



1           (2) MEDICAID.—The term “Medicaid” means  
2           the program for medical assistance established under  
3           title XIX of the Social Security Act (42 U.S.C. 1396  
4           et seq.).

5           (3) SECRETARY.—The term “Secretary” means  
6           the Secretary of Health and Human Services.

7           (d) TABLE OF CONTENTS.—The table of contents of  
8           this Act is as follows:

Sec. 1. Short title; amendments to Social Security Act; references; table of contents.

Sec. 2. Purpose.

Sec. 3. General effective date; exception for State legislation; contingent effective date; reliance on law.

#### TITLE I—FINANCING

##### Subtitle A—Funding

Sec. 101. Extension of CHIP.

Sec. 102. Allotments for States and territories for fiscal years 2008 through 2012.

Sec. 103. Child Enrollment Contingency Fund.

Sec. 104. CHIP performance bonus payment to offset additional enrollment costs resulting from enrollment and retention efforts.

Sec. 105. 2-year initial availability of CHIP allotments.

Sec. 106. Redistribution of unused allotments to address State funding shortfalls.

Sec. 107. Option for qualifying States to receive the enhanced portion of the CHIP matching rate for Medicaid coverage of certain children.

Sec. 108. One-time appropriation.

Sec. 109. Improving funding for the territories under CHIP and Medicaid.

##### Subtitle B—Focus on Low-Income Children and Pregnant Women

Sec. 111. State option to cover low-income pregnant women under CHIP through a State plan amendment.

Sec. 112. Phase-Out of coverage for nonpregnant childless adults under CHIP; conditions for coverage of parents.

Sec. 113. Elimination of counting Medicaid child presumptive eligibility costs against Title XXI allotment.

Sec. 114. Limitation on matching rate for States that propose to cover children with effective family income that exceeds 300 percent of the poverty line.

Sec. 115. State authority under Medicaid.

Sec. 116. Preventing substitution of CHIP coverage for private coverage.

#### TITLE II—OUTREACH AND ENROLLMENT

## 3

## Subtitle A—Outreach and Enrollment Activities

- Sec. 201. Grants and enhanced administrative funding for outreach and enrollment.
- Sec. 202. Increased outreach and enrollment of Indians.
- Sec. 203. State option to rely on findings from an Express Lane agency to conduct simplified eligibility determinations.

## Subtitle B—Reducing Barriers to Enrollment

- Sec. 211. Verification of declaration of citizenship or nationality for purposes of eligibility for Medicaid and CHIP.
- Sec. 212. Reducing administrative barriers to enrollment.
- Sec. 213. Model of Interstate coordinated enrollment and coverage process.

## TITLE III—REDUCING BARRIERS TO PROVIDING PREMIUM ASSISTANCE

## Subtitle A—Additional State Option for Providing Premium Assistance

- Sec. 301. Additional State option for providing premium assistance.
- Sec. 302. Outreach, education, and enrollment assistance.

## Subtitle B—Coordinating Premium Assistance With Private Coverage

- Sec. 311. Special enrollment period under group health plans in case of termination of Medicaid or CHIP coverage or eligibility for assistance in purchase of employment-based coverage; coordination of coverage.

## TITLE IV—STRENGTHENING QUALITY OF CARE AND HEALTH OUTCOMES

- Sec. 401. Child health quality improvement activities for children enrolled in Medicaid or CHIP.
- Sec. 402. Improved availability of public information regarding enrollment of children in CHIP and Medicaid.
- Sec. 403. Application of certain managed care quality safeguards to CHIP.

## TITLE V—IMPROVING ACCESS TO BENEFITS

- Sec. 501. Dental benefits.
- Sec. 502. Mental health parity in CHIP plans.
- Sec. 503. Application of prospective payment system for services provided by Federally-Qualified Health Centers and rural health clinics.
- Sec. 504. Premium grace period.
- Sec. 505. Demonstration projects relating to diabetes prevention.
- Sec. 506. Clarification of coverage of services provided through school-based health centers.

## TITLE VI—PROGRAM INTEGRITY AND OTHER MISCELLANEOUS PROVISIONS

## Subtitle A—Program Integrity and Data Collection

- Sec. 601. Payment error rate measurement (“PERM”).
- Sec. 602. Improving data collection.
- Sec. 603. Updated Federal evaluation of CHIP.
- Sec. 604. Access to records for IG and GAO audits and evaluations.

Sec. 605. No Federal funding for illegal aliens.

Subtitle B—Miscellaneous Health Provisions

Sec. 611. Deficit Reduction Act technical corrections.

Sec. 612. References to title XXI.

Sec. 613. Prohibiting initiation of new health opportunity account demonstration programs.

Sec. 614. County medicaid health insuring organizations; GAO report on Medicaid managed care payment rates.

Sec. 615. Adjustment in computation of Medicaid FMAP to disregard an extraordinary employer pension contribution.

Sec. 616. Moratorium on certain payment restrictions.

Sec. 617. Medicaid DSH allotments for Tennessee and Hawaii.

Sec. 618. Clarification treatment of regional medical center.

Sec. 619. Extension of SSI web-based asset demonstration project to the Medicaid program.

Subtitle C—Other Provisions

Sec. 621. Support for injured servicemembers.

Sec. 622. Military family job protection.

Sec. 623. Outreach regarding health insurance options available to children.

Sec. 624. Sense of Senate regarding access to affordable and meaningful health insurance coverage.

TITLE VII—REVENUE PROVISIONS

Sec. 701. Increase in excise tax rate on tobacco products.

Sec. 702. Administrative improvements.

Sec. 703. Time for payment of corporate estimated taxes.

1 **SEC. 2. PURPOSE.**

2 It is the purpose of this Act to provide dependable  
3 and stable funding for children's health insurance under  
4 titles XXI and XIX of the Social Security Act in order  
5 to enroll all six million uninsured children who are eligible,  
6 but not enrolled, for coverage today through such titles.

7 **SEC. 3. GENERAL EFFECTIVE DATE; EXCEPTION FOR STATE**  
8 **LEGISLATION; CONTINGENT EFFECTIVE**  
9 **DATE; RELIANCE ON LAW.**

10 (a) GENERAL EFFECTIVE DATE.—Unless otherwise  
11 provided in this Act, subject to subsections (b) and (c),

1 this Act (and the amendments made by this Act) shall  
2 take effect on October 1, 2007, and shall apply to child  
3 health assistance and medical assistance provided on or  
4 after that date without regard to whether or not final reg-  
5 ulations to carry out this Act (or such amendments) have  
6 been promulgated by such date.

7 (b) EXCEPTION FOR STATE LEGISLATION.—In the  
8 case of a State plan under title XIX or State child health  
9 plan under XXI of the Social Security Act, which the Sec-  
10 retary of Health and Human Services determines requires  
11 State legislation in order for respective plan to meet one  
12 or more additional requirements imposed by amendments  
13 made by this Act, the respective State plan shall not be  
14 regarded as failing to comply with the requirements of  
15 such title solely on the basis of its failure to meet such  
16 an additional requirement before the first day of the first  
17 calendar quarter beginning after the close of the first reg-  
18 ular session of the State legislature that begins after the  
19 date of enactment of this Act. For purposes of the pre-  
20 vious sentence, in the case of a State that has a 2-year  
21 legislative session, each year of the session shall be consid-  
22 ered to be a separate regular session of the State legisla-  
23 ture.

24 (c) CONTINGENT EFFECTIVE DATE FOR CHIP  
25 FUNDING FOR FISCAL YEAR 2008.—Notwithstanding any

1 other provision of law, if funds are appropriated under any  
2 law (other than this Act) to provide allotments to States  
3 under CHIP for all (or any portion) of fiscal year 2008—

4 (1) any amounts that are so appropriated that  
5 are not so allotted and obligated before the date of  
6 the enactment of this Act are rescinded; and

7 (2) any amount provided for CHIP allotments  
8 to a State under this Act (and the amendments  
9 made by this Act) for such fiscal year shall be re-  
10 duced by the amount of such appropriations so allot-  
11 ted and obligated before such date.

12 (d) RELIANCE ON LAW.—With respect to amend-  
13 ments made by this Act (other than title VII) that become  
14 effective as of a date—

15 (1) such amendments are effective as of such  
16 date whether or not regulations implementing such  
17 amendments have been issued; and

18 (2) Federal financial participation for medical  
19 assistance or child health assistance furnished under  
20 title XIX or XXI, respectively, of the Social Security  
21 Act on or after such date by a State in good faith  
22 reliance on such amendments before the date of pro-  
23 mulgation of final regulations, if any, to carry out  
24 such amendments (or before the date of guidance, if  
25 any, regarding the implementation of such amend-

1       ments) shall not be denied on the basis of the  
2       State’s failure to comply with such regulations or  
3       guidance.

4                   **TITLE I—FINANCING**  
5                   **Subtitle A—Funding**

6   **SEC. 101. EXTENSION OF CHIP.**

7       Section 2104(a) (42 U.S.C. 1397dd(a)) is amended—

8               (1) in paragraph (9), by striking “and” at the  
9       end;

10              (2) in paragraph (10), by striking the period at  
11       the end and inserting a semicolon; and

12              (3) by adding at the end the following new  
13       paragraphs:

14              “(11) for fiscal year 2008, \$9,125,000,000;

15              “(12) for fiscal year 2009, \$10,675,000,000;

16              “(13) for fiscal year 2010, \$11,850,000,000;

17              “(14) for fiscal year 2011, \$13,750,000,000;

18       and

19              “(15) for fiscal year 2012, for purposes of mak-  
20       ing 2 semi-annual allotments—

21              “(A) \$1,750,000,000 for the period begin-  
22       ning on October 1, 2011, and ending on March  
23       31, 2012, and

1           “(B) \$1,750,000,000 for the period begin-  
2           ning on April 1, 2012, and ending on Sep-  
3           tember 30, 2012.”.

4 **SEC. 102. ALLOTMENTS FOR STATES AND TERRITORIES**

5           **FOR FISCAL YEARS 2008 THROUGH 2012.**

6           Section 2104 (42 U.S.C. 1397dd) is amended—

7           (1) in subsection (b)(1), by striking “subsection  
8           (d)” and inserting “subsections (d) and (i)”;

9           (2) in subsection (c)(1), by striking “subsection  
10          (d)” and inserting “subsections (d) and (i)(4)”; and

11          (3) by adding at the end the following new sub-  
12          section:

13          “(i) ALLOTMENTS FOR FISCAL YEARS 2008  
14          THROUGH 2012.—

15                 “(1) FOR FISCAL YEAR 2008.—

16                         “(A) FOR THE 50 STATES AND THE DIS-  
17                         TRICT OF COLUMBIA.—Subject to the suc-  
18                         ceeding provisions of this paragraph and para-  
19                         graph (4), the Secretary shall allot for fiscal  
20                         year 2008 from the amount made available  
21                         under subsection (a)(11), to each of the 50  
22                         States and the District of Columbia 110 per-  
23                         cent of the highest of the following amounts for  
24                         such State or District:



1           “(i) The total Federal payments to  
2           the State under this title for fiscal year  
3           2007, multiplied by the allotment increase  
4           factor determined under paragraph (5) for  
5           fiscal year 2008.

6           “(ii) The Federal share of the amount  
7           allotted to the State for fiscal year 2007  
8           under subsection (b), multiplied by the al-  
9           lotment increase factor determined under  
10          paragraph (5) for fiscal year 2008.

11          “(iii) Only in the case of—

12           “(I) a State that received a pay-  
13           ment, redistribution, or allotment  
14           under any of paragraphs (1), (2), or  
15           (4) of subsection (h), the amount of  
16           the projected total Federal payments  
17           to the State under this title for fiscal  
18           year 2007, as determined on the basis  
19           of the November 2006 estimates cer-  
20           tified by the State to the Secretary;

21           “(II) a State whose projected  
22           total Federal payments to the State  
23           under this title for fiscal year 2007,  
24           as determined on the basis of the May  
25           2006 estimates certified by the State

1 to the Secretary, were at least  
2 \$95,000,000 but not more than  
3 \$96,000,000 higher than the projected  
4 total Federal payments to the State  
5 under this title for fiscal year 2007 on  
6 the basis of the November 2006 esti-  
7 mates, the amount of the projected  
8 total Federal payments to the State  
9 under this title for fiscal year 2007 on  
10 the basis of the May 2006 estimates;  
11 or

12 “(III) a State whose projected  
13 total Federal payments under this  
14 title for fiscal year 2007, as deter-  
15 mined on the basis of the November  
16 2006 estimates certified by the State  
17 to the Secretary, exceeded all amounts  
18 available to the State for expenditure  
19 for fiscal year 2007 (including any  
20 amounts paid, allotted, or redistrib-  
21 uted to the State in prior fiscal  
22 years), the amount of the projected  
23 total Federal payments to the State  
24 under this title for fiscal year 2007,  
25 as determined on the basis of the No-

1                   vember 2006 estimates certified by  
2                   the State to the Secretary,  
3                   multiplied by the allotment increase factor  
4                   determined under paragraph (5) for fiscal  
5                   year 2008.

6                   “(iv) The projected total Federal pay-  
7                   ments to the State under this title for fis-  
8                   cal year 2008, as determined on the basis  
9                   of the August 2007 projections certified by  
10                  the State to the Secretary by not later  
11                  than September 30, 2007.

12                  “(B) FOR THE COMMONWEALTHS AND  
13                  TERRITORIES.—Subject to the succeeding provi-  
14                  sions of this paragraph and paragraph (4), the  
15                  Secretary shall allot for fiscal year 2008 from  
16                  the amount made available under subsection  
17                  (a)(11) to each of the commonwealths and ter-  
18                  ritories described in subsection (c)(3) an  
19                  amount equal to the highest amount of Federal  
20                  payments to the commonwealth or territory  
21                  under this title for any fiscal year occurring  
22                  during the period of fiscal years 1998 through  
23                  2007, multiplied by the allotment increase fac-  
24                  tor determined under paragraph (5) for fiscal  
25                  year 2008, except that subparagraph (B) there-

1 of shall be applied by substituting ‘the United  
2 States’ for ‘the State’.

3 “(C) DEADLINE AND DATA FOR DETER-  
4 MINING FISCAL YEAR 2008 ALLOTMENTS.—In  
5 computing the amounts under subparagraphs  
6 (A) and (B) that determine the allotments to  
7 States for fiscal year 2008, the Secretary shall  
8 use the most recent data available to the Sec-  
9 retary before the start of that fiscal year. The  
10 Secretary may adjust such amounts and allot-  
11 ments, as necessary, on the basis of the expend-  
12 iture data for the prior year reported by States  
13 on CMS Form 64 or CMS Form 21 not later  
14 than November 30, 2007, but in no case shall  
15 the Secretary adjust the allotments provided  
16 under subparagraph (A) or (B) for fiscal year  
17 2008 after December 31, 2007.

18 “(D) ADJUSTMENT FOR QUALIFYING  
19 STATES.—In the case of a qualifying State de-  
20 scribed in paragraph (2) of section 2105(g), the  
21 Secretary shall permit the State to submit re-  
22 vised projection described in subparagraph  
23 (A)(iv) in order to take into account changes in  
24 such projections attributable to the application  
25 of paragraph (4) of such section.

1           “(2) FOR FISCAL YEARS 2009 THROUGH 2011.—

2                   “(A) IN GENERAL.—Subject to paragraphs  
3           (4) and (6), from the amount made available  
4           under paragraphs (12) through (14) of sub-  
5           section (a) for each of fiscal years 2009  
6           through 2011, respectively, the Secretary shall  
7           compute a State allotment for each State (in-  
8           cluding the District of Columbia and each com-  
9           monwealth and territory) for each such fiscal  
10          year as follows:

11                   “(i) GROWTH FACTOR UPDATE FOR  
12           FISCAL YEAR 2009.—For fiscal year 2009,  
13           the allotment of the State is equal to the  
14           sum of—

15                   “(I) the amount of the State al-  
16           lotment under paragraph (1) for fiscal  
17           year 2008; and

18                   “(II) the amount of any pay-  
19           ments made to the State under sub-  
20           section (j) for fiscal year 2008,  
21           multiplied by the allotment increase factor  
22           under paragraph (5) for fiscal year 2009.

23                   “(ii) REBASING IN FISCAL YEAR  
24           2010.—For fiscal year 2010, the allotment  
25           of a State is equal to the Federal pay-

1                   ments to the State that are attributable to  
2                   (and countable towards) the total amount  
3                   of allotments available under this section  
4                   to the State in fiscal year 2009 (including  
5                   payments made to the State under sub-  
6                   section (j) for fiscal year 2009 as well as  
7                   amounts redistributed to the State in fiscal  
8                   year 2009) multiplied by the allotment in-  
9                   crease factor under paragraph (5) for fis-  
10                  cal year 2010.

11                  “(iii) GROWTH FACTOR UPDATE FOR  
12                  FISCAL YEAR 2011.—For fiscal year 2011,  
13                  the allotment of the State is equal to the  
14                  sum of—

15                         “(I) the amount of the State al-  
16                         lotment under clause (ii) for fiscal  
17                         year 2010; and

18                         “(II) the amount of any pay-  
19                         ments made to the State under sub-  
20                         section (j) for fiscal year 2010,  
21                         multiplied by the allotment increase factor  
22                         under paragraph (5) for fiscal year 2011.

23                  “(3) FOR FISCAL YEAR 2012.—

24                         “(A) FIRST HALF.—Subject to paragraphs  
25                         (4) and (6), from the amount made available

1 under subparagraph (A) of paragraph (15) of  
2 subsection (a) for the semi-annual period de-  
3 scribed in such paragraph, increased by the  
4 amount of the appropriation for such period  
5 under section 108 of the Children’s Health In-  
6 surance Program Reauthorization Act of 2007,  
7 the Secretary shall compute a State allotment  
8 for each State (including the District of Colum-  
9 bia and each commonwealth and territory) for  
10 such semi-annual period in an amount equal to  
11 the first half ratio (described in subparagraph  
12 (D)) of the amount described in subparagraph  
13 (C).

14 “(B) SECOND HALF.—Subject to para-  
15 graphs (4) and (6), from the amount made  
16 available under subparagraph (B) of paragraph  
17 (15) of subsection (a) for the semi-annual pe-  
18 riod described in such paragraph, the Secretary  
19 shall compute a State allotment for each State  
20 (including the District of Columbia and each  
21 commonwealth and territory) for such semi-an-  
22 nual period in an amount equal to the amount  
23 made available under such subparagraph multi-  
24 plied by the ratio of—

1                   “(i) the amount of the allotment to  
2                   such State under subparagraph (A); to

3                   “(ii) the total of the amount of all of  
4                   the allotments made available under such  
5                   subparagraph.

6                   “(C) FULL YEAR AMOUNT BASED ON  
7                   REBASED AMOUNT.—The amount described in  
8                   this subparagraph for a State is equal to the  
9                   Federal payments to the State that are attrib-  
10                  utable to (and countable towards) the total  
11                  amount of allotments available under this sec-  
12                  tion to the State in fiscal year 2011 (including  
13                  payments made to the State under subsection  
14                  (j) for fiscal year 2011 as well as amounts re-  
15                  distributed to the State in fiscal year 2011)  
16                  multiplied by the allotment increase factor  
17                  under paragraph (5) for fiscal year 2012.

18                  “(D) FIRST HALF RATIO.—The first half  
19                  ratio described in this subparagraph is the ratio  
20                  of—

21                         “(i) the sum of—

22                                 “(I) the amount made available  
23                                 under subsection (a)(15)(A); and

24                                 “(II) the amount of the appro-  
25                                 priation for such period under section



1 108 of the Children’s Health Insur-  
2 ance Program Reauthorization Act of  
3 2007; to

4 “(ii) the sum of the—

5 “(I) amount described in clause  
6 (i); and

7 “(II) the amount made available  
8 under subsection (a)(15)(B).

9 “(4) PRORATION RULE.—If, after the applica-  
10 tion of this subsection without regard to this para-  
11 graph, the sum of the allotments determined under  
12 paragraph (1), (2), or (3) for a fiscal year (or, in  
13 the case of fiscal year 2012, for a semi-annual pe-  
14 riod in such fiscal year) exceeds the amount avail-  
15 able under subsection (a) for such fiscal year or pe-  
16 riod, the Secretary shall reduce each allotment for  
17 any State under such paragraph for such fiscal year  
18 or period on a proportional basis.

19 “(5) ALLOTMENT INCREASE FACTOR.—The al-  
20 lotment increase factor under this paragraph for a  
21 fiscal year is equal to the product of the following:

22 “(A) PER CAPITA HEALTH CARE GROWTH  
23 FACTOR.—1 plus the percentage increase in the  
24 projected per capita amount of National Health  
25 Expenditures from the calendar year in which

1 the previous fiscal year ends to the calendar  
2 year in which the fiscal year involved ends, as  
3 most recently published by the Secretary before  
4 the beginning of the fiscal year.

5 “(B) CHILD POPULATION GROWTH FAC-  
6 TOR.—1 plus the percentage increase (if any) in  
7 the population of children in the State from  
8 July 1 in the previous fiscal year to July 1 in  
9 the fiscal year involved, as determined by the  
10 Secretary based on the most recent published  
11 estimates of the Bureau of the Census before  
12 the beginning of the fiscal year involved, plus 1  
13 percentage point.

14 “(6) INCREASE IN ALLOTMENT TO ACCOUNT  
15 FOR APPROVED PROGRAM EXPANSIONS.—In the case  
16 of one of the 50 States or the District of Columbia  
17 that—

18 “(A) has submitted to the Secretary, and  
19 has approved by the Secretary, a State plan  
20 amendment or waiver request relating to an ex-  
21 pansion of eligibility for children or benefits  
22 under this title that becomes effective for a fis-  
23 cal year (beginning with fiscal year 2009 and  
24 ending with fiscal year 2012); and

1           “(B) has submitted to the Secretary, be-  
2           fore the August 31 preceding the beginning of  
3           the fiscal year, a request for an expansion allot-  
4           ment adjustment under this paragraph for such  
5           fiscal year that specifies—

6                   “(i) the additional expenditures that  
7                   are attributable to the eligibility or benefit  
8                   expansion provided under the amendment  
9                   or waiver described in subparagraph (A),  
10                  as certified by the State and submitted to  
11                  the Secretary by not later than August 31  
12                  preceding the beginning of the fiscal year;  
13                  and

14                   “(ii) the extent to which such addi-  
15                   tional expenditures are projected to exceed  
16                   the allotment of the State or District for  
17                   the year,

18           subject to paragraph (4), the amount of the allot-  
19           ment of the State or District under this subsection  
20           for such fiscal year shall be increased by the excess  
21           amount described in subparagraph (B)(i). A State or  
22           District may only obtain an increase under this  
23           paragraph for an allotment for fiscal year 2009 or  
24           fiscal year 2011.

1           “(7) AVAILABILITY OF AMOUNTS FOR SEMI-AN-  
2           NUAL PERIODS IN FISCAL YEAR 2012.—Each semi-  
3           annual allotment made under paragraph (3) for a  
4           period in fiscal year 2012 shall remain available for  
5           expenditure under this title for periods after the end  
6           of such fiscal year in the same manner as if the al-  
7           lotment had been made available for the entire fiscal  
8           year.”.

9   **SEC. 103. CHILD ENROLLMENT CONTINGENCY FUND.**

10          Section 2104 (42 U.S.C. 1397dd), as amended by  
11          section 102, is amended by adding at the end the following  
12          new subsection:

13          “(j) CHILD ENROLLMENT CONTINGENCY FUND.—

14                 “(1) ESTABLISHMENT.—There is hereby estab-  
15                 lished in the Treasury of the United States a fund  
16                 which shall be known as the ‘Child Enrollment Con-  
17                 tingency Fund’ (in this subsection referred to as the  
18                 ‘Fund’). Amounts in the Fund shall be available  
19                 without further appropriations for payments under  
20                 this subsection.

21                 “(2) DEPOSITS INTO FUND.—

22                         “(A) INITIAL AND SUBSEQUENT APPRO-  
23                         PRIATIONS.—Subject to subparagraphs (B) and  
24                         (D), out of any money in the Treasury of the

1 United States not otherwise appropriated, there  
2 are appropriated to the Fund—

3 “(i) for fiscal year 2008, an amount  
4 equal to 20 percent of the amount made  
5 available under paragraph (11) of sub-  
6 section (a) for the fiscal year; and

7 “(ii) for each of fiscal years 2009  
8 through 2011 (and for each of the semi-  
9 annual allotment periods for fiscal year  
10 2012) , such sums as are necessary for  
11 making payments to eligible States for  
12 such fiscal year or period, but not in excess  
13 of the aggregate cap described in subpara-  
14 graph (B).

15 “(B) AGGREGATE CAP.—The total amount  
16 available for payment from the Fund for each  
17 of fiscal years 2009 through 2011 (and for each  
18 of the semi-annual allotment periods for fiscal  
19 year 2012), taking into account deposits made  
20 under subparagraph (C), shall not exceed 20  
21 percent of the amount made available under  
22 subsection (a) for the fiscal year or period.

23 “(C) INVESTMENT OF FUND.—The Sec-  
24 retary of the Treasury shall invest, in interest  
25 bearing securities of the United States, such

1           currently available portions of the Fund as are  
2           not immediately required for payments from the  
3           Fund. The income derived from these invest-  
4           ments constitutes a part of the Fund.

5           “(D) AVAILABILITY OF EXCESS FUNDS  
6           FOR PERFORMANCE BONUSES.—Any amounts  
7           in excess of the aggregate cap described in sub-  
8           paragraph (B) for a fiscal year or period shall  
9           be made available for purposes of carrying out  
10          section 2105(a)(3) for any succeeding fiscal  
11          year and the Secretary of the Treasury shall re-  
12          duce the amount in the Fund by the amount so  
13          made available.

14          “(3) CHILD ENROLLMENT CONTINGENCY FUND  
15          PAYMENTS.—

16                 “(A) IN GENERAL.—If a State’s expendi-  
17                 tures under this title in fiscal year 2008, fiscal  
18                 year 2009, fiscal year 2010, fiscal year 2011, or  
19                 a semi-annual allotment period for fiscal year  
20                 2012, exceed the total amount of allotments  
21                 available under this section to the State in the  
22                 fiscal year or period (determined without regard  
23                 to any redistribution it receives under sub-  
24                 section (f) that is available for expenditure dur-  
25                 ing such fiscal year or period, but including any

1 carryover from a previous fiscal year) and if the  
2 average monthly unduplicated number of chil-  
3 dren enrolled under the State plan under this  
4 title (including children receiving health care  
5 coverage through funds under this title pursu-  
6 ant to a waiver under section 1115) during  
7 such fiscal year or period exceeds its target av-  
8 erage number of such enrollees (as determined  
9 under subparagraph (B)) for that fiscal year or  
10 period, subject to subparagraph (D), the Sec-  
11 retary shall pay to the State from the Fund an  
12 amount equal to the product of—

13 “(i) the amount by which such aver-  
14 age monthly caseload exceeds such target  
15 number of enrollees; and

16 “(ii) the projected per capita expendi-  
17 tures under the State child health plan (as  
18 determined under subparagraph (C) for  
19 the fiscal year), multiplied by the enhanced  
20 FMAP (as defined in section 2105(b)) for  
21 the State and fiscal year involved (or in  
22 which the period occurs).

23 “(B) TARGET AVERAGE NUMBER OF CHILD  
24 ENROLLEES.—In this paragraph, the target av-  
25 erage number of child enrollees for a State—

1           “(i) for fiscal year 2008 is equal to  
2           the monthly average unduplicated number  
3           of children enrolled in the State child  
4           health plan under this title (including such  
5           children receiving health care coverage  
6           through funds under this title pursuant to  
7           a waiver under section 1115) during fiscal  
8           year 2007 increased by the population  
9           growth for children in that State for the  
10          year ending on June 30, 2006 (as esti-  
11          mated by the Bureau of the Census) plus  
12          1 percentage point; or

13          “(ii) for a subsequent fiscal year (or  
14          semi-annual period occurring in a fiscal  
15          year) is equal to the target average num-  
16          ber of child enrollees for the State for the  
17          previous fiscal year increased by the child  
18          population growth factor described in sub-  
19          section (i)(5)(B) for the State for the prior  
20          fiscal year.

21          “(C) PROJECTED PER CAPITA EXPENDI-  
22          TURES.—For purposes of subparagraph (A)(ii),  
23          the projected per capita expenditures under a  
24          State child health plan—



1                   “(i) for fiscal year 2008 is equal to  
2                   the average per capita expenditures (in-  
3                   cluding both State and Federal financial  
4                   participation) under such plan for the tar-  
5                   geted low-income children counted in the  
6                   average monthly caseload for purposes of  
7                   this paragraph during fiscal year 2007, in-  
8                   creased by the annual percentage increase  
9                   in the projected per capita amount of Na-  
10                  tional Health Expenditures (as estimated  
11                  by the Secretary) for 2008; or

12                  “(ii) for a subsequent fiscal year (or  
13                  semi-annual period occurring in a fiscal  
14                  year) is equal to the projected per capita  
15                  expenditures under such plan for the pre-  
16                  vious fiscal year (as determined under  
17                  clause (i) or this clause) increased by the  
18                  annual percentage increase in the projected  
19                  per capita amount of National Health Ex-  
20                  penditures (as estimated by the Secretary)  
21                  for the year in which such subsequent fis-  
22                  cal year ends.

23                  “(D) PRORATION RULE.—If the amounts  
24                  available for payment from the Fund for a fis-  
25                  cal year or period are less than the total

1 amount of payments determined under subpara-  
2 graph (A) for the fiscal year or period, the  
3 amount to be paid under such subparagraph to  
4 each eligible State shall be reduced proportion-  
5 ally.

6 “(E) TIMELY PAYMENT; RECONCILI-  
7 ATION.—Payment under this paragraph for a  
8 fiscal year or period shall be made before the  
9 end of the fiscal year or period based upon the  
10 most recent data for expenditures and enroll-  
11 ment and the provisions of subsection (e) of  
12 section 2105 shall apply to payments under this  
13 subsection in the same manner as they apply to  
14 payments under such section.

15 “(F) CONTINUED REPORTING.—For pur-  
16 poses of this paragraph and subsection (f), the  
17 State shall submit to the Secretary the State’s  
18 projected Federal expenditures, even if the  
19 amount of such expenditures exceeds the total  
20 amount of allotments available to the State in  
21 such fiscal year or period.

22 “(G) APPLICATION TO COMMONWEALTHS  
23 AND TERRITORIES.—No payment shall be made  
24 under this paragraph to a commonwealth or  
25 territory described in subsection (c)(3) until

1 such time as the Secretary determines that  
2 there are in effect methods, satisfactory to the  
3 Secretary, for the collection and reporting of re-  
4 liable data regarding the enrollment of children  
5 described in subparagraphs (A) and (B) in  
6 order to accurately determine the common-  
7 wealth's or territory's eligibility for, and  
8 amount of payment, under this paragraph.”.

9 **SEC. 104. CHIP PERFORMANCE BONUS PAYMENT TO OFF-**  
10 **SET ADDITIONAL ENROLLMENT COSTS RE-**  
11 **SULTING FROM ENROLLMENT AND RETEN-**  
12 **TION EFFORTS.**

13 Section 2105(a) (42 U.S.C. 1397ee(a)) is amended  
14 by adding at the end the following new paragraphs:

15 “(3) PERFORMANCE BONUS PAYMENT TO OFF-  
16 SET ADDITIONAL MEDICAID AND CHIP CHILD EN-  
17 ROLLMENT COSTS RESULTING FROM ENROLLMENT  
18 AND RETENTION EFFORTS.—

19 “(A) IN GENERAL.—In addition to the  
20 payments made under paragraph (1), for each  
21 fiscal year (beginning with fiscal year 2008 and  
22 ending with fiscal year 2012) the Secretary  
23 shall pay from amounts made available under  
24 subparagraph (E), to each State that meets the  
25 condition under paragraph (4) for the fiscal

1           year, an amount equal to the amount described  
2           in subparagraph (B) for the State and fiscal  
3           year. The payment under this paragraph shall  
4           be made, to a State for a fiscal year, as a single  
5           payment not later than the last day of the first  
6           calendar quarter of the following fiscal year.

7                   “(B) AMOUNT.—Subject to subparagraph  
8           (E), the amount described in this subparagraph  
9           for a State for a fiscal year is equal to the sum  
10          of the following amounts:

11                           “(i) FOR ABOVE BASELINE MEDICAID  
12                           CHILD ENROLLMENT COSTS.—

13                                   “(I) FIRST TIER ABOVE BASE-  
14                                   LINE MEDICAID ENROLLEES.—An  
15                                   amount equal to the number of first  
16                                   tier above baseline child enrollees (as  
17                                   determined under subparagraph  
18                                   (C)(i)) under title XIX for the State  
19                                   and fiscal year multiplied by 15 per-  
20                                   cent of the projected per capita State  
21                                   Medicaid expenditures (as determined  
22                                   under subparagraph (D)(i)) for the  
23                                   State and fiscal year under title XIX.

24                                   “(II) SECOND TIER ABOVE BASE-  
25                                   LINE MEDICAID ENROLLEES.—An

1 amount equal to the number of second  
2 tier above baseline child enrollees (as  
3 determined under subparagraph  
4 (C)(ii)) under title XIX for the State  
5 and fiscal year multiplied by 60 per-  
6 cent of the projected per capita State  
7 Medicaid expenditures (as determined  
8 under subparagraph (D)(i)) for the  
9 State and fiscal year under title XIX.

10 “(ii) FOR ABOVE BASELINE CHIP EN-  
11 ROLLMENT COSTS.—

12 “(I) FIRST TIER ABOVE BASE-  
13 LINE CHIP ENROLLEES.—An amount  
14 equal to the number of first tier above  
15 baseline child enrollees under this title  
16 (as determined under subparagraph  
17 (C)(i)) for the State and fiscal year  
18 multiplied by 10 percent of the pro-  
19 jected per capita State CHIP expendi-  
20 tures (as determined under subpara-  
21 graph (D)(ii)) for the State and fiscal  
22 year under this title.

23 “(II) SECOND TIER ABOVE BASE-  
24 LINE CHIP ENROLLEES.—An amount  
25 equal to the number of second tier

1 above baseline child enrollees under  
2 this title (as determined under sub-  
3 paragraph (C)(ii)) for the State and  
4 fiscal year multiplied by 40 percent of  
5 the projected per capita State CHIP  
6 expenditures (as determined under  
7 subparagraph (D)(ii)) for the State  
8 and fiscal year under this title.

9 “(C) NUMBER OF FIRST AND SECOND TIER  
10 ABOVE BASELINE CHILD ENROLLEES; BASELINE  
11 NUMBER OF CHILD ENROLLEES.—For purposes  
12 of this paragraph:

13 “(i) FIRST TIER ABOVE BASELINE  
14 CHILD ENROLLEES.—The number of first  
15 tier above baseline child enrollees for a  
16 State for a fiscal year under this title or  
17 title XIX is equal to the number (if any,  
18 as determined by the Secretary) by  
19 which—

20 “(I) the monthly average  
21 unduplicated number of qualifying  
22 children (as defined in subparagraph  
23 (F)) enrolled during the fiscal year  
24 under the State child health plan  
25 under this title or under the State

1 plan under title XIX, respectively; ex-  
2 ceeds

3 “(II) the baseline number of en-  
4 rollees described in clause (iii) for the  
5 State and fiscal year under this title  
6 or title XIX, respectively;

7 but not to exceed 3 percent (in the case of  
8 title XIX) or 7.5 percent (in the case of  
9 this title) of the baseline number of enroll-  
10 ees described in subclause (II).

11 “(ii) SECOND TIER ABOVE BASELINE  
12 CHILD ENROLLEES.—The number of sec-  
13 ond tier above baseline child enrollees for  
14 a State for a fiscal year under this title or  
15 title XIX is equal to the number (if any,  
16 as determined by the Secretary) by  
17 which—

18 “(I) the monthly average  
19 unduplicated number of qualifying  
20 children (as defined in subparagraph  
21 (F)) enrolled during the fiscal year  
22 under this title or under title XIX, re-  
23 spectively, as described in clause  
24 (i)(I); exceeds

1                   “(II) the sum of the baseline  
2                   number of child enrollees described in  
3                   clause (iii) for the State and fiscal  
4                   year under this title or title XIX, re-  
5                   spectively, as described in clause  
6                   (i)(II), and the maximum number of  
7                   first tier above baseline child enrollees  
8                   for the State and fiscal year under  
9                   this title or title XIX, respectively, as  
10                  determined under clause (i).

11                  “(iii) BASELINE NUMBER OF CHILD  
12                  ENROLLEES.—Subject to subparagraph  
13                  (H), the baseline number of child enrollees  
14                  for a State under this title or title XIX—

15                         “(I) for fiscal year 2008 is equal  
16                         to the monthly average unduplicated  
17                         number of qualifying children enrolled  
18                         in the State child health plan under  
19                         this title or in the State plan under  
20                         title XIX, respectively, during fiscal  
21                         year 2007 increased by the population  
22                         growth for children in that State for  
23                         the year ending on June 30, 2006 (as  
24                         estimated by the Bureau of the Cen-  
25                         sus) plus 1 percentage point; or



1                   “(II) for a subsequent fiscal year  
2                   is equal to the baseline number of  
3                   child enrollees for the State for the  
4                   previous fiscal year under this title or  
5                   title XIX, respectively, increased by  
6                   the population growth for children in  
7                   that State for the year ending on  
8                   June 30 before the beginning of the  
9                   fiscal year (as estimated by the Bu-  
10                  reau of the Census) plus 1 percentage  
11                  point.

12                  “(D) PROJECTED PER CAPITA STATE EX-  
13                  PENDITURES.—For purposes of subparagraph  
14                  (B)—

15                  “(i) PROJECTED PER CAPITA STATE  
16                  MEDICAID EXPENDITURES.—The projected  
17                  per capita State Medicaid expenditures for  
18                  a State and fiscal year under title XIX is  
19                  equal to the average per capita expendi-  
20                  tures (including both State and Federal fi-  
21                  nancial participation) for children under  
22                  the State plan under such title, including  
23                  under waivers but not including such chil-  
24                  dren eligible for assistance by virtue of the  
25                  receipt of benefits under title XVI, for the

1 most recent fiscal year for which actual  
2 data are available (as determined by the  
3 Secretary), increased (for each subsequent  
4 fiscal year up to and including the fiscal  
5 year involved) by the annual percentage in-  
6 crease in per capita amount of National  
7 Health Expenditures (as estimated by the  
8 Secretary) for the calendar year in which  
9 the respective subsequent fiscal year ends  
10 and multiplied by a State matching per-  
11 centage equal to 100 percent minus the  
12 Federal medical assistance percentage (as  
13 defined in section 1905(b)) for the fiscal  
14 year involved.

15 “(ii) PROJECTED PER CAPITA STATE  
16 CHIP EXPENDITURES.—The projected per  
17 capita State CHIP expenditures for a  
18 State and fiscal year under this title is  
19 equal to the average per capita expendi-  
20 tures (including both State and Federal fi-  
21 nancial participation) for children under  
22 the State child health plan under this title,  
23 including under waivers, for the most re-  
24 cent fiscal year for which actual data are  
25 available (as determined by the Secretary),

1 increased (for each subsequent fiscal year  
2 up to and including the fiscal year in-  
3 volved) by the annual percentage increase  
4 in per capita amount of National Health  
5 Expenditures (as estimated by the Sec-  
6 retary) for the calendar year in which the  
7 respective subsequent fiscal year ends and  
8 multiplied by a State matching percentage  
9 equal to 100 percent minus the enhanced  
10 FMAP (as defined in section 2105(b)) for  
11 the fiscal year involved.

12 “(E) AMOUNTS AVAILABLE FOR PAY-  
13 MENTS.—

14 “(i) INITIAL APPROPRIATION.—Out of  
15 any money in the Treasury not otherwise  
16 appropriated, there are appropriated  
17 \$3,000,000,000 for fiscal year 2008 for  
18 making payments under this paragraph, to  
19 be available until expended.

20 “(ii) TRANSFERS.—Notwithstanding  
21 any other provision of this title, the fol-  
22 lowing amounts shall also be available,  
23 without fiscal year limitation, for making  
24 payments under this paragraph:

1                   “(I) UNOBLIGATED NATIONAL  
2 ALLOTMENT.—

3                   “(aa) FISCAL YEARS 2008  
4 THROUGH 2011.—As of December  
5 31 of fiscal year 2008, and as of  
6 December 31 of each succeeding  
7 fiscal year through fiscal year  
8 2011, the portion, if any, of the  
9 amount appropriated under sub-  
10 section (a) for such fiscal year  
11 that is unobligated for allotment  
12 to a State under subsection (i)  
13 for such fiscal year or set aside  
14 under subsection (a)(3) or (b)(2)  
15 of section 2111 for such fiscal  
16 year.

17                   “(bb) FIRST HALF OF FIS-  
18 CAL YEAR 2012.—As of December  
19 31 of fiscal year 2012, the por-  
20 tion, if any, of the sum of the  
21 amounts appropriated under sub-  
22 section (a)(15)(A) and under sec-  
23 tion 108 of the Children’s Health  
24 Insurance Reauthorization Act of  
25 2007 for the period beginning on

1                   October 1, 2011, and ending on  
2                   March 31, 2012, that is unobli-  
3                   gated for allotment to a State  
4                   under subsection (i) for such fis-  
5                   cal year or set aside under sub-  
6                   section (b)(2) of section 2111 for  
7                   such fiscal year.

8                   “(cc) SECOND HALF OF FIS-  
9                   CAL YEAR 2012.—As of June 30  
10                  of fiscal year 2012, the portion,  
11                  if any, of the amount appro-  
12                  priated under subsection  
13                  (a)(15)(B) for the period begin-  
14                  ning on April 1, 2012, and end-  
15                  ing on September 30, 2012, that  
16                  is unobligated for allotment to a  
17                  State under subsection (i) for  
18                  such fiscal year or set aside  
19                  under subsection (b)(2) of section  
20                  2111 for such fiscal year.

21                  “(II) UNEXPENDED ALLOT-  
22                  MENTS NOT USED FOR REDISTRIBU-  
23                  TION.—As of November 15 of each of  
24                  fiscal years 2009 through 2012, the  
25                  total amount of allotments made to

1 States under section 2104 for the sec-  
2 ond preceding fiscal year (third pre-  
3 ceding fiscal year in the case of the  
4 fiscal year 2006 and 2007 allotments)  
5 that is not expended or redistributed  
6 under section 2104(f) during the pe-  
7 riod in which such allotments are  
8 available for obligation.

9 “(III) EXCESS CHILD ENROLL-  
10 MENT CONTINGENCY FUNDS.—As of  
11 October 1 of each of fiscal years 2009  
12 through 2012, any amount in excess  
13 of the aggregate cap applicable to the  
14 Child Enrollment Contingency Fund  
15 for the fiscal year under section  
16 2104(j).

17 “(IV) UNEXPENDED TRANSI-  
18 TIONAL COVERAGE BLOCK GRANT FOR  
19 NONPREGNANT CHILDLESS ADULTS.—  
20 As of October 1, 2009, any amounts  
21 set aside under section 2111(a)(3)  
22 that are not expended by September  
23 30, 2009.

24 “(iii) PROPORTIONAL REDUCTION.—If  
25 the sum of the amounts otherwise payable

1 under this paragraph for a fiscal year ex-  
2 ceeds the amount available for the fiscal  
3 year under this subparagraph, the amount  
4 to be paid under this paragraph to each  
5 State shall be reduced proportionally.

6 “(F) QUALIFYING CHILDREN DEFINED.—  
7 For purposes of this subsection, the term  
8 ‘qualifying children’ means, with respect to this  
9 title or title XIX, children who meet the eligi-  
10 bility criteria (including income, categorical eli-  
11 gibility, age, and immigration status criteria) in  
12 effect as of July 1, 2007, for enrollment under  
13 this title or title XIX, respectively, taking into  
14 account criteria applied as of such date under  
15 this title or title XIX, respectively, pursuant to  
16 a waiver under section 1115.

17 “(G) APPLICATION TO COMMONWEALTHS  
18 AND TERRITORIES.—The provisions of subpara-  
19 graph (H) of section 2104(j)(3) shall apply with  
20 respect to payments under this paragraph in  
21 the same manner as such provisions apply to  
22 payment under such section.

23 “(H) APPLICATION TO STATES THAT IM-  
24 PLEMENT A MEDICAID EXPANSION FOR CHIL-  
25 DREN AFTER FISCAL YEAR 2007.—In the case of

1 a State that provides coverage under paragraph  
2 (1) or (2) of section 115(b) of the Children’s  
3 Health Insurance Program Reauthorization Act  
4 of 2007 for any fiscal year after fiscal year  
5 2007—

6 “(i) any child enrolled in the State  
7 plan under title XIX through the applica-  
8 tion of such an election shall be dis-  
9 regarded from the determination for the  
10 State of the monthly average unduplicated  
11 number of qualifying children enrolled in  
12 such plan during the first 3 fiscal years in  
13 which such an election is in effect; and

14 “(ii) in determining the baseline num-  
15 ber of child enrollees for the State for any  
16 fiscal year subsequent to such first 3 fiscal  
17 years, the baseline number of child enroll-  
18 ees for the State under this title or title  
19 XIX for the third of such fiscal years shall  
20 be the monthly average unduplicated num-  
21 ber of qualifying children enrolled in the  
22 State child health plan under this title or  
23 in the State plan under title XIX, respec-  
24 tively, for such third fiscal year.



1           “(4) ENROLLMENT AND RETENTION PROVI-  
2           SIONS FOR CHILDREN.—For purposes of paragraph  
3           (3)(A), a State meets the condition of this para-  
4           graph for a fiscal year if it is implementing at least  
5           4 of the following enrollment and retention provi-  
6           sions (treating each subparagraph as a separate en-  
7           rollment and retention provision) throughout the en-  
8           tire fiscal year:

9           “(A) CONTINUOUS ELIGIBILITY.—The  
10           State has elected the option of continuous eligi-  
11           bility for a full 12 months for all children de-  
12           scribed in section 1902(e)(12) under title XIX  
13           under 19 years of age, as well as applying such  
14           policy under its State child health plan under  
15           this title.

16           “(B) LIBERALIZATION OF ASSET REQUIRE-  
17           MENTS.—The State meets the requirement  
18           specified in either of the following clauses:

19           “(i) ELIMINATION OF ASSET TEST.—  
20           The State does not apply any asset or re-  
21           source test for eligibility for children under  
22           title XIX or this title.

23           “(ii) ADMINISTRATIVE VERIFICATION  
24           OF ASSETS.—The State—

1                   “(I) permits a parent or care-  
2                   taker relative who is applying on be-  
3                   half of a child for medical assistance  
4                   under title XIX or child health assist-  
5                   ance under this title to declare and  
6                   certify by signature under penalty of  
7                   perjury information relating to family  
8                   assets for purposes of determining  
9                   and redetermining financial eligibility;  
10                  and

11                  “(II) takes steps to verify assets  
12                  through means other than by requir-  
13                  ing documentation from parents and  
14                  applicants except in individual cases  
15                  of discrepancies or where otherwise  
16                  justified.

17                  “(C) ELIMINATION OF IN-PERSON INTER-  
18                  VIEW REQUIREMENT.—The State does not re-  
19                  quire an application of a child for medical as-  
20                  sistance under title XIX (or for child health as-  
21                  sistance under this title), including an applica-  
22                  tion for renewal of such assistance, to be made  
23                  in person nor does the State require a face-to-  
24                  face interview, unless there are discrepancies or

1 individual circumstances justifying an in-person  
2 application or face-to-face interview.

3 “(D) USE OF JOINT APPLICATION FOR  
4 MEDICAID AND CHIP.—The application form  
5 and supplemental forms (if any) and informa-  
6 tion verification process is the same for pur-  
7 poses of establishing and renewing eligibility for  
8 children for medical assistance under title XIX  
9 and child health assistance under this title.

10 “(E) AUTOMATIC RENEWAL (USE OF AD-  
11 MINISTRATIVE RENEWAL).—

12 “(i) IN GENERAL.—The State pro-  
13 vides, in the case of renewal of a child’s  
14 eligibility for medical assistance under title  
15 XIX or child health assistance under this  
16 title, a pre-printed form completed by the  
17 State based on the information available to  
18 the State and notice to the parent or care-  
19 taker relative of the child that eligibility of  
20 the child will be renewed and continued  
21 based on such information unless the State  
22 is provided other information. Nothing in  
23 this clause shall be construed as preventing  
24 a State from verifying, through electronic

1 and other means, the information so pro-  
2 vided.

3 “(ii) SATISFACTION THROUGH DEM-  
4 ONSTRATED USE OF EX PARTE PROCESS.—  
5 A State shall be treated as satisfying the  
6 requirement of clause (i) if renewal of eli-  
7 gibility of children under title XIX or this  
8 title is determined without any require-  
9 ment for an in-person interview, unless  
10 sufficient information is not in the State’s  
11 possession and cannot be acquired from  
12 other sources (including other State agen-  
13 cies) without the participation of the appli-  
14 cant or the applicant’s parent or caretaker  
15 relative.

16 “(F) PRESUMPTIVE ELIGIBILITY FOR  
17 CHILDREN.—The State is implementing section  
18 1920A under title XIX as well as, pursuant to  
19 section 2107(e)(1), under this title.

20 “(G) EXPRESS LANE.—The State is imple-  
21 menting the option described in section  
22 1902(e)(13) under title XIX as well as, pursu-  
23 ant to section 2107(e)(1), under this title.”.

1 **SEC. 105. 2-YEAR INITIAL AVAILABILITY OF CHIP ALLOT-**  
2 **MENTS.**

3 Section 2104(e) (42 U.S.C. 1397dd(e)) is amended  
4 to read as follows:

5 “(e) AVAILABILITY OF AMOUNTS ALLOTTED.—

6 “(1) IN GENERAL.—Except as provided in para-  
7 graph (2), amounts allotted to a State pursuant to  
8 this section—

9 “(A) for each of fiscal years 1998 through  
10 2007, shall remain available for expenditure by  
11 the State through the end of the second suc-  
12 ceeding fiscal year; and

13 “(B) for fiscal year 2008 and each fiscal  
14 year thereafter, shall remain available for ex-  
15 penditure by the State through the end of the  
16 succeeding fiscal year.

17 “(2) AVAILABILITY OF AMOUNTS REDISTRIB-  
18 UTED.—Amounts redistributed to a State under sub-  
19 section (f) shall be available for expenditure by the  
20 State through the end of the fiscal year in which  
21 they are redistributed.”.

22 **SEC. 106. REDISTRIBUTION OF UNUSED ALLOTMENTS TO**  
23 **ADDRESS STATE FUNDING SHORTFALLS.**

24 (a) FISCAL YEAR 2005 ALLOTMENTS.—

25 (1) IN GENERAL.—Notwithstanding section  
26 2104(f) of the Social Security Act (42 U.S.C.

1       1397dd(f)), subject to paragraph (2), with respect to  
2       fiscal year 2008, the Secretary shall provide for a re-  
3       distribution under such section from the allotments  
4       for fiscal year 2005 under subsection (b) and (c) of  
5       such section that are not expended by the end of fis-  
6       cal year 2007, to each State described in clause (iii)  
7       of section 2104(i)(1)(A) of the Social Security Act,  
8       as added by section 102, of an amount that bears  
9       the same ratio to such unexpended fiscal year 2005  
10      allotments as the ratio of the fiscal year 2007 allot-  
11      ment determined for each such State under sub-  
12      section (b) of section 2104 of such Act for fiscal  
13      year 2007 (without regard to any amounts paid, al-  
14      lotted, or redistributed to the State under section  
15      2104 for any preceding fiscal year) bears to the total  
16      amount of the fiscal year 2007 allotments for all  
17      such States (as so determined).

18           (2) CONTINGENCY.—Paragraph (1) shall not  
19      apply if the redistribution described in such para-  
20      graph has occurred as of the date of the enactment  
21      of this Act.

22           (b) ALLOTMENTS FOR SUBSEQUENT FISCAL  
23      YEARS.—Section 2104(f) (42 U.S.C. 1397dd(f)) is  
24      amended—

1           (1) by striking “The Secretary” and inserting  
2           the following:

3           “(1) IN GENERAL.—The Secretary”;

4           (2) by striking “States that have fully expended  
5           the amount of their allotments under this section.”  
6           and inserting “States that the Secretary determines  
7           with respect to the fiscal year for which unused al-  
8           lotments are available for redistribution under this  
9           subsection, are shortfall States described in para-  
10          graph (2) for such fiscal year, but not to exceed the  
11          amount of the shortfall described in paragraph  
12          (2)(A) for each such State (as may be adjusted  
13          under paragraph (2)(C)).”; and

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

16          “(2) SHORTFALL STATES DESCRIBED.—

17                 “(A) IN GENERAL.—For purposes of para-  
18                 graph (1), with respect to a fiscal year, a short-  
19                 fall State described in this subparagraph is a  
20                 State with a State child health plan approved  
21                 under this title for which the Secretary esti-  
22                 mates on the basis of the most recent data  
23                 available to the Secretary, that the projected ex-  
24                 penditures under such plan for the State for the  
25                 fiscal year will exceed the sum of—

1           “(i) the amount of the State’s allot-  
2           ments for any preceding fiscal years that  
3           remains available for expenditure and that  
4           will not be expended by the end of the im-  
5           mediately preceding fiscal year;

6           “(ii) the amount (if any) of the child  
7           enrollment contingency fund payment  
8           under subsection (j); and

9           “(iii) the amount of the State’s allot-  
10          ment for the fiscal year.

11          “(B) PRORATION RULE.—If the amounts  
12          available for redistribution under paragraph (1)  
13          for a fiscal year are less than the total amounts  
14          of the estimated shortfalls determined for the  
15          year under subparagraph (A), the amount to be  
16          redistributed under such paragraph for each  
17          shortfall State shall be reduced proportionally.

18          “(C) RETROSPECTIVE ADJUSTMENT.—The  
19          Secretary may adjust the estimates and deter-  
20          minations made under paragraph (1) and this  
21          paragraph with respect to a fiscal year as nec-  
22          essary on the basis of the amounts reported by  
23          States not later than November 30 of the suc-  
24          ceeding fiscal year, as approved by the Sec-  
25          retary.”.



1 **SEC. 107. OPTION FOR QUALIFYING STATES TO RECEIVE**  
2 **THE ENHANCED PORTION OF THE CHIP**  
3 **MATCHING RATE FOR MEDICAID COVERAGE**  
4 **OF CERTAIN CHILDREN.**

5 Section 2105(g) (42 U.S.C. 1397ee(g)) is amended—

6 (1) in paragraph (1)(A), by inserting “subject  
7 to paragraph (4),” after “Notwithstanding any other  
8 provision of law,”; and

9 (2) by adding at the end the following new  
10 paragraph:

11 “(4) OPTION FOR ALLOTMENTS FOR FISCAL  
12 YEARS 2008 THROUGH 2012.—

13 “(A) PAYMENT OF ENHANCED PORTION OF  
14 MATCHING RATE FOR CERTAIN EXPENDI-  
15 TURES.—In the case of expenditures described  
16 in subparagraph (B), a qualifying State (as de-  
17 fined in paragraph (2)) may elect to be paid  
18 from the State’s allotment made under section  
19 2104 for any of fiscal years 2008 through 2012  
20 (insofar as the allotment is available to the  
21 State under subsections (e) and (i) of such sec-  
22 tion) an amount each quarter equal to the addi-  
23 tional amount that would have been paid to the  
24 State under title XIX with respect to such ex-  
25 penditures if the enhanced FMAP (as deter-  
26 mined under subsection (b)) had been sub-

1           stituted for the Federal medical assistance per-  
2           centage (as defined in section 1905(b)).

3           “(B) EXPENDITURES DESCRIBED.—For  
4           purposes of subparagraph (A), the expenditures  
5           described in this subparagraph are expenditures  
6           made after the date of the enactment of this  
7           paragraph and during the period in which funds  
8           are available to the qualifying State for use  
9           under subparagraph (A), for the provision of  
10          medical assistance to individuals residing in the  
11          State who are eligible for medical assistance  
12          under the State plan under title XIX or under  
13          a waiver of such plan and who have not at-  
14          tained age 19 (or, if a State has so elected  
15          under the State plan under title XIX, age 20  
16          or 21), and whose family income equals or ex-  
17          ceeds 133 percent of the poverty line but does  
18          not exceed the Medicaid applicable income  
19          level.”.

20 **SEC. 108. ONE-TIME APPROPRIATION.**

21          There is appropriated to the Secretary, out of any  
22          money in the Treasury not otherwise appropriated,  
23          \$12,500,000,000 to accompany the allotment made for the  
24          period beginning on October 1, 2011, and ending on  
25          March 31, 2012, under section 2104(a)(15)(A) of the So-

1 cial Security Act (42 U.S.C. 1397dd(a)(15)(A)) (as added  
2 by section 101), to remain available until expended. Such  
3 amount shall be used to provide allotments to States under  
4 paragraph (3) of section 2104(i) of the Social Security Act  
5 (42 U.S.C. 1397dd(i)), as added by section 102, for the  
6 first 6 months of fiscal year 2012 in the same manner  
7 as allotments are provided under subsection (a)(15)(A) of  
8 such section 2104 and subject to the same terms and con-  
9 ditions as apply to the allotments provided from such sub-  
10 section (a)(15)(A).

11 **SEC. 109. IMPROVING FUNDING FOR THE TERRITORIES**  
12 **UNDER CHIP AND MEDICAID.**

13 (a) REMOVAL OF FEDERAL MATCHING PAYMENTS  
14 FOR DATA REPORTING SYSTEMS FROM THE OVERALL  
15 LIMIT ON PAYMENTS TO TERRITORIES UNDER TITLE  
16 XIX.—Section 1108(g) (42 U.S.C. 1308(g)) is amended  
17 by adding at the end the following new paragraph:

18 “(4) EXCLUSION OF CERTAIN EXPENDITURES  
19 FROM PAYMENT LIMITS.—With respect to fiscal  
20 years beginning with fiscal year 2008, if Puerto  
21 Rico, the Virgin Islands, Guam, the Northern Mar-  
22 iana Islands, or American Samoa qualify for a pay-  
23 ment under subparagraph (A)(i), (B), or (F) of sec-  
24 tion 1903(a)(3) for a calendar quarter of such fiscal  
25 year, the payment shall not be taken into account in

1 applying subsection (f) (as increased in accordance  
2 with paragraphs (1), (2), and (3) of this subsection)  
3 to such commonwealth or territory for such fiscal  
4 year.”.

5 (b) GAO STUDY AND REPORT.—Not later than Sep-  
6 tember 30, 2009, the Comptroller General of the United  
7 States shall submit a report to the Committee on Finance  
8 of the Senate and the Committee on Energy and Com-  
9 merce of the House of Representatives regarding Federal  
10 funding under Medicaid and CHIP for Puerto Rico, the  
11 United States Virgin Islands, Guam, American Samoa,  
12 and the Northern Mariana Islands. The report shall in-  
13 clude the following:

14 (1) An analysis of all relevant factors with re-  
15 spect to—

16 (A) eligible Medicaid and CHIP popu-  
17 lations in such commonwealths and territories;

18 (B) historical and projected spending needs  
19 of such commonwealths and territories and the  
20 ability of capped funding streams to respond to  
21 those spending needs;

22 (C) the extent to which Federal poverty  
23 guidelines are used by such commonwealths and  
24 territories to determine Medicaid and CHIP eli-  
25 gibility; and

1 (D) the extent to which such common-  
2 wealths and territories participate in data col-  
3 lection and reporting related to Medicaid and  
4 CHIP, including an analysis of territory partici-  
5 pation in the Current Population Survey versus  
6 the American Community Survey.

7 (2) Recommendations regarding methods for  
8 the collection and reporting of reliable data regard-  
9 ing the enrollment under Medicaid and CHIP of  
10 children in such commonwealths and territories

11 (3) Recommendations for improving Federal  
12 funding under Medicaid and CHIP for such com-  
13 monwealths and territories.

14 **Subtitle B—Focus on Low-Income**  
15 **Children and Pregnant Women**

16 **SEC. 111. STATE OPTION TO COVER LOW-INCOME PREG-**  
17 **NANT WOMEN UNDER CHIP THROUGH A**  
18 **STATE PLAN AMENDMENT.**

19 (a) IN GENERAL.—Title XXI (42 U.S.C. 1397aa et  
20 seq.), as amended by section 112(a), is amended by adding  
21 at the end the following new section:

1 **“SEC. 2112. OPTIONAL COVERAGE OF TARGETED LOW-IN-**  
2 **COME PREGNANT WOMEN THROUGH A STATE**  
3 **PLAN AMENDMENT.**

4 “(a) IN GENERAL.—Subject to the succeeding provi-  
5 sions of this section, a State may elect through an amend-  
6 ment to its State child health plan under section 2102 to  
7 provide pregnancy-related assistance under such plan for  
8 targeted low-income pregnant women.

9 “(b) CONDITIONS.—A State may only elect the option  
10 under subsection (a) if the following conditions are satis-  
11 fied:

12 “(1) MINIMUM INCOME ELIGIBILITY LEVELS  
13 FOR PREGNANT WOMEN AND CHILDREN.—The State  
14 has established an income eligibility level—

15 “(A) for pregnant women under subsection  
16 (a)(10)(A)(i)(III), (a)(10)(A)(i)(IV), or  
17 (l)(1)(A) of section 1902 that is at least 185  
18 percent (or such higher percent as the State  
19 has in effect with regard to pregnant women  
20 under this title) of the poverty line applicable to  
21 a family of the size involved, but in no case  
22 lower than the percent in effect under any such  
23 subsection as of July 1, 2007; and

24 “(B) for children under 19 years of age  
25 under this title (or title XIX) that is at least

1           200 percent of the poverty line applicable to a  
2           family of the size involved.

3           “(2) NO CHIP INCOME ELIGIBILITY LEVEL FOR  
4           PREGNANT WOMEN LOWER THAN THE STATE’S MED-  
5           ICAID LEVEL.—The State does not apply an effective  
6           income level for pregnant women under the State  
7           plan amendment that is lower than the effective in-  
8           come level (expressed as a percent of the poverty line  
9           and considering applicable income disregards) speci-  
10          fied under subsection (a)(10)(A)(i)(III),  
11          (a)(10)(A)(i)(IV), or (l)(1)(A) of section 1902, on  
12          the date of enactment of this paragraph to be eligi-  
13          ble for medical assistance as a pregnant woman.

14          “(3) NO COVERAGE FOR HIGHER INCOME PREG-  
15          NANT WOMEN WITHOUT COVERING LOWER INCOME  
16          PREGNANT WOMEN.—The State does not provide  
17          coverage for pregnant women with higher family in-  
18          come without covering pregnant women with a lower  
19          family income.

20          “(4) APPLICATION OF REQUIREMENTS FOR  
21          COVERAGE OF TARGETED LOW-INCOME CHILDREN.—  
22          The State provides pregnancy-related assistance for  
23          targeted low-income pregnant women in the same  
24          manner, and subject to the same requirements, as  
25          the State provides child health assistance for tar-

1       geted low-income children under the State child  
2       health plan, and in addition to providing child health  
3       assistance for such women.

4               “(5) NO PREEXISTING CONDITION EXCLUSION  
5       OR WAITING PERIOD.—The State does not apply any  
6       exclusion of benefits for pregnancy-related assistance  
7       based on any preexisting condition or any waiting  
8       period (including any waiting period imposed to  
9       carry out section 2102(b)(3)(C)) for receipt of such  
10      assistance.

11              “(6) APPLICATION OF COST-SHARING PROTEC-  
12      TION.—The State provides pregnancy-related assist-  
13      ance to a targeted low-income woman consistent  
14      with the cost-sharing protections under section  
15      2103(e) and applies the limitation on total annual  
16      aggregate cost sharing imposed under paragraph  
17      (3)(B) of such section to the family of such a  
18      woman.

19              “(7) NO WAITING LIST FOR CHILDREN.—The  
20      State does not impose, with respect to the enroll-  
21      ment under the State child health plan of targeted  
22      low-income children during the quarter, any enroll-  
23      ment cap or other numerical limitation on enroll-  
24      ment, any waiting list, any procedures designed to  
25      delay the consideration of applications for enroll-



1       ment, or similar limitation with respect to enroll-  
2       ment.

3       “(c) OPTION TO PROVIDE PRESUMPTIVE ELIGI-  
4       BILITY.—A State that elects the option under subsection  
5       (a) and satisfies the conditions described in subsection (b)  
6       may elect to apply section 1920 (relating to presumptive  
7       eligibility for pregnant women) to the State child health  
8       plan in the same manner as such section applies to the  
9       State plan under title XIX.

10       “(d) DEFINITIONS.—For purposes of this section:

11               “(1) PREGNANCY-RELATED ASSISTANCE.—The  
12       term ‘pregnancy-related assistance’ has the meaning  
13       given the term ‘child health assistance’ in section  
14       2110(a) and includes any medical assistance that  
15       the State would provide for a pregnant woman  
16       under the State plan under title XIX during the pe-  
17       riod described in paragraph (2)(A).

18               “(2) TARGETED LOW-INCOME PREGNANT  
19       WOMAN.—The term ‘targeted low-income pregnant  
20       woman’ means a woman—

21                       “(A) during pregnancy and through the  
22                       end of the month in which the 60-day period  
23                       (beginning on the last day of her pregnancy)  
24                       ends;

1           “(B) whose family income exceeds 185 per-  
2           cent (or, if higher, the percent applied under  
3           subsection (b)(1)(A)) of the poverty line appli-  
4           cable to a family of the size involved, but does  
5           not exceed the income eligibility level estab-  
6           lished under the State child health plan under  
7           this title for a targeted low-income child; and

8           “(C) who satisfies the requirements of  
9           paragraphs (1)(A), (1)(C), (2), and (3) of sec-  
10          tion 2110(b) in the same manner as a child ap-  
11          plying for child health assistance would have to  
12          satisfy such requirements.

13          “(e) AUTOMATIC ENROLLMENT FOR CHILDREN  
14 BORN TO WOMEN RECEIVING PREGNANCY-RELATED AS-  
15 SISTANCE.—If a child is born to a targeted low-income  
16 pregnant woman who was receiving pregnancy-related as-  
17 sistance under this section on the date of the child’s birth,  
18 the child shall be deemed to have applied for child health  
19 assistance under the State child health plan and to have  
20 been found eligible for such assistance under such plan  
21 or to have applied for medical assistance under title XIX  
22 and to have been found eligible for such assistance under  
23 such title, as appropriate, on the date of such birth and  
24 to remain eligible for such assistance until the child at-  
25 tains 1 year of age. During the period in which a child

1 is deemed under the preceding sentence to be eligible for  
2 child health or medical assistance, the child health or med-  
3 ical assistance eligibility identification number of the  
4 mother shall also serve as the identification number of the  
5 child, and all claims shall be submitted and paid under  
6 such number (unless the State issues a separate identifica-  
7 tion number for the child before such period expires).

8 “(f) STATES PROVIDING ASSISTANCE THROUGH  
9 OTHER OPTIONS.—

10 “(1) CONTINUATION OF OTHER OPTIONS FOR  
11 PROVIDING ASSISTANCE.—The option to provide as-  
12 sistance in accordance with the preceding sub-  
13 sections of this section shall not limit any other op-  
14 tion for a State to provide—

15 “(A) child health assistance through the  
16 application of sections 457.10, 457.350(b)(2),  
17 457.622(c)(5), and 457.626(a)(3) of title 42,  
18 Code of Federal Regulations (as in effect after  
19 the final rule adopted by the Secretary and set  
20 forth at 67 Fed. Reg. 61956–61974 (October 2,  
21 2002)), or

22 “(B) pregnancy-related services through  
23 the application of any waiver authority (as in  
24 effect on June 1, 2007).

1           “(2) CLARIFICATION OF AUTHORITY TO PRO-  
2           VIDE POSTPARTUM SERVICES.—Any State that pro-  
3           vides child health assistance under any authority de-  
4           scribed in paragraph (1) may continue to provide  
5           such assistance, as well as postpartum services,  
6           through the end of the month in which the 60-day  
7           period (beginning on the last day of the pregnancy)  
8           ends, in the same manner as such assistance and  
9           postpartum services would be provided if provided  
10          under the State plan under title XIX, but only if the  
11          mother would otherwise satisfy the eligibility re-  
12          quirements that apply under the State child health  
13          plan (other than with respect to age) during such  
14          period.

15          “(3) NO INFERENCE.—Nothing in this sub-  
16          section shall be construed—

17                 “(A) to infer congressional intent regard-  
18                 ing the legality or illegality of the content of the  
19                 sections specified in paragraph (1)(A); or

20                 “(B) to modify the authority to provide  
21                 pregnancy-related services under a waiver speci-  
22                 fied in paragraph (1)(B).”.

23          (b) ADDITIONAL CONFORMING AMENDMENTS.—

1           (1) NO COST SHARING FOR PREGNANCY-RE-  
2           LATED BENEFITS.—Section 2103(e)(2) (42 U.S.C.  
3           1397cc(e)(2)) is amended—

4                   (A) in the heading, by inserting “**OR**  
5                   **PREGNANCY-RELATED ASSISTANCE**” after  
6                   “**PREVENTIVE SERVICES**”; and

7                   (B) by inserting before the period at the  
8                   end the following: “or for pregnancy-related as-  
9                   sistance”.

10           (2) NO WAITING PERIOD.—Section  
11           2102(b)(1)(B) (42 U.S.C. 1397bb(b)(1)(B)) is  
12           amended—

13                   (A) in clause (i), by striking “, and” at the  
14                   end and inserting a semicolon;

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

17                   (C) by adding at the end the following new  
18                   clause:

19                           “(iii) may not apply a waiting period  
20                           (including a waiting period to carry out  
21                           paragraph (3)(C)) in the case of a targeted  
22                           low-income pregnant woman provided preg-  
23                           nancy-related assistance under section  
24                           2112.”.

1 **SEC. 112. PHASE-OUT OF COVERAGE FOR NONPREGNANT**  
2 **CHILDLESS ADULTS UNDER CHIP; CONDI-**  
3 **TIONS FOR COVERAGE OF PARENTS.**

4 (a) PHASE-OUT RULES.—

5 (1) IN GENERAL.—Title XXI (42 U.S.C.  
6 1397aa et seq.) is amended by adding at the end the  
7 following new section:

8 **“SEC. 2111. PHASE-OUT OF COVERAGE FOR NONPREGNANT**  
9 **CHILDLESS ADULTS; CONDITIONS FOR COV-**  
10 **ERAGE OF PARENTS.**

11 **“(a) TERMINATION OF COVERAGE FOR NONPREG-**  
12 **NANT CHILDLESS ADULTS.—**

13 **“(1) NO NEW CHIP WAIVERS; AUTOMATIC EX-**  
14 **TENSIONS AT STATE OPTION THROUGH FISCAL YEAR**  
15 **2008.—Notwithstanding section 1115 or any other**  
16 **provision of this title, except as provided in this sub-**  
17 **section—**

18 **“(A) the Secretary shall not on or after the**  
19 **date of the enactment of the Children’s Health**  
20 **Insurance Program Reauthorization Act of**  
21 **2007, approve or renew a waiver, experimental,**  
22 **pilot, or demonstration project that would allow**  
23 **funds made available under this title to be used**  
24 **to provide child health assistance or other**  
25 **health benefits coverage to a nonpregnant child-**  
26 **less adult; and**

1           “(B) notwithstanding the terms and condi-  
2           tions of an applicable existing waiver, the provi-  
3           sions of paragraphs (2) and (3) shall apply for  
4           purposes of any fiscal year beginning on or  
5           after October 1, 2008, in determining the pe-  
6           riod to which the waiver applies, the individuals  
7           eligible to be covered by the waiver, and the  
8           amount of the Federal payment under this title.

9           “(2) TERMINATION OF CHIP COVERAGE UNDER  
10          APPLICABLE EXISTING WAIVERS AT THE END OF  
11          FISCAL YEAR 2008.—

12           “(A) IN GENERAL.—No funds shall be  
13           available under this title for child health assist-  
14           ance or other health benefits coverage that is  
15           provided to a nonpregnant childless adult under  
16           an applicable existing waiver after September  
17           30, 2008.

18           “(B) EXTENSION UPON STATE RE-  
19           QUEST.—If an applicable existing waiver de-  
20           scribed in subparagraph (A) would otherwise  
21           expire before October 1, 2008, and the State  
22           requests an extension of such waiver, the Sec-  
23           retary shall grant such an extension, but only  
24           through September 30, 2008.

1           “(C) APPLICATION OF ENHANCED FMAP.—

2           The enhanced FMAP determined under section  
3           2105(b) shall apply to expenditures under an  
4           applicable existing waiver for the provision of  
5           child health assistance or other health benefits  
6           coverage to a nonpregnant childless adult dur-  
7           ing fiscal year 2008.

8           “(3) OPTIONAL 1-YEAR TRANSITIONAL COV-  
9           ERAGE BLOCK GRANT FUNDED FROM STATE ALLOT-  
10          MENT.—Subject to paragraph (4)(B), each State for  
11          which coverage under an applicable existing waiver  
12          is terminated under paragraph (2)(A) may elect to  
13          provide nonpregnant childless adults who were pro-  
14          vided child health assistance or health benefits cov-  
15          erage under the applicable existing waiver at any  
16          time during fiscal year 2008 with such assistance or  
17          coverage during fiscal year 2009, as if the authority  
18          to provide such assistance or coverage under an ap-  
19          plicable existing waiver was extended through that  
20          fiscal year, but subject to the following terms and  
21          conditions:

22                 “(A) BLOCK GRANT SET ASIDE FROM  
23                 STATE ALLOTMENT.—The Secretary shall set  
24                 aside for the State an amount equal to the Fed-  
25                 eral share of the State’s projected expenditures



1 under the applicable existing waiver for pro-  
2 viding child health assistance or health benefits  
3 coverage to all nonpregnant childless adults  
4 under such waiver for fiscal year 2008 (as cer-  
5 tified by the State and submitted to the Sec-  
6 retary by not later than August 31, 2008, and  
7 without regard to whether any such individual  
8 lost coverage during fiscal year 2008 and was  
9 later provided child health assistance or other  
10 health benefits coverage under the waiver in  
11 that fiscal year), increased by the annual ad-  
12 justment for fiscal year 2009 determined under  
13 section 2104(i)(5)(A). The Secretary may ad-  
14 just the amount set aside under the preceding  
15 sentence, as necessary, on the basis of the ex-  
16 penditure data for fiscal year 2008 reported by  
17 States on CMS Form 64 or CMS Form 21 not  
18 later than November 30, 2008, but in no case  
19 shall the Secretary adjust such amount after  
20 December 31, 2008.

21 “(B) NO COVERAGE FOR NONPREGNANT  
22 CHILDLESS ADULTS WHO WERE NOT COVERED  
23 DURING FISCAL YEAR 2008.—

24 “(i) FMAP APPLIED TO EXPENDI-  
25 TURES.—The Secretary shall pay the State

1           for each quarter of fiscal year 2009, from  
2           the amount set aside under subparagraph  
3           (A), an amount equal to the Federal med-  
4           ical assistance percentage (as determined  
5           under section 1905(b) without regard to  
6           clause (4) of such section) of expenditures  
7           in the quarter for providing child health  
8           assistance or other health benefits coverage  
9           to a nonpregnant childless adult but only  
10          if such adult was enrolled in the State pro-  
11          gram under this title during fiscal year  
12          2008 (without regard to whether the indi-  
13          vidual lost coverage during fiscal year  
14          2008 and was reenrolled in that fiscal year  
15          or in fiscal year 2009).

16                   “(ii) FEDERAL PAYMENTS LIMITED  
17                   TO AMOUNT OF BLOCK GRANT SET-  
18                   ASIDE.—No payments shall be made to a  
19                   State for expenditures described in this  
20                   subparagraph after the total amount set  
21                   aside under subparagraph (A) for fiscal  
22                   year 2009 has been paid to the State.

23                   “(4) STATE OPTION TO APPLY FOR MEDICAID  
24                   WAIVER TO CONTINUE COVERAGE FOR NONPREG-  
25                   NANT CHILDLESS ADULTS.—

1           “(A) IN GENERAL.—Each State for which  
2 coverage under an applicable existing waiver is  
3 terminated under paragraph (2)(A) may sub-  
4 mit, not later than June 30, 2009, an applica-  
5 tion to the Secretary for a waiver under section  
6 1115 of the State plan under title XIX to pro-  
7 vide medical assistance to a nonpregnant child-  
8 less adult whose coverage is so terminated (in  
9 this subsection referred to as a ‘Medicaid non-  
10 pregnant childless adults waiver’).

11           “(B) DEADLINE FOR APPROVAL.—The  
12 Secretary shall make a decision to approve or  
13 deny an application for a Medicaid nonpregnant  
14 childless adults waiver submitted under sub-  
15 paragraph (A) within 90 days of the date of the  
16 submission of the application. If no decision has  
17 been made by the Secretary as of September  
18 30, 2009, on the application of a State for a  
19 Medicaid nonpregnant childless adults waiver  
20 that was submitted to the Secretary by June  
21 30, 2009, the application shall be deemed ap-  
22 proved.

23           “(C) STANDARD FOR BUDGET NEU-  
24 TRALITY.—The budget neutrality requirement  
25 applicable with respect to expenditures for med-

1           ical assistance under a Medicaid nonpregnant  
2           childless adults waiver shall—

3                   “(i) in the case of fiscal year 2010,  
4                   allow expenditures for medical assistance  
5                   under title XIX for all such adults to not  
6                   exceed the total amount of payments made  
7                   to the State under paragraph (3)(B) for  
8                   fiscal year 2009, increased by the percent-  
9                   age increase (if any) in the projected nomi-  
10                  nal per capita amount of National Health  
11                  Expenditures for calendar year 2010 over  
12                  calendar year 2009, as most recently pub-  
13                  lished by the Secretary; and

14                   “(ii) in the case of any succeeding fis-  
15                   cal year, allow such expenditures to not ex-  
16                   ceed the amount in effect under this sub-  
17                   paragraph for the preceding fiscal year, in-  
18                   creased by the percentage increase (if any)  
19                   in the projected nominal per capita amount  
20                   of National Health Expenditures for the  
21                   calendar year that begins during the fiscal  
22                   year involved over the preceding calendar  
23                   year, as most recently published by the  
24                   Secretary.

1       “(b) RULES AND CONDITIONS FOR COVERAGE OF  
2 PARENTS OF TARGETED LOW-INCOME CHILDREN.—

3               “(1) TWO-YEAR TRANSITION PERIOD; AUTO-  
4 MATIC EXTENSION AT STATE OPTION THROUGH FIS-  
5 CAL YEAR 2009.—

6               “(A) NO NEW CHIP WAIVERS.—Notwith-  
7 standing section 1115 or any other provision of  
8 this title, except as provided in this sub-  
9 section—

10               “(i) the Secretary shall not on or after  
11 the date of the enactment of the Children’s  
12 Health Insurance Program Reauthoriza-  
13 tion Act of 2007 approve or renew a waiv-  
14 er, experimental, pilot, or demonstration  
15 project that would allow funds made avail-  
16 able under this title to be used to provide  
17 child health assistance or other health ben-  
18 efits coverage to a parent of a targeted  
19 low-income child; and

20               “(ii) notwithstanding the terms and  
21 conditions of an applicable existing waiver,  
22 the provisions of paragraphs (2) and (3)  
23 shall apply for purposes of any fiscal year  
24 beginning on or after October 1, 2009, in  
25 determining the period to which the waiver

1 applies, the individuals eligible to be cov-  
2 ered by the waiver, and the amount of the  
3 Federal payment under this title.

4 “(B) EXTENSION UPON STATE RE-  
5 QUEST.—If an applicable existing waiver de-  
6 scribed in subparagraph (A) would otherwise  
7 expire before October 1, 2009, and the State  
8 requests an extension of such waiver, the Sec-  
9 retary shall grant such an extension, but only,  
10 subject to paragraph (2)(A), through Sep-  
11 tember 30, 2009.

12 “(C) APPLICATION OF ENHANCED FMAP.—  
13 The enhanced FMAP determined under section  
14 2105(b) shall apply to expenditures under an  
15 applicable existing waiver for the provision of  
16 child health assistance or other health benefits  
17 coverage to a parent of a targeted low-income  
18 child during fiscal years 2008 and 2009.

19 “(2) RULES FOR FISCAL YEARS 2010 THROUGH  
20 2012.—

21 “(A) PAYMENTS FOR COVERAGE LIMITED  
22 TO BLOCK GRANT FUNDED FROM STATE ALLOT-  
23 TMENT.—Any State that provides child health  
24 assistance or health benefits coverage under an  
25 applicable existing waiver for a parent of a tar-

1           geted low-income child may elect to continue to  
2           provide such assistance or coverage through fis-  
3           cal year 2010, 2011, or 2012, subject to the  
4           same terms and conditions that applied under  
5           the applicable existing waiver, unless otherwise  
6           modified in subparagraph (B).

7           “(B) TERMS AND CONDITIONS.—

8           “(i) BLOCK GRANT SET ASIDE FROM  
9           STATE ALLOTMENT.—If the State makes  
10          an election under subparagraph (A), the  
11          Secretary shall set aside for the State for  
12          each such fiscal year an amount equal to  
13          the Federal share of 110 percent of the  
14          State’s projected expenditures under the  
15          applicable existing waiver for providing  
16          child health assistance or health benefits  
17          coverage to all parents of targeted low-in-  
18          come children enrolled under such waiver  
19          for the fiscal year (as certified by the State  
20          and submitted to the Secretary by not  
21          later than August 31 of the preceding fis-  
22          cal year). In the case of fiscal year 2012,  
23          the set aside for any State shall be com-  
24          puted separately for each period described  
25          in subparagraphs (A) and (B) of section

1           2104(a)(15) and any reduction in the allot-  
2           ment for either such period under section  
3           2104(i)(4) shall be allocated on a pro rata  
4           basis to such set aside.

5           “(ii) PAYMENTS FROM BLOCK  
6           GRANT.—The Secretary shall pay the State  
7           from the amount set aside under clause (i)  
8           for the fiscal year, an amount for each  
9           quarter of such fiscal year equal to the ap-  
10          plicable percentage determined under  
11          clause (iii) or (iv) for expenditures in the  
12          quarter for providing child health assist-  
13          ance or other health benefits coverage to a  
14          parent of a targeted low-income child.

15          “(iii) ENHANCED FMAP ONLY IN FIS-  
16          CAL YEAR 2010 FOR STATES WITH SIGNIFI-  
17          CANT CHILD OUTREACH OR THAT ACHIEVE  
18          CHILD COVERAGE BENCHMARKS; FMAP  
19          FOR ANY OTHER STATES.—For purposes  
20          of clause (ii), the applicable percentage for  
21          any quarter of fiscal year 2010 is equal  
22          to—

23                  “(I) the enhanced FMAP deter-  
24                  mined under section 2105(b) in the  
25                  case of a State that meets the out-



1 reach or coverage benchmarks de-  
2 scribed in any of subparagraphs (A),  
3 (B), or (C) of paragraph (3) for fiscal  
4 year 2009; or

5 “(II) the Federal medical assist-  
6 ance percentage (as determined under  
7 section 1905(b) without regard to  
8 clause (4) of such section) in the case  
9 of any other State.

10 “(iv) AMOUNT OF FEDERAL MATCH-  
11 ING PAYMENT IN 2011 OR 2012.—For pur-  
12 poses of clause (ii), the applicable percent-  
13 age for any quarter of fiscal year 2011 or  
14 2012 is equal to—

15 “(I) the REMAP percentage if—  
16 “(aa) the applicable percent-  
17 age for the State under clause  
18 (iii) was the enhanced FMAP for  
19 fiscal year 2009; and

20 “(bb) the State met either of  
21 the coverage benchmarks de-  
22 scribed in subparagraph (B) or  
23 (C) of paragraph (3) for the pre-  
24 ceding fiscal year; or

1                   “(II) the Federal medical assist-  
2                   ance percentage (as so determined) in  
3                   the case of any State to which sub-  
4                   clause (I) does not apply.

5                   For purposes of subclause (I), the REMAP  
6                   percentage is the percentage which is the  
7                   sum of such Federal medical assistance  
8                   percentage and a number of percentage  
9                   points equal to one-half of the difference  
10                  between such Federal medical assistance  
11                  percentage and such enhanced FMAP.

12                  “(v) NO FEDERAL PAYMENTS OTHER  
13                  THAN FROM BLOCK GRANT SET ASIDE.—  
14                  No payments shall be made to a State for  
15                  expenditures described in clause (ii) after  
16                  the total amount set aside under clause (i)  
17                  for a fiscal year has been paid to the  
18                  State.

19                  “(vi) NO INCREASE IN INCOME ELIGI-  
20                  BILITY LEVEL FOR PARENTS.—No pay-  
21                  ments shall be made to a State from the  
22                  amount set aside under clause (i) for a fis-  
23                  cal year for expenditures for providing  
24                  child health assistance or health benefits  
25                  coverage to a parent of a targeted low-in-

1           come child whose family income exceeds  
2           the income eligibility level applied under  
3           the applicable existing waiver to parents of  
4           targeted low-income children on the date of  
5           enactment of the Children’s Health Insur-  
6           ance Program Reauthorization Act of  
7           2007.

8           “(3) OUTREACH OR COVERAGE BENCH-  
9           MARKS.—For purposes of paragraph (2), the out-  
10          reach or coverage benchmarks described in this  
11          paragraph are as follows:

12           “(A) SIGNIFICANT CHILD OUTREACH CAM-  
13          PAIGN.—The State—

14           “(i) was awarded a grant under sec-  
15          tion 2113 for fiscal year 2009;

16           “(ii) implemented 1 or more of the en-  
17          rollment and retention provisions described  
18          in section 2105(a)(4) for such fiscal year;  
19          or

20           “(iii) has submitted a specific plan for  
21          outreach for such fiscal year.

22           “(B) HIGH-PERFORMING STATE.—The  
23          State, on the basis of the most timely and accu-  
24          rate published estimates of the Bureau of the  
25          Census, ranks in the lowest  $\frac{1}{3}$  of States in

1 terms of the State's percentage of low-income  
2 children without health insurance.

3 “(C) STATE INCREASING ENROLLMENT OF  
4 LOW-INCOME CHILDREN.—The State qualified  
5 for a performance bonus payment under section  
6 2105(a)(3)(B) for the most recent fiscal year  
7 applicable under such section.

8 “(4) RULES OF CONSTRUCTION.—Nothing in  
9 this subsection shall be construed as prohibiting a  
10 State from submitting an application to the Sec-  
11 retary for a waiver under section 1115 of the State  
12 plan under title XIX to provide medical assistance to  
13 a parent of a targeted low-income child that was  
14 provided child health assistance or health benefits  
15 coverage under an applicable existing waiver.

16 “(c) APPLICABLE EXISTING WAIVER.—For purposes  
17 of this section—

18 “(1) IN GENERAL.—The term ‘applicable exist-  
19 ing waiver’ means a waiver, experimental, pilot, or  
20 demonstration project under section 1115, grand-  
21 fathered under section 6102(c)(3) of the Deficit Re-  
22 duction Act of 2005, or otherwise conducted under  
23 authority that—

24 “(A) would allow funds made available  
25 under this title to be used to provide child

1 health assistance or other health benefits cov-  
2 erage to—

3 “(i) a parent of a targeted low-income  
4 child;

5 “(ii) a nonpregnant childless adult; or

6 “(iii) individuals described in both  
7 clauses (i) and (ii); and

8 “(B) was in effect during fiscal year 2007.

9 “(2) DEFINITIONS.—

10 “(A) PARENT.—The term ‘parent’ includes  
11 a caretaker relative (as such term is used in  
12 carrying out section 1931) and a legal guard-  
13 ian.

14 “(B) NONPREGNANT CHILDLESS ADULT.—  
15 The term ‘nonpregnant childless adult’ has the  
16 meaning given such term by section 2107(f).”.

17 (2) CONFORMING AMENDMENTS.—

18 (A) Section 2107(f) (42 U.S.C. 1397gg(f))  
19 is amended—

20 (i) by striking “, the Secretary” and  
21 inserting “:

22 “(1) The Secretary”;

23 (ii) in the first sentence, by inserting  
24 “or a parent (as defined in section  
25 2111(c)(2)(A)), who is not pregnant, of a

1 targeted low-income child” before the pe-  
2 riod;

3 (iii) by striking the second sentence;

4 and

5 (iv) by adding at the end the following  
6 new paragraph:

7 “(2) The Secretary may not approve, extend,  
8 renew, or amend a waiver, experimental, pilot, or  
9 demonstration project with respect to a State after  
10 the date of enactment of the Children’s Health In-  
11 surance Program Reauthorization Act of 2007 that  
12 would waive or modify the requirements of section  
13 2111.”.

14 (B) Section 6102(c) of the Deficit Reduc-  
15 tion Act of 2005 (Public Law 109–171; 120  
16 Stat. 131) is amended by striking “Nothing”  
17 and inserting “Subject to section 2111 of the  
18 Social Security Act, as added by section 112 of  
19 the Children’s Health Insurance Program Re-  
20 authorization Act of 2007, nothing”.

21 (b) GAO STUDY AND REPORT.—

22 (1) IN GENERAL.—The Comptroller General of  
23 the United States shall conduct a study of wheth-  
24 er—

1 (A) the coverage of a parent, a caretaker  
2 relative (as such term is used in carrying out  
3 section 1931), or a legal guardian of a targeted  
4 low-income child under a State health plan  
5 under title XXI of the Social Security Act in-  
6 creases the enrollment of, or the quality of care  
7 for, children, and

8 (B) such parents, relatives, and legal  
9 guardians who enroll in such a plan are more  
10 likely to enroll their children in such a plan or  
11 in a State plan under title XIX of such Act.

12 (2) REPORT.—Not later than 2 years after the  
13 date of the enactment of this Act, the Comptroller  
14 General shall report the results of the study to the  
15 Committee on Finance of the Senate and the Com-  
16 mittee on Energy and Commerce of the House of  
17 Representatives, including recommendations (if any)  
18 for changes in legislation.

19 **SEC. 113. ELIMINATION OF COUNTING MEDICAID CHILD**  
20 **PRESUMPTIVE ELIGIBILITY COSTS AGAINST**  
21 **TITLE XXI ALLOTMENT.**

22 (a) IN GENERAL.—Section 2105(a)(1) (42 U.S.C.  
23 1397ee(a)(1)) is amended—

24 (1) in the matter preceding subparagraph (A),  
25 by striking “(or, in the case of expenditures de-

1 scribed in subparagraph (B), the Federal medical  
2 assistance percentage (as defined in the first sen-  
3 tence of section 1905(b))”); and

4 (2) by striking subparagraph (B) and inserting  
5 the following new subparagraph:

6 “(B) [reserved]”.

7 (b) AMENDMENTS TO MEDICAID.—

8 (1) ELIGIBILITY OF A NEWBORN.—Section  
9 1902(e)(4) (42 U.S.C. 1396a(e)(4)) is amended in  
10 the first sentence by striking “so long as the child  
11 is a member of the woman’s household and the  
12 woman remains (or would remain if pregnant) eligi-  
13 ble for such assistance”.

14 (2) APPLICATION OF QUALIFIED ENTITIES TO  
15 PRESUMPTIVE ELIGIBILITY FOR PREGNANT WOMEN  
16 UNDER MEDICAID.—Section 1920(b) (42 U.S.C.  
17 1396r–1(b)) is amended by adding after paragraph  
18 (2) the following flush sentence:

19 “The term ‘qualified provider’ also includes a qualified en-  
20 tity, as defined in section 1920A(b)(3).”.



1 **SEC. 114. LIMITATION ON MATCHING RATE FOR STATES**  
2 **THAT PROPOSE TO COVER CHILDREN WITH**  
3 **EFFECTIVE FAMILY INCOME THAT EXCEEDS**  
4 **300 PERCENT OF THE POVERTY LINE.**

5 (a) FMAP APPLIED TO EXPENDITURES.—Section  
6 2105(c) (42 U.S.C. 1397ee(c)) is amended by adding at  
7 the end the following new paragraph:

8 “(8) LIMITATION ON MATCHING RATE FOR EX-  
9 PENDITURES FOR CHILD HEALTH ASSISTANCE PRO-  
10 VIDED TO CHILDREN WHOSE EFFECTIVE FAMILY IN-  
11 COME EXCEEDS 300 PERCENT OF THE POVERTY  
12 LINE.—

13 “(A) FMAP APPLIED TO EXPENDI-  
14 TURES.—Except as provided in subparagraph  
15 (B), for fiscal years beginning with fiscal year  
16 2008, the Federal medical assistance percent-  
17 age (as determined under section 1905(b) with-  
18 out regard to clause (4) of such section) shall  
19 be substituted for the enhanced FMAP under  
20 subsection (a)(1) with respect to any expendi-  
21 tures for providing child health assistance or  
22 health benefits coverage for a targeted low-in-  
23 come child whose effective family income would  
24 exceed 300 percent of the poverty line but for  
25 the application of a general exclusion of a block

1 of income that is not determined by type of ex-  
2 pense or type of income.

3 “(B) EXCEPTION.—Subparagraph (A)  
4 shall not apply to any State that, on the date  
5 of enactment of the Children’s Health Insur-  
6 ance Program Reauthorization Act of 2007, has  
7 an approved State plan amendment or waiver to  
8 provide, or has enacted a State law to submit  
9 a State plan amendment to provide, expendi-  
10 tures described in such subparagraph under the  
11 State child health plan.”.

12 (b) RULE OF CONSTRUCTION.—Nothing in the  
13 amendments made by this section shall be construed as—

14 (1) changing any income eligibility level for chil-  
15 dren under title XXI of the Social Security Act; or

16 (2) changing the flexibility provided States  
17 under such title to establish the income eligibility  
18 level for targeted low-income children under a State  
19 child health plan and the methodologies used by the  
20 State to determine income or assets under such  
21 plan.

22 **SEC. 115. STATE AUTHORITY UNDER MEDICAID.**

23 (a) STATE AUTHORITY TO EXPAND INCOME OR RE-  
24 SOURCE ELIGIBILITY LEVELS FOR CHILDREN.—Nothing  
25 in this Act, the amendments made by this Act, or title

1 XIX of the Social Security Act, including paragraph  
2 (2)(B) of section 1905(u) of such Act, shall be construed  
3 as limiting the flexibility afforded States under such title  
4 to increase the income or resource eligibility levels for chil-  
5 dren under a State plan or waiver under such title.

6 (b) STATE AUTHORITY TO RECEIVE PAYMENTS  
7 UNDER MEDICAID FOR PROVIDING MEDICAL ASSISTANCE  
8 TO CHILDREN ELIGIBLE AS A RESULT OF AN INCOME OR  
9 RESOURCE ELIGIBILITY LEVEL EXPANSION.—A State  
10 may, notwithstanding the fourth sentence of subsection  
11 (b) of section 1905 of the Social Security Act (42 U.S.C.  
12 1396d) or subsection (u) of such section—

13 (1) cover individuals described in section  
14 1902(a)(10)(A)(ii)(IX) of the Social Security Act  
15 and thereby receive Federal financial participation  
16 for medical assistance for such individuals under  
17 title XIX of the Social Security Act; or

18 (2) receive Federal financial participation for  
19 expenditures for medical assistance under Medicaid  
20 for children described in paragraph (2)(B) or (3) of  
21 section 1905(u) of such Act based on the Federal  
22 medical assistance percentage, as otherwise deter-  
23 mined based on the first and third sentences of sub-  
24 section (b) of section 1905 of the Social Security

1 Act, rather than on the basis of an enhanced FMAP  
2 (as defined in section 2105(b) of such Act).

3 **SEC. 116. PREVENTING SUBSTITUTION OF CHIP COVERAGE**  
4 **FOR PRIVATE COVERAGE.**

5 (a) FINDINGS.—

6 (1) Congress agrees with the President that  
7 low-income children should be the first priority of all  
8 States in providing child health assistance under  
9 CHIP.

10 (2) Congress agrees with the President and the  
11 Congressional Budget Office that the substitution of  
12 CHIP coverage for private coverage occurs more fre-  
13 quently for children in families at higher income lev-  
14 els.

15 (3) Congress agrees with the President that it  
16 is appropriate that States that expand CHIP eligi-  
17 bility to children at higher income levels should have  
18 achieved a high level of health benefits coverage for  
19 low-income children and should implement strategies  
20 to address such substitution.

21 (4) Congress concludes that the policies speci-  
22 fied in this section (and the amendments made by  
23 this section) are the appropriate policies to address  
24 these issues.

1 (b) ANALYSES OF BEST PRACTICES AND METHOD-  
2 OLOGY IN ADDRESSING CROWD-OUT.—

3 (1) GAO REPORT.—Not later than 18 months  
4 after the date of the enactment of this Act, the  
5 Comptroller General of the United States shall sub-  
6 mit to the Committee on Finance of the Senate and  
7 the Committee on Energy and Commerce of the  
8 House of Representatives and the Secretary a report  
9 describing the best practices by States in addressing  
10 the issue of CHIP crowd-out. Such report shall in-  
11 clude analyses of—

12 (A) the impact of different geographic  
13 areas, including urban and rural areas, on  
14 CHIP crowd-out;

15 (B) the impact of different State labor  
16 markets on CHIP crowd-out;

17 (C) the impact of different strategies for  
18 addressing CHIP crowd-out;

19 (D) the incidence of crowd-out for children  
20 with different levels of family income; and

21 (E) the relationship (if any) between  
22 changes in the availability and affordability of  
23 dependent coverage under employer-sponsored  
24 health insurance and CHIP crowd-out.

1           (2) IOM REPORT ON METHODOLOGY.—The  
2           Secretary shall enter into an arrangement with the  
3           Institute of Medicine under which the Institute sub-  
4           mits to the Committee on Finance of the Senate and  
5           the Committee on Energy and Commerce of the  
6           House of Representatives and the Secretary, not  
7           later than 18 months after the date of the enact-  
8           ment of this Act, a report on—

9                   (A) the most accurate, reliable, and timely  
10                  way to measure—

11                           (i) on a State-by-State basis, the rate  
12                           of public and private health benefits cov-  
13                           erage among low-income children with  
14                           family income that does not exceed 200  
15                           percent of the poverty line; and

16                           (ii) CHIP crowd-out, including in the  
17                           case of children with family income that  
18                           exceeds 200 percent of the poverty line;  
19                           and

20                           (B) the least burdensome way to gather  
21                           the necessary data to conduct the measure-  
22                           ments described in subparagraph (A).

23           Out of any money in the Treasury not otherwise ap-  
24           propriated, there are hereby appropriated

1       \$2,000,000 to carry out this paragraph for the pe-  
2       riod ending September 30, 2009.

3           (3) INCORPORATION OF DEFINITIONS.—In this  
4       section, the terms “CHIP crowd-out”, “children”,  
5       “poverty line”, and “State” have the meanings given  
6       such terms for purposes of CHIP.

7           (4) DEFINITION OF CHIP CROWD-OUT.—Section  
8       2110(e) (42 U.S.C. 1397jj(e)) is amended by adding  
9       at the end the following:

10       “(9) CHIP CROWD-OUT.—The term ‘CHIP  
11       crowd-out’ means the substitution of—

12           “(A) health benefits coverage for a child  
13       under this title, for

14           “(B) health benefits coverage for the child  
15       other than under this title or title XIX.”.

16       (c) DEVELOPMENT OF BEST PRACTICE REC-  
17       COMMENDATIONS.—Section 2107 (42 U.S.C. 1397gg) is  
18       amended by adding at the end the following:

19       “(g) DEVELOPMENT OF BEST PRACTICE REC-  
20       COMMENDATIONS.—Within 6 months after the date of re-  
21       ceipt of the reports under subsections (a) and (b) of sec-  
22       tion 116 of the Children’s Health Insurance Program Re-  
23       authorization Act of 2007, the Secretary, in consultation  
24       with States, including Medicaid and CHIP directors in  
25       States, shall publish in the Federal Register, and post on

1 the public website for the Department of Health and  
2 Human Services—

3 “(1) recommendations regarding best practices  
4 for States to use to address CHIP crowd-out; and  
5 “(2) uniform standards for data collection by  
6 States to measure and report—

7 “(A) health benefits coverage for children  
8 with family income below 200 percent of the  
9 poverty line; and

10 “(B) on CHIP crowd-out, including for  
11 children with family income that exceeds 200  
12 percent of the poverty line.

13 The Secretary, in consultation with States, including Med-  
14 icaid and CHIP directors in States, may from time to time  
15 update the best practice recommendations and uniform  
16 standards set published under paragraphs (1) and (2) and  
17 shall provide for publication and posting of such updated  
18 recommendations and standards.”.

19 (d) REQUIREMENT TO ADDRESS CHIP CROWD-OUT;  
20 SECRETARIAL REVIEW.—Section 2106 (42 U.S.C. 1397ff)  
21 is amended by adding at the end the following:

22 “(f) REQUIREMENT TO ADDRESS CHIP CROWD-OUT;  
23 SECRETARIAL REVIEW.—

24 “(1) IN GENERAL.—Each State that, on or  
25 after the best practice application date described in



1 paragraph (3), submits a plan amendment (or waiv-  
2 er request) to provide for eligibility for child health  
3 assistance under the State child health plan for  
4 higher income children described in section  
5 2105(e)(9)(D) (relating to children whose effective  
6 family income exceeds 300 percent of the poverty  
7 line) shall include with such plan amendment or re-  
8 quest a description of how the State—

9 “(A) will address CHIP crowd-out for such  
10 children; and

11 “(B) will incorporate recommended best  
12 practices referred to in such paragraph.

13 “(2) APPLICATION TO CERTAIN STATES.—Each  
14 State that, as of the best practice application date  
15 described in paragraph (3), has a State child health  
16 plan that provides (whether under the plan or  
17 through a waiver) for eligibility for child health as-  
18 sistance for children referred to in paragraph (1)  
19 shall submit to the Secretary, not later than 6  
20 months after the date of such application, a State  
21 plan amendment describing how the State—

22 “(A) will address CHIP crowd-out for such  
23 children; and

24 “(B) will incorporate recommended best  
25 practices referred to in such paragraph.

1           “(3) BEST PRACTICE APPLICATION DATE.—The  
2           best practice application date described in this para-  
3           graph is the date that is 6 months after the date of  
4           publication of recommendations regarding best prac-  
5           tices under section 2107(g)(1).

6           “(4) SECRETARIAL REVIEW.—The Secretary  
7           shall—

8                   “(A) review each State plan amendment or  
9                   waiver request submitted under paragraph (1)  
10                  or (2);

11                  “(B) determine whether the amendment or  
12                  request incorporates recommended best prac-  
13                  tices referred to in paragraph (3);

14                  “(C) determine whether the State meets  
15                  the enrollment targets required under reference  
16                  section 2105(e)(9)(C); and

17                  “(D) notify the State of such determina-  
18                  tions.”.

19           (e) LIMITATION ON PAYMENTS FOR STATES COV-  
20           ERING HIGHER INCOME CHILDREN.—Section 2105(c) (42  
21           U.S.C. 1397ee(c)), as amended by section 114(a), is  
22           amended by adding at the end the following new sub-  
23           section:

24                   “(9) LIMITATION ON PAYMENTS FOR STATES  
25                   COVERING HIGHER INCOME CHILDREN.—

1 “(A) DETERMINATIONS.—

2 “(i) IN GENERAL.—The Secretary  
3 shall determine, for each State that is a  
4 higher income eligibility State as of April  
5 1 of 2010 and each subsequent year,  
6 whether the State meets the target rate of  
7 coverage of low-income children required  
8 under subparagraph (C) and shall notify  
9 the State in that month of such determina-  
10 tion.

11 “(ii) DETERMINATION OF FAILURE.—  
12 If the Secretary determines in such month  
13 that a higher income eligibility State does  
14 not meet such target rate of coverage, sub-  
15 ject to subparagraph (E), no payment shall  
16 be made as of October 1 of such year on  
17 or after October 1, 2010, under this sec-  
18 tion for child health assistance provided for  
19 higher-income children (as defined in sub-  
20 paragraph (D)) under the State child  
21 health plan unless and until the State es-  
22 tablishes it is in compliance with such re-  
23 quirement.

1           “(B) HIGHER INCOME ELIGIBILITY  
2 STATE.—A higher income eligibility State de-  
3 scribed in this clause is a State that—

4           “(i) applies under its State child  
5 health plan an eligibility income standard  
6 for targeted low-income children that ex-  
7 ceeds 300 percent of the poverty line; or

8           “(ii) because of the application of a  
9 general exclusion of a block of income that  
10 is not determined by type of expense or  
11 type of income, applies an effective income  
12 standard under the State child health plan  
13 for such children that exceeds 300 percent  
14 of the poverty line.

15           “(C) REQUIREMENT FOR TARGET RATE OF  
16 COVERAGE OF LOW-INCOME CHILDREN.—

17           “(i) IN GENERAL.—The requirement  
18 of this subparagraph for a State is that  
19 the rate of health benefits coverage (both  
20 private and public) for low-income children  
21 in the State is not statistically significantly  
22 (at a  $p=0.05$  level) less than the target  
23 rate of coverage specified in clause (ii).

24           “(ii) TARGET RATE.—The target rate  
25 of coverage specified in this clause is the

1 average rate (determined by the Secretary)  
2 of health benefits coverage (both private  
3 and public) as of January 1, 2010, among  
4 the 10 of the 50 States and the District of  
5 Columbia with the highest percentage of  
6 health benefits coverage (both private and  
7 public) for low-income children.

8 “(iii) STANDARDS FOR DATA.— In ap-  
9 plying this subparagraph, rates of health  
10 benefits coverage for States shall be deter-  
11 mined using the uniform standards identi-  
12 fied by the Secretary under section  
13 2107(g)(2).

14 “(D) HIGHER-INCOME CHILD.—For pur-  
15 poses of this paragraph, the term ‘higher in-  
16 come child’ means, with respect to a State child  
17 health plan, a targeted low-income child whose  
18 family income—

19 “(i) exceeds 300 percent of the pov-  
20 erty line; or

21 “(ii) would exceed 300 percent of the  
22 poverty line if there were not taken into  
23 account any general exclusion described in  
24 subparagraph (B)(ii).

1           “(E) NOTICE AND OPPORTUNITY TO COM-  
2           PLY WITH TARGET RATE.—If the Secretary  
3           makes a determination described in subpara-  
4           graph (A)(ii) in April of a year, the Secretary—

5                   “(i) shall provide the State with the  
6                   opportunity to submit and implement a  
7                   corrective action plan for the State to come  
8                   into compliance with the requirement of  
9                   subparagraph (C) before October 1 of such  
10                  year;

11                   “(ii) shall not effect a denial of pay-  
12                   ment under subparagraph (A) on the basis  
13                   of such determination before October 1 of  
14                   such year; and

15                   “(iii) shall not effect such a denial if  
16                   the Secretary determines that there is a  
17                   reasonable likelihood that the implementa-  
18                   tion of such a correction action plan will  
19                   bring the State into compliance with the  
20                   requirement of subparagraph (C).”.

21           (f) TREATMENT OF MEDICAL SUPPORT ORDERS.—  
22           Section 2102(b) (42 U.S.C. 1397bb(e)) is amended by  
23           adding at the end the following::

24                   “(5) TREATMENT OF MEDICAL SUPPORT OR-  
25                  DERS.—

1           “(A) IN GENERAL.—Nothing in this title  
2 shall be construed to allow the Secretary to re-  
3 quire that a State deny eligibility for child  
4 health assistance to a child who is otherwise eli-  
5 gible on the basis of the existence of a valid  
6 medical support order being in effect.

7           “(B) STATE ELECTION.—A State may  
8 elect to limit eligibility for child health assist-  
9 ance to a targeted low-income child on the basis  
10 of the existence of a valid medical support order  
11 on the child’s behalf, but only if the State does  
12 not deny such eligibility for a child on such  
13 basis if the child asserts that the order is not  
14 being complied with for any of the reasons de-  
15 scribed in subparagraph (C) unless the State  
16 demonstrates that none of such reasons applies  
17 in the case involved.

18           “(C) REASONS FOR NONCOMPLIANCE.—  
19 The reasons described in this subparagraph for  
20 noncompliance with a medical support order  
21 with respect to a child are that the child is not  
22 being provided health benefits coverage pursu-  
23 ant to such order because—

24                   “(i) of failure of the noncustodial par-  
25 ent to comply with the order;

1                   “(ii) of the failure of an employer,  
2                   group health plan or health insurance  
3                   issuer to comply with such order; or

4                   “(iii) the child resides in a geographic  
5                   area in which benefits under the health  
6                   benefits coverage are generally unavail-  
7                   able.”.

8           (g) EFFECTIVE DATE OF AMENDMENTS; CONSIST-  
9   ENCY OF POLICIES.—The amendments made by this sec-  
10   tion shall take effect as if enacted on August 16, 2007.  
11   The Secretary may not impose (or continue in effect) any  
12   requirement, prevent the implementation of any provision,  
13   or condition the approval of any provision under any State  
14   child health plan, State plan amendment, or waiver re-  
15   quest on the basis of any policy or interpretation relating  
16   to CHIP crowd-out or medical support order other than  
17   under the amendments made by this section.



1           **TITLE II—OUTREACH AND**  
2                           **ENROLLMENT**  
3           **Subtitle A—Outreach and**  
4                           **Enrollment Activities**

5   **SEC. 201. GRANTS AND ENHANCED ADMINISTRATIVE FUND-**  
6                           **ING FOR OUTREACH AND ENROLLMENT.**

7           (a) GRANTS.—Title XXI (42 U.S.C. 1397aa et seq.),  
8 as amended by section 107, is amended by adding at the  
9 end the following:

10 **“SEC. 2113. GRANTS TO IMPROVE OUTREACH AND ENROLL-**  
11                           **MENT.**

12           “(a) OUTREACH AND ENROLLMENT GRANTS; NA-  
13 TIONAL CAMPAIGN.—

14                   “(1) IN GENERAL.—From the amounts appro-  
15 priated under subsection (g), subject to paragraph  
16 (2), the Secretary shall award grants to eligible enti-  
17 ties during the period of fiscal years 2008 through  
18 2012 to conduct outreach and enrollment efforts  
19 that are designed to increase the enrollment and  
20 participation of eligible children under this title and  
21 title XIX.

22                   “(2) TEN PERCENT SET ASIDE FOR NATIONAL  
23 ENROLLMENT CAMPAIGN.—An amount equal to 10  
24 percent of such amounts shall be used by the Sec-  
25 retary for expenditures during such period to carry

1 out a national enrollment campaign in accordance  
2 with subsection (h).

3 “(b) PRIORITY FOR AWARD OF GRANTS.—

4 “(1) IN GENERAL.—In awarding grants under  
5 subsection (a), the Secretary shall give priority to el-  
6 igible entities that—

7 “(A) propose to target geographic areas  
8 with high rates of—

9 “(i) eligible but unenrolled children,  
10 including such children who reside in rural  
11 areas; or

12 “(ii) racial and ethnic minorities and  
13 health disparity populations, including  
14 those proposals that address cultural and  
15 linguistic barriers to enrollment; and

16 “(B) submit the most demonstrable evi-  
17 dence required under paragraphs (1) and (2) of  
18 subsection (c).

19 “(2) TEN PERCENT SET ASIDE FOR OUTREACH  
20 TO INDIAN CHILDREN.—An amount equal to 10 per-  
21 cent of the funds appropriated under subsection (g)  
22 shall be used by the Secretary to award grants to  
23 Indian Health Service providers and urban Indian  
24 organizations receiving funds under title V of the In-  
25 dian Health Care Improvement Act (25 U.S.C. 1651

1 et seq.) for outreach to, and enrollment of, children  
2 who are Indians.

3 “(c) APPLICATION.—An eligible entity that desires to  
4 receive a grant under subsection (a) shall submit an appli-  
5 cation to the Secretary in such form and manner, and con-  
6 taining such information, as the Secretary may decide.  
7 Such application shall include—

8 “(1) evidence demonstrating that the entity in-  
9 cludes members who have access to, and credibility  
10 with, ethnic or low-income populations in the com-  
11 munities in which activities funded under the grant  
12 are to be conducted;

13 “(2) evidence demonstrating that the entity has  
14 the ability to address barriers to enrollment, such as  
15 lack of awareness of eligibility, stigma concerns and  
16 punitive fears associated with receipt of benefits,  
17 and other cultural barriers to applying for and re-  
18 ceiving child health assistance or medical assistance;

19 “(3) specific quality or outcomes performance  
20 measures to evaluate the effectiveness of activities  
21 funded by a grant awarded under this section; and

22 “(4) an assurance that the eligible entity  
23 shall—

1           “(A) conduct an assessment of the effec-  
2           tiveness of such activities against the perform-  
3           ance measures;

4           “(B) cooperate with the collection and re-  
5           porting of enrollment data and other informa-  
6           tion in order for the Secretary to conduct such  
7           assessments; and

8           “(C) in the case of an eligible entity that  
9           is not the State, provide the State with enroll-  
10          ment data and other information as necessary  
11          for the State to make necessary projections of  
12          eligible children and pregnant women.

13          “(d) DISSEMINATION OF ENROLLMENT DATA AND  
14          INFORMATION DETERMINED FROM EFFECTIVENESS AS-  
15          SESSMENTS; ANNUAL REPORT.—The Secretary shall—

16                 “(1) make publicly available the enrollment  
17                 data and information collected and reported in ac-  
18                 cordance with subsection (c)(4)(B); and

19                 “(2) submit an annual report to Congress on  
20                 the outreach and enrollment activities conducted  
21                 with funds appropriated under this section.

22          “(e) MAINTENANCE OF EFFORT FOR STATES  
23          AWARDED GRANTS; NO STATE MATCH REQUIRED.—In  
24          the case of a State that is awarded a grant under this  
25          section—

1           “(1) the State share of funds expended for out-  
2 reach and enrollment activities under the State child  
3 health plan shall not be less than the State share of  
4 such funds expended in the fiscal year preceding the  
5 first fiscal year for which the grant is awarded; and

6           “(2) no State matching funds shall be required  
7 for the State to receive a grant under this section.

8           “(f) DEFINITIONS.—In this section:

9           “(1) ELIGIBLE ENTITY.—The term ‘eligible en-  
10 tity’ means any of the following:

11           “(A) A State with an approved child health  
12 plan under this title.

13           “(B) A local government.

14           “(C) An Indian tribe or tribal consortium,  
15 a tribal organization, an urban Indian organiza-  
16 tion receiving funds under title V of the Indian  
17 Health Care Improvement Act (25 U.S.C. 1651  
18 et seq.), or an Indian Health Service provider.

19           “(D) A Federal health safety net organiza-  
20 tion.

21           “(E) A national, State, local, or commu-  
22 nity-based public or nonprofit private organiza-  
23 tion, including organizations that use commu-  
24 nity health workers or community-based doula  
25 programs.

1           “(F) A faith-based organization or con-  
2           sortia, to the extent that a grant awarded to  
3           such an entity is consistent with the require-  
4           ments of section 1955 of the Public Health  
5           Service Act (42 U.S.C. 300x-65) relating to a  
6           grant award to nongovernmental entities.

7           “(G) An elementary or secondary school.

8           “(2) FEDERAL HEALTH SAFETY NET ORGANI-  
9           ZATION.—The term ‘Federal health safety net orga-  
10          nization’ means—

11           “(A) a Federally-qualified health center (as  
12          defined in section 1905(l)(2)(B));

13           “(B) a hospital defined as a dispropor-  
14          tionate share hospital for purposes of section  
15          1923;

16           “(C) a covered entity described in section  
17          340B(a)(4) of the Public Health Service Act  
18          (42 U.S.C. 256b(a)(4)); and

19           “(D) any other entity or consortium that  
20          serves children under a federally funded pro-  
21          gram, including the special supplemental nutri-  
22          tion program for women, infants, and children  
23          (WIC) established under section 17 of the Child  
24          Nutrition Act of 1966 (42 U.S.C. 1786), the  
25          Head Start and Early Head Start programs

1 under the Head Start Act (42 U.S.C. 9801 et  
2 seq.), the school lunch program established  
3 under the Richard B. Russell National School  
4 Lunch Act, and an elementary or secondary  
5 school.

6 “(3) INDIANS; INDIAN TRIBE; TRIBAL ORGANI-  
7 ZATION; URBAN INDIAN ORGANIZATION.—The terms  
8 ‘Indian’, ‘Indian tribe’, ‘tribal organization’, and  
9 ‘urban Indian organization’ have the meanings given  
10 such terms in section 4 of the Indian Health Care  
11 Improvement Act (25 U.S.C. 1603).

12 “(4) COMMUNITY HEALTH WORKER.—The term  
13 ‘community health worker’ means an individual who  
14 promotes health or nutrition within the community  
15 in which the individual resides—

16 “(A) by serving as a liaison between com-  
17 munities and health care agencies;

18 “(B) by providing guidance and social as-  
19 sistance to community residents;

20 “(C) by enhancing community residents’  
21 ability to effectively communicate with health  
22 care providers;

23 “(D) by providing culturally and linguis-  
24 tically appropriate health or nutrition edu-  
25 cation;

1                   “(E) by advocating for individual and com-  
2                   munity health or nutrition needs; and

3                   “(F) by providing referral and followup  
4                   services.

5           “(g) APPROPRIATION.—There is appropriated, out of  
6 any money in the Treasury not otherwise appropriated,  
7 \$100,000,000 for the period of fiscal years 2008 through  
8 2012, for the purpose of awarding grants under this sec-  
9 tion. Amounts appropriated and paid under the authority  
10 of this section shall be in addition to amounts appro-  
11 priated under section 2104 and paid to States in accord-  
12 ance with section 2105, including with respect to expendi-  
13 tures for outreach activities in accordance with subsections  
14 (a)(1)(D)(iii) and (c)(2)(C) of that section.

15           “(h) NATIONAL ENROLLMENT CAMPAIGN.—From  
16 the amounts made available under subsection (a)(2), the  
17 Secretary shall develop and implement a national enroll-  
18 ment campaign to improve the enrollment of underserved  
19 child populations in the programs established under this  
20 title and title XIX. Such campaign may include—

21                   “(1) the establishment of partnerships with the  
22                   Secretary of Education and the Secretary of Agri-  
23                   culture to develop national campaigns to link the eli-  
24                   gibility and enrollment systems for the assistance



1 programs each Secretary administers that often  
2 serve the same children;

3 “(2) the integration of information about the  
4 programs established under this title and title XIX  
5 in public health awareness campaigns administered  
6 by the Secretary;

7 “(3) increased financial and technical support  
8 for enrollment hotlines maintained by the Secretary  
9 to ensure that all States participate in such hotlines;

10 “(4) the establishment of joint public awareness  
11 outreach initiatives with the Secretary of Education  
12 and the Secretary of Labor regarding the impor-  
13 tance of health insurance to building strong commu-  
14 nities and the economy;

15 “(5) the development of special outreach mate-  
16 rials for Native Americans or for individuals with  
17 limited English proficiency; and

18 “(6) such other outreach initiatives as the Sec-  
19 retary determines would increase public awareness of  
20 the programs under this title and title XIX.”.

21 (b) ENHANCED ADMINISTRATIVE FUNDING FOR  
22 TRANSLATION OR INTERPRETATION SERVICES UNDER  
23 CHIP AND MEDICAID.—

1           (1) CHIP.—Section 2105(a)(1) (42 U.S.C.  
2 1397ee(a)(1)), as amended by section 113, is  
3 amended—

4           (A) in the matter preceding subparagraph  
5 (A), by inserting “(or, in the case of expendi-  
6 tures described in subparagraph (D)(iv), the  
7 higher of 75 percent or the sum of the en-  
8 hanced FMAP plus 5 percentage points)” after  
9 “enhanced FMAP”; and

10           (B) in subparagraph (D)—

11           (i) in clause (iii), by striking “and” at  
12 the end;

13           (ii) by redesignating clause (iv) as  
14 clause (v); and

15           (iii) by inserting after clause (iii) the  
16 following new clause:

17           “(iv) for translation or interpretation  
18 services in connection with the enrollment  
19 of, retention of, and use of services under  
20 this title by, individuals for whom English  
21 is not their primary language (as found  
22 necessary by the Secretary for the proper  
23 and efficient administration of the State  
24 plan); and”.

25           (2) MEDICAID.—

1           (A) USE OF MEDICAID FUNDS.—Section  
2           1903(a)(2) (42 U.S.C. 1396b(a)(2)) is amended  
3           by adding at the end the following new sub-  
4           paragraph:

5           “(E) an amount equal to 75 percent of so much  
6           of the sums expended during such quarter (as found  
7           necessary by the Secretary for the proper and effi-  
8           cient administration of the State plan) as are attrib-  
9           utable to translation or interpretation services in  
10          connection with the enrollment of, retention of, and  
11          use of services under this title by, children of fami-  
12          lies for whom English is not the primary language;  
13          plus”.

14          (B) USE OF COMMUNITY HEALTH WORK-  
15          ERS FOR OUTREACH ACTIVITIES.—

16           (i) IN GENERAL.—Section 2102(c)(1)  
17           of such Act (42 U.S.C. 1397bb(c)(1)) is  
18           amended by inserting “(through commu-  
19           nity health workers and others)” after  
20           “Outreach”.

21           (ii) IN FEDERAL EVALUATION.—Sec-  
22           tion 2108(c)(3)(B) of such Act (42 U.S.C.  
23           1397hh(c)(3)(B)) is amended by inserting  
24           “(such as through community health work-

1                   ers and others)” after “including prac-  
2                   tices”.

3 **SEC. 202. INCREASED OUTREACH AND ENROLLMENT OF IN-**  
4 **DIANS.**

5           (a) IN GENERAL.—Section 1139 (42 U.S.C. 1320b–  
6 9) is amended to read as follows:

7 **“SEC. 1139. IMPROVED ACCESS TO, AND DELIVERY OF,**  
8 **HEALTH CARE FOR INDIANS UNDER TITLES**  
9 **XIX AND XXI.**

10           “(a) AGREEMENTS WITH STATES FOR MEDICAID  
11 AND CHIP OUTREACH ON OR NEAR RESERVATIONS TO  
12 INCREASE THE ENROLLMENT OF INDIANS IN THOSE  
13 PROGRAMS.—

14                   “(1) IN GENERAL.—In order to improve the ac-  
15 cess of Indians residing on or near a reservation to  
16 obtain benefits under the Medicaid and State chil-  
17 dren’s health insurance programs established under  
18 titles XIX and XXI, the Secretary shall encourage  
19 the State to take steps to provide for enrollment on  
20 or near the reservation. Such steps may include out-  
21 reach efforts such as the outstationing of eligibility  
22 workers, entering into agreements with the Indian  
23 Health Service, Indian Tribes, Tribal Organizations,  
24 and Urban Indian Organizations to provide out-  
25 reach, education regarding eligibility and benefits,

1 enrollment, and translation services when such serv-  
2 ices are appropriate.

3 “(2) CONSTRUCTION.—Nothing in paragraph  
4 (1) shall be construed as affecting arrangements en-  
5 tered into between States and the Indian Health  
6 Service, Indian Tribes, Tribal Organizations, or  
7 Urban Indian Organizations for such Service,  
8 Tribes, or Organizations to conduct administrative  
9 activities under such titles.

10 “(b) REQUIREMENT TO FACILITATE COOPERA-  
11 TION.—The Secretary, acting through the Centers for  
12 Medicare & Medicaid Services, shall take such steps as are  
13 necessary to facilitate cooperation with, and agreements  
14 between, States and the Indian Health Service, Indian  
15 Tribes, Tribal Organizations, or Urban Indian Organiza-  
16 tions with respect to the provision of health care items  
17 and services to Indians under the programs established  
18 under title XIX or XXI.

19 “(c) DEFINITION OF INDIAN; INDIAN TRIBE; INDIAN  
20 HEALTH PROGRAM; TRIBAL ORGANIZATION; URBAN IN-  
21 DIAN ORGANIZATION.—In this section, the terms ‘Indian’,  
22 ‘Indian Tribe’, ‘Indian Health Program’, ‘Tribal Organi-  
23 zation’, and ‘Urban Indian Organization’ have the mean-  
24 ings given those terms in section 4 of the Indian Health  
25 Care Improvement Act.”.

1 (b) NONAPPLICATION OF 10 PERCENT LIMIT ON  
2 OUTREACH AND CERTAIN OTHER EXPENDITURES.—Sec-  
3 tion 2105(c)(2) (42 U.S.C. 1397ee(c)(2)) is amended by  
4 adding at the end the following:

5 “(C) NONAPPLICATION TO CERTAIN EX-  
6 PENDITURES.—The limitation under subpara-  
7 graph (A) shall not apply with respect to the  
8 following expenditures:

9 “(i) EXPENDITURES TO INCREASE  
10 OUTREACH TO, AND THE ENROLLMENT OF,  
11 INDIAN CHILDREN UNDER THIS TITLE AND  
12 TITLE xix.—Expenditures for outreach ac-  
13 tivities to families of Indian children likely  
14 to be eligible for child health assistance  
15 under the plan or medical assistance under  
16 the State plan under title XIX (or under  
17 a waiver of such plan), to inform such  
18 families of the availability of, and to assist  
19 them in enrolling their children in, such  
20 plans, including such activities conducted  
21 under grants, contracts, or agreements en-  
22 tered into under section 1139(a).”.

1 **SEC. 203. STATE OPTION TO RELY ON FINDINGS FROM AN**  
2 **EXPRESS LANE AGENCY TO CONDUCT SIM-**  
3 **PLIFIED ELIGIBILITY DETERMINATIONS.**

4 (a) APPLICATION UNDER MEDICAID AND CHIP PRO-  
5 GRAMS.—

6 (1) MEDICAID.—Section 1902(e) (42 U.S.C.  
7 1396a(e)) is amended by adding at the end the fol-  
8 lowing:

9 “(13) EXPRESS LANE OPTION.—

10 “(A) IN GENERAL.—

11 “(i) OPTION TO USE A FINDING FROM AN  
12 EXPRESS LANE AGENCY.—At the option of the  
13 State, the State plan may provide that in deter-  
14 mining eligibility under this title for a child (as  
15 defined in subparagraph (G)), the State may  
16 rely on a finding made within a reasonable pe-  
17 riod (as determined by the State) from an Ex-  
18 press Lane agency (as defined in subparagraph  
19 (F)) when it determines whether a child satis-  
20 fies one or more components of eligibility for  
21 medical assistance under this title. The State  
22 may rely on a finding from an Express Lane  
23 agency notwithstanding sections  
24 1902(a)(46)(B) and 1137(d) and any dif-  
25 ferences in budget unit, disregard, deeming or

1 other methodology, if the following require-  
2 ments are met:

3 “(I) PROHIBITION ON DETERMINING  
4 CHILDREN INELIGIBLE FOR COVERAGE.—  
5 If a finding from an Express Lane agency  
6 would result in a determination that a  
7 child does not satisfy an eligibility require-  
8 ment for medical assistance under this title  
9 and for child health assistance under title  
10 XXI, the State shall determine eligibility  
11 for assistance using its regular procedures.

12 “(II) NOTICE REQUIREMENT.—For  
13 any child who is found eligible for medical  
14 assistance under the State plan under this  
15 title or child health assistance under title  
16 XXI and who is subject to premiums based  
17 on an Express Lane agency’s finding of  
18 such child’s income level, the State shall  
19 provide notice that the child may qualify  
20 for lower premium payments if evaluated  
21 by the State using its regular policies and  
22 of the procedures for requesting such an  
23 evaluation.

24 “(III) COMPLIANCE WITH SCREEN  
25 AND ENROLL REQUIREMENT.—The State



1 shall satisfy the requirements under (A)  
2 and (B) of section 2102(b)(3) (relating to  
3 screen and enroll) before enrolling a child  
4 in child health assistance under title XXI.  
5 At its option, the State may fulfill such re-  
6 quirements in accordance with either op-  
7 tion provided under subparagraph (C) of  
8 this paragraph.

9 “(IV) VERIFICATION OF CITIZENSHIP  
10 OR NATIONALITY STATUS.—The State shall  
11 satisfy the requirements of section  
12 1902(a)(46)(B) or 2105(c)(10), as applica-  
13 ble for verifications of citizenship or na-  
14 tionality status.

15 “(V) CODING.—The State meets the  
16 requirements of subparagraph (E).

17 “(ii) OPTION TO APPLY TO RENEWALS AND  
18 REDETERMINATIONS.—The State may apply the  
19 provisions of this paragraph when conducting  
20 initial determinations of eligibility, redetermina-  
21 tions of eligibility, or both, as described in the  
22 State plan.

23 “(B) RULES OF CONSTRUCTION.—Nothing in  
24 this paragraph shall be construed—

1           “(i) to limit or prohibit a State from tak-  
2           ing any actions otherwise permitted under this  
3           title or title XXI in determining eligibility for  
4           or enrolling children into medical assistance  
5           under this title or child health assistance under  
6           title XXI; or

7           “(ii) to modify the limitations in section  
8           1902(a)(5) concerning the agencies that may  
9           make a determination of eligibility for medical  
10          assistance under this title.

11          “(C) OPTIONS FOR SATISFYING THE SCREEN  
12          AND ENROLL REQUIREMENT.—

13           “(i) IN GENERAL.—With respect to a child  
14           whose eligibility for medical assistance under  
15           this title or for child health assistance under  
16           title XXI has been evaluated by a State agency  
17           using an income finding from an Express Lane  
18           agency, a State may carry out its duties under  
19           subparagraphs (A) and (B) of section  
20           2102(b)(3) (relating to screen and enroll) in ac-  
21           cordance with either clause (ii) or clause (iii).

22           “(ii) ESTABLISHING A SCREENING  
23           THRESHOLD.—

24           “(I) IN GENERAL.—Under this clause,  
25           the State establishes a screening threshold

1 set as a percentage of the Federal poverty  
2 level that exceeds the highest income  
3 threshold applicable under this title to the  
4 child by a minimum of 30 percentage  
5 points or, at State option, a higher number  
6 of percentage points that reflects the value  
7 (as determined by the State and described  
8 in the State plan) of any differences be-  
9 tween income methodologies used by the  
10 program administered by the Express Lane  
11 agency and the methodologies used by the  
12 State in determining eligibility for medical  
13 assistance under this title.

14 “(II) CHILDREN WITH INCOME NOT  
15 ABOVE THRESHOLD.—If the income of a  
16 child does not exceed the screening thresh-  
17 old, the child is deemed to satisfy the in-  
18 come eligibility criteria for medical assist-  
19 ance under this title regardless of whether  
20 such child would otherwise satisfy such cri-  
21 teria.

22 “(III) CHILDREN WITH INCOME  
23 ABOVE THRESHOLD.—If the income of a  
24 child exceeds the screening threshold, the  
25 child shall be considered to have an income

1 above the Medicaid applicable income level  
2 described in section 2110(b)(4) and to sat-  
3 isfy the requirement under section  
4 2110(b)(1)(C) (relating to the requirement  
5 that CHIP matching funds be used only  
6 for children not eligible for Medicaid). If  
7 such a child is enrolled in child health as-  
8 sistance under title XXI, the State shall  
9 provide the parent, guardian, or custodial  
10 relative with the following:

11 “(aa) Notice that the child may  
12 be eligible to receive medical assist-  
13 ance under the State plan under this  
14 title if evaluated for such assistance  
15 under the State’s regular procedures  
16 and notice of the process through  
17 which a parent, guardian, or custodial  
18 relative can request that the State  
19 evaluate the child’s eligibility for med-  
20 ical assistance under this title using  
21 such regular procedures.

22 “(bb) A description of differences  
23 between the medical assistance pro-  
24 vided under this title and child health  
25 assistance under title XXI, including

1 differences in cost-sharing require-  
2 ments and covered benefits.

3 “(iii) TEMPORARY ENROLLMENT IN CHIP  
4 PENDING SCREEN AND ENROLL.—

5 “(I) IN GENERAL.—Under this clause,  
6 a State enrolls a child in child health as-  
7 sistance under title XXI for a temporary  
8 period if the child appears eligible for such  
9 assistance based on an income finding by  
10 an Express Lane agency.

11 “(II) DETERMINATION OF ELIGI-  
12 BILITY.—During such temporary enroll-  
13 ment period, the State shall determine the  
14 child’s eligibility for child health assistance  
15 under title XXI or for medical assistance  
16 under this title in accordance with this  
17 clause.

18 “(III) PROMPT FOLLOW UP.—In mak-  
19 ing such a determination, the State shall  
20 take prompt action to determine whether  
21 the child should be enrolled in medical as-  
22 sistance under this title or child health as-  
23 sistance under title XXI pursuant to sub-  
24 paragraphs (A) and (B) of section  
25 2102(b)(3) (relating to screen and enroll).

1                   “(IV) REQUIREMENT FOR SIMPLIFIED  
2                   DETERMINATION.—In making such a de-  
3                   termination, the State shall use procedures  
4                   that, to the maximum feasible extent, re-  
5                   duce the burden imposed on the individual  
6                   of such determination. Such procedures  
7                   may not require the child’s parent, guard-  
8                   ian, or custodial relative to provide or  
9                   verify information that already has been  
10                  provided to the State agency by an Ex-  
11                  press Lane agency or another source of in-  
12                  formation unless the State agency has rea-  
13                  son to believe the information is erroneous.

14                  “(V) AVAILABILITY OF CHIP MATCH-  
15                  ING FUNDS DURING TEMPORARY ENROLL-  
16                  MENT PERIOD.—Medical assistance for  
17                  items and services that are provided to a  
18                  child enrolled in title XXI during a tem-  
19                  porary enrollment period under this clause  
20                  shall be treated as child health assistance  
21                  under such title.

22                  “(D) OPTION FOR AUTOMATIC ENROLLMENT.—

23                  “(i) IN GENERAL.—The State may initiate  
24                  and determine eligibility for medical assistance  
25                  under the State Medicaid plan or for child

1 health assistance under the State CHIP plan  
2 without a program application from, or on be-  
3 half of, the child based on data obtained from  
4 sources other than the child (or the child's fam-  
5 ily), but a child can only be automatically en-  
6 rolled in the State Medicaid plan or the State  
7 CHIP plan if the child or the family affirma-  
8 tively consents to being enrolled through affir-  
9 mation and signature on an Express Lane  
10 agency application, if the requirement of clause  
11 (ii) is met.

12 “(ii) INFORMATION REQUIREMENT.—The  
13 requirement of this clause is that the State in-  
14 forms the parent, guardian, or custodial relative  
15 of the child of the services that will be covered,  
16 appropriate methods for using such services,  
17 premium or other cost sharing charges (if any)  
18 that apply, medical support obligations (under  
19 section 1912(a)) created by enrollment (if appli-  
20 cable), and the actions the parent, guardian, or  
21 relative must take to maintain enrollment and  
22 renew coverage.

23 “(E) CODING; APPLICATION TO ENROLLMENT  
24 ERROR RATES.—

1           “(i) IN GENERAL.—For purposes of sub-  
2 paragraph (A)(iv), the requirement of this sub-  
3 paragraph for a State is that the State agrees  
4 to—

5           “(I) assign such codes as the Sec-  
6 retary shall require to the children who are  
7 enrolled in the State Medicaid plan or the  
8 State CHIP plan through reliance on a  
9 finding made by an Express Lane agency  
10 for the duration of the State’s election  
11 under this paragraph;

12           “(II) annually provide the Secretary  
13 with a statistically valid sample (that is ap-  
14 proved by Secretary) of the children en-  
15 rolled in such plans through reliance on  
16 such a finding by conducting a full Med-  
17 icaid eligibility review of the children iden-  
18 tified for such sample for purposes of de-  
19 termining an eligibility error rate (as de-  
20 scribed in clause (iv)) with respect to the  
21 enrollment of such children (and shall not  
22 include such children in any data or sam-  
23 ples used for purposes of complying with a  
24 Medicaid Eligibility Quality Control



1 (MEQC) review or a payment error rate  
2 measurement (PERM) requirement);

3 “(III) submit the error rate deter-  
4 mined under subclause (II) to the Sec-  
5 retary;

6 “(IV) if such error rate exceeds 3 per-  
7 cent for either of the first 2 fiscal years in  
8 which the State elects to apply this para-  
9 graph, demonstrate to the satisfaction of  
10 the Secretary the specific corrective actions  
11 implemented by the State to improve upon  
12 such error rate; and

13 “(V) if such error rate exceeds 3 per-  
14 cent for any fiscal year in which the State  
15 elects to apply this paragraph, a reduction  
16 in the amount otherwise payable to the  
17 State under section 1903(a) for quarters  
18 for that fiscal year, equal to the total  
19 amount of erroneous excess payments de-  
20 termined for the fiscal year only with re-  
21 spect to the children included in the sam-  
22 ple for the fiscal year that are in excess of  
23 a 3 percent error rate with respect to such  
24 children.

1           “(ii) NO PUNITIVE ACTION BASED ON  
2 ERROR RATE.—The Secretary shall not apply  
3 the error rate derived from the sample under  
4 clause (i) to the entire population of children  
5 enrolled in the State Medicaid plan or the State  
6 CHIP plan through reliance on a finding made  
7 by an Express Lane agency, or to the popu-  
8 lation of children enrolled in such plans on the  
9 basis of the State’s regular procedures for de-  
10 termining eligibility, or penalize the State on  
11 the basis of such error rate in any manner  
12 other than the reduction of payments provided  
13 for under clause (i)(V).

14           “(iii) RULE OF CONSTRUCTION.—Nothing  
15 in this paragraph shall be construed as relieving  
16 a State that elects to apply this paragraph from  
17 being subject to a penalty under section  
18 1903(u), for payments made under the State  
19 Medicaid plan with respect to ineligible individ-  
20 uals and families that are determined to exceed  
21 the error rate permitted under that section (as  
22 determined without regard to the error rate de-  
23 termined under clause (i)(II)).

24           “(iv) ERROR RATE DEFINED.—In this sub-  
25 paragraph, the term ‘error rate’ means the rate

1 of erroneous excess payments for medical as-  
2 sistance (as defined in section 1903(u)(1)(D))  
3 for the period involved, except that such pay-  
4 ments shall be limited to individuals for which  
5 eligibility determinations are made under this  
6 paragraph and except that in applying this  
7 paragraph under title XXI, there shall be sub-  
8 stituted for references to provisions of this title  
9 corresponding provisions within title XXI.

10 “(F) EXPRESS LANE AGENCY.—

11 “(i) IN GENERAL.—In this paragraph, the  
12 term ‘Express Lane agency’ means a public  
13 agency that—

14 “(I) is determined by the State Med-  
15 icaid agency or the State CHIP agency (as  
16 applicable) to be capable of making the de-  
17 terminations of one or more eligibility re-  
18 quirements described in subparagraph  
19 (A)(i);

20 “(II) is identified in the State Med-  
21 icaid plan or the State CHIP plan; and

22 “(III) notifies the child’s family—

23 “(aa) of the information which  
24 shall be disclosed in accordance with  
25 this paragraph;

1                   “(bb) that the information dis-  
2                   closed will be used solely for purposes  
3                   of determining eligibility for medical  
4                   assistance under the State Medicaid  
5                   plan or for child health assistance  
6                   under the State CHIP plan; and

7                   “(cc) that the family may elect to  
8                   not have the information disclosed for  
9                   such purposes; and

10                  “(IV) enters into, or is subject to, an  
11                  interagency agreement to limit the disclo-  
12                  sure and use of the information disclosed.

13                  “(ii) INCLUSION OF SPECIFIC PUBLIC  
14                  AGENCIES.—Such term includes the following:

15                  “(I) A public agency that determines  
16                  eligibility for assistance under any of the  
17                  following:

18                         “(aa) The temporary assistance  
19                         for needy families program funded  
20                         under part A of title IV.

21                         “(bb) A State program funded  
22                         under part D of title IV.

23                         “(cc) The State Medicaid plan.

24                         “(dd) The State CHIP plan.

1                   “(ee) The Food Stamp Act of  
2                   1977 (7 U.S.C. 2011 et seq.).

3                   “(ff) The Head Start Act (42  
4                   U.S.C. 9801 et seq.).

5                   “(gg) The Richard B. Russell  
6                   National School Lunch Act (42  
7                   U.S.C. 1751 et seq.).

8                   “(hh) The Child Nutrition Act of  
9                   1966 (42 U.S.C. 1771 et seq.).

10                  “(ii) The Child Care and Devel-  
11                  opment Block Grant Act of 1990 (42  
12                  U.S.C. 9858 et seq.).

13                  “(jj) The Stewart B. McKinney  
14                  Homeless Assistance Act (42 U.S.C.  
15                  11301 et seq.).

16                  “(kk) The United States Housing  
17                  Act of 1937 (42 U.S.C. 1437 et seq.).

18                  “(ll) The Native American Hous-  
19                  ing Assistance and Self-Determination  
20                  Act of 1996 (25 U.S.C. 4101 et seq.).

21                  “(II) A State-specified governmental  
22                  agency that has fiscal liability or legal re-  
23                  sponsibility for the accuracy of the eligi-  
24                  bility determination findings relied on by  
25                  the State.

1           “(III) A public agency that is subject  
2           to an interagency agreement limiting the  
3           disclosure and use of the information dis-  
4           closed for purposes of determining eligi-  
5           bility under the State Medicaid plan or the  
6           State CHIP plan.

7           “(iii) EXCLUSIONS.—Such term does not  
8           include an agency that determines eligibility for  
9           a program established under the Social Services  
10          Block Grant established under title XX or a  
11          private, for-profit organization.

12          “(iv) RULES OF CONSTRUCTION.—Nothing  
13          in this paragraph shall be construed as—

14                 “(I) exempting a State Medicaid  
15                 agency from complying with the require-  
16                 ments of section 1902(a)(4) relating to  
17                 merit-based personnel standards for em-  
18                 ployees of the State Medicaid agency and  
19                 safeguards against conflicts of interest); or

20                 “(II) authorizing a State Medicaid  
21                 agency that elects to use Express Lane  
22                 agencies under this subparagraph to use  
23                 the Express Lane option to avoid com-  
24                 plying with such requirements for purposes

1 of making eligibility determinations under  
2 the State Medicaid plan.

3 “(v) ADDITIONAL DEFINITIONS.—In this  
4 paragraph:

5 “(I) STATE.—The term ‘State’ means  
6 1 of the 50 States or the District of Co-  
7 lumbia.

8 “(II) STATE CHIP AGENCY.—The  
9 term ‘State CHIP agency’ means the State  
10 agency responsible for administering the  
11 State CHIP plan.

12 “(III) STATE CHIP PLAN.—The term  
13 ‘State CHIP plan’ means the State child  
14 health plan established under title XXI  
15 and includes any waiver of such plan.

16 “(IV) STATE MEDICAID AGENCY.—  
17 The term ‘State Medicaid agency’ means  
18 the State agency responsible for admin-  
19 istering the State Medicaid plan.

20 “(V) STATE MEDICAID PLAN.—The  
21 term ‘State Medicaid plan’ means the  
22 State plan established under title XIX and  
23 includes any waiver of such plan.

24 “(G) CHILD DEFINED.—For purposes of this  
25 paragraph, the term ‘child’ means an individual

1 under 19 years of age, or, at the option of a State,  
2 such higher age, not to exceed 21 years of age, as  
3 the State may elect.

4 “(H) APPLICATION.—This paragraph shall not  
5 apply to with respect to eligibility determinations  
6 made after September 30, 2012.”.

7 (2) CHIP.—Section 2107(e)(1) (42 U.S.C.  
8 1397gg(e)(1)) is amended by redesignating subpara-  
9 graphs (B), (C), and (D) as subparagraphs (C), (D),  
10 and (E), respectively, and by inserting after sub-  
11 paragraph (A) the following new subparagraph:

12 “(B) Section 1902(e)(13) (relating to the  
13 State option to rely on findings from an Ex-  
14 press Lane agency to help evaluate a child’s eli-  
15 gibility for medical assistance).”.

16 (b) EVALUATION AND REPORT.—

17 (1) EVALUATION.—The Secretary shall con-  
18 duct, by grant, contract, or interagency agreement,  
19 a comprehensive, independent evaluation of the op-  
20 tion provided under the amendments made by sub-  
21 section (a). Such evaluation shall include an analysis  
22 of the effectiveness of the option, and shall include—

23 (A) obtaining a statistically valid sample of  
24 the children who were enrolled in the State  
25 Medicaid plan or the State CHIP plan through



1 reliance on a finding made by an Express Lane  
2 agency and determining the percentage of chil-  
3 dren who were erroneously enrolled in such  
4 plans;

5 (B) determining whether enrolling children  
6 in such plans through reliance on a finding  
7 made by an Express Lane agency improves the  
8 ability of a State to identify and enroll low-in-  
9 come, uninsured children who are eligible but  
10 not enrolled in such plans;

11 (C) evaluating the administrative costs or  
12 savings related to identifying and enrolling chil-  
13 dren in such plans through reliance on such  
14 findings, and the extent to which such costs dif-  
15 fer from the costs that the State otherwise  
16 would have incurred to identify and enroll low-  
17 income, uninsured children who are eligible but  
18 not enrolled in such plans; and

19 (D) any recommendations for legislative or  
20 administrative changes that would improve the  
21 effectiveness of enrolling children in such plans  
22 through reliance on such findings.

23 (2) REPORT TO CONGRESS.—Not later than  
24 September 30, 2011, the Secretary shall submit a

1 report to Congress on the results of the evaluation  
2 under paragraph (1).

3 (3) FUNDING.—

4 (A) IN GENERAL.—Out of any funds in the  
5 Treasury not otherwise appropriated, there is  
6 appropriated to the Secretary to carry out the  
7 evaluation under this subsection \$5,000,000 for  
8 the period of fiscal years 2008 through 2011.

9 (B) BUDGET AUTHORITY.—Subparagraph  
10 (A) constitutes budget authority in advance of  
11 appropriations Act and represents the obliga-  
12 tion of the Federal Government to provide for  
13 the payment of such amount to conduct the  
14 evaluation under this subsection.

15 (c) ELECTRONIC TRANSMISSION OF INFORMATION.—  
16 Section 1902 (42 U.S.C. 1396a) is amended by adding  
17 at the end the following new subsection:

18 “(dd) ELECTRONIC TRANSMISSION OF INFORMA-  
19 TION.—If the State agency determining eligibility for med-  
20 ical assistance under this title or child health assistance  
21 under title XXI verifies an element of eligibility based on  
22 information from an Express Lane Agency (as defined in  
23 subsection (e)(13)(F)), or from another public agency,  
24 then the applicant’s signature under penalty of perjury  
25 shall not be required as to such element. Any signature

1 requirement for an application for medical assistance may  
2 be satisfied through an electronic signature, as defined in  
3 section 1710(1) of the Government Paperwork Elimini-  
4 nation Act (44 U.S.C. 3504 note). The requirements of  
5 subparagraphs (A) and (B) of section 1137(d)(2) may be  
6 met through evidence in digital or electronic form.”.

7 (d) AUTHORIZATION OF INFORMATION DISCLO-  
8 SURE.—

9 (1) IN GENERAL.—Title XIX is amended—

10 (A) by redesignating section 1939 as sec-  
11 tion 1940; and

12 (B) by inserting after section 1938 the fol-  
13 lowing new section:

14 **“SEC. 1939. AUTHORIZATION TO RECEIVE RELEVANT IN-**  
15 **FORMATION.**

16 “(a) IN GENERAL.—Notwithstanding any other pro-  
17 vision of law, a Federal or State agency or private entity  
18 in possession of the sources of data directly relevant to  
19 eligibility determinations under this title (including eligi-  
20 bility files maintained by Express Lane agencies described  
21 in section 1902(e)(13)(F), information described in para-  
22 graph (2) or (3) of section 1137(a), vital records informa-  
23 tion about births in any State, and information described  
24 in sections 453(i) and 1902(a)(25)(I)) is authorized to  
25 convey such data or information to the State agency ad-

1 ministering the State plan under this title, to the extent  
2 such conveyance meets the requirements of subsection (b).

3 “(b) REQUIREMENTS FOR CONVEYANCE.—Data or  
4 information may be conveyed pursuant to subsection (a)  
5 only if the following requirements are met:

6 “(1) The individual whose circumstances are  
7 described in the data or information (or such indi-  
8 vidual’s parent, guardian, caretaker relative, or au-  
9 thorized representative) has either provided advance  
10 consent to disclosure or has not objected to disclo-  
11 sure after receiving advance notice of disclosure and  
12 a reasonable opportunity to object.

13 “(2) Such data or information are used solely  
14 for the purposes of—

15 “(A) identifying individuals who are eligi-  
16 ble or potentially eligible for medical assistance  
17 under this title and enrolling or attempting to  
18 enroll such individuals in the State plan; and

19 “(B) verifying the eligibility of individuals  
20 for medical assistance under the State plan.

21 “(3) An interagency or other agreement, con-  
22 sistent with standards developed by the Secretary—

23 “(A) prevents the unauthorized use, disclo-  
24 sure, or modification of such data and other-

1 wise meets applicable Federal requirements  
2 safeguarding privacy and data security; and

3 “(B) requires the State agency admin-  
4 istering the State plan to use the data and in-  
5 formation obtained under this section to seek to  
6 enroll individuals in the plan.

7 “(c) PENALTIES FOR IMPROPER DISCLOSURE.—

8 “(1) CIVIL MONEY PENALTY.—A private entity  
9 described in the subsection (a) that publishes, dis-  
10 closes, or makes known in any manner, or to any ex-  
11 tent not authorized by Federal law, any information  
12 obtained under this section is subject to a civil  
13 money penalty in an amount equal to \$10,000 for  
14 each such unauthorized publication or disclosure.  
15 The provisions of section 1128A (other than sub-  
16 sections (a) and (b) and the second sentence of sub-  
17 section (f)) shall apply to a civil money penalty  
18 under this paragraph in the same manner as such  
19 provisions apply to a penalty or proceeding under  
20 section 1128A(a).

21 “(2) CRIMINAL PENALTY.—A private entity de-  
22 scribed in the subsection (a) that willfully publishes,  
23 discloses, or makes known in any manner, or to any  
24 extent not authorized by Federal law, any informa-  
25 tion obtained under this section shall be fined not

1 more than \$10,000 or imprisoned not more than 1  
2 year, or both, for each such unauthorized publication  
3 or disclosure.

4 “(d) RULE OF CONSTRUCTION.—The limitations and  
5 requirements that apply to disclosure pursuant to this sec-  
6 tion shall not be construed to prohibit the conveyance or  
7 disclosure of data or information otherwise permitted  
8 under Federal law (without regard to this section).”.

9 (2) CONFORMING AMENDMENT TO TITLE XXI.—  
10 Section 2107(e)(1) (42 U.S.C. 1397gg(e)(1)), as  
11 amended by subsection (a)(2), is amended by adding  
12 at the end the following new subparagraph:

13 “(F) Section 1939 (relating to authoriza-  
14 tion to receive data directly relevant to eligi-  
15 bility determinations).”.

16 (3) CONFORMING AMENDMENT TO PROVIDE AC-  
17 CESS TO DATA ABOUT ENROLLMENT IN INSURANCE  
18 FOR PURPOSES OF EVALUATING APPLICATIONS AND  
19 FOR CHIP.—Section 1902(a)(25)(I)(i) (42 U.S.C.  
20 1396a(a)(25)(I)(i)) is amended—

21 (A) by inserting “(and, at State option, in-  
22 dividuals who apply or whose eligibility for med-  
23 ical assistance is being evaluated in accordance  
24 with section 1902(e)(13)(D))” after “with re-  
25 spect to individuals who are eligible”; and

1 (B) by inserting “under this title (and, at  
2 State option, child health assistance under title  
3 XXI)” after “the State plan”.

4 (e) AUTHORIZATION FOR STATES ELECTING EX-  
5 PRESS LANE OPTION TO RECEIVE CERTAIN DATA DI-  
6 RECTLY RELEVANT TO DETERMINING ELIGIBILITY AND  
7 CORRECT AMOUNT OF ASSISTANCE.—The Secretary shall  
8 enter into such agreements as are necessary to permit a  
9 State that elects the Express Lane option under section  
10 1902(e)(13) of the Social Security Act to receive data di-  
11 rectly relevant to eligibility determinations and deter-  
12 mining the correct amount of benefits under a State child  
13 health plan under CHIP or a State plan under Medicaid  
14 from the following:

15 (1) The National Directory of New Hires estab-  
16 lished under section 453(i) of the Social Security  
17 Act (42 U.S.C. 653(i)).

18 (2) Data regarding enrollment in insurance that  
19 may help to facilitate outreach and enrollment under  
20 the State Medicaid plan, the State CHIP plan, and  
21 such other programs as the Secretary may specify.

22 (f) EFFECTIVE DATE.—The amendments made by  
23 this section are effective on January 1, 2008.

1     **Subtitle B—Reducing Barriers to**  
2                     **Enrollment**

3     **SEC. 211. VERIFICATION OF DECLARATION OF CITIZENSHIP**  
4                     **OR NATIONALITY FOR PURPOSES OF ELIGI-**  
5                     **BILITY FOR MEDICAID AND CHIP.**

6             (a) STATE OPTION TO VERIFY DECLARATION OF  
7     CITIZENSHIP OR NATIONALITY FOR PURPOSES OF ELIGI-  
8     BILITY FOR MEDICAID THROUGH VERIFICATION OF  
9     NAME AND SOCIAL SECURITY NUMBER.—

10             (1) ALTERNATIVE TO DOCUMENTATION RE-  
11     QUIREMENT.—

12             (A) IN GENERAL.—Section 1902 (42  
13     U.S.C. 1396a), as amended by section 203(e),  
14     is amended—

15             (i) in subsection (a)(46)—

16                     (I) by inserting “(A)” after  
17                     “(46)”;

18                     (II) by adding “and” after the  
19                     semicolon; and

20                     (III) by adding at the end the  
21                     following new subparagraph:

22                     “(B) provide, with respect to an individual de-  
23                     claring to be a citizen or national of the United  
24                     States for purposes of establishing eligibility under



1       this title, that the State shall satisfy the require-  
2       ments of—

3               “(i) section 1903(x); or

4               “(ii) subsection (ee);”;

5               (ii) by adding at the end the following  
6       new subsection:

7       “(ee)(1) For purposes of subsection (a)(46)(B)(ii),  
8       the requirements of this subsection with respect to an indi-  
9       vidual declaring to be a citizen or national of the United  
10      States for purposes of establishing eligibility under this  
11      title, are, in lieu of requiring the individual to present sat-  
12      isfactory documentary evidence of citizenship or nation-  
13      ality under section 1903(x) (if the individual is not de-  
14      scribed in paragraph (2) of that section), as follows:

15              “(A) The State submits the name and social se-  
16      curity number of the individual to the Commissioner  
17      of Social Security as part of the program established  
18      under paragraph (2).

19              “(B) If the State receives notice from the Com-  
20      missioner of Social Security that the name or social  
21      security number of the individual is invalid—

22                      “(i) the State makes a reasonable effort to  
23                      identify and address the causes of such invalid  
24                      match, including through typographical or other  
25                      clerical errors, by contacting the individual to

1 confirm the accuracy of the name or social se-  
2 curity number, respectively, submitted, and by  
3 taking such additional actions as the Secretary,  
4 through regulation or other guidance, or the  
5 State may identify, and continues to provide the  
6 individual with medical assistance while making  
7 such effort; and

8 “(ii) in the case that the name or social se-  
9 curity number of the individual remains invalid  
10 after such reasonable efforts, the State—

11 “(I) notifies the individual of such  
12 fact;

13 “(II) provides the individual with a  
14 period of 90 days from the date on which  
15 the notice required under subclause (I) is  
16 received by the individual to either present  
17 satisfactory documentary evidence of citi-  
18 zenship or nationality (as defined in sec-  
19 tion 1903(x)(3)) or cure the invalid deter-  
20 mination with the Commissioner of Social  
21 Security (and continues to provide the in-  
22 dividual with medical assistance during  
23 such 90-day period); and

24 “(III) disenrolls the individual from  
25 the State plan under this title within 30

1           days after the end of such 90-day period if  
2           no such documentary evidence is presented  
3           or if such invalid determination is not  
4           cured.

5           “(2)(A) Each State electing to satisfy the require-  
6           ments of this subsection for purposes of section  
7           1902(a)(46)(B) shall establish a program under which the  
8           State submits each month to the Commissioner of Social  
9           Security for verification the name and social security num-  
10          ber of each individual newly enrolled in the State plan  
11          under this title that month who is not described in section  
12          1903(x)(2).

13          “(B) In establishing the State program under this  
14          paragraph, the State may enter into an agreement with  
15          the Commissioner of Social Security—

16                 “(i) to provide for the electronic submission and  
17                 verification, through an on-line system or otherwise,  
18                 of the name and social security number of an indi-  
19                 vidual enrolled in the State plan under this title;

20                 “(ii) to submit to the Commissioner the names  
21                 and social security numbers of such individuals on a  
22                 batch basis, provided that such batches are sub-  
23                 mitted at least on a monthly basis; or

24                 “(iii) to provide for the verification of the  
25                 names and social security numbers of such individ-

1 uals through such other method as agreed to by the  
2 State and the Commissioner and approved by the  
3 Secretary, provided that such method is no more  
4 burdensome for individuals to comply with than any  
5 burdens that may apply under a method described in  
6 clause (i) or (ii).

7 “(C) The program established under this paragraph  
8 shall provide that, in the case of any individual who is  
9 required to submit a social security number to the State  
10 under subparagraph (A) and who is unable to provide the  
11 State with such number, shall be provided with at least  
12 the reasonable opportunity to present satisfactory docu-  
13 mentary evidence of citizenship or nationality (as defined  
14 in section 1903(x)(3)) as is provided under clauses (i) and  
15 (ii) of section 1137(d)(4)(A) to an individual for the sub-  
16 mittal to the State of evidence indicating a satisfactory  
17 immigration status.

18 “(3)(A) The State agency implementing the plan ap-  
19 proved under this title shall, at such times and in such  
20 form as the Secretary may specify, provide information on  
21 the percentage each month that the invalid names and  
22 numbers submitted bears to the total submitted for  
23 verification. For purposes of the previous sentence, a name  
24 or social security number of an individual shall be treated

1 as invalid and included in the determination of such per-  
2 centage only if—

3 “(i) the name or social security number, respec-  
4 tively, submitted by the individual does not match  
5 Social Security Administration records;

6 “(ii) the inconsistency between the name or  
7 number, respectively, so submitted and the Social  
8 Security Administration records could not be re-  
9 solved by the State;

10 “(iii) the individual was provided with a reason-  
11 able period of time to resolve the inconsistency with  
12 the Social Security Administration or provide satis-  
13 factory documentation of citizenship and did not  
14 successfully resolve such inconsistency; and

15 “(iv) payment has been made for an item or  
16 service furnished to the individual under this title.

17 “(B) If, for any fiscal year, the average monthly per-  
18 centage determined under subparagraph (A) is greater  
19 than 3 percent—

20 “(i) the State shall develop and adopt a correc-  
21 tive plan to review its procedures for verifying the  
22 identities of individuals seeking to enroll in the State  
23 plan under this title and to identify and implement  
24 changes in such procedures to improve their accu-  
25 racy; and

1           “(ii) pay to the Secretary an amount equal to  
2           the amount which bears the same ratio to the total  
3           payments under the State plan for the fiscal year for  
4           providing medical assistance to individuals who pro-  
5           vided invalid information as the number of individ-  
6           uals with invalid information in excess of 3 percent  
7           of such total submitted bears to the total number of  
8           individuals with invalid information.

9           “(C) The Secretary may waive, in certain limited  
10          cases, all or part of the payment under subparagraph  
11          (B)(ii) if the State is unable to reach the allowable error  
12          rate despite a good faith effort by such State.

13          “(D) This paragraph shall not apply to a State for  
14          a fiscal year if there is an agreement described in para-  
15          graph (2)(B) in effect as of the close of the fiscal year.

16          “(4) Nothing in this subsection shall affect the rights  
17          of any individual under this title to appeal any  
18          disenrollment from a State plan.”.

19                           (B) COSTS OF IMPLEMENTING AND MAIN-  
20                           TAINING SYSTEM.—Section 1903(a)(3) (42  
21                           U.S.C. 1396b(a)(3)) is amended—

22                                   (i) by striking “plus” at the end of  
23                                   subparagraph (E) and inserting “and”,  
24                                   and

1 (ii) by adding at the end the following  
2 new subparagraph:

3 “(F)(i) 90 percent of the sums expended  
4 during the quarter as are attributable to the de-  
5 sign, development, or installation of such  
6 mechanized verification and information re-  
7 trieval systems as the Secretary determines are  
8 necessary to implement section 1902(ee) (in-  
9 cluding a system described in paragraph (2)(B)  
10 thereof), and

11 “(ii) 75 percent of the sums expended dur-  
12 ing the quarter as are attributable to the oper-  
13 ation of systems to which clause (i) applies,  
14 plus”.

15 (2) LIMITATION ON WAIVER AUTHORITY.—Not-  
16 withstanding any provision of section 1115 of the  
17 Social Security Act (42 U.S.C. 1315), or any other  
18 provision of law, the Secretary may not waive the re-  
19 quirements of section 1902(a)(46)(B) of such Act  
20 (42 U.S.C. 1396a(a)(46)(B)) with respect to a  
21 State.

22 (3) CONFORMING AMENDMENTS.—Section 1903  
23 (42 U.S.C. 1396b) is amended—

1 (A) in subsection (i)(22), by striking “sub-  
2 section (x)” and inserting “section  
3 1902(a)(46)(B)”;

4 (B) in subsection (x)(1), by striking “sub-  
5 section (i)(22)” and inserting “section  
6 1902(a)(46)(B)(i)”.

7 (b) CLARIFICATION OF REQUIREMENTS RELATING  
8 TO PRESENTATION OF SATISFACTORY DOCUMENTARY  
9 EVIDENCE OF CITIZENSHIP OR NATIONALITY.—

10 (1) ACCEPTANCE OF DOCUMENTARY EVIDENCE  
11 ISSUED BY A FEDERALLY RECOGNIZED INDIAN  
12 TRIBE.—Section 1903(x)(3)(B) (42 U.S.C.  
13 1396b(x)(3)(B)) is amended—

14 (A) by redesignating clause (v) as clause  
15 (vi); and

16 (B) by inserting after clause (iv), the fol-  
17 lowing new clause:

18 “(v)(I) Except as provided in subclause (II), a  
19 document issued by a federally recognized Indian  
20 tribe evidencing membership or enrollment in, or af-  
21 filiation with, such tribe (such as a tribal enrollment  
22 card or certificate of degree of Indian blood).

23 “(II) With respect to those federally recognized  
24 Indian tribes located within States having an inter-  
25 national border whose membership includes individ-



1 uals who are not citizens of the United States, the  
2 Secretary shall, after consulting with such tribes,  
3 issue regulations authorizing the presentation of  
4 such other forms of documentation (including tribal  
5 documentation, if appropriate) that the Secretary  
6 determines to be satisfactory documentary evidence  
7 of citizenship or nationality for purposes of satis-  
8 fying the requirement of this subsection.”.

9 (2) REQUIREMENT TO PROVIDE REASONABLE  
10 OPPORTUNITY TO PRESENT SATISFACTORY DOCU-  
11 MENTARY EVIDENCE.—Section 1903(x) (42 U.S.C.  
12 1396b(x)) is amended by adding at the end the fol-  
13 lowing new paragraph:

14 “(4) In the case of an individual declaring to be a  
15 citizen or national of the United States with respect to  
16 whom a State requires the presentation of satisfactory  
17 documentary evidence of citizenship or nationality under  
18 section 1902(a)(46)(B)(i), the individual shall be provided  
19 at least the reasonable opportunity to present satisfactory  
20 documentary evidence of citizenship or nationality under  
21 this subsection as is provided under clauses (i) and (ii)  
22 of section 1137(d)(4)(A) to an individual for the submittal  
23 to the State of evidence indicating a satisfactory immigra-  
24 tion status.”.

1           (3) CHILDREN BORN IN THE UNITED STATES  
2 TO MOTHERS ELIGIBLE FOR MEDICAID.—

3           (A) CLARIFICATION OF RULES.—Section  
4 1903(x) (42 U.S.C. 1396b(x)), as amended by  
5 paragraph (2), is amended—

6           (i) in paragraph (2)—

7           (I) in subparagraph (C), by strik-  
8 ing “or” at the end;

9           (II) by redesignating subpara-  
10 graph (D) as subparagraph (E); and

11           (III) by inserting after subpara-  
12 graph (C) the following new subpara-  
13 graph:

14           “(D) pursuant to the application of section  
15 1902(e)(4) (and, in the case of an individual who is  
16 eligible for medical assistance on such basis, the in-  
17 dividual shall be deemed to have provided satisfac-  
18 tory documentary evidence of citizenship or nation-  
19 ality and shall not be required to provide further  
20 documentary evidence on any date that occurs dur-  
21 ing or after the period in which the individual is eli-  
22 gible for medical assistance on such basis); or”;

23           (ii) by adding at the end the following  
24 new paragraph:

1           “(5) Nothing in subparagraph (A) or (B) of section  
2 1902(a)(46), the preceding paragraphs of this subsection,  
3 or the Deficit Reduction Act of 2005, including section  
4 6036 of such Act, shall be construed as changing the re-  
5 quirement of section 1902(e)(4) that a child born in the  
6 United States to an alien mother for whom medical assist-  
7 ance for the delivery of such child is available as treatment  
8 of an emergency medical condition pursuant to subsection  
9 (v) shall be deemed eligible for medical assistance during  
10 the first year of such child’s life.”.

11                       (B) STATE REQUIREMENT TO ISSUE SEPA-  
12           RATE    IDENTIFICATION    NUMBER.—Section  
13           1902(e)(4) (42 U.S.C. 1396a(e)(4)) is amended  
14           by adding at the end the following new sen-  
15           tence: “Notwithstanding the preceding sentence,  
16           in the case of a child who is born in the United  
17           States to an alien mother for whom medical as-  
18           sistance for the delivery of the child is made  
19           available pursuant to section 1903(v), the State  
20           immediately shall issue a separate identification  
21           number for the child upon notification by the  
22           facility at which such delivery occurred of the  
23           child’s birth.”.

24                       (4)    TECHNICAL    AMENDMENTS.—Section  
25           1903(x)(2) (42 U.S.C. 1396b(x)) is amended—

1 (A) in subparagraph (B)—

2 (i) by realigning the left margin of the  
3 matter preceding clause (i) 2 ems to the  
4 left; and

5 (ii) by realigning the left margins of  
6 clauses (i) and (ii), respectively, 2 ems to  
7 the left; and

8 (B) in subparagraph (C)—

9 (i) by realigning the left margin of the  
10 matter preceding clause (i) 2 ems to the  
11 left; and

12 (ii) by realigning the left margins of  
13 clauses (i) and (ii), respectively, 2 ems to  
14 the left.

15 (c) APPLICATION OF DOCUMENTATION SYSTEM TO  
16 CHIP.—

17 (1) IN GENERAL.—Section 2105(c) (42 U.S.C.  
18 1397ee(c)), as amended by sections 114(a) and  
19 116(c), is amended by adding at the end the fol-  
20 lowing new paragraph:

21 “(10) CITIZENSHIP DOCUMENTATION REQUIRE-  
22 MENTS.—

23 “(A) IN GENERAL.—No payment may be  
24 made under this section with respect to an indi-  
25 vidual who has, or is, declared to be a citizen

1 or national of the United States for purposes of  
2 establishing eligibility under this title unless the  
3 State meets the requirements of section  
4 1902(a)(46)(B) with respect to the individual.

5 “(B) ENHANCED PAYMENTS.—Notwith-  
6 standing subsection (b), the enhanced FMAP  
7 with respect to payments under subsection (a)  
8 for expenditures described in clause (i) or (ii) of  
9 section 1903(a)(3)(F) necessary to comply with  
10 subparagraph (A) shall in no event be less than  
11 90 percent and 75 percent, respectively.”.

12 (2) NONAPPLICATION OF ADMINISTRATIVE EX-  
13 PENDITURES CAP.—Section 2105(c)(2)(C) (42  
14 U.S.C. 1397ee(c)(2)(C)), as amended by section  
15 202(b), is amended by adding at the end the fol-  
16 lowing:

17 “(ii) EXPENDITURES TO COMPLY  
18 WITH CITIZENSHIP OR NATIONALITY  
19 VERIFICATION REQUIREMENTS.—Expendi-  
20 tures necessary for the State to comply  
21 with paragraph (9)(A).”.

22 (d) EFFECTIVE DATE.—

23 (1) IN GENERAL.—

24 (A) IN GENERAL.—Except as provided in  
25 subparagraph (B), the amendments made by

1           this section shall take effect on October 1,  
2           2008.

3                   (B)    TECHNICAL    AMENDMENTS.—The  
4           amendments made by—

5                           (i) paragraphs (1), (2), and (3) of  
6                           subsection (b) shall take effect as if in-  
7                           cluded in the enactment of section 6036 of  
8                           the Deficit Reduction Act of 2005 (Public  
9                           Law 109–171; 120 Stat. 80); and

10                           (ii) paragraph (4) of subsection (b)  
11                           shall take effect as if included in the enact-  
12                           ment of section 405 of division B of the  
13                           Tax Relief and Health Care Act of 2006  
14                           (Public Law 109–432; 120 Stat. 2996).

15                   (2)   RESTORATION OF ELIGIBILITY.—In the  
16           case of an individual who, during the period that  
17           began on July 1, 2006, and ends on October 1,  
18           2008, was determined to be ineligible for medical as-  
19           sistance under a State Medicaid plan, including any  
20           waiver of such plan, solely as a result of the applica-  
21           tion of subsections (i)(22) and (x) of section 1903  
22           of the Social Security Act (as in effect during such  
23           period), but who would have been determined eligible  
24           for such assistance if such subsections, as amended  
25           by subsection (b), had applied to the individual, a

1 State may deem the individual to be eligible for such  
2 assistance as of the date that the individual was de-  
3 termined to be ineligible for such medical assistance  
4 on such basis.

5 (3) SPECIAL TRANSITION RULE FOR INDIANS.—

6 During the period that begins on July 1, 2006, and  
7 ends on the effective date of final regulations issued  
8 under subclause (II) of section 1903(x)(3)(B)(v) of  
9 the Social Security Act (42 U.S.C.  
10 1396b(x)(3)(B)(v)) (as added by subsection  
11 (b)(1)(B)), an individual who is a member of a fed-  
12 erally-recognized Indian tribe described in subclause  
13 (II) of that section who presents a document de-  
14 scribed in subclause (I) of such section that is issued  
15 by such Indian tribe, shall be deemed to have pre-  
16 sented satisfactory evidence of citizenship or nation-  
17 ality for purposes of satisfying the requirement of  
18 subsection (x) of section 1903 of such Act.

19 **SEC. 212. REDUCING ADMINISTRATIVE BARRIERS TO EN-**  
20 **ROLLMENT.**

21 Section 2102(b) (42 U.S.C. 1397bb(b)) is amended—

22 (1) by redesignating paragraph (4) as para-  
23 graph (5); and

24 (2) by inserting after paragraph (3) the fol-  
25 lowing new paragraph:

1           “(4) REDUCTION OF ADMINISTRATIVE BAR-  
2           RIERS TO ENROLLMENT.—

3           “(A) IN GENERAL.—Subject to subpara-  
4           graph (B), the plan shall include a description  
5           of the procedures used to reduce administrative  
6           barriers to the enrollment of children and preg-  
7           nant women who are eligible for medical assist-  
8           ance under title XIX or for child health assist-  
9           ance or health benefits coverage under this title.  
10          Such procedures shall be established and re-  
11          vised as often as the State determines appro-  
12          priate to take into account the most recent in-  
13          formation available to the State identifying  
14          such barriers.

15          “(B) DEEMED COMPLIANCE IF JOINT AP-  
16          PLICATION AND RENEWAL PROCESS THAT PER-  
17          MITS APPLICATION OTHER THAN IN PERSON.—  
18          A State shall be deemed to comply with sub-  
19          paragraph (A) if the State’s application and re-  
20          newal forms and supplemental forms (if any)  
21          and information verification process is the same  
22          for purposes of establishing and renewing eligi-  
23          bility for children and pregnant women for  
24          medical assistance under title XIX and child  
25          health assistance under this title, and such



1 process does not require an application to be  
2 made in person or a face-to-face interview.”.

3 **SEC. 213. MODEL OF INTERSTATE COORDINATED ENROLL-**  
4 **MENT AND COVERAGE PROCESS.**

5 (a) IN GENERAL.—In order to assure continuity of  
6 coverage of low-income children under the Medicaid pro-  
7 gram and the State Children’s Health Insurance Program  
8 (CHIP), not later than 18 months after the date of the  
9 enactment of this Act, the Secretary of Health and  
10 Human Services, in consultation with State Medicaid and  
11 CHIP directors and organizations representing program  
12 beneficiaries, shall develop a model process for the coordi-  
13 nation of the enrollment, retention, and coverage under  
14 such programs of children who, because of migration of  
15 families, emergency evacuations, natural or other disas-  
16 ters, public health emergencies, educational needs, or oth-  
17 erwise, frequently change their State of residency or other-  
18 wise are temporarily located outside of the State of their  
19 residency.

20 (b) REPORT TO CONGRESS.—After development of  
21 such model process, the Secretary of Health and Human  
22 Services shall submit to Congress a report describing addi-  
23 tional steps or authority needed to make further improve-  
24 ments to coordinate the enrollment, retention, and cov-

1 erage under CHIP and Medicaid of children described in  
2 subsection (a).

3 **TITLE III—REDUCING BARRIERS**  
4 **TO PROVIDING PREMIUM AS-**  
5 **SISTANCE**

6 **Subtitle A—Additional State Op-**  
7 **tion for Providing Premium As-**  
8 **sistance**

9 **SEC. 301. ADDITIONAL STATE OPTION FOR PROVIDING**  
10 **PREMIUM ASSISTANCE.**

11 (a) CHIP.—

12 (1) IN GENERAL.—Section 2105(c) (42 U.S.C.  
13 1397ee(c)), as amended by sections 114(a), 116(c),  
14 and 211(c), is amended by adding at the end the fol-  
15 lowing:

16 “(11) STATE OPTION TO OFFER PREMIUM AS-  
17 SISTANCE.—

18 “(A) IN GENERAL.—A State may elect to  
19 offer a premium assistance subsidy (as defined  
20 in subparagraph (C)) for qualified employer-  
21 sponsored coverage (as defined in subparagraph  
22 (B)) to all targeted low-income children who are  
23 eligible for child health assistance under the  
24 plan and have access to such coverage in ac-  
25 cordance with the requirements of this para-

1 graph. No subsidy shall be provided to a tar-  
2 geted low-income child under this paragraph  
3 unless the child (or the child's parent) volun-  
4 tarily elects to receive such a subsidy. A State  
5 may not require such an election as a condition  
6 of receipt of child health assistance.

7 “(B) QUALIFIED EMPLOYER-SPONSORED  
8 COVERAGE.—

9 “(i) IN GENERAL.—Subject to clause  
10 (ii), in this paragraph, the term ‘qualified  
11 employer-sponsored coverage’ means a  
12 group health plan or health insurance cov-  
13 erage offered through an employer—

14 “(I) that qualifies as creditable  
15 coverage as a group health plan under  
16 section 2701(c)(1) of the Public  
17 Health Service Act;

18 “(II) for which the employer con-  
19 tribution toward any premium for  
20 such coverage is at least 40 percent;  
21 and

22 “(III) that is offered to all indi-  
23 viduals in a manner that would be  
24 considered a nondiscriminatory eligi-  
25 bility classification for purposes of

1 paragraph (3)(A)(ii) of section 105(h)  
2 of the Internal Revenue Code of 1986  
3 (but determined without regard to  
4 clause (i) of subparagraph (B) of such  
5 paragraph).

6 “(ii) EXCEPTION.—Such term does  
7 not include coverage consisting of—

8 “(I) benefits provided under a  
9 health flexible spending arrangement  
10 (as defined in section 106(c)(2) of the  
11 Internal Revenue Code of 1986); or

12 “(II) a high deductible health  
13 plan (as defined in section 223(c)(2)  
14 of such Code), without regard to  
15 whether the plan is purchased in con-  
16 junction with a health savings account  
17 (as defined under section 223(d) of  
18 such Code).

19 “(C) PREMIUM ASSISTANCE SUBSIDY.—

20 “(i) IN GENERAL.—In this paragraph,  
21 the term ‘premium assistance subsidy’  
22 means, with respect to a targeted low-in-  
23 come child, the amount equal to the dif-  
24 ference between the employee contribution  
25 required for enrollment only of the em-

1            ployee under qualified employer-sponsored  
2            coverage and the employee contribution re-  
3            quired for enrollment of the employee and  
4            the child in such coverage, less any appli-  
5            cable premium cost-sharing applied under  
6            the State child health plan (subject to the  
7            limitations imposed under section 2103(e),  
8            including the requirement to count the  
9            total amount of the employee contribution  
10           required for enrollment of the employee  
11           and the child in such coverage toward the  
12           annual aggregate cost-sharing limit applied  
13           under paragraph (3)(B) of such section).

14           “(ii) STATE PAYMENT OPTION.—A  
15           State may provide a premium assistance  
16           subsidy either as reimbursement to an em-  
17           ployee for out-of-pocket expenditures or,  
18           subject to clause (iii), directly to the em-  
19           ployee’s employer.

20           “(iii) EMPLOYER OPT-OUT.—An em-  
21           ployer may notify a State that it elects to  
22           opt-out of being directly paid a premium  
23           assistance subsidy on behalf of an em-  
24           ployee. In the event of such a notification,  
25           an employer shall withhold the total

1 amount of the employee contribution re-  
2 quired for enrollment of the employee and  
3 the child in the qualified employer-spon-  
4 sored coverage and the State shall pay the  
5 premium assistance subsidy directly to the  
6 employee.

7 “(iv) TREATMENT AS CHILD HEALTH  
8 ASSISTANCE.—Expenditures for the provi-  
9 sion of premium assistance subsidies shall  
10 be considered child health assistance de-  
11 scribed in paragraph (1)(C) of subsection  
12 (a) for purposes of making payments  
13 under that subsection.

14 “(D) APPLICATION OF SECONDARY PAYOR  
15 RULES.—The State shall be a secondary payor  
16 for any items or services provided under the  
17 qualified employer-sponsored coverage for which  
18 the State provides child health assistance under  
19 the State child health plan.

20 “(E) REQUIREMENT TO PROVIDE SUPPLE-  
21 MENTAL COVERAGE FOR BENEFITS AND COST-  
22 SHARING PROTECTION PROVIDED UNDER THE  
23 STATE CHILD HEALTH PLAN.—

24 “(i) IN GENERAL.—Notwithstanding  
25 section 2110(b)(1)(C), the State shall pro-

1           vide for each targeted low-income child en-  
2           rolled in qualified employer-sponsored cov-  
3           erage, supplemental coverage consisting  
4           of—

5                       “(I) items or services that are  
6                       not covered, or are only partially cov-  
7                       ered, under the qualified employer-  
8                       sponsored coverage; and

9                       “(II) cost-sharing protection con-  
10                      sistent with section 2103(e).

11                     “(ii) RECORD KEEPING REQUIRE-  
12                     MENTS.—For purposes of carrying out  
13                     clause (i), a State may elect to directly pay  
14                     out-of-pocket expenditures for cost-sharing  
15                     imposed under the qualified employer-spon-  
16                     sored coverage and collect or not collect all  
17                     or any portion of such expenditures from  
18                     the parent of the child.

19                     “(F) APPLICATION OF WAITING PERIOD  
20                     IMPOSED UNDER THE STATE.—Any waiting pe-  
21                     riod imposed under the State child health plan  
22                     prior to the provision of child health assistance  
23                     to a targeted low-income child under the State  
24                     plan shall apply to the same extent to the provi-

1           sion of a premium assistance subsidy for the  
2           child under this paragraph.

3           “(G) OPT-OUT PERMITTED FOR ANY  
4           MONTH.—A State shall establish a process for  
5           permitting the parent of a targeted low-income  
6           child receiving a premium assistance subsidy to  
7           disenroll the child from the qualified employer-  
8           sponsored coverage and enroll the child in, and  
9           receive child health assistance under, the State  
10          child health plan, effective on the first day of  
11          any month for which the child is eligible for  
12          such assistance and in a manner that ensures  
13          continuity of coverage for the child.

14          “(H) APPLICATION TO PARENTS.—If a  
15          State provides child health assistance or health  
16          benefits coverage to parents of a targeted low-  
17          income child in accordance with section  
18          2111(b), the State may elect to offer a pre-  
19          mium assistance subsidy to a parent of a tar-  
20          geted low-income child who is eligible for such  
21          a subsidy under this paragraph in the same  
22          manner as the State offers such a subsidy for  
23          the enrollment of the child in qualified em-  
24          ployer-sponsored coverage, except that—



1           “(i) the amount of the premium as-  
2           sistance subsidy shall be increased to take  
3           into account the cost of the enrollment of  
4           the parent in the qualified employer-spon-  
5           sored coverage or, at the option of the  
6           State if the State determines it cost-effec-  
7           tive, the cost of the enrollment of the  
8           child’s family in such coverage; and

9           “(ii) any reference in this paragraph  
10          to a child is deemed to include a reference  
11          to the parent or, if applicable under clause  
12          (i), the family of the child.

13          “(I) ADDITIONAL STATE OPTION FOR PRO-  
14          VIDING PREMIUM ASSISTANCE.—

15          “(i) IN GENERAL.—A State may es-  
16          tablish an employer-family premium assist-  
17          ance purchasing pool for employers with  
18          less than 250 employees who have at least  
19          1 employee who is a pregnant woman eligi-  
20          ble for assistance under the State child  
21          health plan (including through the applica-  
22          tion of an option described in section  
23          2112(f)) or a member of a family with at  
24          least 1 targeted low-income child and to  
25          provide a premium assistance subsidy

1 under this paragraph for enrollment in  
2 coverage made available through such pool.

3 “(ii) ACCESS TO CHOICE OF COV-  
4 ERAGE.—A State that elects the option  
5 under clause (i) shall identify and offer ac-  
6 cess to not less than 2 private health plans  
7 that are health benefits coverage that is  
8 equivalent to the benefits coverage in a  
9 benchmark benefit package described in  
10 section 2103(b) or benchmark-equivalent  
11 coverage that meets the requirements of  
12 section 2103(a)(2) for employees described  
13 in clause (i).

14 “(iii) CLARIFICATION OF PAYMENT  
15 FOR ADMINISTRATIVE EXPENDITURES.—  
16 Nothing in this subparagraph shall be con-  
17 strued as permitting payment under this  
18 section for administrative expenditures at-  
19 tributable to the establishment or oper-  
20 ation of such pool, except to the extent  
21 that such payment would otherwise be per-  
22 mitted under this title.

23 “(J) NO EFFECT ON PREMIUM ASSISTANCE  
24 WAIVER PROGRAMS.—Nothing in this para-  
25 graph shall be construed as limiting the author-

1           ity of a State to offer premium assistance under  
2           section 1906 or 1906A, a waiver described in  
3           paragraph (2)(B) or (3), a waiver approved  
4           under section 1115, or other authority in effect  
5           prior to the date of enactment of the Children’s  
6           Health Insurance Program Reauthorization Act  
7           of 2007.

8           “(K) NOTICE OF AVAILABILITY.—If a  
9           State elects to provide premium assistance sub-  
10          sidies in accordance with this paragraph, the  
11          State shall—

12                 “(i) include on any application or en-  
13                 rollment form for child health assistance a  
14                 notice of the availability of premium assist-  
15                 ance subsidies for the enrollment of tar-  
16                 geted low-income children in qualified em-  
17                 ployer-sponsored coverage;

18                 “(ii) provide, as part of the applica-  
19                 tion and enrollment process under the  
20                 State child health plan, information de-  
21                 scribing the availability of such subsidies  
22                 and how to elect to obtain such a subsidy;  
23                 and

24                 “(iii) establish such other procedures  
25                 as the State determines necessary to en-

1           sure that parents are fully informed of the  
2           choices for receiving child health assistance  
3           under the State child health plan or  
4           through the receipt of premium assistance  
5           subsidies.

6           “(L) APPLICATION TO QUALIFIED EM-  
7           PLOYER-SPONSORED BENCHMARK COVERAGE.—  
8           If a group health plan or health insurance cov-  
9           erage offered through an employer is certified  
10          by an actuary as health benefits coverage that  
11          is equivalent to the benefits coverage in a  
12          benchmark benefit package described in section  
13          2103(b) or benchmark-equivalent coverage that  
14          meets the requirements of section 2103(a)(2),  
15          the State may provide premium assistance sub-  
16          sidies for enrollment of targeted low-income  
17          children in such group health plan or health in-  
18          surance coverage in the same manner as such  
19          subsidies are provided under this paragraph for  
20          enrollment in qualified employer-sponsored cov-  
21          erage, but without regard to the requirement to  
22          provide supplemental coverage for benefits and  
23          cost-sharing protection provided under the  
24          State child health plan under subparagraph  
25          (E).

1           “(M) SATISFACTION OF COST-EFFECTIVE-  
2           NESS TEST.—Premium assistance subsidies for  
3           qualified employer-sponsored coverage offered  
4           under this paragraph shall be deemed to meet  
5           the requirement of subparagraph (A) of para-  
6           graph (3).”.

7           (2) DETERMINATION OF COST-EFFECTIVENESS  
8           FOR PREMIUM ASSISTANCE OR PURCHASE OF FAM-  
9           ILY COVERAGE.—

10           (A) IN GENERAL.—Section 2105(c)(3)(A)  
11           (42 U.S.C. 1397ee(c)(3)(A)) is amended by  
12           striking “relative to” and all that follows  
13           through the comma and inserting “relative to

14           “(i) the amount of expenditures under  
15           the State child health plan, including ad-  
16           ministrative expenditures, that the State  
17           would have made to provide comparable  
18           coverage of the targeted low-income child  
19           involved or the family involved (as applica-  
20           ble); or

21           “(ii) the aggregate amount of expendi-  
22           tures that the State would have made  
23           under the State child health plan, includ-  
24           ing administrative expenditures, for pro-

1           viding coverage under such plan for all  
2           such children or families.”.

3           (B) NONAPPLICATION TO PREVIOUSLY AP-  
4           PROVED COVERAGE.—The amendment made by  
5           subparagraph (A) shall not apply to coverage  
6           the purchase of which has been approved by the  
7           Secretary under section 2105(c)(3) of the Social  
8           Security Act prior to the date of enactment of  
9           this Act.

10          (b) MEDICAID.—Title XIX is amended by inserting  
11          after section 1906 the following new section:

12           “PREMIUM ASSISTANCE OPTION FOR CHILDREN  
13           “SEC. 1906A. (a) IN GENERAL.—A State may elect  
14           to offer a premium assistance subsidy (as defined in sub-  
15           section (c)) for qualified employer-sponsored coverage (as  
16           defined in subsection (b)) to all individuals under age 19  
17           who are entitled to medical assistance under this title (and  
18           to the parent of such an individual) who have access to  
19           such coverage if the State meets the requirements of this  
20           section.

21           “(b) QUALIFIED EMPLOYER-SPONSORED COV-  
22           ERAGE.—

23           “(1) IN GENERAL.—Subject to paragraph (2)),  
24           in this paragraph, the term ‘qualified employer-spon-  
25           sored coverage’ means a group health plan or health  
26           insurance coverage offered through an employer—

1           “(A) that qualifies as creditable coverage  
2 as a group health plan under section 2701(e)(1)  
3 of the Public Health Service Act;

4           “(B) for which the employer contribution  
5 toward any premium for such coverage is at  
6 least 40 percent; and

7           “(C) that is offered to all individuals in a  
8 manner that would be considered a nondiscrim-  
9 inatory eligibility classification for purposes of  
10 paragraph (3)(A)(ii) of section 105(h) of the  
11 Internal Revenue Code of 1986 (but determined  
12 without regard to clause (i) of subparagraph  
13 (B) of such paragraph).

14           “(2) EXCEPTION.—Such term does not include  
15 coverage consisting of—

16           “(A) benefits provided under a health flexi-  
17 ble spending arrangement (as defined in section  
18 106(c)(2) of the Internal Revenue Code of  
19 1986); or

20           “(B) a high deductible health plan (as de-  
21 fined in section 223(c)(2) of such Code), with-  
22 out regard to whether the plan is purchased in  
23 conjunction with a health savings account (as  
24 defined under section 223(d) of such Code).

1           “(3) TREATMENT AS THIRD PARTY LIABIL-  
2           ITY.—The State shall treat the coverage provided  
3           under qualified employer-sponsored coverage as a  
4           third party liability under section 1902(a)(25).

5           “(c) PREMIUM ASSISTANCE SUBSIDY.—In this sec-  
6           tion, the term ‘premium assistance subsidy’ means the  
7           amount of the employee contribution for enrollment in the  
8           qualified employer-sponsored coverage by the individual  
9           under age 19 or by the individual’s family. Premium as-  
10          sistance subsidies under this section shall be considered,  
11          for purposes of section 1903(a), to be a payment for med-  
12          ical assistance.

13          “(d) VOLUNTARY PARTICIPATION.—

14                 “(1) EMPLOYERS.—Participation by an em-  
15                 ployer in a premium assistance subsidy offered by a  
16                 State under this section shall be voluntary. An em-  
17                 ployer may notify a State that it elects to opt-out of  
18                 being directly paid a premium assistance subsidy on  
19                 behalf of an employee.

20                 “(2) BENEFICIARIES.—No subsidy shall be pro-  
21                 vided to an individual under age 19 under this sec-  
22                 tion unless the individual (or the individual’s parent)  
23                 voluntarily elects to receive such a subsidy. A State  
24                 may not require such an election as a condition of  
25                 receipt of medical assistance. State may not require,



1 as a condition of an individual under age 19 (or the  
2 individual's parent) being or remaining eligible for  
3 medical assistance under this title, apply for enroll-  
4 ment in qualified employer-sponsored coverage under  
5 this section.

6 “(3) OPT-OUT PERMITTED FOR ANY MONTH.—  
7 A State shall establish a process for permitting the  
8 parent of an individual under age 19 receiving a pre-  
9 mium assistance subsidy to disenroll the individual  
10 from the qualified employer-sponsored coverage.

11 “(e) REQUIREMENT TO PAY PREMIUMS AND COST-  
12 SHARING AND PROVIDE SUPPLEMENTAL COVERAGE.—In  
13 the case of the participation of an individual under age  
14 19 (or the individual's parent) in a premium assistance  
15 subsidy under this section for qualified employer-spon-  
16 sored coverage, the State shall provide for payment of all  
17 enrollee premiums for enrollment in such coverage and all  
18 deductibles, coinsurance, and other cost-sharing obliga-  
19 tions for items and services otherwise covered under the  
20 State plan under this title (exceeding the amount other-  
21 wise permitted under section 1916 or, if applicable, section  
22 1916A). The fact that an individual under age 19 (or a  
23 parent) elects to enroll in qualified employer-sponsored  
24 coverage under this section shall not change the individ-  
25 ual's (or parent's) eligibility for medical assistance under

1 the State plan, except insofar as section 1902(a)(25) pro-  
2 vides that payments for such assistance shall first be made  
3 under such coverage.”.

4 (c) GAO STUDY AND REPORT.—Not later than Janu-  
5 ary 1, 2009, the Comptroller General of the United States  
6 shall study cost and coverage issues relating to any State  
7 premium assistance programs for which Federal matching  
8 payments are made under title XIX or XXI of the Social  
9 Security Act, including under waiver authority, and shall  
10 submit a report to the Committee on Finance of the Sen-  
11 ate and the Committee on Energy and Commerce of the  
12 House of Representatives on the results of such study.

13 **SEC. 302. OUTREACH, EDUCATION, AND ENROLLMENT AS-**  
14 **SISTANCE.**

15 (a) REQUIREMENT TO INCLUDE DESCRIPTION OF  
16 OUTREACH, EDUCATION, AND ENROLLMENT EFFORTS  
17 RELATED TO PREMIUM ASSISTANCE SUBSIDIES IN STATE  
18 CHILD HEALTH PLAN.—Section 2102(c) (42 U.S.C.  
19 1397bb(c)) is amended by adding at the end the following  
20 new paragraph:

21 “(3) PREMIUM ASSISTANCE SUBSIDIES.—In the  
22 case of a State that provides for premium assistance  
23 subsidies under the State child health plan in ac-  
24 cordance with paragraphs (2)(B), (3), or (10) of sec-  
25 tion 2105(c), or a waiver approved under section

1       1115, outreach, education, and enrollment assistance  
2       for families of children likely to be eligible for such  
3       subsidies, to inform such families of the availability  
4       of, and to assist them in enrolling their children in,  
5       such subsidies, and for employers likely to provide  
6       coverage that is eligible for such subsidies, including  
7       the specific, significant resources the State intends  
8       to apply to educate employers about the availability  
9       of premium assistance subsidies under the State  
10      child health plan.”.

11      (b) NONAPPLICATION OF 10 PERCENT LIMIT ON  
12      OUTREACH AND CERTAIN OTHER EXPENDITURES.—Sec-  
13      tion 2105(c)(2)(C) (42 U.S.C. 1397ee(c)(2)(C)), as  
14      amended by section 301(c)(2), is amended by adding at  
15      the end the following new clause:

16                   “(iv) EXPENDITURES FOR OUTREACH  
17                   TO INCREASE THE ENROLLMENT OF CHIL-  
18                   DREN UNDER THIS TITLE AND TITLE XIX  
19                   THROUGH PREMIUM ASSISTANCE SUB-  
20                   SIDIES.—Expenditures for outreach activi-  
21                   ties to families of children likely to be eligi-  
22                   ble for premium assistance subsidies in ac-  
23                   cordance with paragraphs (2)(B), (3), or  
24                   (10), or a waiver approved under section  
25                   1115, to inform such families of the avail-

1 ability of, and to assist them in enrolling  
2 their children in, such subsidies, and to  
3 employers likely to provide qualified em-  
4 ployer-sponsored coverage (as defined in  
5 subparagraph (B) of such paragraph), but  
6 not to exceed an amount equal to 1.25 per-  
7 cent of the maximum amount permitted to  
8 be expended under subparagraph (A) for  
9 items described in subsection (a)(1)(D)..”.

## 10 **Subtitle B—Coordinating Premium** 11 **Assistance With Private Coverage**

### 12 **SEC. 311. SPECIAL ENROLLMENT PERIOD UNDER GROUP** 13 **HEALTH PLANS IN CASE OF TERMINATION OF** 14 **MEDICAID OR CHIP COVERAGE OR ELIGI-** 15 **BILITY FOR ASSISTANCE IN PURCHASE OF** 16 **EMPLOYMENT-BASED COVERAGE; COORDINA-** 17 **TION OF COVERAGE.**

18 (a) AMENDMENTS TO INTERNAL REVENUE CODE OF  
19 1986.—Section 9801(f) of the Internal Revenue Code of  
20 1986 (relating to special enrollment periods) is amended  
21 by adding at the end the following new paragraph:

22 “(3) SPECIAL RULES RELATING TO MEDICAID  
23 AND CHIP.—

24 “(A) IN GENERAL.—A group health plan  
25 shall permit an employee who is eligible, but

1 not enrolled, for coverage under the terms of  
2 the plan (or a dependent of such an employee  
3 if the dependent is eligible, but not enrolled, for  
4 coverage under such terms) to enroll for cov-  
5 erage under the terms of the plan if either of  
6 the following conditions is met:

7 “(i) TERMINATION OF MEDICAID OR  
8 CHIP COVERAGE.—The employee or de-  
9 pendent is covered under a Medicaid plan  
10 under title XIX of the Social Security Act  
11 or under a State child health plan under  
12 title XXI of such Act and coverage of the  
13 employee or dependent under such a plan  
14 is terminated as a result of loss of eligi-  
15 bility for such coverage and the employee  
16 requests coverage under the group health  
17 plan not later than 60 days after the date  
18 of termination of such coverage.

19 “(ii) ELIGIBILITY FOR EMPLOYMENT  
20 ASSISTANCE UNDER MEDICAID OR CHIP.—  
21 The employee or dependent becomes eligi-  
22 ble for assistance, with respect to coverage  
23 under the group health plan under such  
24 Medicaid plan or State child health plan  
25 (including under any waiver or demonstra-

1           tion project conducted under or in relation  
2           to such a plan), if the employee requests  
3           coverage under the group health plan not  
4           later than 60 days after the date the em-  
5           ployee or dependent is determined to be el-  
6           igible for such assistance.

7           “(B) EMPLOYEE OUTREACH AND DISCLO-  
8           SURE.—

9                   “(i) OUTREACH TO EMPLOYEES RE-  
10                  GARDING AVAILABILITY OF MEDICAID AND  
11                  CHIP COVERAGE.—

12                           “(I) IN GENERAL.—Each em-  
13                           ployer that maintains a group health  
14                           plan in a State that provides medical  
15                           assistance under a State Medicaid  
16                           plan under title XIX of the Social Se-  
17                           curity Act, or child health assistance  
18                           under a State child health plan under  
19                           title XXI of such Act, in the form of  
20                           premium assistance for the purchase  
21                           of coverage under a group health  
22                           plan, shall provide to each employee a  
23                           written notice informing the employee  
24                           of potential opportunities then cur-  
25                           rently available in the State in which

1 the employee resides for premium as-  
2 sistance under such plans for health  
3 coverage of the employee or the em-  
4 ployee's dependents. For purposes of  
5 compliance with this clause, the em-  
6 ployer may use any State-specific  
7 model notice developed in accordance  
8 with section 701(f)(3)(B)(i)(II) of the  
9 Employee Retirement Income Security  
10 Act of 1974 (29 U.S.C.  
11 1181(f)(3)(B)(i)(II)).

12 “(II) OPTION TO PROVIDE CON-  
13 CURRENT WITH PROVISION OF PLAN  
14 MATERIALS TO EMPLOYEE.—An em-  
15 ployer may provide the model notice  
16 applicable to the State in which an  
17 employee resides concurrent with the  
18 furnishing of materials notifying the  
19 employee of health plan eligibility,  
20 concurrent with materials provided to  
21 the employee in connection with an  
22 open season or election process con-  
23 ducted under the plan, or concurrent  
24 with the furnishing of the summary  
25 plan description as provided in section

1                   104(b) of the Employee Retirement  
2                   Income Security Act of 1974 (29  
3                   U.S.C. 1024)..

4                   “(ii) DISCLOSURE ABOUT GROUP  
5                   HEALTH PLAN BENEFITS TO STATES FOR  
6                   MEDICAID AND CHIP ELIGIBLE INDIVID-  
7                   UALS.—In the case of a participant or ben-  
8                   eficiary of a group health plan who is cov-  
9                   ered under a Medicaid plan of a State  
10                  under title XIX of the Social Security Act  
11                  or under a State child health plan under  
12                  title XXI of such Act, the plan adminis-  
13                  trator of the group health plan shall dis-  
14                  close to the State, upon request, informa-  
15                  tion about the benefits available under the  
16                  group health plan in sufficient specificity,  
17                  as determined under regulations of the  
18                  Secretary of Health and Human Services  
19                  in consultation with the Secretary that re-  
20                  quire use of the model coverage coordina-  
21                  tion disclosure form developed under sec-  
22                  tion 311(b)(1)(C) of the Children’s Health  
23                  Insurance Program Reauthorization Act of  
24                  2007, so as to permit the State to make a  
25                  determination (under paragraph (2)(B),



1 (3), or (10) of section 2105(c) of the So-  
2 cial Security Act or otherwise) concerning  
3 the cost-effectiveness of the State pro-  
4 viding medical or child health assistance  
5 through premium assistance for the pur-  
6 chase of coverage under such group health  
7 plan and in order for the State to provide  
8 supplemental benefits required under para-  
9 graph (10)(E) of such section or other au-  
10 thority.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) AMENDMENTS TO EMPLOYEE RETIREMENT  
13 INCOME SECURITY ACT.—

14 (A) IN GENERAL.—Section 701(f) of the  
15 Employee Retirement Income Security Act of  
16 1974 (29 U.S.C. 1181(f)) is amended by adding  
17 at the end the following new paragraph:

18 “(3) SPECIAL RULES FOR APPLICATION IN CASE  
19 OF MEDICAID AND CHIP.—

20 “(A) IN GENERAL.—A group health plan,  
21 and a health insurance issuer offering group  
22 health insurance coverage in connection with a  
23 group health plan, shall permit an employee  
24 who is eligible, but not enrolled, for coverage  
25 under the terms of the plan (or a dependent of

1           such an employee if the dependent is eligible,  
2           but not enrolled, for coverage under such  
3           terms) to enroll for coverage under the terms of  
4           the plan if either of the following conditions is  
5           met:

6                   “(i) TERMINATION OF MEDICAID OR  
7                   CHIP COVERAGE.—The employee or de-  
8                   pendent is covered under a Medicaid plan  
9                   under title XIX of the Social Security Act  
10                  or under a State child health plan under  
11                  title XXI of such Act and coverage of the  
12                  employee or dependent under such a plan  
13                  is terminated as a result of loss of eligi-  
14                  bility for such coverage and the employee  
15                  requests coverage under the group health  
16                  plan (or health insurance coverage) not  
17                  later than 60 days after the date of termi-  
18                  nation of such coverage.

19                   “(ii) ELIGIBILITY FOR EMPLOYMENT  
20                   ASSISTANCE UNDER MEDICAID OR CHIP.—  
21                   The employee or dependent becomes eligi-  
22                   ble for assistance, with respect to coverage  
23                   under the group health plan or health in-  
24                   surance coverage, under such Medicaid  
25                   plan or State child health plan (including

1 under any waiver or demonstration project  
2 conducted under or in relation to such a  
3 plan), if the employee requests coverage  
4 under the group health plan or health in-  
5 surance coverage not later than 60 days  
6 after the date the employee or dependent is  
7 determined to be eligible for such assist-  
8 ance.

9 “(B) COORDINATION WITH MEDICAID AND  
10 CHIP.—

11 “(i) OUTREACH TO EMPLOYEES RE-  
12 GARDING AVAILABILITY OF MEDICAID AND  
13 CHIP COVERAGE.—

14 “(I) IN GENERAL.—Each em-  
15 ployer that maintains a group health  
16 plan in a State that provides medical  
17 assistance under a State Medicaid  
18 plan under title XIX of the Social Se-  
19 curity Act, or child health assistance  
20 under a State child health plan under  
21 title XXI of such Act, in the form of  
22 premium assistance for the purchase  
23 of coverage under a group health  
24 plan, shall provide to each employee a  
25 written notice informing the employee

1 of potential opportunities then cur-  
2 rently available in the State in which  
3 the employee resides for premium as-  
4 sistance under such plans for health  
5 coverage of the employee or the em-  
6 ployee's dependents.

7 “(II) MODEL NOTICE.—Not later  
8 than 1 year after the date of enact-  
9 ment of the Children's Health Insur-  
10 ance Program Reauthorization Act of  
11 2007, the Secretary and the Secretary  
12 of Health and Human Services, in  
13 consultation with Directors of State  
14 Medicaid agencies under title XIX of  
15 the Social Security Act and Directors  
16 of State CHIP agencies under title  
17 XXI of such Act, shall jointly develop  
18 national and State-specific model no-  
19 tices for purposes of subparagraph  
20 (A). The Secretary shall provide em-  
21 ployers with such model notices so as  
22 to enable employers to timely comply  
23 with the requirements of subpara-  
24 graph (A). Such model notices shall  
25 include information regarding how an

1 employee may contact the State in  
2 which the employee resides for addi-  
3 tional information regarding potential  
4 opportunities for such premium assist-  
5 ance, including how to apply for such  
6 assistance.

7 “(III) OPTION TO PROVIDE CON-  
8 CURRENT WITH PROVISION OF PLAN  
9 MATERIALS TO EMPLOYEE.—An em-  
10 ployer may provide the model notice  
11 applicable to the State in which an  
12 employee resides concurrent with the  
13 furnishing of materials notifying the  
14 employee of health plan eligibility,  
15 concurrent with materials provided to  
16 the employee in connection with an  
17 open season or election process con-  
18 ducted under the plan, or concurrent  
19 with the furnishing of the summary  
20 plan description as provided in section  
21 104(b)..

22 “(ii) DISCLOSURE ABOUT GROUP  
23 HEALTH PLAN BENEFITS TO STATES FOR  
24 MEDICAID AND CHIP ELIGIBLE INDIVID-  
25 UALS.—In the case of a participant or ben-

1           eficiary of a group health plan who is cov-  
2           ered under a Medicaid plan of a State  
3           under title XIX of the Social Security Act  
4           or under a State child health plan under  
5           title XXI of such Act, the plan adminis-  
6           trator of the group health plan shall dis-  
7           close to the State, upon request, informa-  
8           tion about the benefits available under the  
9           group health plan in sufficient specificity,  
10          as determined under regulations of the  
11          Secretary of Health and Human Services  
12          in consultation with the Secretary that re-  
13          quire use of the model coverage coordina-  
14          tion disclosure form developed under sec-  
15          tion 311(b)(1)(C) of the Children’s Health  
16          Insurance Program Reauthorization Act of  
17          2007, so as to permit the State to make a  
18          determination (under paragraph (2)(B),  
19          (3), or (10) of section 2105(c) of the So-  
20          cial Security Act or otherwise) concerning  
21          the cost-effectiveness of the State pro-  
22          viding medical or child health assistance  
23          through premium assistance for the pur-  
24          chase of coverage under such group health  
25          plan and in order for the State to provide

1 supplemental benefits required under para-  
2 graph (10)(E) of such section or other au-  
3 thority.”.

4 (B) CONFORMING AMENDMENT.—Section  
5 102(b) of the Employee Retirement Income Se-  
6 curity Act of 1974 (29 U.S.C. 1022(b)) is  
7 amended—

8 (i) by striking “and the remedies”  
9 and inserting “, the remedies”; and

10 (ii) by inserting before the period the  
11 following: “, and if the employer so elects  
12 for purposes of complying with section  
13 701(f)(3)(B)(i), the model notice applicable  
14 to the State in which the participants and  
15 beneficiaries reside”.

16 (C) WORKING GROUP TO DEVELOP MODEL  
17 COVERAGE COORDINATION DISCLOSURE  
18 FORM.—

19 (i) MEDICAID, CHIP, AND EMPLOYER-  
20 SPONSORED COVERAGE COORDINATION  
21 WORKING GROUP.—

22 (I) IN GENERAL.—Not later than  
23 60 days after the date of enactment of  
24 this Act, the Secretary of Health and  
25 Human Services and the Secretary of

1 Labor shall jointly establish a Med-  
2 icaid, CHIP, and Employer-Sponsored  
3 Coverage Coordination Working  
4 Group (in this subparagraph referred  
5 to as the “Working Group”). The  
6 purpose of the Working Group shall  
7 be to develop the model coverage co-  
8 ordination disclosure form described  
9 in subclause (II) and to identify the  
10 impediments to the effective coordina-  
11 tion of coverage available to families  
12 that include employees of employers  
13 that maintain group health plans and  
14 members who are eligible for medical  
15 assistance under title XIX of the So-  
16 cial Security Act or child health as-  
17 sistance or other health benefits cov-  
18 erage under title XXI of such Act.

19 (II) MODEL COVERAGE COORDI-  
20 NATION DISCLOSURE FORM DE-  
21 SCRIBED.—The model form described  
22 in this subclause is a form for plan  
23 administrators of group health plans  
24 to complete for purposes of permitting  
25 a State to determine the availability



1 and cost-effectiveness of the coverage  
2 available under such plans to employ-  
3 ees who have family members who are  
4 eligible for premium assistance offered  
5 under a State plan under title XIX or  
6 XXI of such Act and to allow for co-  
7 ordination of coverage for enrollees of  
8 such plans. Such form shall provide  
9 the following information in addition  
10 to such other information as the  
11 Working Group determines appro-  
12 priate:

13 (aa) A determination of  
14 whether the employee is eligible  
15 for coverage under the group  
16 health plan.

17 (bb) The name and contract  
18 information of the plan adminis-  
19 trator of the group health plan.

20 (cc) The benefits offered  
21 under the plan.

22 (dd) The premiums and  
23 cost-sharing required under the  
24 plan.

1 (ee) Any other information  
2 relevant to coverage under the  
3 plan.

4 (ii) MEMBERSHIP.—The Working  
5 Group shall consist of not more than 30  
6 members and shall be composed of rep-  
7 resentatives of—

8 (I) the Department of Labor;

9 (II) the Department of Health  
10 and Human Services;

11 (III) State directors of the Med-  
12 icaid program under title XIX of the  
13 Social Security Act;

14 (IV) State directors of the State  
15 Children's Health Insurance Program  
16 under title XXI of the Social Security  
17 Act;

18 (V) employers, including owners  
19 of small businesses and their trade or  
20 industry representatives and certified  
21 human resource and payroll profes-  
22 sionals;

23 (VI) plan administrators and  
24 plan sponsors of group health plans  
25 (as defined in section 607(1) of the

1 Employee Retirement Income Security  
2 Act of 1974);

3 (VII) health insurance issuers;  
4 and

5 (VIII) children and other bene-  
6 ficiaries of medical assistance under  
7 title XIX of the Social Security Act or  
8 child health assistance or other health  
9 benefits coverage under title XXI of  
10 such Act.

11 (iii) COMPENSATION.—The members  
12 of the Working Group shall serve without  
13 compensation.

14 (iv) ADMINISTRATIVE SUPPORT.—The  
15 Department of Health and Human Serv-  
16 ices and the Department of Labor shall  
17 jointly provide appropriate administrative  
18 support to the Working Group, including  
19 technical assistance. The Working Group  
20 may use the services and facilities of either  
21 such Department, with or without reim-  
22 bursement, as jointly determined by such  
23 Departments.

24 (v) REPORT.—

1 (I) REPORT BY WORKING GROUP  
2 TO THE SECRETARIES.—Not later  
3 than 18 months after the date of the  
4 enactment of this Act, the Working  
5 Group shall submit to the Secretary of  
6 Labor and the Secretary of Health  
7 and Human Services the model form  
8 described in clause (i)(II) along with a  
9 report containing recommendations  
10 for appropriate measures to address  
11 the impediments to the effective co-  
12 ordination of coverage between group  
13 health plans and the State plans  
14 under titles XIX and XXI of the So-  
15 cial Security Act.

16 (II) REPORT BY SECRETARIES TO  
17 THE CONGRESS.—Not later than 2  
18 months after receipt of the report  
19 pursuant to subclause (I), the Secre-  
20 taries shall jointly submit a report to  
21 each House of the Congress regarding  
22 the recommendations contained in the  
23 report under such subclause.

24 (vi) TERMINATION.—The Working  
25 Group shall terminate 30 days after the

1 date of the issuance of its report under  
2 clause (v).

3 (D) EFFECTIVE DATES.—The Secretary of  
4 Labor and the Secretary of Health and Human  
5 Services shall develop the initial model notices  
6 under section 701(f)(3)(B)(i)(II) of the Em-  
7 ployee Retirement Income Security Act of 1974,  
8 and the Secretary of Labor shall provide such  
9 notices to employers, not later than the date  
10 that is 1 year after the date of enactment of  
11 this Act, and each employer shall provide the  
12 initial annual notices to such employer's em-  
13 ployees beginning with the first plan year that  
14 begins after the date on which such initial  
15 model notices are first issued. The model cov-  
16 erage coordination disclosure form developed  
17 under subparagraph (C) shall apply with re-  
18 spect to requests made by States beginning  
19 with the first plan year that begins after the  
20 date on which such model coverage coordination  
21 disclosure form is first issued.

22 (E) ENFORCEMENT.—Section 502 of the  
23 Employee Retirement Income Security Act of  
24 1974 (29 U.S.C. 1132) is amended—

1 (i) in subsection (a)(6), by striking  
2 “or (8)” and inserting “(8), or (9)”; and

3 (ii) in subsection (c), by redesignating  
4 paragraph (9) as paragraph (10), and by  
5 inserting after paragraph (8) the following:

6 “(9)(A) The Secretary may assess a civil penalty  
7 against any employer of up to \$100 a day from the date  
8 of the employer’s failure to meet the notice requirement  
9 of section 701(f)(3)(B)(i)(I). For purposes of this sub-  
10 paragraph, each violation with respect to any single em-  
11 ployee shall be treated as a separate violation.

12 “(B) The Secretary may assess a civil penalty against  
13 any plan administrator of up to \$100 a day from the date  
14 of the plan administrator’s failure to timely provide to any  
15 State the information required to be disclosed under sec-  
16 tion 701(f)(3)(B)(ii). For purposes of this subparagraph,  
17 each violation with respect to any single participant or  
18 beneficiary shall be treated as a separate violation.”.

19 (2) AMENDMENTS TO PUBLIC HEALTH SERVICE  
20 ACT.—Section 2701(f) of the Public Health Service  
21 Act (42 U.S.C. 300gg(f)) is amended by adding at  
22 the end the following new paragraph:

23 “(3) SPECIAL RULES FOR APPLICATION IN CASE  
24 OF MEDICAID AND CHIP.—

1           “(A) IN GENERAL.—A group health plan,  
2           and a health insurance issuer offering group  
3           health insurance coverage in connection with a  
4           group health plan, shall permit an employee  
5           who is eligible, but not enrolled, for coverage  
6           under the terms of the plan (or a dependent of  
7           such an employee if the dependent is eligible,  
8           but not enrolled, for coverage under such  
9           terms) to enroll for coverage under the terms of  
10          the plan if either of the following conditions is  
11          met:

12                   “(i) TERMINATION OF MEDICAID OR  
13                   CHIP COVERAGE.—The employee or de-  
14                   pendent is covered under a Medicaid plan  
15                   under title XIX of the Social Security Act  
16                   or under a State child health plan under  
17                   title XXI of such Act and coverage of the  
18                   employee or dependent under such a plan  
19                   is terminated as a result of loss of eligi-  
20                   bility for such coverage and the employee  
21                   requests coverage under the group health  
22                   plan (or health insurance coverage) not  
23                   later than 60 days after the date of termi-  
24                   nation of such coverage.

1                   “(ii) ELIGIBILITY FOR EMPLOYMENT  
2                   ASSISTANCE UNDER MEDICAID OR CHIP.—  
3                   The employee or dependent becomes eligi-  
4                   ble for assistance, with respect to coverage  
5                   under the group health plan or health in-  
6                   surance coverage, under such Medicaid  
7                   plan or State child health plan (including  
8                   under any waiver or demonstration project  
9                   conducted under or in relation to such a  
10                  plan), if the employee requests coverage  
11                  under the group health plan or health in-  
12                  surance coverage not later than 60 days  
13                  after the date the employee or dependent is  
14                  determined to be eligible for such assist-  
15                  ance.

16                  “(B) COORDINATION WITH MEDICAID AND  
17                  CHIP.—

18                  “(i) OUTREACH TO EMPLOYEES RE-  
19                  GARDING AVAILABILITY OF MEDICAID AND  
20                  CHIP COVERAGE.—

21                  “(I) IN GENERAL.—Each em-  
22                  ployer that maintains a group health  
23                  plan in a State that provides medical  
24                  assistance under a State Medicaid  
25                  plan under title XIX of the Social Se-



1 security Act, or child health assistance  
2 under a State child health plan under  
3 title XXI of such Act, in the form of  
4 premium assistance for the purchase  
5 of coverage under a group health  
6 plan, shall provide to each employee a  
7 written notice informing the employee  
8 of potential opportunities then cur-  
9 rently available in the State in which  
10 the employee resides for premium as-  
11 sistance under such plans for health  
12 coverage of the employee or the em-  
13 ployee's dependents. For purposes of  
14 compliance with this subclause, the  
15 employer may use any State-specific  
16 model notice developed in accordance  
17 with section 701(f)(3)(B)(i)(II) of the  
18 Employee Retirement Income Security  
19 Act of 1974 (29 U.S.C.  
20 1181(f)(3)(B)(i)(II)).

21 “(II) OPTION TO PROVIDE CON-  
22 CURRENT WITH PROVISION OF PLAN  
23 MATERIALS TO EMPLOYEE.—An em-  
24 ployer may provide the model notice  
25 applicable to the State in which an

1 employee resides concurrent with the  
2 furnishing of materials notifying the  
3 employee of health plan eligibility,  
4 concurrent with materials provided to  
5 the employee in connection with an  
6 open season or election process con-  
7 ducted under the plan, or concurrent  
8 with the furnishing of the summary  
9 plan description as provided in section  
10 104(b) of the Employee Retirement  
11 Income Security Act of 1974.

12 “(ii) DISCLOSURE ABOUT GROUP  
13 HEALTH PLAN BENEFITS TO STATES FOR  
14 MEDICAID AND CHIP ELIGIBLE INDIVID-  
15 UALS.—In the case of an enrollee in a  
16 group health plan who is covered under a  
17 Medicaid plan of a State under title XIX  
18 of the Social Security Act or under a State  
19 child health plan under title XXI of such  
20 Act, the plan administrator of the group  
21 health plan shall disclose to the State,  
22 upon request, information about the bene-  
23 fits available under the group health plan  
24 in sufficient specificity, as determined  
25 under regulations of the Secretary of

1 Health and Human Services in consulta-  
2 tion with the Secretary that require use of  
3 the model coverage coordination disclosure  
4 form developed under section 311(b)(1)(C)  
5 of the Children’s Health Insurance Reau-  
6 thorization Act of 2007, so as to permit  
7 the State to make a determination (under  
8 paragraph (2)(B), (3), or (10) of section  
9 2105(c) of the Social Security Act or oth-  
10 erwise) concerning the cost-effectiveness of  
11 the State providing medical or child health  
12 assistance through premium assistance for  
13 the purchase of coverage under such group  
14 health plan and in order for the State to  
15 provide supplemental benefits required  
16 under paragraph (10)(E) of such section  
17 or other authority.”.

18 **TITLE IV—STRENGTHENING**  
19 **QUALITY OF CARE AND**  
20 **HEALTH OUTCOMES**

21 **SEC. 401. CHILD HEALTH QUALITY IMPROVEMENT ACTIVI-**  
22 **TIES FOR CHILDREN ENROLLED IN MED-**  
23 **ICAID OR CHIP.**

24 (a) DEVELOPMENT OF CHILD HEALTH QUALITY  
25 MEASURES FOR CHILDREN ENROLLED IN MEDICAID OR

1 CHIP.—Title XI (42 U.S.C. 1301 et seq.) is amended by  
2 inserting after section 1139 the following new section:

3 **“SEC. 1139A. CHILD HEALTH QUALITY MEASURES.**

4 “(a) DEVELOPMENT OF AN INITIAL CORE SET OF  
5 HEALTH CARE QUALITY MEASURES FOR CHILDREN EN-  
6 ROLLED IN MEDICAID OR CHIP.—

7 “(1) IN GENERAL.—Not later than January 1,  
8 2009, the Secretary shall identify and publish for  
9 general comment an initial, recommended core set of  
10 child health quality measures for use by State pro-  
11 grams administered under titles XIX and XXI,  
12 health insurance issuers and managed care entities  
13 that enter into contracts with such programs, and  
14 providers of items and services under such pro-  
15 grams.

16 “(2) IDENTIFICATION OF INITIAL CORE MEAS-  
17 URES.—In consultation with the individuals and en-  
18 tities described in subsection (b)(3), the Secretary  
19 shall identify existing quality of care measures for  
20 children that are in use under public and privately  
21 sponsored health care coverage arrangements, or  
22 that are part of reporting systems that measure both  
23 the presence and duration of health insurance cov-  
24 erage over time.

1           “(3) RECOMMENDATIONS AND DISSEMINA-  
2           TION.—Based on such existing and identified meas-  
3           ures, the Secretary shall publish an initial core set  
4           of child health quality measures that includes (but  
5           is not limited to) the following:

6                   “(A) The duration of children’s health in-  
7                   surance coverage over a 12-month time period.

8                   “(B) The availability and effectiveness of a  
9                   full range of—

10                           “(i) preventive services, treatments,  
11                           and services for acute conditions, including  
12                           services to promote healthy birth, prevent  
13                           and treat premature birth, and detect the  
14                           presence or risk of physical or mental con-  
15                           ditions that could adversely affect growth  
16                           and development; and

17                           “(ii) treatments to correct or amelio-  
18                           rate the effects of physical and mental con-  
19                           ditions, including chronic conditions, in in-  
20                           fants, young children, school-age children,  
21                           and adolescents.

22                   “(C) The availability of care in a range of  
23                   ambulatory and inpatient health care settings  
24                   in which such care is furnished.

1           “(D) The types of measures that, taken to-  
2           gether, can be used to estimate the overall na-  
3           tional quality of health care for children, includ-  
4           ing children with special needs, and to perform  
5           comparative analyses of pediatric health care  
6           quality and racial, ethnic, and socioeconomic  
7           disparities in child health and health care for  
8           children.

9           “(4) ENCOURAGE VOLUNTARY AND STANDARD-  
10          IZED REPORTING.—Not later than 2 years after the  
11          date of enactment of the Children’s Health Insur-  
12          ance Program Reauthorization Act of 2007, the Sec-  
13          retary, in consultation with States, shall develop a  
14          standardized format for reporting information and  
15          procedures and approaches that encourage States to  
16          use the initial core measurement set to voluntarily  
17          report information regarding the quality of pediatric  
18          health care under titles XIX and XXI.

19          “(5) ADOPTION OF BEST PRACTICES IN IMPLE-  
20          MENTING QUALITY PROGRAMS.—The Secretary shall  
21          disseminate information to States regarding best  
22          practices among States with respect to measuring  
23          and reporting on the quality of health care for chil-  
24          dren, and shall facilitate the adoption of such best  
25          practices. In developing best practices approaches,

1 the Secretary shall give particular attention to State  
2 measurement techniques that ensure the timeliness  
3 and accuracy of provider reporting, encourage pro-  
4 vider reporting compliance, encourage successful  
5 quality improvement strategies, and improve effi-  
6 ciency in data collection using health information  
7 technology.

8 “(6) REPORTS TO CONGRESS.—Not later than  
9 January 1, 2010, and every 3 years thereafter, the  
10 Secretary shall report to Congress on—

11 “(A) the status of the Secretary’s efforts  
12 to improve—

13 “(i) quality related to the duration  
14 and stability of health insurance coverage  
15 for children under titles XIX and XXI;

16 “(ii) the quality of children’s health  
17 care under such titles, including preventive  
18 health services, health care for acute condi-  
19 tions, chronic health care, and health serv-  
20 ices to ameliorate the effects of physical  
21 and mental conditions and to aid in growth  
22 and development of infants, young chil-  
23 dren, school-age children, and adolescents  
24 with special health care needs; and

1           “(iii) the quality of children’s health  
2           care under such titles across the domains  
3           of quality, including clinical quality, health  
4           care safety, family experience with health  
5           care, health care in the most integrated  
6           setting, and elimination of racial, ethnic,  
7           and socioeconomic disparities in health and  
8           health care;

9           “(B) the status of voluntary reporting by  
10          States under titles XIX and XXI, utilizing the  
11          initial core quality measurement set; and

12          “(C) any recommendations for legislative  
13          changes needed to improve the quality of care  
14          provided to children under titles XIX and XXI,  
15          including recommendations for quality reporting  
16          by States.

17          “(7) TECHNICAL ASSISTANCE.—The Secretary  
18          shall provide technical assistance to States to assist  
19          them in adopting and utilizing core child health  
20          quality measures in administering the State plans  
21          under titles XIX and XXI.

22          “(8) DEFINITION OF CORE SET.—In this sec-  
23          tion, the term ‘core set’ means a group of valid, reli-  
24          able, and evidence-based quality measures that,  
25          taken together—



1           “(A) provide information regarding the  
2           quality of health coverage and health care for  
3           children;

4           “(B) address the needs of children  
5           throughout the developmental age span; and

6           “(C) allow purchasers, families, and health  
7           care providers to understand the quality of care  
8           in relation to the preventive needs of children,  
9           treatments aimed at managing and resolving  
10          acute conditions, and diagnostic and treatment  
11          services whose purpose is to correct or amelio-  
12          rate physical, mental, or developmental condi-  
13          tions that could, if untreated or poorly treated,  
14          become chronic.

15          “(b) ADVANCING AND IMPROVING PEDIATRIC QUAL-  
16          ITY MEASURES.—

17                 “(1) ESTABLISHMENT OF PEDIATRIC QUALITY  
18          MEASURES PROGRAM.—Not later than January 1,  
19          2010, the Secretary shall establish a pediatric qual-  
20          ity measures program to—

21                 “(A) improve and strengthen the initial  
22          core child health care quality measures estab-  
23          lished by the Secretary under subsection (a);

24                 “(B) expand on existing pediatric quality  
25          measures used by public and private health care

1 purchasers and advance the development of  
2 such new and emerging quality measures; and

3 “(C) increase the portfolio of evidence-  
4 based, consensus pediatric quality measures  
5 available to public and private purchasers of  
6 children’s health care services, providers, and  
7 consumers.

8 “(2) EVIDENCE-BASED MEASURES.—The meas-  
9 ures developed under the pediatric quality measures  
10 program shall, at a minimum, be—

11 “(A) evidence-based and, where appro-  
12 priate, risk adjusted;

13 “(B) designed to identify and eliminate ra-  
14 cial and ethnic disparities in child health and  
15 the provision of health care;

16 “(C) designed to ensure that the data re-  
17 quired for such measures is collected and re-  
18 ported in a standard format that permits com-  
19 parison of quality and data at a State, plan,  
20 and provider level;

21 “(D) periodically updated; and

22 “(E) responsive to the child health needs,  
23 services, and domains of health care quality de-  
24 scribed in clauses (i), (ii), and (iii) of subsection  
25 (a)(6)(A).

1           “(3) PROCESS FOR PEDIATRIC QUALITY MEAS-  
2           URES PROGRAM.—In identifying gaps in existing pe-  
3           diatric quality measures and establishing priorities  
4           for development and advancement of such measures,  
5           the Secretary shall consult with—

6                   “(A) States;

7                   “(B) pediatricians, children’s hospitals,  
8                   and other primary and specialized pediatric  
9                   health care professionals (including members of  
10                  the allied health professions) who specialize in  
11                  the care and treatment of children, particularly  
12                  children with special physical, mental, and de-  
13                  velopmental health care needs;

14                  “(C) dental professionals, including pedi-  
15                  atric dental professionals;

16                  “(D) health care providers that furnish  
17                  primary health care to children and families  
18                  who live in urban and rural medically under-  
19                  served communities or who are members of dis-  
20                  tinct population sub-groups at heightened risk  
21                  for poor health outcomes;

22                  “(E) national organizations representing  
23                  children, including children with disabilities and  
24                  children with chronic conditions;

1           “(F) national organizations representing  
2 consumers and purchasers of children’s health  
3 care;

4           “(G) national organizations and individuals  
5 with expertise in pediatric health quality meas-  
6 urement; and

7           “(H) voluntary consensus standards set-  
8 ting organizations and other organizations in-  
9 volved in the advancement of evidence-based  
10 measures of health care.

11           “(4) DEVELOPING, VALIDATING, AND TESTING  
12 A PORTFOLIO OF PEDIATRIC QUALITY MEASURES.—  
13 As part of the program to advance pediatric quality  
14 measures, the Secretary shall—

15           “(A) award grants and contracts for the  
16 development, testing, and validation of new,  
17 emerging, and innovative evidence-based meas-  
18 ures for children’s health care services across  
19 the domains of quality described in clauses (i),  
20 (ii), and (iii) of subsection (a)(6)(A); and

21           “(B) award grants and contracts for—

22           “(i) the development of consensus on  
23 evidence-based measures for children’s  
24 health care services;

1                   “(ii) the dissemination of such meas-  
2                   ures to public and private purchasers of  
3                   health care for children; and

4                   “(iii) the updating of such measures  
5                   as necessary.

6                   “(5) REVISING, STRENGTHENING, AND IMPROV-  
7                   ING INITIAL CORE MEASURES.—Beginning no later  
8                   than January 1, 2012, and annually thereafter, the  
9                   Secretary shall publish recommended changes to the  
10                  core measures described in subsection (a) that shall  
11                  reflect the testing, validation, and consensus process  
12                  for the development of pediatric quality measures  
13                  described in subsection paragraphs (1) through (4).

14                  “(6) DEFINITION OF PEDIATRIC QUALITY  
15                  MEASURE.—In this subsection, the term ‘pediatric  
16                  quality measure’ means a measurement of clinical  
17                  care that is capable of being examined through the  
18                  collection and analysis of relevant information, that  
19                  is developed in order to assess 1 or more aspects of  
20                  pediatric health care quality in various institutional  
21                  and ambulatory health care settings, including the  
22                  structure of the clinical care system, the process of  
23                  care, the outcome of care, or patient experiences in  
24                  care.

1           “(7) CONSTRUCTION.—Nothing in this section  
2           shall be construed as supporting the restriction of  
3           coverage, under title XIX or XXI or otherwise, to  
4           only those services that are evidence-based.

5           “(c) ANNUAL STATE REPORTS REGARDING STATE-  
6           SPECIFIC QUALITY OF CARE MEASURES APPLIED UNDER  
7           MEDICAID OR CHIP.—

8           “(1) ANNUAL STATE REPORTS.—Each State  
9           with a State plan approved under title XIX or a  
10          State child health plan approved under title XXI  
11          shall annually report to the Secretary on the—

12                 “(A) State-specific child health quality  
13                 measures applied by the States under such  
14                 plans, including measures described in subpara-  
15                 graphs (A) and (B) of subsection (a)(6); and

16                 “(B) State-specific information on the  
17                 quality of health care furnished to children  
18                 under such plans, including information col-  
19                 lected through external quality reviews of man-  
20                 aged care organizations under section 1932 of  
21                 the Social Security Act (42 U.S.C. 1396u–4)  
22                 and benchmark plans under sections 1937 and  
23                 2103 of such Act (42 U.S.C. 1396u–7, 1397cc).

24           “(2) PUBLICATION.—Not later than September  
25          30, 2009, and annually thereafter, the Secretary

1 shall collect, analyze, and make publicly available the  
2 information reported by States under paragraph (1).

3 “(d) DEMONSTRATION PROJECTS FOR IMPROVING  
4 THE QUALITY OF CHILDREN’S HEALTH CARE AND THE  
5 USE OF HEALTH INFORMATION TECHNOLOGY.—

6 “(1) IN GENERAL.—During the period of fiscal  
7 years 2008 through 2012, the Secretary shall award  
8 not more than 10 grants to States and child health  
9 providers to conduct demonstration projects to  
10 evaluate promising ideas for improving the quality of  
11 children’s health care provided under title XIX or  
12 XXI, including projects to—

13 “(A) experiment with, and evaluate the use  
14 of, new measures of the quality of children’s  
15 health care under such titles (including testing  
16 the validity and suitability for reporting of such  
17 measures);

18 “(B) promote the use of health information  
19 technology in care delivery for children under  
20 such titles;

21 “(C) evaluate provider-based models which  
22 improve the delivery of children’s health care  
23 services under such titles, including care man-  
24 agement for children with chronic conditions  
25 and the use of evidence-based approaches to im-

1           prove the effectiveness, safety, and efficiency of  
2           health care services for children; or

3           “(D) demonstrate the impact of the model  
4           electronic health record format for children de-  
5           veloped and disseminated under subsection (f)  
6           on improving pediatric health, including the ef-  
7           fects of chronic childhood health conditions, and  
8           pediatric health care quality as well as reducing  
9           health care costs.

10          “(2) REQUIREMENTS.—In awarding grants  
11          under this subsection, the Secretary shall ensure  
12          that—

13                 “(A) only 1 demonstration project funded  
14                 under a grant awarded under this subsection  
15                 shall be conducted in a State; and

16                 “(B) demonstration projects funded under  
17                 grants awarded under this subsection shall be  
18                 conducted evenly between States with large  
19                 urban areas and States with large rural areas.

20          “(3) AUTHORITY FOR MULTISTATE  
21          PROJECTS.—A demonstration project conducted with  
22          a grant awarded under this subsection may be con-  
23          ducted on a multistate basis, as needed.



1           “(4) FUNDING.—\$20,000,000 of the amount  
2           appropriated under subsection (i) for a fiscal year  
3           shall be used to carry out this subsection.

4           “(e) CHILDHOOD OBESITY DEMONSTRATION  
5 PROJECT.—

6           “(1) AUTHORITY TO CONDUCT DEMONSTRA-  
7           TION.—The Secretary, in consultation with the Ad-  
8           ministrator of the Centers for Medicare & Medicaid  
9           Services, shall conduct a demonstration project to  
10          develop a comprehensive and systematic model for  
11          reducing childhood obesity by awarding grants to eli-  
12          gible entities to carry out such project. Such model  
13          shall—

14                 “(A) identify, through self-assessment, be-  
15                 havioral risk factors for obesity among children;

16                 “(B) identify, through self-assessment,  
17                 needed clinical preventive and screening benefits  
18                 among those children identified as target indi-  
19                 viduals on the basis of such risk factors;

20                 “(C) provide ongoing support to such tar-  
21                 get individuals and their families to reduce risk  
22                 factors and promote the appropriate use of pre-  
23                 ventive and screening benefits; and

24                 “(D) be designed to improve health out-  
25                 comes, satisfaction, quality of life, and appro-

1           priate use of items and services for which med-  
2           ical assistance is available under title XIX or  
3           child health assistance is available under title  
4           XXI among such target individuals.

5           “(2) ELIGIBILITY ENTITIES.—For purposes of  
6           this subsection, an eligible entity is any of the fol-  
7           lowing:

8                   “(A) A city, county, or Indian tribe.

9                   “(B) A local or tribal educational agency.

10                  “(C) An accredited university, college, or  
11                  community college.

12                  “(D) A Federally-qualified health center.

13                  “(E) A local health department.

14                  “(F) A health care provider.

15                  “(G) A community-based organization.

16                  “(H) Any other entity determined appro-  
17                  priate by the Secretary, including a consortia or  
18                  partnership of entities described in any of sub-  
19                  paragraphs (A) through (G).

20           “(3) USE OF FUNDS.—An eligible entity award-  
21           ed a grant under this subsection shall use the funds  
22           made available under the grant to—

23                   “(A) carry out community-based activities  
24                   related to reducing childhood obesity, including  
25                   by—

1                   “(i) forming partnerships with enti-  
2                   ties, including schools and other facilities  
3                   providing recreational services, to establish  
4                   programs for after school and weekend  
5                   community activities that are designed to  
6                   reduce childhood obesity;

7                   “(ii) forming partnerships with  
8                   daycare facilities to establish programs  
9                   that promote healthy eating behaviors and  
10                  physical activity; and

11                  “(iii) developing and evaluating com-  
12                  munity educational activities targeting  
13                  good nutrition and promoting healthy eat-  
14                  ing behaviors;

15                  “(B) carry out age-appropriate school-  
16                  based activities that are designed to reduce  
17                  childhood obesity, including by—

18                         “(i) developing and testing edu-  
19                         cational curricula and intervention pro-  
20                         grams designed to promote healthy eating  
21                         behaviors and habits in youth, which may  
22                         include—

23                                 “(I) after hours physical activity  
24                                 programs; and

1                   “(II) science-based interventions  
2                   with multiple components to prevent  
3                   eating disorders including nutritional  
4                   content, understanding and respond-  
5                   ing to hunger and satiety, positive  
6                   body image development, positive self-  
7                   esteem development, and learning life  
8                   skills (such as stress management,  
9                   communication skills, problemsolving  
10                  and decisionmaking skills), as well as  
11                  consideration of cultural and develop-  
12                  mental issues, and the role of family,  
13                  school, and community;

14                  “(ii) providing education and training  
15                  to educational professionals regarding how  
16                  to promote a healthy lifestyle and a  
17                  healthy school environment for children;

18                  “(iii) planning and implementing a  
19                  healthy lifestyle curriculum or program  
20                  with an emphasis on healthy eating behav-  
21                  iors and physical activity; and

22                  “(iv) planning and implementing  
23                  healthy lifestyle classes or programs for  
24                  parents or guardians, with an emphasis on

1 healthy eating behaviors and physical ac-  
2 tivity for children;

3 “(C) carry out educational, counseling,  
4 promotional, and training activities through the  
5 local health care delivery systems including  
6 by—

7 “(i) promoting healthy eating behav-  
8 iors and physical activity services to treat  
9 or prevent eating disorders, being over-  
10 weight, and obesity;

11 “(ii) providing patient education and  
12 counseling to increase physical activity and  
13 promote healthy eating behaviors;

14 “(iii) training health professionals on  
15 how to identify and treat obese and over-  
16 weight individuals which may include nu-  
17 trition and physical activity counseling;  
18 and

19 “(iv) providing community education  
20 by a health professional on good nutrition  
21 and physical activity to develop a better  
22 understanding of the relationship between  
23 diet, physical activity, and eating disorders,  
24 obesity, or being overweight; and

1           “(D) provide, through qualified health pro-  
2           fessionals, training and supervision for commu-  
3           nity health workers to—

4                   “(i) educate families regarding the re-  
5                   lationship between nutrition, eating habits,  
6                   physical activity, and obesity;

7                   “(ii) educate families about effective  
8                   strategies to improve nutrition, establish  
9                   healthy eating patterns, and establish ap-  
10                  propriate levels of physical activity; and

11                  “(iii) educate and guide parents re-  
12                  garding the ability to model and commu-  
13                  nicate positive health behaviors.

14           “(4) PRIORITY.—In awarding grants under  
15           paragraph (1), the Secretary shall give priority to  
16           awarding grants to eligible entities—

17                   “(A) that demonstrate that they have pre-  
18                   viously applied successfully for funds to carry  
19                   out activities that seek to promote individual  
20                   and community health and to prevent the inci-  
21                   dence of chronic disease and that can cite pub-  
22                   lished and peer-reviewed research dem-  
23                   onstrating that the activities that the entities  
24                   propose to carry out with funds made available  
25                   under the grant are effective;

1           “(B) that will carry out programs or ac-  
2           tivities that seek to accomplish a goal or goals  
3           set by the State in the Healthy People 2010  
4           plan of the State;

5           “(C) that provide non-Federal contribu-  
6           tions, either in cash or in-kind, to the costs of  
7           funding activities under the grants;

8           “(D) that develop comprehensive plans  
9           that include a strategy for extending program  
10          activities developed under grants in the years  
11          following the fiscal years for which they receive  
12          grants under this subsection;

13          “(E) located in communities that are medi-  
14          cally underserved, as determined by the Sec-  
15          retary;

16          “(F) located in areas in which the average  
17          poverty rate is at least 150 percent or higher of  
18          the average poverty rate in the State involved,  
19          as determined by the Secretary; and

20          “(G) that submit plans that exhibit multi-  
21          sectoral, cooperative conduct that includes the  
22          involvement of a broad range of stakeholders,  
23          including—

24                  “(i) community-based organizations;

25                  “(ii) local governments;

- 1 “(iii) local educational agencies;  
2 “(iv) the private sector;  
3 “(v) State or local departments of  
4 health;  
5 “(vi) accredited colleges, universities,  
6 and community colleges;  
7 “(vii) health care providers;  
8 “(viii) State and local departments of  
9 transportation and city planning; and  
10 “(ix) other entities determined appro-  
11 priate by the Secretary.

12 “(5) PROGRAM DESIGN.—

13 “(A) INITIAL DESIGN.—Not later than 1  
14 year after the date of enactment of the Chil-  
15 dren’s Health Insurance Program Reauthoriza-  
16 tion Act of 2007, the Secretary shall design the  
17 demonstration project. The demonstration  
18 should draw upon promising, innovative models  
19 and incentives to reduce behavioral risk factors.  
20 The Administrator of the Centers for Medicare  
21 & Medicaid Services shall consult with the Di-  
22 rector of the Centers for Disease Control and  
23 Prevention, the Director of the Office of Minor-  
24 ity Health, the heads of other agencies in the  
25 Department of Health and Human Services,



1           and such professional organizations, as the Sec-  
2           retary determines to be appropriate, on the de-  
3           sign, conduct, and evaluation of the demonstra-  
4           tion.

5                   “(B) NUMBER AND PROJECT AREAS.—Not  
6           later than 2 years after the date of enactment  
7           of the Children’s Health Insurance Program  
8           Reauthorization Act of 2007, the Secretary  
9           shall award 1 grant that is specifically designed  
10          to determine whether programs similar to pro-  
11          grams to be conducted by other grantees under  
12          this subsection should be implemented with re-  
13          spect to the general population of children who  
14          are eligible for child health assistance under  
15          State child health plans under title XXI in  
16          order to reduce the incidence of childhood obe-  
17          sity among such population.

18                   “(6) REPORT TO CONGRESS.—Not later than 3  
19          years after the date the Secretary implements the  
20          demonstration project under this subsection, the  
21          Secretary shall submit to Congress a report that de-  
22          scribes the project, evaluates the effectiveness and  
23          cost effectiveness of the project, evaluates the bene-  
24          ficiary satisfaction under the project, and includes

1 any such other information as the Secretary deter-  
2 mines to be appropriate.

3 “(7) DEFINITIONS.—In this subsection:

4 “(A) FEDERALLY-QUALIFIED HEALTH  
5 CENTER.—The term ‘Federally-qualified health  
6 center’ has the meaning given that term in sec-  
7 tion 1905(l)(2)(B).

8 “(B) INDIAN TRIBE.—The term ‘Indian  
9 tribe’ has the meaning given that term in sec-  
10 tion 4 of the Indian Health Care Improvement  
11 Act (25 U.S.C. 1603).

12 “(C) SELF-ASSESSMENT.—The term ‘self-  
13 assessment’ means a form that—

14 “(i) includes questions regarding—

15 “(I) behavioral risk factors;

16 “(II) needed preventive and  
17 screening services; and

18 “(III) target individuals’ pref-  
19 erences for receiving follow-up infor-  
20 mation;

21 “(ii) is assessed using such computer  
22 generated assessment programs; and

23 “(iii) allows for the provision of such  
24 ongoing support to the individual as the  
25 Secretary determines appropriate.

1                   “(D) ONGOING SUPPORT.—The term ‘on-  
2                   going support’ means—

3                   “(i) to provide any target individual  
4                   with information, feedback, health coach-  
5                   ing, and recommendations regarding—

6                   “(I) the results of a self-assess-  
7                   ment given to the individual;

8                   “(II) behavior modification based  
9                   on the self-assessment; and

10                  “(III) any need for clinical pre-  
11                  ventive and screening services or  
12                  treatment including medical nutrition  
13                  therapy;

14                  “(ii) to provide any target individual  
15                  with referrals to community resources and  
16                  programs available to assist the target in-  
17                  dividual in reducing health risks; and

18                  “(iii) to provide the information de-  
19                  scribed in clause (i) to a health care pro-  
20                  vider, if designated by the target individual  
21                  to receive such information.

22                  “(8) AUTHORIZATION OF APPROPRIATIONS.—  
23                  There is authorized to be appropriated to carry out  
24                  this subsection, \$25,000,000 for the period of fiscal  
25                  years 2008 through 2012.

1           “(f) DEVELOPMENT OF MODEL ELECTRONIC  
2 HEALTH RECORD FORMAT FOR CHILDREN ENROLLED IN  
3 MEDICAID OR CHIP.—

4           “(1) IN GENERAL.—Not later than January 1,  
5 2009, the Secretary shall establish a program to en-  
6 courage the development and dissemination of a  
7 model electronic health record format for children  
8 enrolled in the State plan under title XIX or the  
9 State child health plan under title XXI that is—

10           “(A) subject to State laws, accessible to  
11 parents, caregivers, and other consumers for  
12 the sole purpose of demonstrating compliance  
13 with school or leisure activity requirements,  
14 such as appropriate immunizations or physicals;

15           “(B) designed to allow interoperable ex-  
16 changes that conform with Federal and State  
17 privacy and security requirements;

18           “(C) structured in a manner that permits  
19 parents and caregivers to view and understand  
20 the extent to which the care their children re-  
21 ceive is clinically appropriate and of high qual-  
22 ity; and

23           “(D) capable of being incorporated into,  
24 and otherwise compatible with, other standards  
25 developed for electronic health records.

1           “(2) FUNDING.—\$5,000,000 of the amount ap-  
2           propriated under subsection (i) for a fiscal year shall  
3           be used to carry out this subsection.

4           “(g) STUDY OF PEDIATRIC HEALTH AND HEALTH  
5 CARE QUALITY MEASURES.—

6           “(1) IN GENERAL.—Not later than July 1,  
7           2009, the Institute of Medicine shall study and re-  
8           port to Congress on the extent and quality of efforts  
9           to measure child health status and the quality of  
10          health care for children across the age span and in  
11          relation to preventive care, treatments for acute con-  
12          ditions, and treatments aimed at ameliorating or  
13          correcting physical, mental, and developmental con-  
14          ditions in children. In conducting such study and  
15          preparing such report, the Institute of Medicine  
16          shall—

17                  “(A) consider all of the major national  
18                  population-based reporting systems sponsored  
19                  by the Federal Government that are currently  
20                  in place, including reporting requirements  
21                  under Federal grant programs and national  
22                  population surveys and estimates conducted di-  
23                  rectly by the Federal Government;

24                  “(B) identify the information regarding  
25                  child health and health care quality that each

1 system is designed to capture and generate, the  
2 study and reporting periods covered by each  
3 system, and the extent to which the information  
4 so generated is made widely available through  
5 publication;

6 “(C) identify gaps in knowledge related to  
7 children’s health status, health disparities  
8 among subgroups of children, the effects of so-  
9 cial conditions on children’s health status and  
10 use and effectiveness of health care, and the re-  
11 lationship between child health status and fam-  
12 ily income, family stability and preservation,  
13 and children’s school readiness and educational  
14 achievement and attainment; and

15 “(D) make recommendations regarding im-  
16 proving and strengthening the timeliness, qual-  
17 ity, and public transparency and accessibility of  
18 information about child health and health care  
19 quality.

20 “(2) FUNDING.—Up to \$1,000,000 of the  
21 amount appropriated under subsection (i) for a fis-  
22 cal year shall be used to carry out this subsection.

23 “(h) RULE OF CONSTRUCTION.—Notwithstanding  
24 any other provision in this section, no evidence based qual-  
25 ity measure developed, published, or used as a basis of

1 measurement or reporting under this section may be used  
2 to establish an irrebuttable presumption regarding either  
3 the medical necessity of care or the maximum permissible  
4 coverage for any individual child who is eligible for and  
5 receiving medical assistance under title XIX or child  
6 health assistance under title XXI .

7 “(i) APPROPRIATION.—Out of any funds in the  
8 Treasury not otherwise appropriated, there is appro-  
9 priated for each of fiscal years 2008 through 2012,  
10 \$45,000,000 for the purpose of carrying out this section  
11 (other than subsection (e)). Funds appropriated under  
12 this subsection shall remain available until expended.”.

13 (b) INCREASED MATCHING RATE FOR COLLECTING  
14 AND REPORTING ON CHILD HEALTH MEASURES.—Sec-  
15 tion 1903(a)(3)(A) (42 U.S.C. 1396b(a)(3)(A)), is amend-  
16 ed—

17 (1) by striking “and” at the end of clause (i);

18 and

19 (2) by adding at the end the following new  
20 clause:

21 “(iii) an amount equal to the Federal med-  
22 ical assistance percentage (as defined in section  
23 1905(b)) of so much of the sums expended dur-  
24 ing such quarter (as found necessary by the  
25 Secretary for the proper and efficient adminis-

1           tration of the State plan) as are attributable to  
2           such developments or modifications of systems  
3           of the type described in clause (i) as are nec-  
4           essary for the efficient collection and reporting  
5           on child health measures; and”.

6   **SEC. 402. IMPROVED AVAILABILITY OF PUBLIC INFORMA-**  
7                   **TION REGARDING ENROLLMENT OF CHIL-**  
8                   **DREN IN CHIP AND MEDICAID.**

9           (a) INCLUSION OF PROCESS AND ACCESS MEASURES  
10          IN ANNUAL STATE REPORTS.—Section 2108 (42 U.S.C.  
11          1397hh) is amended—

12               (1) in subsection (a), in the matter preceding  
13               paragraph (1), by striking “The State” and insert-  
14               ing “Subject to subsection (e), the State”; and

15               (2) by adding at the end the following new sub-  
16               section:

17               “(e) INFORMATION REQUIRED FOR INCLUSION IN  
18          STATE ANNUAL REPORT.—The State shall include the fol-  
19          lowing information in the annual report required under  
20          subsection (a):

21                   “(1) Eligibility criteria, enrollment, and reten-  
22                   tion data (including data with respect to continuity  
23                   of coverage or duration of benefits).

24                   “(2) Data regarding the extent to which the  
25                   State uses process measures with respect to deter-



1 mining the eligibility of children under the State  
2 child health plan, including measures such as 12-  
3 month continuous eligibility, self-declaration of in-  
4 come for applications or renewals, or presumptive  
5 eligibility.

6 “(3) Data regarding denials of eligibility and  
7 redeterminations of eligibility.

8 “(4) Data regarding access to primary and spe-  
9 cialty services, access to networks of care, and care  
10 coordination provided under the State child health  
11 plan, using quality care and consumer satisfaction  
12 measures included in the Consumer Assessment of  
13 Healthcare Providers and Systems (CAHPS) survey.

14 “(5) If the State provides child health assist-  
15 ance in the form of premium assistance for the pur-  
16 chase of coverage under a group health plan, data  
17 regarding the provision of such assistance, including  
18 the extent to which employer-sponsored health insur-  
19 ance coverage is available for children eligible for  
20 child health assistance under the State child health  
21 plan, the range of the monthly amount of such as-  
22 sistance provided on behalf of a child or family, the  
23 number of children or families provided such assist-  
24 ance on a monthly basis, the income of the children  
25 or families provided such assistance, the benefits

1 and cost-sharing protection provided under the State  
2 child health plan to supplement the coverage pur-  
3 chased with such premium assistance, the effective  
4 strategies the State engages in to reduce any admin-  
5 istrative barriers to the provision of such assistance,  
6 and, the effects, if any, of the provision of such as-  
7 sistance on preventing the coverage provided under  
8 the State child health plan from substituting for cov-  
9 erage provided under employer-sponsored health in-  
10 surance offered in the State.

11 “(6) To the extent applicable, a description of  
12 any State activities that are designed to reduce the  
13 number of uncovered children in the State, including  
14 through a State health insurance connector program  
15 or support for innovative private health coverage ini-  
16 tiatives.”.

17 (b) STANDARDIZED REPORTING FORMAT.—

18 (1) IN GENERAL.—Not later than 1 year after  
19 the date of enactment of this Act, the Secretary  
20 shall specify a standardized format for States to use  
21 for reporting the information required under section  
22 2108(e) of the Social Security Act, as added by sub-  
23 section (a)(2).

24 (2) TRANSITION PERIOD FOR STATES.—Each  
25 State that is required to submit a report under sub-

1 section (a) of section 2108 of the Social Security Act  
2 that includes the information required under sub-  
3 section (e) of such section may use up to 3 reporting  
4 periods to transition to the reporting of such infor-  
5 mation in accordance with the standardized format  
6 specified by the Secretary under paragraph (1).

7 (c) ADDITIONAL FUNDING FOR THE SECRETARY TO  
8 IMPROVE TIMELINESS OF DATA REPORTING AND ANAL-  
9 YSIS FOR PURPOSES OF DETERMINING ENROLLMENT IN-  
10 CREASES UNDER MEDICAID AND CHIP.—

11 (1) APPROPRIATION.—There is appropriated,  
12 out of any money in the Treasury not otherwise ap-  
13 propriated, \$5,000,000 to the Secretary for fiscal  
14 year 2008 for the purpose of improving the timeli-  
15 ness of the data reported and analyzed from the  
16 Medicaid Statistical Information System (MSIS) for  
17 purposes of providing more timely data on enroll-  
18 ment and eligibility of children under Medicaid and  
19 CHIP and to provide guidance to States with re-  
20 spect to any new reporting requirements related to  
21 such improvements. Amounts appropriated under  
22 this paragraph shall remain available until expended.

