

In the Senate of the United States,

August 2, 2007.

Resolved, That the bill from the House of Representatives (H.R. 976) entitled “An Act to amend the Internal Revenue Code of 1986 to provide tax relief for small businesses, and for other purposes.”, do pass with the following

AMENDMENTS:

Strike out all after the enacting clause and insert:

1 **SECTION 1. SHORT TITLE; AMENDMENTS TO SOCIAL SECU-**
2 **RITY ACT; REFERENCES; TABLE OF CON-**
3 **TENTS.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the*
5 *“Children’s Health Insurance Program Reauthorization*
6 *Act of 2007”.*

7 (b) *AMENDMENTS TO SOCIAL SECURITY ACT.*—*Except*
8 *as otherwise specifically provided, whenever in this Act an*
9 *amendment is expressed in terms of an amendment to or*
10 *repeal of a section or other provision, the reference shall*

1 *be considered to be made to that section or other provision*
 2 *of the Social Security Act.*

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

5 (1) *CHIP.—The term “CHIP” means the State*
 6 *Children’s Health Insurance Program established*
 7 *under title XXI of the Social Security Act (42 U.S.C.*
 8 *1397aa et seq.).*

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

13 (3) *SECRETARY.—The term “Secretary” means*
 14 *the Secretary of Health and Human Services.*

15 (d) *TABLE OF CONTENTS.—The table of contents for*
 16 *this Act is as follows:*

Sec. 1. Short title; amendments to Social Security Act; references; table of con-
tents.

TITLE I—FINANCING OF CHIP

Sec. 101. Extension of CHIP.

Sec. 102. Allotments for the 50 States and the District of Columbia.

Sec. 103. One-time appropriation.

Sec. 104. Improving funding for the territories under CHIP and Medicaid.

Sec. 105. Incentive bonuses for States.

Sec. 106. Phase-out of coverage for nonpregnant childless adults under CHIP;
conditions for coverage of parents.

Sec. 107. State option to cover low-income pregnant women under CHIP through
a State plan amendment.

Sec. 108. CHIP Contingency fund.

Sec. 109. Two-year availability of allotments; expenditures counted against oldest
allotments.

Sec. 110. Limitation on matching rate for States that propose to cover children
with effective family income that exceeds 300 percent of the pov-
erty line.

Sec. 111. Option for qualifying States to receive the enhanced portion of the CHIP matching rate for Medicaid coverage of certain children.

TITLE II—OUTREACH AND ENROLLMENT

Sec. 201. Grants for outreach and enrollment.

Sec. 202. Increased outreach and enrollment of Indians.

Sec. 203. Demonstration program to permit States to rely on findings by an Express Lane agency to determine components of a child's eligibility for Medicaid or CHIP.

Sec. 204. Authorization of certain information disclosures to simplify health coverage determinations.

TITLE III—REDUCING BARRIERS TO ENROLLMENT

Sec. 301. Verification of declaration of citizenship or nationality for purposes of eligibility for Medicaid and CHIP.

Sec. 302. Reducing administrative barriers to enrollment.

TITLE IV—REDUCING BARRIERS TO PROVIDING PREMIUM ASSISTANCE

Subtitle A—Additional State Option for Providing Premium Assistance

Sec. 401. Additional State option for providing premium assistance.

Sec. 402. Outreach, education, and enrollment assistance.

Subtitle B—Coordinating Premium Assistance With Private Coverage

Sec. 411. 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 V—STRENGTHENING QUALITY OF CARE AND HEALTH OUTCOMES OF CHILDREN

Sec. 501. Child health quality improvement activities for children enrolled in Medicaid or CHIP.

Sec. 502. Improved information regarding access to coverage under CHIP.

Sec. 503. Application of certain managed care quality safeguards to CHIP.

TITLE VI—MISCELLANEOUS

Sec. 601. Technical correction regarding current State authority under Medicaid.

Sec. 602. Payment error rate measurement (“PERM”).

Sec. 603. Elimination of counting medicaid child presumptive eligibility costs against title XXI allotment.

Sec. 604. Improving data collection.

Sec. 605. Deficit Reduction Act technical corrections.

Sec. 606. Elimination of confusing program references.

Sec. 607. Mental health parity in CHIP plans.

Sec. 608. Dental health grants.

Sec. 609. Application of prospective payment system for services provided by Federally-qualified health centers and rural health clinics.

Sec. 610. Support for injured servicemembers.

Sec. 611. Military family job protection.

Sec. 612. Sense of Senate regarding access to affordable and meaningful health insurance coverage.

Sec. 613. Demonstration projects relating to diabetes prevention.

Sec. 614. Outreach regarding health insurance options available to children.

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.

TITLE VIII—EFFECTIVE DATE

Sec. 801. Effective date.

