

“(iii) The methodology takes into account the extent to which the DSH allotment for a State was included in the budget neutrality calculation for a coverage expansion approved under section 1115 as of July 31, 2009.”

(b) **EXTENSION OF DSH ALLOTMENT.**—Section 1923(f)(6)(A) of the Social Security Act (42 U.S.C. 1396r-4(f)(6)(A)) is amended by adding at the end the following:

“(v) **ALLOTMENT FOR 2D, 3RD, AND 4TH QUARTERS OF FISCAL YEAR 2012 AND FOR FISCAL YEAR 2013.**—Notwithstanding the table set forth in paragraph (2):

“(I) **2D, 3RD, AND 4TH QUARTERS OF FISCAL YEAR 2012.**—In the case of a State that has a DSH allotment of \$0 for the 2d, 3rd, and 4th quarters of fiscal year 2012, the DSH allotment shall be \$47,200,000 for such quarters.

“(II) **FISCAL YEAR 2013.**—In the case of a State that has a DSH allotment of \$0 for fiscal year 2013, the DSH allotment shall be \$53,100,000 for such fiscal year.”

SEC. 1204. FUNDING FOR THE TERRITORIES.

(a) **IN GENERAL.**—Part III of subtitle D of title I of the Patient Protection and Affordable Care Act, as amended by section 10104(m) of such Act, is amended by inserting after section 1322 the following section:

“SEC. 1323. FUNDING FOR THE TERRITORIES.

“(a) **IN GENERAL.**—A territory that—

“(1) elects consistent with subsection (b) to establish an Exchange in accordance with part II of this subtitle and establishes such an Exchange in accordance with such part shall be treated as a State for purposes of such part and shall be entitled to payment from the amount allocated to the territory under subsection (c); or

“(2) does not make such election shall be entitled to an increase in the dollar limitation applicable to the territory under subsections (f) and (g) of section 1108 of the Social Security Act (42 U.S.C. 1308) for such period in such amount for such territory and such increase shall not be taken into account in computing any other amount under such subsections.

“(b) **TERMS AND CONDITIONS.**—An election under subsection (a)(1) shall—

“(1) not be effective unless the election is consistent with section 1321 and is received not later than October 1, 2013; and

“(2) be contingent upon entering into an agreement between the territory and the Secretary that requires that—

“(A) funds provided under the agreement shall be used only to provide premium and cost-sharing assistance to residents of the territory obtaining health insurance coverage through the Exchange; and

“(B) the premium and cost-sharing assistance provided under such agreement shall be structured in such a manner so as to prevent any gap in assistance for individuals between the income level at which medical assistance is available through the territory’s Medicaid plan under title XIX of the Social Security Act and the income level at

which premium and cost-sharing assistance is available under the agreement.

“(c) APPROPRIATION AND ALLOCATION.—

“(1) APPROPRIATION.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated for purposes of payment pursuant to subsection (a) \$1,000,000,000, to be available during the period beginning with 2014 and ending with 2019.

“(2) ALLOCATION.—The Secretary shall allocate the amount appropriated under paragraph (1) among the territories for purposes of carrying out this section as follows:

“(A) For Puerto Rico, \$925,000,000.

“(B) For another territory, the portion of \$75,000,000 specified by the Secretary.”.

(b) MEDICAID FUNDING.—

(1) INCREASE IN FUNDING CAPS.—Section 1108(g) of the Social Security Act (42 U.S.C. 1308(g)), as amended by section 2005(a) of the Patient Protection and Affordable Care Act, is amended—

(A) in paragraph (2), by inserting “and section 1323(a)(2) of the Patient Protection and Affordable Care Act” after “subject to”; and

(B) by striking paragraph (5) and inserting the following:

“(5) ADDITIONAL INCREASE.—The Secretary shall increase the amounts otherwise determined under this subsection for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa (after the application of subsection (f) and the preceding paragraphs of this subsection) for the period beginning July 1, 2011, and ending on September 30, 2019, by such amounts that the total additional payments under title XIX to such territories equals \$6,300,000,000 for such period. The Secretary shall increase such amounts in proportion to the amounts applicable to such territories under this subsection and subsection (f) on the date of enactment of this paragraph.”.

(2) DISREGARD OF PAYMENTS; INCREASED FMAP.—Section 2005 of the Patient Protection and Affordable Care Act is amended—

(A) by repealing subsection (b) (and the amendments made by that subsection) and section 1108(g)(4) of the Social Security Act shall be applied as if such amendments had never been enacted; and

(B) in subsection (c)(2), by striking “January” and inserting “July”.

SEC. 1205. DELAY IN COMMUNITY FIRST CHOICE OPTION.

Section 1915(k)(1) of the Social Security Act (42 U.S.C. 1396n(k)), as added by section 2401 of the Patient Protection and Affordable Care Act, is amended by striking “October 1, 2010” and inserting “October 1, 2011”.

SEC. 1206. DRUG REBATES FOR NEW FORMULATIONS OF EXISTING DRUGS.

(a) TREATMENT OF NEW FORMULATIONS.—Subparagraph (C) of section 1927(c)(2) of the Social Security Act (42 U.S.C. 1396r-8(c)(2)), as added by section 2501(d) of the Patient Protection and Affordable Care Act, is amended to read as follows: