by inserting “(or, in the case of self plus one coverage, not more than 1 such child)” after “adopted children”;

(3) in subsection (e), by striking “or each spouse may enroll as an individual” and inserting “or for a self plus one enrollment that covers the spouse, or each spouse may enroll as an individual or for a self plus one enrollment that does not cover the other spouse or a child who is covered under the enrollment of the other spouse”; and

(4) in subsection (h)—

(A) by striking “self and family enrollment” each place it appears and inserting “self plus one or self and family enrollment, as necessary to provide health insurance coverage for each child who is covered under the order,”;

(B) by striking “a child” each place it appears and inserting “1 or more children”;

(C) by striking “the child resides” each place it appears and inserting “the child or children reside”;

(D) in paragraph (1), by striking “self and family coverage” each place it appears and inserting “self plus one or self and family coverage, as necessary to provide health insurance coverage for each child who is covered under the order,”; and

(E) in paragraph (3), by striking “the child continues” and inserting “the child or children continue”.

(b) CONTINUED COVERAGE.—Section 8905a of title 5, United States Code, is amended—

(1) in subsection (d)(3)(A), by inserting “for self plus one or” before “for self and family”; and

(2) in subsection (f)(3)(A), by striking “for self and family based on such person’s separation from service” and inserting “based on such person’s separation from service under a self plus one enrollment that covered the individual or under a self and family enrollment”.

(c) CONTRIBUTIONS.—Section 8906(a)(1) of title 5, United States Code is amended—

(1) in subparagraph (A), by striking at the end “and”;

(2) by redesignating subparagraph (B) as subparagraph (C); and

(3) by inserting after subparagraph (A) the following:

“(B) enrollments under this chapter for self plus one; and”.

(d) WEIGHTED AVERAGE FOR FIRST YEAR.—For the first contract year for which an employee may enroll for self plus one coverage under chapter 89 of title 5, United States Code, the Office of Personnel Management shall determine the weighted average of the subscription charges that will be in effect for the contract

year for enrollments for self plus one under such chapter based on an actuarial analysis.

## **DIVISION B—MEDICARE AND OTHER HEALTH PROVISIONS**

### **SEC. 1001. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This division may be cited as the “Pathway for SGR Reform Act of 2013”.

(b) **TABLE OF CONTENTS.**—The table of contents of this division is as follows:

#### **DIVISION B—MEDICARE AND OTHER HEALTH PROVISIONS**

Sec. 1001. Short title; table of contents.  
Sec. 1002. Findings; purpose statement.

#### **TITLE I—MEDICARE EXTENDERS**

Sec. 1101. Physician payment update.  
Sec. 1102. Extension of work GPCI floor.  
Sec. 1103. Extension of therapy cap exceptions process.  
Sec. 1104. Extension of ambulance add-ons.  
Sec. 1105. Medicare inpatient hospital payment adjustment for low-volume hospitals.  
Sec. 1106. Medicare-dependent hospital (MDH) program.  
Sec. 1107. 1-year extension of authorization for special needs plans.  
Sec. 1108. 1-year extension of Medicare reasonable cost contracts.  
Sec. 1109. Extension of existing funding for contract with consensus-based entity.  
Sec. 1110. Extension of funding outreach and assistance for low-income programs.

#### **TITLE II—OTHER HEALTH PROVISIONS**

Sec. 1201. Extension of the qualifying individual (QI) program.  
Sec. 1202. Temporary extension of transitional medical assistance (TMA).  
Sec. 1203. Extension of funding for family-to-family health information centers.  
Sec. 1204. Delay of reductions to Medicaid DSH allotments.  
Sec. 1205. Realignment of the Medicare sequester for fiscal year 2023.  
Sec. 1206. Payment for inpatient services in long-term care hospitals (LTCHs).

### **SEC. 1002. FINDINGS; PURPOSE STATEMENT.**

In order to support the provision of quality care for our nation’s seniors, Congress finds it appropriate to reform physician reimbursements under the Medicare program. SGR reform legislation provides such an opportunity, but not until next year. In order to facilitate such reform, Congress finds that the Centers for Medicare & Medicaid Services should continue to focus its efforts on the following areas:

(1) **SIMPLIFY AND REDUCE ADMINISTRATIVE BURDEN ON PHYSICIANS.**—The application and assessment of measures and other activities under SGR reform should be facilitated by the Centers for Medicare and Medicaid Services (CMS) in a way that accounts for the administrative burden such measurement places on physicians. Therefore, the Congress encourages CMS to identify and implement, to the extent practicable, mechanisms to ensure that the application and assessment of measures be coordinated across programs.

(2) **TIMELY FEEDBACK FOR PHYSICIANS.**—In order for measure and assessment programs to encourage the highest quality care for Medicare seniors, the Congress finds it critical that CMS provide physicians with feedback on performance in as close to real time as possible. Such timely feedback will ensure that physicians can excel under a system of meaningful measurement.

(3) ENCOURAGE DEVELOPMENT OF NEW MODELS.—There is great need to test alternatives to Fee-For-Service reimbursement in the Medicare program. One option is the promotion and adoption of new models of care for physicians. To date, there has been significant development and testing of models for primary care. Congress supports these efforts and encourages them to continue in the future. Congress also encourages the development and testing of models of specialty care.

## TITLE I—MEDICARE EXTENDERS

### SEC. 1101. PHYSICIAN PAYMENT UPDATE.

Section 1848(d) of the Social Security Act (42 U.S.C. 10 1395w-4(d)) is amended by adding at the end the following new paragraph:

“(15) UPDATE FOR JANUARY THROUGH MARCH OF 2014.—

“(A) IN GENERAL.—Subject to paragraphs (7)(B), (8)(B), (9)(B), (10)(B), (11)(B), (12)(B), (13)(B), and (14)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2014 for the period beginning on January 1, 2014, and ending on March 31, 2014, the update to the single conversion factor shall be 0.5 percent.

“(B) NO EFFECT ON COMPUTATION OF CONVERSION FACTOR FOR REMAINING PORTION OF 2014 AND SUBSEQUENT YEARS.—The conversion factor under this subsection shall be computed under paragraph (1)(A) for the period beginning on April 1, 2014, and ending on December 31, 2014, and for 2015 and subsequent years as if subparagraph (A) had never applied.”.

### SEC. 1102. EXTENSION OF WORK GPCI FLOOR.

Section 1848(e)(1)(E) of the Social Security Act (42 U.S.C. 1395w-4(e)(1)(E)) is amended by striking “January 1, 2014” and inserting “April 1, 2014”.

### SEC. 1103. EXTENSION OF THERAPY CAP EXCEPTIONS PROCESS.

Section 1833(g) of the Social Security Act (42 U.S.C. 1395l(g)) is amended—

(1) in paragraph (5)(A), in the first sentence, by striking “December 31, 2013” and inserting “March 31, 2014”; and

(2) in paragraph (6)(A)—

(A) by striking “December 31, 2013” and inserting “March 31, 2014”; and

(B) by striking “or 2013” and inserting “, 2013, or the first three months of 2014”.

### SEC. 1104. EXTENSION OF AMBULANCE ADD-ONS.

(a) GROUND AMBULANCE.—Section 1834(l)(13)(A) of the Social Security Act (42 U.S.C. 1395m(l)(13)(A)) is amended—

(1) in the matter preceding clause (i), by striking “January 1, 2014” and inserting “April 1, 2014”; and

(2) in each of clauses (i) and (ii), by striking “January 1, 2014” and inserting “April 1, 2014” each place it appears.

(b) SUPER RURAL GROUND AMBULANCE.—Section 1834(l)(12)(A) of the Social Security Act (42 U.S.C. 1395m(l)(12)(A)) is amended by striking “January 1, 2014” and inserting “April 1, 2014”.



**SEC. 1105. MEDICARE INPATIENT HOSPITAL PAYMENT ADJUSTMENT FOR LOW-VOLUME HOSPITALS.**

Section 1886(d)(12) of the Social Security Act (42 U.S.C. 1395ww(d)(12)) is amended—

(1) in subparagraph (B), in the matter preceding clause (i), by striking “fiscal year 2014 and subsequent fiscal years” and inserting “the portion of fiscal year 2014 beginning on April 1, 2014, fiscal year 2015, and subsequent fiscal years”;

(2) in subparagraph (C)(i)—

(A) by inserting “and the portion of fiscal year 2014 before” after “and 2013,” each place it appears; and

(B) by inserting “or portion of fiscal year” after “during the fiscal year”; and

(3) in subparagraph (D)—

(A) by inserting “and the portion of fiscal year 2014 before April 1, 2014,” after “and 2013,”; and

(B) by inserting “or the portion of fiscal year” after “in the fiscal year”.

**SEC. 1106. MEDICARE-DEPENDENT HOSPITAL (MDH) PROGRAM.**

(a) IN GENERAL.—Section 1886(d)(5)(G) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(G)) is amended—

(1) in clause (i), by striking “October 1, 2013” and inserting “April 1, 2014”; and

(2) in clause (ii)(II), by striking “October 1, 2013” and inserting “April 1, 2014”.

(b) CONFORMING AMENDMENTS.—

(1) EXTENSION OF TARGET AMOUNT.—Section 1886(b)(3)(D) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(D)) is amended—

(A) in the matter preceding clause (i), by striking “October 1, 2013” and inserting “April 1, 2014”; and

(B) in clause (iv), by inserting “and the portion of fiscal year 2014 before April 1, 2014” after “through fiscal year 2013”.

(2) PERMITTING HOSPITALS TO DECLINE RECLASSIFICATION.—Section 13501(e)(2) of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 1395ww note) is amended by striking “through fiscal year 2013” and inserting “through the first 2 quarters of fiscal year 2014”.

**SEC. 1107. 1-YEAR EXTENSION OF AUTHORIZATION FOR SPECIAL NEEDS PLANS.**

Section 1859(f)(1) of the Social Security Act (42 U.S.C. 1395w-28(f)(1)) is amended by striking “2015” and inserting “2016”.

**SEC. 1108. 1-YEAR EXTENSION OF MEDICARE REASONABLE COST CONTRACTS.**

Section 1876(h)(5)(C)(ii) of the Social Security Act (42 U.S.C. 1395mm(h)(5)(C)(ii)) is amended, in the matter preceding subclause (I), by striking “January 1, 2014” and inserting “January 1, 2015”.

**SEC. 1109. EXTENSION OF EXISTING FUNDING FOR CONTRACT WITH CONSENSUS-BASED ENTITY.**

Section 1890(d) of the Social Security Act (42 U.S.C. 1395aaa(d)) is amended by adding at the end the following new sentence: “Amounts transferred under the preceding sentence shall remain available until expended.”.

**SEC. 1110. EXTENSION OF FUNDING OUTREACH AND ASSISTANCE FOR LOW-INCOME PROGRAMS.**

(a) **ADDITIONAL FUNDING FOR STATE HEALTH INSURANCE PROGRAMS.**—Subsection (a)(1)(B) of section 119 of the Medicare Improvements for Patients and Providers Act of 2008 (42 U.S.C. 1395b–3 note), as amended by section 3306 of the Patient Protection and Affordable Care Act Public Law 111–148) and section 610 of the American Taxpayer Relief Act of 2012 (Public Law 112–240), is amended—

- (1) in clause (ii), by striking “and” at the end;
- (2) in clause (iii), by striking the period at the end and inserting “; and”; and
- (3) by inserting after clause (iii) the following new clause:  
“iv) for the portion of fiscal year 2014 before April 1, 2014, of \$3,750,000.”.

(b) **ADDITIONAL FUNDING FOR AREA AGENCIES ON AGING.**—Subsection (b)(1)(B) of such section 119, as so amended, is amended—

- (1) in clause (ii), by striking “and” at the end;
- (2) in clause (iii), by striking the period at the end and inserting “; and”; and
- (3) by inserting after clause (iii) the following new clause:  
“iv) for the portion of fiscal year 2014 before April 1, 2014, of \$3,750,000.”.

(c) **ADDITIONAL FUNDING FOR AGING AND DISABILITY RESOURCE CENTERS.**—Subsection (c)(1)(B) of such section 119, as so amended, is amended—

- (1) in clause (ii), by striking “and” at the end;
- (2) in clause (iii), by striking the period at the end and inserting “; and”; and
- (3) by inserting after clause (iii) the following new clause:  
“iv) for the portion of fiscal year 2014 before April 1, 2014, of \$2,500,000.”.

(d) **ADDITIONAL FUNDING FOR CONTRACT WITH THE NATIONAL CENTER FOR BENEFITS AND OUTREACH ENROLLMENT.**—Subsection (d)(2) of such section 119, as so amended, is amended—

- (1) in clause (ii), by striking “and” at the end;
- (2) in clause (iii), by striking the period at the end and inserting “; and”; and
- (3) by inserting after clause (iii) the following new clause:  
“iv) for the portion of fiscal year 2014 before April 1, 2014, of \$2,500,000.”.

**TITLE II—OTHER HEALTH PROVISIONS**

**SEC. 1201. EXTENSION OF THE QUALIFYING INDIVIDUAL (QI) PROGRAM.**

(a) **EXTENSION.**—Section 1902(a)(10)(E)(iv) of the Social Security Act (42 U.S.C. 1396a(a)(10)(E)(iv)) is amended by striking “December 2013” and inserting “March 2014”.

(b) **EXTENDING TOTAL AMOUNT AVAILABLE FOR ALLOCATION.**—Section 1933(g) of the Social Security Act (42 U.S.C. 1396u–3(g)) is amended—

- (1) in paragraph (2)—
  - (A) in subparagraph (S), by striking “and” after the semicolon;

(B) in subparagraph (T), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following new subparagraph:

“(U) for the period that begins on January 1, 2014, and ends on March 31, 2014, the total allocation amount is \$200,000,000.”.

**SEC. 1202. TEMPORARY EXTENSION OF TRANSITIONAL MEDICAL ASSISTANCE (TMA).**

Sections 1902(e)(1)(B) and 1925(f) of the Social Security Act (42 U.S.C. 1396a(e)(1)(B), 1396r-6(f)) are each amended by striking “December 31, 2013” and inserting “March 31, 2014”.

**SEC. 1203. EXTENSION OF FUNDING FOR FAMILY-TO-FAMILY HEALTH INFORMATION CENTERS.**

Section 501(c)(1)(A) of the Social Security Act (42 U.S.C. 701(c)(1)(A)) is amended—

(1) in clause (ii), by striking at the end “and”;

(2) in clause (iii), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following new clause:

“(iv) \$2,500,000 for the portion of fiscal year 2014 before April 1, 2014.”.

**SEC. 1204. DELAY OF REDUCTIONS TO MEDICAID DSH ALLOTMENTS.**

(a) **IN GENERAL.**—Section 1923(f) of the Social Security Act (42 U.S.C. 1396r-4(f)) is amended—

(1) in paragraph (7)(A)—

(A) in clause (i), by striking “2014” and inserting “2016”; and

(B) in clause (ii)—

(i) by striking subclauses (I) and (II);

(ii) by redesignating subclauses (III) through (VII) as subclauses (I) through (V), respectively; and

(iii) in subclause (I) (as redesignated by clause (ii)), by striking “\$600,000,000” and inserting “\$1,200,000,000”; and

(2) in paragraph (8)—

(A) by redesignating subparagraph (C) as subparagraph (D);

(B) by inserting after subparagraph (B) the following new subparagraph:

“(C) **FISCAL YEAR 2023.**—Only with respect to fiscal year 2023, the DSH allotment for a State, in lieu of the amount determined under paragraph (3) for the State for that year, shall be equal to the DSH allotment for the State for fiscal year 2022, as determined under subparagraph (B), increased, subject to subparagraphs (B) and (C) of paragraph (3), and paragraph (5), by the percentage change in the consumer price index for all urban consumers (all items; U.S. city average), for fiscal year 2022.”; and

(C) in subparagraph (D) (as redesignated by subparagraph (A)), by striking “fiscal year 2022” and inserting “fiscal year 2023”.

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall be effective as of October 1, 2013.