23 (2) REQUIREMENTS.—The improvements made  
24 by the Secretary under paragraph (1) shall be de-  
25 signed and implemented (including with respect to

1 any necessary guidance for States to report such in-  
2 formation in a complete and expeditious manner) so  
3 that, beginning no later than October 1, 2008, data  
4 regarding the enrollment of low-income children (as  
5 defined in section 2110(c)(4) of the Social Security  
6 Act (42 U.S.C. 1397jj(c)(4)) of a State enrolled in  
7 the State plan under Medicaid or the State child  
8 health plan under CHIP with respect to a fiscal year  
9 shall be collected and analyzed by the Secretary  
10 within 6 months of submission.

11 (d) GAO STUDY AND REPORT ON ACCESS TO PRI-  
12 MARY AND SPECIALITY SERVICES.—

13 (1) IN GENERAL.—The Comptroller General of  
14 the United States shall conduct a study of children’s  
15 access to primary and specialty services under Med-  
16 icaid and CHIP, including—

17 (A) the extent to which providers are will-  
18 ing to treat children eligible for such programs;

19 (B) information on such children’s access  
20 to networks of care;

21 (C) geographic availability of primary and  
22 specialty services under such programs;

23 (D) the extent to which care coordination  
24 is provided for children’s care under Medicaid  
25 and CHIP; and

1 (E) as appropriate, information on the de-  
2 gree of availability of services for children under  
3 such programs.

4 (2) REPORT.—Not later than 2 years after the  
5 date of enactment of this Act, the Comptroller Gen-  
6 eral shall submit a report to the Committee on Fi-  
7 nance of the Senate and the Committee on Energy  
8 and Commerce of the House of Representatives on  
9 the study conducted under paragraph (1) that in-  
10 cludes recommendations for such Federal and State  
11 legislative and administrative changes as the Comp-  
12 troller General determines are necessary to address  
13 any barriers to access to children’s care under Med-  
14 icaid and CHIP that may exist.

15 **SEC. 403. APPLICATION OF CERTAIN MANAGED CARE**  
16 **QUALITY SAFEGUARDS TO CHIP.**

17 (a) IN GENERAL.—Section 2103(f) of Social Security  
18 Act (42 U.S.C. 1397bb(f)) is amended by adding at the  
19 end the following new paragraph:

20 “(3) COMPLIANCE WITH MANAGED CARE RE-  
21 QUIREMENTS.—The State child health plan shall  
22 provide for the application of subsections (a)(4),  
23 (a)(5), (b), (c), (d), and (e) of section 1932 (relating  
24 to requirements for managed care) to coverage,  
25 State agencies, enrollment brokers, managed care

1 entities, and managed care organizations under this  
2 title in the same manner as such subsections apply  
3 to coverage and such entities and organizations  
4 under title XIX.”.

5 (b) EFFECTIVE DATE.—The amendment made by  
6 subsection (a) shall apply to contract years for health  
7 plans beginning on or after July 1, 2008.

8 **TITLE V—IMPROVING ACCESS**  
9 **TO BENEFITS**

10 **SEC. 501. DENTAL BENEFITS.**

11 (a) COVERAGE.—

12 (1) IN GENERAL.—Section 2103 (42 U.S.C.  
13 1397cc) is amended—

14 (A) in subsection (a)—

15 (i) in the matter before paragraph  
16 (1), by striking “subsection (c)(5)” and in-  
17 serting “paragraphs (5) and (7) of sub-  
18 section (c)”;

19 (ii) in paragraph (1), by inserting “at  
20 least” after “that is”; and

21 (B) in subsection (c)—

22 (i) by redesignating paragraph (5) as  
23 paragraph (7); and

24 (ii) by inserting after paragraph (4),  
25 the following:

1 “(5) DENTAL BENEFITS.—

2 “(A) IN GENERAL.—The child health as-  
3 sistance provided to a targeted low-income child  
4 shall include coverage of dental services nec-  
5 essary to prevent disease and promote oral  
6 health, restore oral structures to health and  
7 function, and treat emergency conditions.

8 “(B) PERMITTING USE OF DENTAL  
9 BENCHMARK PLANS BY CERTAIN STATES.—A  
10 State may elect to meet the requirement of sub-  
11 paragraph (A) through dental coverage that is  
12 equivalent to a benchmark dental benefit pack-  
13 age described in subparagraph (C).

14 “(C) BENCHMARK DENTAL BENEFIT PACK-  
15 AGES.—The benchmark dental benefit packages  
16 are as follows:

17 “(i) FEHBP CHILDREN’S DENTAL  
18 COVERAGE.—A dental benefits plan under  
19 chapter 89A of title 5, United States Code,  
20 that has been selected most frequently by  
21 employees seeking dependent coverage,  
22 among such plans that provide such de-  
23 pendent coverage, in either of the previous  
24 2 plan years.

1                   “(ii) STATE EMPLOYEE DEPENDENT  
2                   DENTAL COVERAGE.—A dental benefits  
3                   plan that is offered and generally available  
4                   to State employees in the State involved  
5                   and that has been selected most frequently  
6                   by employees seeking dependent coverage,  
7                   among such plans that provide such de-  
8                   pendent coverage, in either of the previous  
9                   2 plan years.

10                   “(iii) COVERAGE OFFERED THROUGH  
11                   COMMERCIAL DENTAL PLAN.—A dental  
12                   benefits plan that has the largest insured  
13                   commercial, non-medicaid enrollment of  
14                   dependent covered lives of such plans that  
15                   is offered in the State involved.”.

16                   (2) ASSURING ACCESS TO CARE.—Section  
17                   2102(a)(7)(B) (42 U.S.C. 1397bb(c)(2)) is amended  
18                   by inserting “and services described in section  
19                   2103(c)(5)” after “emergency services”.

20                   (3) EFFECTIVE DATE.—The amendments made  
21                   by paragraph (1) shall apply to coverage of items  
22                   and services furnished on or after October 1, 2008.

23                   (b) DENTAL EDUCATION FOR PARENTS OF  
24                   NEWBORNS.—The Secretary shall develop and implement,  
25                   through entities that fund or provide perinatal care serv-



1 ices to targeted low-income children under a State child  
2 health plan under title XXI of the Social Security Act,  
3 a program to deliver oral health educational materials that  
4 inform new parents about risks for, and prevention of,  
5 early childhood caries and the need for a dental visit with-  
6 in their newborn's first year of life.

7 (c) PROVISION OF DENTAL SERVICES THROUGH  
8 FQHCs.—

9 (1) MEDICAID.—Section 1902(a) (42 U.S.C.  
10 1396a(a)) is amended—

11 (A) by striking “and” at the end of para-  
12 graph (69);

13 (B) by striking the period at the end of  
14 paragraph (70) and inserting “; and”; and

15 (C) by inserting after paragraph (70) the  
16 following new paragraph:

17 “(71) provide that the State will not prevent a  
18 Federally-qualified health center from entering into  
19 contractual relationships with private practice dental  
20 providers in the provision of Federally-qualified  
21 health center services.”.

22 (2) CHIP.—Section 2107(e)(1) (42 U.S.C.  
23 1397g(e)(1)), as amended by subsections (a)(2) and  
24 (d)(2) of section 203, is amended by inserting after  
25 subparagraph (B) the following new subparagraph

1 (and redesignating the succeeding subparagraphs ac-  
2 cordingly):

3 “(C) Section 1902(a)(71) (relating to lim-  
4 iting FQHC contracting for provision of dental  
5 services).”.

6 (3) EFFECTIVE DATE.—The amendments made  
7 by this subsection shall take effect on January 1,  
8 2008.

9 (d) REPORTING INFORMATION ON DENTAL  
10 HEALTH.—

11 (1) MEDICAID.—Section 1902(a)(43)(D)(iii)  
12 (42 U.S.C. 1396a(a)(43)(D)(iii)) is amended by in-  
13 sserting “and other information relating to the provi-  
14 sion of dental services to such children described in  
15 section 2108(e)” after “receiving dental services,”.

16 (2) CHIP.—Section 2108 (42 U.S.C. 1397hh)  
17 is amended by adding at the end the following new  
18 subsection:

19 “(e) INFORMATION ON DENTAL CARE FOR CHIL-  
20 DREN.—

21 “(1) IN GENERAL.—Each annual report under  
22 subsection (a) shall include the following information  
23 with respect to care and services described in section  
24 1905(r)(3) provided to targeted low-income children

1 enrolled in the State child health plan under this  
2 title at any time during the year involved:

3 “(A) The number of enrolled children by  
4 age grouping used for reporting purposes under  
5 section 1902(a)(43).

6 “(B) For children within each such age  
7 grouping, information of the type contained in  
8 questions 12(a)–(c) of CMS Form 416 (that  
9 consists of the number of enrolled targeted low  
10 income children who receive any, preventive, or  
11 restorative dental care under the State plan).

12 “(C) For the age grouping that includes  
13 children 8 years of age, the number of such  
14 children who have received a protective sealant  
15 on at least one permanent molar tooth.

16 “(2) INCLUSION OF INFORMATION ON ENROLL-  
17 EES IN MANAGED CARE PLANS.—The information  
18 under paragraph (1) shall include information on  
19 children who are enrolled in managed care plans and  
20 other private health plans and contracts with such  
21 plans under this title shall provide for the reporting  
22 of such information by such plans to the State.”.

23 (3) EFFECTIVE DATE.—The amendments made  
24 by this subsection shall be effective for annual re-

1 ports submitted for years beginning after date of en-  
2 actment.

3 (e) IMPROVED ACCESSIBILITY OF DENTAL PROVIDER  
4 INFORMATION TO ENROLLEES UNDER MEDICAID AND  
5 CHIP.—The Secretary shall—

6 (1) work with States, pediatric dentists, and  
7 other dental providers (including providers that are,  
8 or are affiliated with, a school of dentistry) to in-  
9 clude, not later than 6 months after the date of the  
10 enactment of this Act, on the Insure Kids Now  
11 website (<http://www.insurekidsnow.gov/>) and hotline  
12 (1-877-KIDS-NOW) (or on any successor websites  
13 or hotlines) a current and accurate list of all such  
14 dentists and providers within each State that provide  
15 dental services to children enrolled in the State plan  
16 (or waiver) under Medicaid or the State child health  
17 plan (or waiver) under CHIP, and shall ensure that  
18 such list is updated at least quarterly; and

19 (2) work with States to include, not later than  
20 6 months after the date of the enactment of this  
21 Act, a description of the dental services provided  
22 under each State plan (or waiver) under Medicaid  
23 and each State child health plan (or waiver) under  
24 CHIP on such Insure Kids Now website, and shall  
25 ensure that such list is updated at least annually.

1 (f) INCLUSION OF STATUS OF EFFORTS TO IMPROVE  
2 DENTAL CARE IN REPORTS ON THE QUALITY OF CHIL-  
3 DREN'S HEALTH CARE UNDER MEDICAID AND CHIP.—

4 Section 1139A(a), as added by section 401(a), is amend-  
5 ed—

6 (1) in paragraph (3)(B)(ii), by inserting “and,  
7 with respect to dental care, conditions requiring the  
8 restoration of teeth, relief of pain and infection, and  
9 maintenance of dental health” after “chronic condi-  
10 tions”; and

11 (2) in paragraph (6)(A)(ii), by inserting “dental  
12 care,” after “preventive health services,”.

13 (g) GAO STUDY AND REPORT.—

14 (1) STUDY.—The Comptroller General of the  
15 United States shall provide for a study that exam-  
16 ines—

17 (A) access to dental services by children in  
18 underserved areas;

19 (B) children's access to oral health care,  
20 including preventive and restorative services,  
21 under Medicaid and CHIP, including—

22 (i) the extent to which dental pro-  
23 viders are willing to treat children eligible  
24 for such programs;

1 (ii) information on such children's ac-  
2 cess to networks of care, including such  
3 networks that serve special needs children;  
4 and

5 (iii) geographic availability of oral  
6 health care, including preventive and re-  
7 storative services, under such programs;  
8 and

9 (C) the feasibility and appropriateness of  
10 using qualified mid-level dental health pro-  
11 viders, in coordination with dentists, to improve  
12 access for children to oral health services and  
13 public health overall.

14 (2) REPORT.—Not later than 18 months year  
15 after the date of the enactment of this Act, the  
16 Comptroller General shall submit to Congress a re-  
17 port on the study conducted under paragraph (1).  
18 The report shall include recommendations for such  
19 Federal and State legislative and administrative  
20 changes as the Comptroller General determines are  
21 necessary to address any barriers to access to oral  
22 health care, including preventive and restorative  
23 services, under Medicaid and CHIP that may exist.

1 **SEC. 502. MENTAL HEALTH PARITY IN CHIP PLANS.**

2 (a) ASSURANCE OF PARITY.—Section 2103(c) (42  
3 U.S.C. 1397cc(c)), as amended by section 501(a)(1)(B),  
4 is amended by inserting after paragraph (5), the following:

5 “(6) MENTAL HEALTH SERVICES PARITY.—

6 “(A) IN GENERAL.—In the case of a State  
7 child health plan that provides both medical  
8 and surgical benefits and mental health or sub-  
9 stance abuse benefits, such plan shall ensure  
10 that the financial requirements and treatment  
11 limitations applicable to such mental health or  
12 substance abuse benefits are no more restrictive  
13 than the financial requirements and treatment  
14 limitations applied to substantially all medical  
15 and surgical benefits covered by the plan.

16 “(B) DEEMED COMPLIANCE.—To the ex-  
17 tent that a State child health plan includes cov-  
18 erage with respect to an individual described in  
19 section 1905(a)(4)(B) and covered under the  
20 State plan under section 1902(a)(10)(A) of the  
21 services described in section 1905(a)(4)(B) (re-  
22 lating to early and periodic screening, diag-  
23 nostic, and treatment services defined in section  
24 1905(r)) and provided in accordance with sec-  
25 tion 1902(a)(43), such plan shall be deemed to  
26 satisfy the requirements of subparagraph (A).”.

1 (b) CONFORMING AMENDMENTS.—Section 2103 (42  
2 U.S.C. 1397cc) is amended—

3 (1) in subsection (a), as amended by section  
4 501(a)(1)(A)(i), in the matter preceding paragraph  
5 (1), by inserting “, (6),” after “(5)”; and

6 (2) in subsection (c)(2), by striking subpara-  
7 graph (B) and redesignating subparagraphs (C) and  
8 (D) as subparagraphs (B) and (C), respectively.

9 **SEC. 503. APPLICATION OF PROSPECTIVE PAYMENT SYS-**  
10 **TEM FOR SERVICES PROVIDED BY FEDER-**  
11 **ALLY-QUALIFIED HEALTH CENTERS AND**  
12 **RURAL HEALTH CLINICS.**

13 (a) APPLICATION OF PROSPECTIVE PAYMENT SYS-  
14 TEM.—

15 (1) IN GENERAL.—Section 2107(e)(1) (42  
16 U.S.C. 1397gg(e)(1)), as amended by section  
17 501(c)(2) is amended by inserting after subpara-  
18 graph (C) the following new subparagraph (and re-  
19 designating the succeeding subparagraphs accord-  
20 ingly):

21 “(D) Section 1902(bb) (relating to pay-  
22 ment for services provided by Federally-quali-  
23 fied health centers and rural health clinics).”.



1           (2) EFFECTIVE DATE.—The amendment made  
2           by paragraph (1) shall apply to services provided on  
3           or after October 1, 2008.

4           (b) TRANSITION GRANTS.—

5           (1) APPROPRIATION.—Out of any funds in the  
6           Treasury not otherwise appropriated, there is appro-  
7           priated to the Secretary for fiscal year 2008,  
8           \$5,000,000, to remain available until expended, for  
9           the purpose of awarding grants to States with State  
10          child health plans under CHIP that are operated  
11          separately from the State Medicaid plan under title  
12          XIX of the Social Security Act (including any waiver  
13          of such plan), or in combination with the State Med-  
14          icaid plan, for expenditures related to transitioning  
15          to compliance with the requirement of section  
16          2107(e)(1)(D) of the Social Security Act (as added  
17          by subsection (a)) to apply the prospective payment  
18          system established under section 1902(bb) of the  
19          such Act (42 U.S.C. 1396a(bb)) to services provided  
20          by Federally-qualified health centers and rural  
21          health clinics.

22          (2) MONITORING AND REPORT.—The Secretary  
23          shall monitor the impact of the application of such  
24          prospective payment system on the States described  
25          in paragraph (1) and, not later than October 1,

1       2010, shall report to Congress on any effect on ac-  
2       cess to benefits, provider payment rates, or scope of  
3       benefits offered by such States as a result of the ap-  
4       plication of such payment system.

5       **SEC. 504. PREMIUM GRACE PERIOD.**

6       (a) IN GENERAL.—Section 2103(e)(3) (42 U.S.C.  
7       1397cc(e)(3)) is amended by adding at the end the fol-  
8       lowing new subparagraph:

9               “(C) PREMIUM GRACE PERIOD.—The State  
10              child health plan—

11                      “(i) shall afford individuals enrolled  
12                      under the plan a grace period of at least  
13                      30 days from the beginning of a new cov-  
14                      erage period to make premium payments  
15                      before the individual’s coverage under the  
16                      plan may be terminated; and

17                      “(ii) shall provide to such an indi-  
18                      vidual, not later than 7 days after the first  
19                      day of such grace period, notice—

20                              “(I) that failure to make a pre-  
21                              mium payment within the grace pe-  
22                              riod will result in termination of cov-  
23                              erage under the State child health  
24                              plan; and

1                   “(II) of the individual’s right to  
2                   challenge the proposed termination  
3                   pursuant to the applicable Federal  
4                   regulations.

5                   For purposes of clause (i), the term ‘new cov-  
6                   erage period’ means the month immediately fol-  
7                   lowing the last month for which the premium  
8                   has been paid.”.

9                   (b) **EFFECTIVE DATE.**—The amendment made by  
10                  subsection (a) shall apply to new coverage periods begin-  
11                  ning on or after January 1, 2009.

12                  **SEC. 505. DEMONSTRATION PROJECTS RELATING TO DIA-**  
13                  **BETES PREVENTION.**

14                  There is authorized to be appropriated \$15,000,000  
15                  during the period of fiscal years 2008 through 2012 to  
16                  fund demonstration projects in up to 10 States over 3  
17                  years for voluntary incentive programs to promote chil-  
18                  dren’s receipt of relevant screenings and improvements in  
19                  healthy eating and physical activity with the aim of reduc-  
20                  ing the incidence of type 2 diabetes. Such programs may  
21                  involve reductions in cost-sharing or premiums when chil-  
22                  dren receive regular screening and reach certain bench-  
23                  marks in healthy eating and physical activity. Under such  
24                  programs, a State may also provide financial bonuses for  
25                  partnerships with entities, such as schools, which increase

1 their education and efforts with respect to reducing the  
2 incidence of type 2 diabetes and may also devise incentives  
3 for providers serving children covered under this title and  
4 title XIX to perform relevant screening and counseling re-  
5 garding healthy eating and physical activity. Upon comple-  
6 tion of these demonstrations, the Secretary shall provide  
7 a report to Congress on the results of the State dem-  
8 onstration projects and the degree to which they helped  
9 improve health outcomes related to type 2 diabetes in chil-  
10 dren in those States.

11 **SEC. 506. CLARIFICATION OF COVERAGE OF SERVICES**  
12 **PROVIDED THROUGH SCHOOL-BASED**  
13 **HEALTH CENTERS.**

14 Section 2103(e) (42 U.S.C. 1397cc(e)), as amended  
15 by section 501(a)(1)(B), is amended by adding at the end  
16 the following new paragraph:

17 “(8) AVAILABILITY OF COVERAGE FOR ITEMS  
18 AND SERVICES FURNISHED THROUGH SCHOOL-  
19 BASED HEALTH CENTERS.—Nothing in this title  
20 shall be construed as limiting a State’s ability to  
21 provide child health assistance for covered items and  
22 services that are furnished through school-based  
23 health centers.”.

1 **TITLE VI—PROGRAM INTEGRITY**  
2 **AND OTHER MISCELLANEOUS**  
3 **PROVISIONS**

4 **Subtitle A—Program Integrity and**  
5 **Data Collection**

6 **SEC. 601. PAYMENT ERROR RATE MEASUREMENT (“PERM”).**

7 (a) EXPENDITURES RELATED TO COMPLIANCE WITH  
8 REQUIREMENTS.—

9 (1) ENHANCED PAYMENTS.—Section 2105(c)  
10 (42 U.S.C. 1397ee(c)), as amended by section  
11 301(a), is amended by adding at the end the fol-  
12 lowing new paragraph:

13 “(12) ENHANCED PAYMENTS.—Notwith-  
14 standing subsection (b), the enhanced FMAP with  
15 respect to payments under subsection (a) for ex-  
16 penditures related to the administration of the pay-  
17 ment error rate measurement (PERM) requirements  
18 applicable to the State child health plan in accord-  
19 ance with the Improper Payments Information Act  
20 of 2002 and parts 431 and 457 of title 42, Code of  
21 Federal Regulations (or any related or successor  
22 guidance or regulations) shall in no event be less  
23 than 90 percent.”.

24 (2) EXCLUSION OF FROM CAP ON ADMINISTRA-  
25 TIVE EXPENDITURES.—Section 2105(c)(2)(C) (42

1 U.S.C. 1397ee(c)(2)C)), as amended by section  
2 302(b)), is amended by adding at the end the fol-  
3 lowing:

4 “(iv) PAYMENT ERROR RATE MEAS-  
5 UREMENT (PERM) EXPENDITURES.—Ex-  
6 penditures related to the administration of  
7 the payment error rate measurement  
8 (PERM) requirements applicable to the  
9 State child health plan in accordance with  
10 the Improper Payments Information Act of  
11 2002 and parts 431 and 457 of title 42,  
12 Code of Federal Regulations (or any re-  
13 lated or successor guidance or regula-  
14 tions).”.

15 (b) FINAL RULE REQUIRED TO BE IN EFFECT FOR  
16 ALL STATES.—Notwithstanding parts 431 and 457 of  
17 title 42, Code of Federal Regulations (as in effect on the  
18 date of enactment of this Act), the Secretary shall not cal-  
19 culate or publish any national or State-specific error rate  
20 based on the application of the payment error rate meas-  
21 urement (in this section referred to as “PERM”) require-  
22 ments to CHIP until after the date that is 6 months after  
23 the date on which a final rule implementing such require-  
24 ments in accordance with the requirements of subsection  
25 (c) is in effect for all States. Any calculation of a national

1 error rate or a State specific error rate after such final  
2 rule in effect for all States may only be inclusive of errors,  
3 as defined in such final rule or in guidance issued within  
4 a reasonable time frame after the effective date for such  
5 final rule that includes detailed guidance for the specific  
6 methodology for error determinations.

7 (c) REQUIREMENTS FOR FINAL RULE.—For pur-  
8 poses of subsection (b), the requirements of this sub-  
9 section are that the final rule implementing the PERM  
10 requirements shall—

11 (1) include—

12 (A) clearly defined criteria for errors for  
13 both States and providers;

14 (B) a clearly defined process for appealing  
15 error determinations by—

16 (i) review contractors; or

17 (ii) the agency and personnel de-  
18 scribed in section 431.974(a)(2) of title 42,  
19 Code of Federal Regulations, as in effect  
20 on September 1, 2007, responsible for the  
21 development, direction, implementation,  
22 and evaluation of eligibility reviews and as-  
23 sociated activities; and

1 (C) clearly defined responsibilities and  
2 deadlines for States in implementing any cor-  
3 rective action plans; and

4 (2) provide that the payment error rate deter-  
5 mined for a State shall not take into account pay-  
6 ment errors resulting from the State's verification of  
7 an applicant's self-declaration or self-certification of  
8 eligibility for, and the correct amount of, medical as-  
9 sistance or child health assistance, if the State proc-  
10 ess for verifying an applicant's self-declaration or  
11 self-certification satisfies the requirements for such  
12 process applicable under regulations promulgated by  
13 the Secretary or otherwise approved by the Sec-  
14 retary.

15 (d) OPTION FOR APPLICATION OF DATA FOR STATES  
16 IN FIRST APPLICATION CYCLE UNDER THE INTERIM  
17 FINAL RULE.—After the final rule implementing the  
18 PERM requirements in accordance with the requirements  
19 of subsection (c) is in effect for all States, a State for  
20 which the PERM requirements were first in effect under  
21 an interim final rule for fiscal year 2007 may elect to ac-  
22 cept any payment error rate determined in whole or in  
23 part for the State on the basis of data for that fiscal year  
24 or may elect to not have any payment error rate deter-  
25 mined on the basis of such data and, instead, shall be



1 treated as if fiscal year 2010 were the first fiscal year  
2 for which the PERM requirements apply to the State.

3 (e) HARMONIZATION OF MEQC AND PERM.—

4 (1) REDUCTION OF REDUNDANCIES.—The Sec-  
5 retary shall review the Medicaid Eligibility Quality  
6 Control (in this subsection referred to as the  
7 “MEQC”) requirements with the PERM require-  
8 ments and coordinate consistent implementation of  
9 both sets of requirements, while reducing  
10 redundancies.

11 (2) STATE OPTION TO APPLY PERM DATA.—A  
12 State may elect, for purposes of determining the er-  
13 roneous excess payments for medical assistance ratio  
14 applicable to the State for a fiscal year under section  
15 1903(u) of the Social Security Act (42 U.S.C.  
16 1396b(u)) to substitute data resulting from the ap-  
17 plication of the PERM requirements to the State  
18 after the final rule implementing such requirements  
19 is in effect for all States for data obtained from the  
20 application of the MEQC requirements to the State  
21 with respect to a fiscal year.

22 (3) STATE OPTION TO APPLY MEQC DATA.—For  
23 purposes of satisfying the requirements of subpart Q  
24 of part 431 of title 42, Code of Federal Regulations,  
25 as in effect on September 1, 2007, relating to Med-

1       icaid eligibility reviews, a State may elect to sub-  
2       stitute data obtained through MEQC reviews con-  
3       ducted in accordance with section 1903(u) of the So-  
4       cial Security Act (42 U.S.C. 1396b(u)) for data re-  
5       quired for purposes of PERM requirements, but only  
6       if the State MEQC reviews are based on a broad,  
7       representative sample of Medicaid applicants or en-  
8       rollees in the States.

9       (f) IDENTIFICATION OF IMPROVED STATE-SPECIFIC  
10      SAMPLE SIZES.—The Secretary shall establish State-spe-  
11      cific sample sizes for application of the PERM require-  
12      ments with respect to State child health plans for fiscal  
13      years beginning with fiscal year 2009, on the basis of such  
14      information as the Secretary determines appropriate. In  
15      establishing such sample sizes, the Secretary shall, to the  
16      greatest extent practicable—

17             (1) minimize the administrative cost burden on  
18             States under Medicaid and CHIP; and

19             (2) maintain State flexibility to manage such  
20             programs.

21      **SEC. 602. IMPROVING DATA COLLECTION.**

22             (a)        INCREASED        APPROPRIATION.—Section  
23      2109(b)(2) (42 U.S.C. 1397ii(b)(2)) is amended by strik-  
24      ing “\$10,000,000 for fiscal year 2000” and inserting  
25      “\$20,000,000 for fiscal year 2008”.

1 (b) USE OF ADDITIONAL FUNDS.—Section 2109(b)  
2 (42 U.S.C. 1397ii(b)), as amended by subsection (a), is  
3 amended—

4 (1) by redesignating paragraph (2) as para-  
5 graph (4); and

6 (2) by inserting after paragraph (1), the fol-  
7 lowing new paragraphs:

8 “(2) ADDITIONAL REQUIREMENTS.—In addition  
9 to making the adjustments required to produce the  
10 data described in paragraph (1), with respect to  
11 data collection occurring for fiscal years beginning  
12 with fiscal year 2008, in appropriate consultation  
13 with the Secretary of Health and Human Services,  
14 the Secretary of Commerce shall do the following:

15 “(A) Make appropriate adjustments to the  
16 Current Population Survey to develop more ac-  
17 curate State-specific estimates of the number of  
18 children enrolled in health coverage under title  
19 XIX or this title.

20 “(B) Make appropriate adjustments to the  
21 Current Population Survey to improve the sur-  
22 vey estimates used to determine the child popu-  
23 lation growth factor under section  
24 2104(i)(5)(B) and any other data necessary for  
25 carrying out this title.

1           “(C) Include health insurance survey infor-  
2 mation in the American Community Survey re-  
3 lated to children.

4           “(D) Assess whether American Community  
5 Survey estimates, once such survey data are  
6 first available, produce more reliable estimates  
7 than the Current Population Survey with re-  
8 spect to the purposes described in subparagraph  
9 (B).

10          “(E) On the basis of the assessment re-  
11 quired under subparagraph (D), recommend to  
12 the Secretary of Health and Human Services  
13 whether American Community Survey estimates  
14 should be used in lieu of, or in some combina-  
15 tion with, Current Population Survey estimates  
16 for the purposes described in subparagraph (B).

17          “(F) Continue making the adjustments de-  
18 scribed in the last sentence of paragraph (1)  
19 with respect to expansion of the sample size  
20 used in State sampling units, the number of  
21 sampling units in a State, and using an appro-  
22 priate verification element.

23          “(3) AUTHORITY FOR THE SECRETARY OF  
24 HEALTH AND HUMAN SERVICES TO TRANSITION TO  
25 THE USE OF ALL, OR SOME COMBINATION OF, ACS

1 ESTIMATES UPON RECOMMENDATION OF THE SEC-  
2 RETARY OF COMMERCE.—If, on the basis of the as-  
3 sessment required under paragraph (2)(D), the Sec-  
4 retary of Commerce recommends to the Secretary of  
5 Health and Human Services that American Commu-  
6 nity Survey estimates should be used in lieu of, or  
7 in some combination with, Current Population Sur-  
8 vey estimates for the purposes described in para-  
9 graph (2)(B), the Secretary of Health and Human  
10 Services, in consultation with the States, may pro-  
11 vide for a period during which the Secretary may  
12 transition from carrying out such purposes through  
13 the use of Current Population Survey estimates to  
14 the use of American Community Survey estimates  
15 (in lieu of, or in combination with the Current Popu-  
16 lation Survey estimates, as recommended), provided  
17 that any such transition is implemented in a manner  
18 that is designed to avoid adverse impacts upon  
19 States with approved State child health plans under  
20 this title.”.

21 **SEC. 603. UPDATED FEDERAL EVALUATION OF CHIP.**

22 Section 2108(c) (42 U.S.C. 1397hh(c)) is amended  
23 by striking paragraph (5) and inserting the following:

24 “(5) SUBSEQUENT EVALUATION USING UP-  
25 DATED INFORMATION.—

1           “(A) IN GENERAL.—The Secretary, di-  
2           rectly or through contracts or interagency  
3           agreements, shall conduct an independent sub-  
4           sequent evaluation of 10 States with approved  
5           child health plans.

6           “(B) SELECTION OF STATES AND MAT-  
7           TERS INCLUDED.—Paragraphs (2) and (3) shall  
8           apply to such subsequent evaluation in the  
9           same manner as such provisions apply to the  
10          evaluation conducted under paragraph (1).

11          “(C) SUBMISSION TO CONGRESS.—Not  
12          later than December 31, 2010, the Secretary  
13          shall submit to Congress the results of the eval-  
14          uation conducted under this paragraph.

15          “(D) FUNDING.—Out of any money in the  
16          Treasury of the United States not otherwise ap-  
17          propriated, there are appropriated \$10,000,000  
18          for fiscal year 2009 for the purpose of con-  
19          ducting the evaluation authorized under this  
20          paragraph. Amounts appropriated under this  
21          subparagraph shall remain available for expend-  
22          iture through fiscal year 2011.”.

1 **SEC. 604. ACCESS TO RECORDS FOR IG AND GAO AUDITS**  
2 **AND EVALUATIONS.**

3 Section 2108(d) (42 U.S.C. 1397hh(d)) is amended  
4 to read as follows:

5 “(d) ACCESS TO RECORDS FOR IG AND GAO AUDITS  
6 AND EVALUATIONS.—For the purpose of evaluating and  
7 auditing the program established under this title, or title  
8 XIX, the Secretary, the Office of Inspector General, and  
9 the Comptroller General shall have access to any books,  
10 accounts, records, correspondence, and other documents  
11 that are related to the expenditure of Federal funds under  
12 this title and that are in the possession, custody, or control  
13 of States receiving Federal funds under this title or polit-  
14 ical subdivisions thereof, or any grantee or contractor of  
15 such States or political subdivisions.”.

16 **SEC. 605. NO FEDERAL FUNDING FOR ILLEGAL ALIENS.**

17 Nothing in this Act allows Federal payment for indi-  
18 viduals who are not legal residents.

19 **Subtitle B—Miscellaneous Health**  
20 **Provisions**

21 **SEC. 611. DEFICIT REDUCTION ACT TECHNICAL CORREC-**  
22 **TIONS.**

23 (a) CLARIFICATION OF REQUIREMENT TO PROVIDE  
24 EPSDT SERVICES FOR ALL CHILDREN IN BENCHMARK  
25 BENEFIT PACKAGES UNDER MEDICAID.—Section  
26 1937(a)(1) (42 U.S.C. 1396u–7(a)(1)), as inserted by sec-

1 tion 6044(a) of the Deficit Reduction Act of 2005 (Public  
2 Law 109–171, 120 Stat. 88), is amended—

3 (1) in subparagraph (A)—

4 (A) in the matter before clause (i)—

5 (i) by striking “Notwithstanding any  
6 other provision of this title” and inserting  
7 “Notwithstanding section 1902 (a) (1) (re-  
8 lating to statewideness), section 1902  
9 (a)(10)(B)(relating to comparability) and  
10 any other provision of this title which  
11 would be directly contrary to the authority  
12 under this section and subject to sub-  
13 section (E)”;

14 (ii) by striking “enrollment in cov-  
15 erage that provides” and inserting “cov-  
16 erage that”;

17 (B) in clause (i), by inserting “provides”  
18 after “(i)”;

19 (C) by striking clause (ii) and inserting the  
20 following:

21 “(ii) for any individual described in  
22 section 1905(a)(4)(B) who is eligible under  
23 the State plan in accordance with para-  
24 graphs (10) and (17) of section 1902(a),  
25 consists of the items and services described



1 in section 1905(a)(4)(B) (relating to early  
2 and periodic screening, diagnostic, and  
3 treatment services defined in section  
4 1905(r)) and provided in accordance with  
5 the requirements of section 1902(a)(43).”;

6 (2) in subparagraph (C)—

7 (A) in the heading, by striking “**WRAP-**  
8 **AROUND**” and inserting “**ADDITIONAL**”; and

9 (B) by striking “wrap-around or”; and

10 (3) by adding at the end the following new sub-  
11 paragraph:

12 “(E) **RULE OF CONSTRUCTION.**—Nothing  
13 in this paragraph shall be construed as—

14 “(i) requiring a State to offer all or  
15 any of the items and services required by  
16 subparagraph (A)(ii) through an issuer of  
17 benchmark coverage described in sub-  
18 section (b)(1) or benchmark equivalent  
19 coverage described in subsection (b)(2);

20 “(ii) preventing a State from offering  
21 all or any of the items and services re-  
22 quired by subparagraph (A)(ii) through an  
23 issuer of benchmark coverage described in  
24 subsection (b)(1) or benchmark equivalent  
25 coverage described in subsection (b)(2); or

1                   “(iii) affecting a child’s entitlement to  
2                   care and services described in subsections  
3                   (a)(4)(B) and (r) of section 1905 and pro-  
4                   vided in accordance with section  
5                   1902(a)(43) whether provided through  
6                   benchmark coverage, benchmark equivalent  
7                   coverage, or otherwise.”.

8           (b) CORRECTION OF REFERENCE TO CHILDREN IN  
9 FOSTER CARE RECEIVING CHILD WELFARE SERVICES.—  
10 Section 1937(a)(2)(B)(viii) (42 U.S.C. 1396u-  
11 7(a)(2)(B)(viii), as inserted by section 6044(a) of the Def-  
12 icit Reduction Act of 2005, is amended by striking “aid  
13 or assistance is made available under part B of title IV  
14 to children in foster care and individuals” and inserting  
15 “child welfare services are made available under part B  
16 of title IV on the basis of being a child in foster care or”.

17           (c) TRANSPARENCY.—Section 1937 (42 U.S.C.  
18 1396u-7), as inserted by section 6044(a) of the Deficit  
19 Reduction Act of 2005, is amended by adding at the end  
20 the following:

21           “(c) PUBLICATION OF PROVISIONS AFFECTED.—  
22 With respect to a State plan amendment to provide bench-  
23 mark benefits in accordance with subsections (a) and (b)  
24 that is approved by the Secretary, the Secretary shall pub-  
25 lish on the Internet website of the Centers for Medicare

1 & Medicaid Services, a list of the provisions of this title  
2 that the Secretary has determined do not apply in order  
3 to enable the State to carry out the plan amendment and  
4 the reason for each such determination on the date such  
5 approval is made, and shall publish such list in the Fed-  
6 eral Register and not later than 30 days after such date  
7 of approval.”.

8 (d) **EFFECTIVE DATE.**—The amendments made by  
9 subsections (a), (b), and (c) of this section shall take effect  
10 as if included in the amendment made by section 6044(a)  
11 of the Deficit Reduction Act of 2005.

12 **SEC. 612. REFERENCES TO TITLE XXI.**

13 Section 704 of the Medicare, Medicaid, and SCHIP  
14 Balanced Budget Refinement Act of 1999, as enacted into  
15 law by division B of Public Law 106–113 (113 Stat.  
16 1501A–402) is repealed.

17 **SEC. 613. PROHIBITING INITIATION OF NEW HEALTH OP-  
18 PORTUNITY ACCOUNT DEMONSTRATION PRO-  
19 GRAMS.**

20 After the date of the enactment of this Act, the Sec-  
21 retary of Health and Human Services may not approve  
22 any new demonstration programs under section 1938 of  
23 the Social Security Act (42 U.S.C. 1396u–8).

1 **SEC. 614. COUNTY MEDICAID HEALTH INSURING ORGANI-**  
2 **ZATIONS; GAO REPORT ON MEDICAID MAN-**  
3 **AGED CARE PAYMENT RATES.**

4 (a) IN GENERAL.—Section 9517(c)(3) of the Consoli-  
5 dated Omnibus Budget Reconciliation Act of 1985 (42  
6 U.S.C. 1396b note), as added by section 4734 of the Om-  
7 nibus Budget Reconciliation Act of 1990 and as amended  
8 by section 704 of the Medicare, Medicaid, and SCHIP  
9 Benefits Improvement and Protection Act of 2000, is  
10 amended—

11 (1) in subparagraph (A), by inserting “, in the  
12 case of any health insuring organization described in  
13 such subparagraph that is operated by a public enti-  
14 ty established by Ventura County, and in the case  
15 of any health insuring organization described in such  
16 subparagraph that is operated by a public entity es-  
17 tablished by Merced County” after “described in  
18 subparagraph (B)”; and

19 (2) in subparagraph (C), by striking “14 per-  
20 cent” and inserting “16 percent”.

21 (b) EFFECTIVE DATE.—The amendments made by  
22 subsection (a) shall take effect on the date of the enact-  
23 ment of this Act.

24 (c) GAO REPORT ON ACTUARIAL SOUNDNESS OF  
25 MEDICAID MANAGED CARE PAYMENT RATES.—Not later  
26 than 18 months after the date of the enactment of this

1 Act, the Comptroller General of the United States shall  
2 submit a report to the Committee on Finance of the Sen-  
3 ate and the Committee on Energy and Commerce of the  
4 House of Representatives analyzing the extent to which  
5 State payment rates for medicaid managed care organiza-  
6 tions under title XIX of the Social Security Act are actu-  
7 arially sound.

8 **SEC. 615. ADJUSTMENT IN COMPUTATION OF MEDICAID**  
9 **FMAP TO DISREGARD AN EXTRAORDINARY**  
10 **EMPLOYER PENSION CONTRIBUTION.**

11 (a) IN GENERAL.—Only for purposes of computing  
12 the FMAP (as defined in subsection (e)) for a State for  
13 a fiscal year (beginning with fiscal year 2006) and apply-  
14 ing the FMAP under title XIX of the Social Security Act,  
15 any significantly disproportionate employer pension or in-  
16 surance fund contribution described in subsection (b) shall  
17 be disregarded in computing the per capita income of such  
18 State, but shall not be disregarded in computing the per  
19 capita income for the continental United States (and Alas-  
20 ka) and Hawaii.

21 (b) SIGNIFICANTLY DISPROPORTIONATE EMPLOYER  
22 PENSION AND INSURANCE FUND CONTRIBUTION.—

23 (1) IN GENERAL.—For purposes of this section,  
24 a significantly disproportionate employer pension  
25 and insurance fund contribution described in this

1 subsection with respect to a State is any identifiable  
2 employer contribution towards pension or other em-  
3 ployee insurance funds that is estimated to accrue to  
4 residents of such State for a calendar year (begin-  
5 ning with calendar year 2003) if the increase in the  
6 amount so estimated exceeds 25 percent of the total  
7 increase in personal income in that State for the  
8 year involved.

9 (2) DATA TO BE USED.—For estimating and  
10 adjustment a FMAP already calculated as of the  
11 date of the enactment of this Act for a State with  
12 a significantly disproportionate employer pension  
13 and insurance fund contribution, the Secretary shall  
14 use the personal income data set originally used in  
15 calculating such FMAP.

16 (3) SPECIAL ADJUSTMENT FOR NEGATIVE  
17 GROWTH.—If in any calendar year the total personal  
18 income growth in a State is negative, an employer  
19 pension and insurance fund contribution for the pur-  
20 poses of calculating the State's FMAP for a cal-  
21 endar year shall not exceed 125 percent of the  
22 amount of such contribution for the previous cal-  
23 endar year for the State.

1 (c) HOLD HARMLESS.—No State shall have its  
2 FMAP for a fiscal year reduced as a result of the applica-  
3 tion of this section.

4 (d) REPORT.—Not later than May 15, 2008, the Sec-  
5 retary shall submit to the Congress a report on the prob-  
6 lems presented by the current treatment of pension and  
7 insurance fund contributions in the use of Bureau of Eco-  
8 nomic Affairs calculations for the FMAP and for Medicaid  
9 and on possible alternative methodologies to mitigate such  
10 problems.

