TEXT OF THE HOUSE AMENDMENTS TO THE SENATE AMENDMENTS TO H.R. 976

AMENDMENTS TO SENATE AMENDMENTS TO H.R. 976

OFFERED BY M .

In lieu of the matter proposed to be inserted to the text of the Act, insert the following:

SECTION 1. SHORT TITLE; AMENDMENTS TO SOCIAL SECURITY ACT; REFERENCES; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as "Children's Health Insurance Program Reauthorization Act of 2007".

(b) AMENDMENTS TO SOCIAL SECURITY ACT.—Except as otherwise specifically provided, whenever in this Act an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

(c) REFERENCES TO CHIP; MEDICAID; SECRETARY.—In this Act:

(1) CHIP.—The term "CHIP" means the State Children's Health Insurance Program established under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.).

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

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.

1397dd(f)), subject to paragraph (2), with respect to fiscal year 2008, the Secretary shall provide for a redistribution under such section from the allotments for fiscal year 2005 under subsection (b) and (c) of such section that are not expended by the end of fiscal year 2007, to each State described in clause (iii) of section 2104(i)(1)(A) of the Social Security Act, as added by section 102, of an amount that bears the same ratio to such unexpended fiscal year 2005 allotments as the ratio of the fiscal year 2007 allotment determined for each such State under subsection (b) of section 2104 of such Act for fiscal year 2007 (without regard to any amounts paid, allotted, or redistributed to the State under section 2104 for any preceding fiscal year) bears to the total amount of the fiscal year 2007 allotments for all such States (as so determined).

(2) CONTINGENCY.—Paragraph (1) shall not apply if the redistribution described in such paragraph has occurred as of the date of the enactment of this Act.

(b) ALLOTMENTS FOR SUBSEQUENT FISCAL YEARS.—Section 2104(f) (42 U.S.C. 1397dd(f)) is 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 MENT.—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 ⅓ 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(c) (42 U.S.C. 1397jj(c)) 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 OMMENDATIONS.—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 OMMENDATIONS.—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(c)(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(c)(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(c)) 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.

TITLE II—OUTREACH AND ENROLLMENT

Subtitle A—Outreach and Enrollment Activities

SEC. 201. GRANTS AND ENHANCED ADMINISTRATIVE FUNDING FOR OUTREACH AND ENROLLMENT.

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

"SEC. 2113. GRANTS TO IMPROVE OUTREACH AND ENROLLMENT.

"(a) OUTREACH AND ENROLLMENT GRANTS; NATIONAL CAMPAIGN.—

"(1) IN GENERAL.—From the amounts appropriated under subsection (g), subject to paragraph (2), the Secretary shall award grants to eligible entities during the period of fiscal years 2008 through 2012 to conduct outreach and enrollment efforts that are designed to increase the enrollment and participation of eligible children under this title and title XIX.

"(2) TEN PERCENT SET ASIDE FOR NATIONAL ENROLLMENT CAMPAIGN.—An amount equal to 10 percent of such amounts shall be used by the Secretary 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 disproportionate share hospital for purposes of section
14
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 Elimi-
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.

Subtitle B—Reducing Barriers to Enrollment

SEC. 211. VERIFICATION OF DECLARATION OF CITIZENSHIP OR NATIONALITY FOR PURPOSES OF ELIGIBILITY FOR MEDICAID AND CHIP.

(a) STATE OPTION TO VERIFY DECLARATION OF CITIZENSHIP OR NATIONALITY FOR PURPOSES OF ELIGIBILITY FOR MEDICAID THROUGH VERIFICATION OF NAME AND SOCIAL SECURITY NUMBER.—

(1) ALTERNATIVE TO DOCUMENTATION REQUIREMENT.—

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

(i) in subsection (a)(46)—

(I) by inserting "(A)" after "(46)";

(II) by adding "and" after the semicolon; and

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

"(B) provide, with respect to an individual declaring to be a citizen or national of the United 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);"; and
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)"; and
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"; and
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(c)(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 curity 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)"; and
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 serting "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(c) (42 U.S.C. 1397cc(c)), 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.".

TITLE VI—PROGRAM INTEGRITY AND OTHER MISCELLANEOUS PROVISIONS

Subtitle A—Program Integrity and Data Collection

SEC. 601. PAYMENT ERROR RATE MEASUREMENT ("PERM").

(a) EXPENDITURES RELATED TO COMPLIANCE WITH REQUIREMENTS.—

(1) ENHANCED PAYMENTS.—Section 2105(c) (42 U.S.C. 1397ee(c)), as amended by section 301(a), is amended by adding at the end the following new paragraph:

"(12) ENHANCED PAYMENTS.—Notwithstanding subsection (b), the enhanced FMAP with respect to payments under subsection (a) for expenditures related to the administration of the payment error rate measurement (PERM) requirements applicable to the State child health plan in accordance with the Improper Payments Information Act of 2002 and parts 431 and 457 of title 42, Code of Federal Regulations (or any related or successor guidance or regulations) shall in no event be less than 90 percent.".

(2) EXCLUSION OF FROM CAP ON ADMINISTRATIVE 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)"; and
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)"; and
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 (2) EFFECTIVE DATE.—The amendment made
5 by this subsection shall apply to articles imported
6 after the date of the enactment of this Act.
7 (d) EXPANSION OF DEFINITION OF ROLL-YOUR-OWN
8 TOBACCO.—
9 (1) IN GENERAL.—Section 5702(o) of the In-
10 ternal Revenue Code of 1986 is amended by insert-
11 ing "or cigars, or for use as wrappers thereof" be-
12 fore the period at the end.
13 (2) EFFECTIVE DATE.—The amendment made
14 by this subsection shall apply to articles removed (as
15 defined in section 5702(j) of the Internal Revenue
16 Code of 1986) after December 31, 2007.
17 (e) TIME OF TAX FOR UNLAWFULLY MANUFAC-
18 TURED TOBACCO PRODUCTS.—
19 (1) IN GENERAL.—Section 5703(b)(2) of such
20 Code is amended by adding at the end the following
21 new subparagraph:
22 "(F) SPECIAL RULE FOR UNLAWFULLY
23 MANUFACTURED TOBACCO PRODUCTS.—In the
24 case of any tobacco products, cigarette paper,
25 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.".