**SEC. 1205. REALIGNMENT OF THE MEDICARE SEQUESTER FOR FISCAL YEAR 2023.**

Paragraph (6) (relating to implementing direct spending reductions, as redesignated by section 101(d)(2)(C), and as amended by section 101(c), of the Bipartisan Budget Act of 2013) of section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901a) is amended by adding at the end the following new subparagraph:

“(C) Notwithstanding the 2 percent limit specified in subparagraph (A) for payments for the Medicare programs specified in section 256(d), the sequestration order of the President under such subparagraph for fiscal year 2023 shall be applied to such payments so that—

“(i) with respect to the first 6 months in which such order is effective for such fiscal year, the payment reduction shall be 2.90 percent; and

“(ii) with respect to the second 6 months in which such order is so effective for such fiscal year, the payment reduction shall be 1.11 percent.”.

**SEC. 1206. PAYMENT FOR INPATIENT SERVICES IN LONG-TERM CARE HOSPITALS (LTCHS).**

(a) ESTABLISHMENT OF CRITERIA FOR APPLICATION OF SITE NEUTRAL PAYMENT.—

(1) IN GENERAL.—Section 1886(m) of the Social Security Act (42 U.S.C. 1395ww(m)) is amended by adding at the end the following:

“(6) APPLICATION OF SITE NEUTRAL IPPS PAYMENT RATE IN CERTAIN CASES.—

“(A) GENERAL APPLICATION OF SITE NEUTRAL IPPS PAYMENT AMOUNT FOR DISCHARGES FAILING TO MEET APPLICABLE CRITERIA.—

“(i) IN GENERAL.—For a discharge in cost reporting periods beginning on or after October 1, 2015, except as provided in clause (ii) and subparagraph (C), payment under this title to a long-term care hospital for inpatient hospital services shall be made at the applicable site neutral payment rate (as defined in subparagraph (B)).

“(ii) EXCEPTION FOR CERTAIN DISCHARGES MEETING CRITERIA.—Clause (i) shall not apply (and payment shall be made to a long-term care hospital without regard to this paragraph) for a discharge if—

“(I) the discharge meets the ICU criterion under clause (iii) or the ventilator criterion under clause (iv); and

“(II) the discharge does not have a principal diagnosis relating to a psychiatric diagnosis or to rehabilitation.

“(iii) INTENSIVE CARE UNIT (ICU) CRITERION.—

“(I) IN GENERAL.—The criterion specified in this clause (in this paragraph referred to as the ‘ICU criterion’), for a discharge from a long-term care hospital, is that the stay in the long-term care hospital ending with such discharge was immediately preceded by a discharge from a stay in a subsection (d) hospital that included at least

3 days in an intensive care unit (ICU), as determined by the Secretary.

“(II) DETERMINING ICU DAYS.—In determining intensive care unit days under subclause (I), the Secretary shall use data from revenue center codes 020x or 021x (or such successor codes as the Secretary may establish).

“(iv) VENTILATOR CRITERION.—The criterion specified in this clause (in this paragraph referred to as the ‘ventilator criterion’), for a discharge from a long-term care hospital, is that—

“(I) the stay in the long-term care hospital ending with such discharge was immediately preceded by a discharge from a stay in a subsection (d) hospital; and

“(II) the individual discharged was assigned to a Medicare-Severity-Long-Term-Care-Diagnosis-Related-Group (MS-LTC-DRG) based on the receipt of ventilator services of at least 96 hours.

“(B) APPLICABLE SITE NEUTRAL PAYMENT RATE DEFINED.—

“(i) IN GENERAL.—In this paragraph, the term ‘applicable site neutral payment rate’ means—

“(I) for discharges in cost reporting periods beginning during fiscal year 2016 or fiscal year 2017, the blended payment rate specified in clause (iii); and

“(II) for discharges in cost reporting periods beginning during fiscal year 2018 or a subsequent fiscal year, the site neutral payment rate (as defined in clause (ii)).

“(ii) SITE NEUTRAL PAYMENT RATE DEFINED.—In this paragraph, the term ‘site neutral payment rate’ means the lower of—

“(I) the IPPS comparable per diem amount determined under paragraph (d)(4) of section 412.529 of title 42, Code of Federal Regulations, including any applicable outlier payments under section 412.525 of such title; or

“(II) 100 percent of the estimated cost for the services involved.