11 (e) FMAP DEFINED.—For purposes of this section,  
12 the term “FMAP” means the Federal medical assistance  
13 percentage, as defined in section 1905(b) of the Social Se-  
14 curity Act (42 U.S.C. 1396(d)).

15 **SEC. 616. MORATORIUM ON CERTAIN PAYMENT RESTRIC-**  
16 **TIONS.**

17 Notwithstanding any other provision of law, the Sec-  
18 retary of Health and Human Services shall not, prior to  
19 May 28, 2008, take any action (through promulgation of  
20 regulation, issuance of regulatory guidance, use of federal  
21 payment audit procedures, or other administrative action,  
22 policy, or practice, including a Medical Assistance Manual  
23 transmittal or letter to State Medicaid directors) to re-  
24 strict coverage or payment under title XIX of the Social  
25 Security Act for rehabilitation services, or school-based

1 administration, transportation, or medical services if such  
2 restrictions are more restrictive in any aspect than those  
3 applied to such coverage or payment as of July 1, 2007.

4 **SEC. 617. MEDICAID DSH ALLOTMENTS FOR TENNESSEE**  
5 **AND HAWAII.**

6 (a) **TENNESSEE.**—The DSH allotments for Ten-  
7 nessee for each fiscal year beginning with fiscal year 2008  
8 under subsection (f)(3) of section 1923 of the Social Secu-  
9 rity Act (42 U.S.C. 1396r–4) are deemed to be  
10 \$30,000,000. The Secretary of Health and Human Serv-  
11 ices may impose a limitation on the total amount of pay-  
12 ments made to hospitals under the TennCare Section  
13 1115 waiver only to the extent that such limitation is nec-  
14 essary to ensure that a hospital does not receive payment  
15 in excess of the amounts described in subsection (f) of  
16 such section or as necessary to ensure that the waiver re-  
17 mains budget neutral.

18 (b) **HAWAII.**—Section 1923(f)(6) (42 U.S.C. 1396r–  
19 4(f)(6)) is amended—

20 (1) in the paragraph heading, by striking “FOR  
21 FISCAL YEAR 2007”; and

22 (2) in subparagraph (B)—

23 (A) in clause (i), by striking “Only with re-  
24 spect to fiscal year 2007” and inserting “With  
25 respect to each of fiscal years 2007 and 2008”;



1 (B) by redesignating clause (ii) as clause  
2 (iv); and

3 (C) by inserting after clause (i), the fol-  
4 lowing new clauses:

5 “(ii) TREATMENT AS A LOW-DSH  
6 STATE.—With respect to fiscal year 2009  
7 and each fiscal year thereafter, notwith-  
8 standing the table set forth in paragraph  
9 (2), the DSH allotment for Hawaii shall be  
10 increased in the same manner as allot-  
11 ments for low DSH States are increased  
12 for such fiscal year under clauses (ii) and  
13 (iii) of paragraph (5)(B).

14 “(iii) CERTAIN HOSPITAL PAY-  
15 MENTS.—The Secretary may not impose a  
16 limitation on the total amount of payments  
17 made to hospitals under the QUEST sec-  
18 tion 1115 Demonstration Project except to  
19 the extent that such limitation is necessary  
20 to ensure that a hospital does not receive  
21 payments in excess of the amounts de-  
22 scribed in subsection (g), or as necessary  
23 to ensure that such payments under the  
24 waiver and such payments pursuant to the  
25 allotment provided in this section do not,

1 in the aggregate in any year, exceed the  
2 amount that the Secretary determines is  
3 equal to the Federal medical assistance  
4 percentage component attributable to dis-  
5 proportionate share hospital payment ad-  
6 justments for such year that is reflected in  
7 the budget neutrality provision of the  
8 QUEST Demonstration Project.”.

9 **SEC. 618. CLARIFICATION TREATMENT OF REGIONAL MED-**  
10 **ICAL CENTER.**

11 (a) IN GENERAL.—Nothing in section 1903(w) of the  
12 Social Security Act (42 U.S.C. 1396b(w)) shall be con-  
13 strued by the Secretary of Health and Human Services  
14 as prohibiting a State’s use of funds as the non-Federal  
15 share of expenditures under title XIX of such Act where  
16 such funds are transferred from or certified by a publicly-  
17 owned regional medical center located in another State  
18 and described in subsection (b), so long as the Secretary  
19 determines that such use of funds is proper and in the  
20 interest of the program under title XIX.

21 (b) CENTER DESCRIBED.—A center described in this  
22 subsection is a publicly-owned regional medical center  
23 that—

24 (1) provides level 1 trauma and burn care serv-  
25 ices;

1 (2) provides level 3 neonatal care services;

2 (3) is obligated to serve all patients, regardless  
3 of ability to pay;

4 (4) is located within a Standard Metropolitan  
5 Statistical Area (SMSA) that includes at least 3  
6 States;

7 (5) provides services as a tertiary care provider  
8 for patients residing within a 125-mile radius; and

9 (6) meets the criteria for a disproportionate  
10 share hospital under section 1923 of such Act (42  
11 U.S.C. 1396r-4) in at least one State other than the  
12 State in which the center is located.

13 **SEC. 619. EXTENSION OF SSI WEB-BASED ASSET DEM-**  
14 **ONSTRATION PROJECT TO THE MEDICAID**  
15 **PROGRAM.**

16 (a) IN GENERAL.—Beginning on October 1, 2012,  
17 the Secretary of Health and Human Services shall provide  
18 for the application to asset eligibility determinations under  
19 the Medicaid program under title XIX of the Social Secu-  
20 rity Act of the automated, secure, web-based asset  
21 verification request and response process being applied for  
22 determining eligibility for benefits under the Supplemental  
23 Security Income (SSI) program under title XVI of such  
24 Act under a demonstration project conducted under the

1 authority of section 1631(e)(1)(B)(ii) of such Act (42  
2 U.S.C. 1383(e)(1)(B)(ii)).

3 (b) LIMITATION.—Such application shall only extend  
4 to those States in which such demonstration project is op-  
5 erating and only for the period in which such project is  
6 otherwise provided.

7 (c) RULES OF APPLICATION.—For purposes of car-  
8 rying out subsection (a), notwithstanding any other provi-  
9 sion of law, information obtained from a financial institu-  
10 tion that is used for purposes of eligibility determinations  
11 under such demonstration project with respect to the Sec-  
12 retary of Health and Human Services under the SSI pro-  
13 gram may also be shared and used by States for purposes  
14 of eligibility determinations under the Medicaid program.  
15 In applying section 1631(e)(1)(B)(ii) of the Social Secu-  
16 rity Act under this subsection, references to the Commis-  
17 sioner of Social Security and benefits under title XVI of  
18 such Act shall be treated as including a reference to a  
19 State described in subsection (b) and medical assistance  
20 under title XIX of such Act provided by such a State.

## 21 **Subtitle C—Other Provisions**

### 22 **SEC. 621. SUPPORT FOR INJURED SERVICEMEMBERS.**

23 (a) SHORT TITLE.—This section may be cited as the  
24 “Support for Injured Servicemembers Act”.

25 (b) SERVICEMEMBER FAMILY LEAVE.—

1           (1) DEFINITIONS.—Section 101 of the Family  
2 and Medical Leave Act of 1993 (29 U.S.C. 2611) is  
3 amended by adding at the end the following:

4           “(14) ACTIVE DUTY.—The term ‘active duty’  
5 means duty under a call or order to active duty  
6 under a provision of law referred to in section  
7 101(a)(13)(B) of title 10, United States Code.

8           “(15) COVERED SERVICEMEMBER.—The term  
9 ‘covered servicemember’ means a member of the  
10 Armed Forces, including a member of the National  
11 Guard or a Reserve, who is undergoing medical  
12 treatment, recuperation, or therapy, is otherwise in  
13 medical hold or medical holdover status, or is other-  
14 wise on the temporary disability retired list, for a se-  
15 rious injury or illness.

16           “(16) MEDICAL HOLD OR MEDICAL HOLDOVER  
17 STATUS.—The term ‘medical hold or medical hold-  
18 over status’ means—

19           “(A) the status of a member of the Armed  
20 Forces, including a member of the National  
21 Guard or a Reserve, assigned or attached to a  
22 military hospital for medical care; and

23           “(B) the status of a member of a reserve  
24 component of the Armed Forces who is sepa-  
25 rated, whether pre-deployment or post-deploy-

1           ment, from the member's unit while in need of  
2           health care based on a medical condition identi-  
3           fied while the member is on active duty in the  
4           Armed Forces.

5           “(17) NEXT OF KIN.—The term ‘next of kin’,  
6           used with respect to an individual, means the near-  
7           est blood relative of that individual.

8           “(18) SERIOUS INJURY OR ILLNESS.—The term  
9           ‘serious injury or illness’, in the case of a member  
10          of the Armed Forces, means an injury or illness in-  
11          curred by the member in line of duty on active duty  
12          in the Armed Forces that may render the member  
13          medically unfit to perform the duties of the mem-  
14          ber's office, grade, rank, or rating.”.

15          (2) ENTITLEMENT TO LEAVE.—Section 102(a)  
16          of such Act (29 U.S.C. 2612(a)) is amended by add-  
17          ing at the end the following:

18          “(3) SERVICEMEMBER FAMILY LEAVE.—Subject  
19          to section 103, an eligible employee who is the  
20          spouse, son, daughter, parent, or next of kin of a  
21          covered servicemember shall be entitled to a total of  
22          26 workweeks of leave during a 12-month period to  
23          care for the servicemember. The leave described in  
24          this paragraph shall only be available during a single  
25          12-month period.

1           “(4) COMBINED LEAVE TOTAL.—During the  
2           single 12-month period described in paragraph (3),  
3           an eligible employee shall be entitled to a combined  
4           total of 26 workweeks of leave under paragraphs (1)  
5           and (3). Nothing in this paragraph shall be con-  
6           strued to limit the availability of leave under para-  
7           graph (1) during any other 12-month period.”.

8           (3) REQUIREMENTS RELATING TO LEAVE.—

9           (A) SCHEDULE.—Section 102(b) of such  
10          Act (29 U.S.C. 2612(b)) is amended—

11           (i) in paragraph (1), in the second  
12          sentence—

13           (I) by striking “section  
14           103(b)(5)” and inserting “subsection  
15           (b)(5) or (f) (as appropriate) of sec-  
16           tion 103”; and

17           (II) by inserting “or under sub-  
18           section (a)(3)” after “subsection  
19           (a)(1)”; and

20           (ii) in paragraph (2), by inserting “or  
21           under subsection (a)(3)” after “subsection  
22           (a)(1)”.

23          (B) SUBSTITUTION OF PAID LEAVE.—Sec-  
24          tion 102(d) of such Act (29 U.S.C. 2612(d)) is  
25          amended—

1 (i) in paragraph (1)—

2 (I) by inserting “(or 26 work-  
3 weeks in the case of leave provided  
4 under subsection (a)(3))” after “12  
5 workweeks” the first place it appears;  
6 and

7 (II) by inserting “(or 26 work-  
8 weeks, as appropriate)” after “12  
9 workweeks” the second place it ap-  
10 pears; and

11 (ii) in paragraph (2)(B), by adding at  
12 the end the following: “An eligible em-  
13 ployee may elect, or an employer may re-  
14 quire the employee, to substitute any of  
15 the accrued paid vacation leave, personal  
16 leave, family leave, or medical or sick leave  
17 of the employee for leave provided under  
18 subsection (a)(3) for any part of the 26-  
19 week period of such leave under such sub-  
20 section.”.

21 (C) NOTICE.—Section 102(e)(2) of such  
22 Act (29 U.S.C. 2612(e)(2)) is amended by in-  
23 serting “or under subsection (a)(3)” after “sub-  
24 section (a)(1)”.



1 (D) SPOUSES EMPLOYED BY SAME EM-  
2 PLOYER.—Section 102(f) of such Act (29  
3 U.S.C. 2612(f) is amended—

4 (i) by redesignating paragraphs (1)  
5 and (2) as subparagraphs (A) and (B),  
6 and aligning the margins of the subpara-  
7 graphs with the margins of section  
8 102(e)(2)(A);

9 (ii) by striking “In any” and inserting  
10 the following:

11 “(1) IN GENERAL.—In any”; and

12 (iii) by adding at the end the fol-  
13 lowing:

14 “(2) SERVICEMEMBER FAMILY LEAVE.—

15 “(A) IN GENERAL.—The aggregate num-  
16 ber of workweeks of leave to which both that  
17 husband and wife may be entitled under sub-  
18 section (a) may be limited to 26 workweeks  
19 during the single 12-month period described in  
20 subsection (a)(3) if the leave is—

21 “(i) leave under subsection (a)(3); or

22 “(ii) a combination of leave under  
23 subsection (a)(3) and leave described in  
24 paragraph (1).

1           “(B) BOTH LIMITATIONS APPLICABLE.—If  
2           the leave taken by the husband and wife in-  
3           cludes leave described in paragraph (1), the  
4           limitation in paragraph (1) shall apply to the  
5           leave described in paragraph (1).”.

6           (E) CERTIFICATION.—Section 103 of such  
7           Act (29 U.S.C. 2613) is amended by adding at  
8           the end the following:

9           “(f) CERTIFICATION FOR SERVICEMEMBER FAMILY  
10          LEAVE.—An employer may require that a request for  
11          leave under section 102(a)(3) be supported by a certifi-  
12          cation issued at such time and in such manner as the Sec-  
13          retary may by regulation prescribe.”.

14          (F) FAILURE TO RETURN.—Section 104(c)  
15          of such Act (29 U.S.C. 2614(c)) is amended—

16                  (i) in paragraph (2)(B)(i), by insert-  
17                  ing “or under section 102(a)(3)” before  
18                  the semicolon; and

19                  (ii) in paragraph (3)(A)—

20                          (I) in clause (i), by striking “or”  
21                          at the end;

22                          (II) in clause (ii), by striking the  
23                          period and inserting “; or”; and

24                          (III) by adding at the end the  
25                          following:

1                   “(iii) a certification issued by the  
2                   health care provider of the servicemember  
3                   being cared for by the employee, in the  
4                   case of an employee unable to return to  
5                   work because of a condition specified in  
6                   section 102(a)(3).”.

7                   (G) ENFORCEMENT.—Section 107 of such  
8                   Act (29 U.S.C. 2617) is amended, in subsection  
9                   (a)(1)(A)(i)(II), by inserting “(or 26 weeks, in  
10                  a case involving leave under section 102(a)(3))”  
11                  after “12 weeks”.

12                  (H) INSTRUCTIONAL EMPLOYEES.—Sec-  
13                  tion 108 of such Act (29 U.S.C. 2618) is  
14                  amended, in subsections (c)(1), (d)(2), and  
15                  (d)(3), by inserting “or under section  
16                  102(a)(3)” after “section 102(a)(1)”.

17                  (c) SERVICEMEMBER FAMILY LEAVE FOR CIVIL  
18                  SERVICE EMPLOYEES.—

19                  (1) DEFINITIONS.—Section 6381 of title 5,  
20                  United States Code, is amended—

21                         (A) in paragraph (5), by striking “and” at  
22                         the end;

23                         (B) in paragraph (6), by striking the pe-  
24                         riod and inserting “; and”; and

25                         (C) by adding at the end the following:

1           “(7) the term ‘active duty’ means duty under a  
2 call or order to active duty under a provision of law  
3 referred to in section 101(a)(13)(B) of title 10,  
4 United States Code;

5           “(8) the term ‘covered servicemember’ means a  
6 member of the Armed Forces, including a member  
7 of the National Guard or a Reserve, who is under-  
8 going medical treatment, recuperation, or therapy, is  
9 otherwise in medical hold or medical holdover status,  
10 or is otherwise on the temporary disability retired  
11 list, for a serious injury or illness;

12           “(9) the term ‘medical hold or medical holdover  
13 status’ means—

14           “(A) the status of a member of the Armed  
15 Forces, including a member of the National  
16 Guard or a Reserve, assigned or attached to a  
17 military hospital for medical care; and

18           “(B) the status of a member of a reserve  
19 component of the Armed Forces who is sepa-  
20 rated, whether pre-deployment or post-deploy-  
21 ment, from the member’s unit while in need of  
22 health care based on a medical condition identi-  
23 fied while the member is on active duty in the  
24 Armed Forces;

1           “(10) the term ‘next of kin’, used with respect  
2 to an individual, means the nearest blood relative of  
3 that individual; and

4           “(11) the term ‘serious injury or illness’, in the  
5 case of a member of the Armed Forces, means an  
6 injury or illness incurred by the member in line of  
7 duty on active duty in the Armed Forces that may  
8 render the member medically unfit to perform the  
9 duties of the member’s office, grade, rank, or rat-  
10 ing.”.

11           (2) ENTITLEMENT TO LEAVE.—Section 6382(a)  
12 of such title is amended by adding at the end the  
13 following:

14           “(3) Subject to section 6383, an employee who  
15 is the spouse, son, daughter, parent, or next of kin  
16 of a covered servicemember shall be entitled to a  
17 total of 26 administrative workweeks of leave during  
18 a 12-month period to care for the servicemember.  
19 The leave described in this paragraph shall only be  
20 available during a single 12-month period.

21           “(4) During the single 12-month period de-  
22 scribed in paragraph (3), an employee shall be enti-  
23 tled to a combined total of 26 administrative work-  
24 weeks of leave under paragraphs (1) and (3). Noth-  
25 ing in this paragraph shall be construed to limit the

1 availability of leave under paragraph (1) during any  
2 other 12-month period.”.

3 (3) REQUIREMENTS RELATING TO LEAVE.—

4 (A) SCHEDULE.—Section 6382(b) of such  
5 title is amended—

6 (i) in paragraph (1), in the second  
7 sentence—

8 (I) by striking “section  
9 6383(b)(5)” and inserting “subsection  
10 (b)(5) or (f) (as appropriate) of sec-  
11 tion 6383”; and

12 (II) by inserting “or under sub-  
13 section (a)(3)” after “subsection  
14 (a)(1)”; and

15 (ii) in paragraph (2), by inserting “or  
16 under subsection (a)(3)” after “subsection  
17 (a)(1)”.

18 (B) SUBSTITUTION OF PAID LEAVE.—Sec-  
19 tion 6382(d) of such title is amended by adding  
20 at the end the following: “An employee may  
21 elect to substitute for leave under subsection  
22 (a)(3) any of the employee’s accrued or accu-  
23 mulated annual or sick leave under subchapter  
24 I for any part of the 26-week period of leave  
25 under such subsection.”.

1 (C) NOTICE.—Section 6382(e) of such title  
2 is amended by inserting “or under subsection  
3 (a)(3)” after “subsection (a)(1)”.

4 (D) CERTIFICATION.—Section 6383 of  
5 such title is amended by adding at the end the  
6 following:

7 “(f) An employing agency may require that a request  
8 for leave under section 6382(a)(3) be supported by a cer-  
9 tification issued at such time and in such manner as the  
10 Office of Personnel Management may by regulation pre-  
11 scribe.”.

12 **SEC. 622. MILITARY FAMILY JOB PROTECTION.**

13 (a) SHORT TITLE.—This section may be cited as the  
14 “Military Family Job Protection Act”.

15 (b) PROHIBITION ON DISCRIMINATION IN EMPLOY-  
16 MENT AGAINST CERTAIN FAMILY MEMBERS CARING FOR  
17 RECOVERING MEMBERS OF THE ARMED FORCES.—A  
18 family member of a recovering servicemember described  
19 in subsection (c) shall not be denied retention in employ-  
20 ment, promotion, or any benefit of employment by an em-  
21 ployer on the basis of the family member’s absence from  
22 employment as described in that subsection, for a period  
23 of not more than 52 workweeks.

1 (c) COVERED FAMILY MEMBERS.—A family member  
2 described in this subsection is a family member of a recov-  
3 ering servicemember who is—

4 (1) on invitational orders while caring for the  
5 recovering servicemember;

6 (2) a non-medical attendee caring for the recov-  
7 ering servicemember; or

8 (3) receiving per diem payments from the De-  
9 partment of Defense while caring for the recovering  
10 servicemember.

11 (d) TREATMENT OF ACTIONS.—An employer shall be  
12 considered to have engaged in an action prohibited by sub-  
13 section (b) with respect to a person described in that sub-  
14 section if the absence from employment of the person as  
15 described in that subsection is a motivating factor in the  
16 employer’s action, unless the employer can prove that the  
17 action would have been taken in the absence of the absence  
18 of employment of the person.

19 (e) DEFINITIONS.—In this section:

20 (1) BENEFIT OF EMPLOYMENT.—The term  
21 “benefit of employment” has the meaning given such  
22 term in section 4303 of title 38, United States Code.

23 (2) CARING FOR.—The term “caring for”, used  
24 with respect to a recovering servicemember, means  
25 providing personal, medical, or convalescent care to



1 the recovering servicemember, under circumstances  
2 that substantially interfere with an employee's abil-  
3 ity to work.

4 (3) EMPLOYER.—The term “employer” has the  
5 meaning given such term in section 4303 of title 38,  
6 United States Code, except that the term does not  
7 include any person who is not considered to be an  
8 employer under title I of the Family and Medical  
9 Leave Act of 1993 (29 U.S.C. 2611 et seq.) because  
10 the person does not meet the requirements of section  
11 101(4)(A)(i) of such Act (29 U.S.C. 2611(4)(A)(i)).

12 (4) FAMILY MEMBER.—The term “family mem-  
13 ber”, with respect to a recovering servicemember,  
14 has the meaning given that term in section 411h(b)  
15 of title 37, United States Code.

16 (5) RECOVERING SERVICEMEMBER.—The term  
17 “recovering servicemember” means a member of the  
18 Armed Forces, including a member of the National  
19 Guard or a Reserve, who is undergoing medical  
20 treatment, recuperation, or therapy, or is otherwise  
21 in medical hold or medical holdover status, for an in-  
22 jury, illness, or disease incurred or aggravated while  
23 on active duty in the Armed Forces.

1 **SEC. 623. OUTREACH REGARDING HEALTH INSURANCE OP-**  
2 **TIONS AVAILABLE TO CHILDREN.**

3 (a) DEFINITIONS.—In this section—

4 (1) the terms “Administration” and “Adminis-  
5 trator” means the Small Business Administration  
6 and the Administrator thereof, respectively;

7 (2) the term “certified development company”  
8 means a development company participating in the  
9 program under title V of the Small Business Invest-  
10 ment Act of 1958 (15 U.S.C. 695 et seq.);

11 (3) the term “Medicaid program” means the  
12 program established under title XIX of the Social  
13 Security Act (42 U.S.C. 1396 et seq.);

14 (4) the term “Service Corps of Retired Execu-  
15 tives” means the Service Corps of Retired Execu-  
16 tives authorized by section 8(b)(1) of the Small  
17 Business Act (15 U.S.C. 637(b)(1));

18 (5) the term “small business concern” has the  
19 meaning given that term in section 3 of the Small  
20 Business Act (15 U.S.C. 632);

21 (6) the term “small business development cen-  
22 ter” means a small business development center de-  
23 scribed in section 21 of the Small Business Act (15  
24 U.S.C. 648);

1           (7) the term “State” has the meaning given  
2 that term for purposes of title XXI of the Social Se-  
3 curity Act (42 U.S.C. 1397aa et seq.);

4           (8) the term “State Children’s Health Insur-  
5 ance Program” means the State Children’s Health  
6 Insurance Program established under title XXI of  
7 the Social Security Act (42 U.S.C. 1397aa et seq.);

8           (9) the term “task force” means the task force  
9 established under subsection (b)(1); and

10          (10) the term “women’s business center” means  
11 a women’s business center described in section 29 of  
12 the Small Business Act (15 U.S.C. 656).

13 (b) ESTABLISHMENT OF TASK FORCE.—

14          (1) ESTABLISHMENT.—There is established a  
15 task force to conduct a nationwide campaign of edu-  
16 cation and outreach for small business concerns re-  
17 garding the availability of coverage for children  
18 through private insurance options, the Medicaid pro-  
19 gram, and the State Children’s Health Insurance  
20 Program.

21          (2) MEMBERSHIP.—The task force shall consist  
22 of the Administrator, the Secretary of Health and  
23 Human Services, the Secretary of Labor, and the  
24 Secretary of the Treasury.

1           (3) RESPONSIBILITIES.—The campaign con-  
2           ducted under this subsection shall include—

3                   (A) efforts to educate the owners of small  
4           business concerns about the value of health cov-  
5           erage for children;

6                   (B) information regarding options available  
7           to the owners and employees of small business  
8           concerns to make insurance more affordable, in-  
9           cluding Federal and State tax deductions and  
10          credits for health care-related expenses and  
11          health insurance expenses and Federal tax ex-  
12          clusion for health insurance options available  
13          under employer-sponsored cafeteria plans under  
14          section 125 of the Internal Revenue Code of  
15          1986;

16                  (C) efforts to educate the owners of small  
17          business concerns about assistance available  
18          through public programs; and

19                  (D) efforts to educate the owners and em-  
20          ployees of small business concerns regarding  
21          the availability of the hotline operated as part  
22          of the Insure Kids Now program of the Depart-  
23          ment of Health and Human Services.

24           (4) IMPLEMENTATION.—In carrying out this  
25           subsection, the task force may—

1 (A) use any business partner of the Ad-  
2 ministration, including—

3 (i) a small business development cen-  
4 ter;

5 (ii) a certified development company;

6 (iii) a women's business center; and

7 (iv) the Service Corps of Retired Ex-  
8 ecutives;

9 (B) enter into—

10 (i) a memorandum of understanding  
11 with a chamber of commerce; and

12 (ii) a partnership with any appro-  
13 priate small business concern or health ad-  
14 vocacy group; and

15 (C) designate outreach programs at re-  
16 gional offices of the Department of Health and  
17 Human Services to work with district offices of  
18 the Administration.

19 (5) WEBSITE.—The Administrator shall ensure  
20 that links to information on the eligibility and enroll-  
21 ment requirements for the Medicaid program and  
22 State Children's Health Insurance Program of each  
23 State are prominently displayed on the website of  
24 the Administration.

25 (6) REPORT.—

1           (A) IN GENERAL.—Not later than 2 years  
2           after the date of enactment of this Act, and  
3           every 2 years thereafter, the Administrator  
4           shall submit to the Committee on Small Busi-  
5           ness and Entrepreneurship of the Senate and  
6           the Committee on Small Business of the House  
7           of Representatives a report on the status of the  
8           nationwide campaign conducted under para-  
9           graph (1).

10           (B) CONTENTS.—Each report submitted  
11           under subparagraph (A) shall include a status  
12           update on all efforts made to educate owners  
13           and employees of small business concerns on  
14           options for providing health insurance for chil-  
15           dren through public and private alternatives.

16 **SEC. 624. SENSE OF SENATE REGARDING ACCESS TO AF-**  
17 **FORDABLE AND MEANINGFUL HEALTH IN-**  
18 **SURANCE COVERAGE.**

19           (a) FINDINGS.—The Senate finds the following:

20           (1) There are approximately 45 million Ameri-  
21           cans currently without health insurance.

22           (2) More than half of uninsured workers are  
23           employed by businesses with less than 25 employees  
24           or are self-employed.

1           (3) Health insurance premiums continue to rise  
2           at more than twice the rate of inflation for all con-  
3           sumer goods.

4           (4) Individuals in the small group and indi-  
5           vidual health insurance markets usually pay more  
6           for similar coverage than those in the large group  
7           market.

8           (5) The rapid growth in health insurance costs  
9           over the last few years has forced many employers,  
10          particularly small employers, to increase deductibles  
11          and co-pays or to drop coverage completely.

12          (b) SENSE OF THE SENATE.—The Senate—

13           (1) recognizes the necessity to improve afford-  
14          ability and access to health insurance for all Ameri-  
15          cans;

16           (2) acknowledges the value of building upon the  
17          existing private health insurance market; and

18           (3) affirms its intent to enact legislation this  
19          year that, with appropriate protection for con-  
20          sumers, improves access to affordable and meaning-  
21          ful health insurance coverage for employees of small  
22          businesses and individuals by—

23           (A) facilitating pooling mechanisms, in-  
24          cluding pooling across State lines, and

1 (B) providing assistance to small busi-  
2 nesses and individuals, including financial as-  
3 sistance and tax incentives, for the purchase of  
4 private insurance coverage.

5 **TITLE VII—REVENUE**  
6 **PROVISIONS**

7 **SEC. 701. INCREASE IN EXCISE TAX RATE ON TOBACCO**  
8 **PRODUCTS.**

9 (a) CIGARS.—Section 5701(a) of the Internal Rev-  
10 enue Code of 1986 is amended—

11 (1) by striking “\$1.828 cents per thousand  
12 (\$1.594 cents per thousand on cigars removed dur-  
13 ing 2000 or 2001)” in paragraph (1) and inserting  
14 “\$50.00 per thousand”,

15 (2) by striking “20.719 percent (18.063 percent  
16 on cigars removed during 2000 or 2001)” in para-  
17 graph (2) and inserting “52.988 percent”, and

18 (3) by striking “\$48.75 per thousand (\$42.50  
19 per thousand on cigars removed during 2000 or  
20 2001)” in paragraph (2) and inserting “\$3.00 per  
21 cigar”.

22 (b) CIGARETTES.—Section 5701(b) of such Code is  
23 amended—

24 (1) by striking “\$19.50 per thousand (\$17 per  
25 thousand on cigarettes removed during 2000 or



1       2001)” in paragraph (1) and inserting “\$50.00 per  
2       thousand”, and

3               (2) by striking “\$40.95 per thousand (\$35.70  
4       per thousand on cigarettes removed during 2000 or  
5       2001)” in paragraph (2) and inserting “\$105.00 per  
6       thousand”.

7       (c) CIGARETTE PAPERS.—Section 5701(c) of such  
8       Code is amended by striking “1.22 cents (1.06 cents on  
9       cigarette papers removed during 2000 or 2001)” and in-  
10       serting “3.13 cents”.

11       (d) CIGARETTE TUBES.—Section 5701(d) of such  
12       Code is amended by striking “2.44 cents (2.13 cents on  
13       cigarette tubes removed during 2000 or 2001)” and in-  
14       serting “6.26 cents”.

15       (e) SMOKELESS TOBACCO.—Section 5701(e) of such  
16       Code is amended—

17               (1) by striking “58.5 cents (51 cents on snuff  
18       removed during 2000 or 2001)” in paragraph (1)  
19       and inserting “\$1.50”, and

20               (2) by striking “19.5 cents (17 cents on chew-  
21       ing tobacco removed during 2000 or 2001)” in para-  
22       graph (2) and inserting “50 cents”.

23       (f) PIPE TOBACCO.—Section 5701(f) of such Code is  
24       amended by striking “\$1.0969 cents (95.67 cents on pipe

1 tobacco removed during 2000 or 2001)” and inserting  
2 “\$2.8126 cents”.

3 (g) ROLL-YOUR-OWN TOBACCO.—Section 5701(g) of  
4 such Code is amended by striking “\$1.0969 cents (95.67  
5 cents on roll-your-own tobacco removed during 2000 or  
6 2001)” and inserting “\$8.8889 cents”.

7 (h) FLOOR STOCKS TAXES.—

8 (1) IMPOSITION OF TAX.—On tobacco products  
9 (other than cigars described in section 5701(a)(2) of  
10 the Internal Revenue Code of 1986) and cigarette  
11 papers and tubes manufactured in or imported into  
12 the United States which are removed before January  
13 1, 2008, and held on such date for sale by any per-  
14 son, there is hereby imposed a tax in an amount  
15 equal to the excess of—

16 (A) the tax which would be imposed under  
17 section 5701 of such Code on the article if the  
18 article had been removed on such date, over

19 (B) the prior tax (if any) imposed under  
20 section 5701 of such Code on such article.

21 (2) CREDIT AGAINST TAX.—Each person shall  
22 be allowed as a credit against the taxes imposed by  
23 paragraph (1) an amount equal to \$500. Such credit  
24 shall not exceed the amount of taxes imposed by

1 paragraph (1) on January 1, 2008, for which such  
2 person is liable.

3 (3) LIABILITY FOR TAX AND METHOD OF PAY-  
4 MENT.—

5 (A) LIABILITY FOR TAX.—A person hold-  
6 ing tobacco products, cigarette papers, or ciga-  
7 rette tubes on January 1, 2008, to which any  
8 tax imposed by paragraph (1) applies shall be  
9 liable for such tax.

10 (B) METHOD OF PAYMENT.—The tax im-  
11 posed by paragraph (1) shall be paid in such  
12 manner as the Secretary shall prescribe by reg-  
13 ulations.

14 (C) TIME FOR PAYMENT.—The tax im-  
15 posed by paragraph (1) shall be paid on or be-  
16 fore April 1, 2008.

17 (4) ARTICLES IN FOREIGN TRADE ZONES.—  
18 Notwithstanding the Act of June 18, 1934 (com-  
19 monly known as the Foreign Trade Zone Act, 48  
20 Stat. 998, 19 U.S.C. 81a et seq.) or any other provi-  
21 sion of law, any article which is located in a foreign  
22 trade zone on January 1, 2008, shall be subject to  
23 the tax imposed by paragraph (1) if—

24 (A) internal revenue taxes have been deter-  
25 mined, or customs duties liquidated, with re-

1           spect to such article before such date pursuant  
2           to a request made under the 1st proviso of sec-  
3           tion 3(a) of such Act, or

4           (B) such article is held on such date under  
5           the supervision of an officer of the United  
6           States Customs and Border Protection of the  
7           Department of Homeland Security pursuant to  
8           the 2d proviso of such section 3(a).

9           (5) DEFINITIONS.—For purposes of this sub-  
10          section—

11           (A) IN GENERAL.—Any term used in this  
12          subsection which is also used in section 5702 of  
13          the Internal Revenue Code of 1986 shall have  
14          the same meaning as such term has in such  
15          section.

16           (B) SECRETARY.—The term “Secretary”  
17          means the Secretary of the Treasury or the  
18          Secretary’s delegate.

19           (6) CONTROLLED GROUPS.—Rules similar to  
20          the rules of section 5061(e)(3) of such Code shall  
21          apply for purposes of this subsection.

22           (7) OTHER LAWS APPLICABLE.—All provisions  
23          of law, including penalties, applicable with respect to  
24          the taxes imposed by section 5701 of such Code  
25          shall, insofar as applicable and not inconsistent with

1 the provisions of this subsection, apply to the floor  
2 stocks taxes imposed by paragraph (1), to the same  
3 extent as if such taxes were imposed by such section  
4 5701. The Secretary may treat any person who bore  
5 the ultimate burden of the tax imposed by para-  
6 graph (1) as the person to whom a credit or refund  
7 under such provisions may be allowed or made.

8 (i) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to articles removed (as defined in  
10 section 5702(j) of the Internal Revenue Code of 1986)  
11 after December 31, 2007.

12 **SEC. 702. ADMINISTRATIVE IMPROVEMENTS.**

13 (a) PERMIT, REPORT, AND RECORD REQUIREMENTS  
14 FOR MANUFACTURERS AND IMPORTERS OF PROCESSED  
15 TOBACCO.—

16 (1) PERMITS.—

17 (A) APPLICATION.—Section 5712 of the  
18 Internal Revenue Code of 1986 is amended by  
19 inserting “or processed tobacco” after “tobacco  
20 products”.

21 (B) ISSUANCE.—Section 5713(a) of such  
22 Code is amended by inserting “or processed to-  
23 bacco” after “tobacco products”.

24 (2) INVENTORIES AND REPORTS.—

1 (A) INVENTORIES.—Section 5721 of such  
2 Code is amended by inserting “, processed to-  
3 bacco,” after “tobacco products”.

4 (B) REPORTS.—Section 5722 of such Code  
5 is amended by inserting “, processed tobacco,”  
6 after “tobacco products”.

7 (3) RECORDS.—Section 5741 of such Code is  
8 amended by inserting “, processed tobacco,” after  
9 “tobacco products”.

10 (4) MANUFACTURER OF PROCESSED TO-  
11 BACCO.—Section 5702 of such Code is amended by  
12 adding at the end the following new subsection:

13 “(p) MANUFACTURER OF PROCESSED TOBACCO.—

14 “(1) IN GENERAL.—The term ‘manufacturer of  
15 processed tobacco’ means any person who processes  
16 any tobacco other than tobacco products.

17 “(2) PROCESSED TOBACCO.—The processing of  
18 tobacco shall not include the farming or growing of  
19 tobacco or the handling of tobacco solely for sale,  
20 shipment, or delivery to a manufacturer of tobacco  
21 products or processed tobacco.”.

22 (5) CONFORMING AMENDMENT.—Section  
23 5702(k) of such Code is amended by inserting “, or  
24 any processed tobacco,” after “nontaxpaid tobacco  
25 products or cigarette papers or tubes”.

1           (6) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall take effect on January 1,  
3           2008.

4           (b) BASIS FOR DENIAL, SUSPENSION, OR REVOCA-  
5           TION OF PERMITS.—

6           (1) DENIAL.—Paragraph (3) of section 5712 of  
7           such Code is amended to read as follows:

8           “(3) such person (including, in the case of a  
9           corporation, any officer, director, or principal stock-  
10          holder and, in the case of a partnership, a part-  
11          ner)—

12                 “(A) is, by reason of his business experi-  
13                 ence, financial standing, or trade connections or  
14                 by reason of previous or current legal pro-  
15                 ceedings involving a felony violation of any  
16                 other provision of Federal criminal law relating  
17                 to tobacco products, cigarette paper, or ciga-  
18                 rette tubes, not likely to maintain operations in  
19                 compliance with this chapter,

20                 “(B) has been convicted of a felony viola-  
21                 tion of any provision of Federal or State crimi-  
22                 nal law relating to tobacco products, cigarette  
23                 paper, or cigarette tubes, or

1           “(C) has failed to disclose any material in-  
2           formation required or made any material false  
3           statement in the application therefor.”.

4           (2) SUSPENSION OR REVOCATION.—Subsection  
5           (b) of section 5713 of such Code is amended to read  
6           as follows:

7           “(b) SUSPENSION OR REVOCATION.—

8           “(1) SHOW CAUSE HEARING.—If the Secretary  
9           has reason to believe that any person holding a per-  
10          mit—

11           “(A) has not in good faith complied with  
12          this chapter, or with any other provision of this  
13          title involving intent to defraud,

14           “(B) has violated the conditions of such  
15          permit,

16           “(C) has failed to disclose any material in-  
17          formation required or made any material false  
18          statement in the application for such permit,

19           “(D) has failed to maintain his premises in  
20          such manner as to protect the revenue,

21           “(E) is, by reason of previous or current  
22          legal proceedings involving a felony violation of  
23          any other provision of Federal criminal law re-  
24          lating to tobacco products, cigarette paper, or



1 cigarette tubes, not likely to maintain oper-  
2 ations in compliance with this chapter, or

3 “(F) has been convicted of a felony viola-  
4 tion of any provision of Federal or State crimi-  
5 nal law relating to tobacco products, cigarette  
6 paper, or cigarette tubes,

7 the Secretary shall issue an order, stating the facts  
8 charged, citing such person to show cause why his  
9 permit should not be suspended or revoked.

10 “(2) ACTION FOLLOWING HEARING.—If, after  
11 hearing, the Secretary finds that such person has  
12 not shown cause why his permit should not be sus-  
13 pended or revoked, such permit shall be suspended  
14 for such period as the Secretary deems proper or  
15 shall be revoked.”.

16 (3) EFFECTIVE DATE.—The amendments made  
17 by this subsection shall take effect on the date of the  
18 enactment of this Act.

19 (c) APPLICATION OF INTERNAL REVENUE CODE  
20 STATUTE OF LIMITATIONS FOR ALCOHOL AND TOBACCO  
21 EXCISE TAXES.—

22 (1) IN GENERAL.—Section 514(a) of the Tariff  
23 Act of 1930 (19 U.S.C. 1514(a)) is amended by  
24 striking “and section 520 (relating to refunds)” and  
25 inserting “section 520 (relating to refunds), and sec-

1       tion 6501 of the Internal Revenue Code of 1986  
2       (but only with respect to taxes imposed under chap-  
3       ters 51 and 52 of such Code)”.  
4

5           (2) EFFECTIVE DATE.—The amendment made  
6       by this subsection shall apply to articles imported  
7       after the date of the enactment of this Act.

8       (d) EXPANSION OF DEFINITION OF ROLL-YOUR-OWN  
9       TOBACCO.—

10           (1) IN GENERAL.—Section 5702(o) of the In-  
11       ternal Revenue Code of 1986 is amended by insert-  
12       ing “or cigars, or for use as wrappers thereof” be-  
13       fore the period at the end.

14           (2) EFFECTIVE DATE.—The amendment made  
15       by this subsection shall apply to articles removed (as  
16       defined in section 5702(j) of the Internal Revenue  
17       Code of 1986) after December 31, 2007.

18       (e) TIME OF TAX FOR UNLAWFULLY MANUFAC-  
19       TURED TOBACCO PRODUCTS.—

20           (1) IN GENERAL.—Section 5703(b)(2) of such  
21       Code is amended by adding at the end the following  
22       new subparagraph:

23           “(F) SPECIAL RULE FOR UNLAWFULLY  
24       MANUFACTURED TOBACCO PRODUCTS.—In the  
25       case of any tobacco products, cigarette paper,  
      or cigarette tubes produced in the United

1 States at any place other than the premises of  
2 a manufacturer of tobacco products, cigarette  
3 paper, or cigarette tubes that has filed the bond  
4 and obtained the permit required under this  
5 chapter, tax shall be due and payable imme-  
6 diately upon manufacture.”.

7 (2) EFFECTIVE DATE.—The amendment made  
8 by this subsection shall take effect on the date of the  
9 enactment of this Act.

10 **SEC. 703. TIME FOR PAYMENT OF CORPORATE ESTIMATED**  
11 **TAXES.**

12 Subparagraph (B) of section 401(1) of the Tax In-  
13 crease Prevention and Reconciliation Act of 2005 is  
14 amended by striking “114.75 percent” and inserting  
15 “113.75 percent”.

In lieu of the matter proposed to be inserted to the title of the Act, insert the following: “An Act to amend title XXI of the Social Security Act to extend and improve the Children’s Health Insurance Program, and for other purposes.”.