“(iii) BLENDED PAYMENT RATE.—The blended payment rate specified in this clause, for a long-term care hospital for inpatient hospital services for a discharge, is comprised of—

“(I) half of the site neutral payment rate (as defined in clause (ii)) for the discharge; and

“(II) half of the payment rate that would otherwise be applicable to such discharge without regard to this paragraph, as determined by the Secretary.

“(C) LIMITING PAYMENT FOR ALL HOSPITAL DISCHARGES TO SITE NEUTRAL PAYMENT RATE FOR HOSPITALS FAILING TO MEET APPLICABLE LTCH DISCHARGE THRESHOLDS.—

“(i) NOTICE OF LTCH DISCHARGE PAYMENT PERCENTAGE.—For cost reporting periods beginning during or after fiscal year 2016, the Secretary shall inform each

long-term care hospital of its LTCH discharge payment percentage (as defined in clause (iv)) for such period.

“(ii) LIMITATION.—For cost reporting periods beginning during or after fiscal year 2020, if the Secretary determines for a long-term care hospital that its LTCH discharge payment percentage for the period is not at least 50 percent—

“(I) the Secretary shall inform the hospital of such fact; and

“(II) subject to clause (iii), for all discharges in the hospital in each succeeding cost reporting period, the payment amount under this subsection shall be the payment amount that would apply under subsection (d) for the discharge if the hospital were a subsection (d) hospital.

“(iii) PROCESS FOR REINSTATEMENT.—The Secretary shall establish a process whereby a long-term care hospital may seek to and have the provisions of subclause (II) of clause (ii) discontinued with respect to that hospital.

“(iv) LTCH DISCHARGE PAYMENT PERCENTAGE.—In this subparagraph, the term ‘LTCH discharge payment percentage’ means, with respect to a long-term care hospital for a cost reporting period beginning during or after fiscal year 2020, the ratio (expressed as a percentage) of—

“(I) the number of discharges for such hospital and period for which payment is not made at the site neutral payment rate, to

“(II) the total number of discharges for such hospital and period.

“(D) INCLUSION OF SUBSECTION (D) PUERTO RICO HOSPITALS.—In this paragraph, any reference in this paragraph to a subsection (d) hospital shall be deemed to include a reference to a subsection (d) Puerto Rico hospital.”.

(2) MEDPAC STUDY AND REPORT ON IMPACT OF CHANGES.—

(A) STUDY.—The Medicare Payment Assessment Commission shall examine the effect of applying section 1886(m)(6) of the Social Security Act, as added by the amendment made by paragraph (1), on—

(i) the quality of patient care in long-term care hospitals;

(ii) the use of hospice care and post-acute care settings;

(iii) different types of long-term care hospitals; and

(iv) the growth in Medicare spending for services in such hospitals.

(B) REPORT.—Not later than June 30, 2019, the Commission shall submit to Congress a report on such study. The Commission shall include in such report such recommendations for changes in the application of such section as the Commission deems appropriate as well as the impact of the application of such section on the need to continue applying the 25 percent rule described under sections 412.534 and 412.536 of title 42, Code of Federal Regulations.

(3) CALCULATION OF LENGTH OF STAY EXCLUDING CASES PAID ON A SITE NEUTRAL BASIS.—

(A) IN GENERAL.—For discharges occurring in cost reporting periods beginning on or after October 1, 2015, subject to subparagraph (B), in calculating the length of stay requirement applicable to a long-term care hospital or satellite facility under section 1886(d)(1)(B)(iv)(I) of the Social Security Act (42 U.S.C. 1395ww(d)(1)(B)(iv)(I)) and section 1861(ccc)(2) of such Act (42 U.S.C. 1395x(ccc)(2)), the Secretary of Health and Human Services shall exclude the following:

(i) SITE NEUTRAL PAYMENT.—Any patient for whom payment is made at the site neutral payment rate (as defined in section 1886(m)(6)(B)(ii) of such Act, as added by paragraph (1)).

(ii) MEDICARE ADVANTAGE.—Any patient for whom payment is made under a Medicare Advantage plan under part C of title XVIII of such Act.

(B) LIMITATION ON CONVERTING SUBSECTION (D) HOSPITALS.—Subparagraph (A) shall not apply to a hospital that is classified as of December 10, 2013, as a subsection (d) hospital (as defined in section 1886(d)(1)(B) of the Social Security Act, 42 U.S.C. 1395ww(d)(1)(B)) for purposes of determining whether the requirements of section 1886(d)(1)(B)(iv)(I) or 1861(ccc)(2) of such Act (42 U.S.C. 1395ww(d)(1)(B)(iv)(I), 1395x(ccc)(2)) are met.

(b) EXTENSION OF CERTAIN LTCH PAYMENT RULES AND MORATORIUM ON THE ESTABLISHMENT OF CERTAIN HOSPITALS AND FACILITIES.—

(1) EXTENSION OF CERTAIN PAYMENT RULES.—

(A) PAYMENT FOR HOSPITALS-WITHIN-HOSPITALS.—Paragraph (2)(C) of section 114(c) of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (42 U.S.C. 1395ww note), as amended by sections 3106(a) and 10312(a) of Public Law 111–148, is amended by striking “5-year period” and inserting “9-year period”.

(B) 25 PERCENT PATIENT THRESHOLD PAYMENT ADJUSTMENT; MAKING THE GRANDFATHERED EXEMPTION FOR LONG-TERM CARE HOSPITALS PERMANENT.—Section 114(c)(1) of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (42 U.S.C. 1395ww note), as amended by sections 3106(a) and 10312(a) of Public Law 111–148, is amended—

(i) in the matter preceding subparagraph (A), by striking “for a 5-year period”; and

(ii) in subparagraph (A), by inserting “for a 9-year period,” before “section 412.536”.

(C) REPORT ASSESSING CONTINUED SUSPENSION OF 25 PERCENT RULE.—Not later than 1 year before the end of the 9-year period referred to in section 114(c)(1) of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (42 U.S.C. 1395ww note), as amended by subparagraph (B), the Secretary of Health and Human Services shall submit to Congress a report on the need for any further extensions (or modifications of the extensions) of the 25 percent rule described in sections 412.534 and 412.536 of title 42, Code of Federal Regulations, particularly taking

into account the application of section 1886(m)(6) of the Social Security Act, as added by subsection (a)(1).

(2) EXTENSION OF MORATORIUM ON ESTABLISHMENT OF AND INCREASE IN BEDS FOR LTCHS.—Section 114(d) of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (42 U.S.C. 1395ww note), as amended by sections 3106(b) and 10312(b) of Public Law 111–148, is amended—

(A) in paragraph (1), in the matter preceding subparagraph (A), by inserting after “5-year period” the following: “(and for the period beginning January 1, 2015, and ending September 30, 2017)”; and

(B) by adding at the end the following new paragraph: “(6) LIMITATION ON APPLICATION OF EXCEPTIONS.—Paragraphs (2) and (3) shall not apply during the period beginning January 1, 2015, and ending September 30, 2017.”.

(c) ADDITIONAL QUALITY MEASURE.—Section 1886(m)(5)(D) of the Social Security Act (42 U.S.C. 1395ww(m)(5)(D)) is amended by adding at the end the following new clause:

“(iv) ADDITIONAL QUALITY MEASURES.—Not later than October 1, 2015, the Secretary shall establish a functional status quality measure for change in mobility among inpatients requiring ventilator support.”.

(d) REVIEW OF TREATMENT OF CERTAIN LTCHS.—

(1) EVALUATION.—As part of the annual rulemaking for fiscal year 2015 or fiscal year 2016 to carry out the payment rates under subsection (d) of section 1886 of the Social Security Act (42 U.S.C. 1395ww), the Secretary shall evaluate both the payment rates and regulations governing hospitals which are classified under subclause (II) of subsection (d)(1)(B)(iv) of such section.

(2) ADJUSTMENT AUTHORITY.—Based upon such evaluation, the Secretary may adjust payment rates under subsection (b)(3) of section 1886 of the Social Security Act (42 U.S.C. 1395ww) for a hospital so classified (such as payment based upon the TEFRA-payment model) and may adjust the regulations governing such hospitals, including applying the regulations governing hospitals which are classified under clause (I) of subsection (d)(1)(B) of such section.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*