1 **TITLE I—FINANCING OF CHIP**

2 **SEC. 101. EXTENSION OF CHIP.**

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

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

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

8 *(3) by adding at the end the following new para-*
9 *graphs:*

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

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

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

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

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

16 *“(A) \$1,750,000,000 for the period begin-*
17 *ning on October 1, 2011, and ending on March*
18 *31, 2012, and*

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

4 **SEC. 102. ALLOTMENTS FOR THE 50 STATES AND THE DIS-**
5 **TRICT OF COLUMBIA.**

6 (a) *IN GENERAL.*—Section 2104 (42 U.S.C. 1397dd)
7 is amended by adding at the end the following new sub-
8 section:

9 “(i) *DETERMINATION OF ALLOTMENTS FOR THE 50*
10 *STATES AND THE DISTRICT OF COLUMBIA FOR FISCAL*
11 *YEARS 2008 THROUGH 2012.*—

12 “(1) *COMPUTATION OF ALLOTMENT.*—

13 “(A) *IN GENERAL.*—Subject to the suc-
14 ceeding paragraphs of this subsection, the Sec-
15 retary shall for each of fiscal years 2008 through
16 2012 allot to each subsection (b) State from the
17 available national allotment an amount equal to
18 110 percent of—

19 “(i) in the case of fiscal year 2008, the
20 highest of the amounts determined under
21 paragraph (2);

22 “(ii) in the case of each of fiscal years
23 2009 through 2011, the Federal share of the
24 expenditures determined under subpara-
25 graph (B) for the fiscal year; and

1 “(iii) beginning with fiscal year 2012,
2 subject to subparagraph (E), each semi-an-
3 nual allotment determined under subpara-
4 graph (D).

5 “(B) *PROJECTED STATE EXPENDITURES*
6 *FOR THE FISCAL YEAR.*—For purposes of sub-
7 paragraphs (A)(ii) and (D), the expenditures de-
8 termined under this subparagraph for a fiscal
9 year are the projected expenditures under the
10 State child health plan for the fiscal year (as
11 certified by the State and submitted to the Sec-
12 retary by not later than August 31 of the pre-
13 ceding fiscal year).

14 “(C) *AVAILABLE NATIONAL ALLOTMENT.*—
15 For purposes of this subsection, the term ‘avail-
16 able national allotment’ means, with respect to
17 any fiscal year, the amount available for allot-
18 ment under subsection (a) for the fiscal year, re-
19 duced by the amount of the allotments made for
20 the fiscal year under subsection (c). Subject to
21 paragraph (3)(B), the available national allot-
22 ment with respect to the amount available under
23 subsection (a)(15)(A) for fiscal year 2012 shall
24 be increased by the amount of the appropriation
25 for the period beginning on October 1 and end-

1 *ing on March 31 of such fiscal year under sec-*
2 *tion 103 of the Children’s Health Insurance Pro-*
3 *gram Reauthorization Act of 2007.*

4 “(D) *SEMI-ANNUAL ALLOTMENTS.—For*
5 *purposes of subparagraph (A)(iii), the semi-an-*
6 *annual allotments determined under this para-*
7 *graph with respect to a fiscal year are as follows:*

8 “(i) *For the period beginning on Octo-*
9 *ber 1 and ending on March 31 of the fiscal*
10 *year, the Federal share of the portion of the*
11 *expenditures determined under subpara-*
12 *graph (B) for the fiscal year which are allo-*
13 *cable to such period.*

14 “(ii) *For the period beginning on April*
15 *1 and ending on September 30 of the fiscal*
16 *year, the Federal share of the portion of the*
17 *expenditures determined under subpara-*
18 *graph (B) for the fiscal year which are allo-*
19 *cable to such period.*

20 “(E) *AVAILABILITY.—Each semi-annual al-*
21 *lotment made under subparagraph (A)(iii) shall*
22 *remain available for expenditure under this title*
23 *for periods after the period specified in subpara-*
24 *graph (D) for purposes of determining the allot-*
25 *ment in the same manner as the allotment would*

1 *have been available for expenditure if made for*
2 *an entire fiscal year.*

3 “(2) *SPECIAL RULE FOR FISCAL YEAR 2008.*—

4 “(A) *IN GENERAL.*—*For purposes of para-*
5 *graph (1)(A)(i), the amounts determined under*
6 *this paragraph for fiscal year 2008 are as fol-*
7 *lows:*

8 “(i) *The total Federal payments to the*
9 *State under this title for fiscal year 2007,*
10 *multiplied by the annual adjustment deter-*
11 *mined under subparagraph (B) for fiscal*
12 *year 2008.*

13 “(ii) *The Federal share of the amount*
14 *allotted to the State for fiscal year 2007*
15 *under subsection (b), multiplied by the an-*
16 *annual adjustment determined under subpara-*
17 *graph (B) for fiscal year 2008.*

18 “(iii) *Only in the case of—*

19 “(I) *a State that received a pay-*
20 *ment, redistribution, or allotment*
21 *under any of paragraphs (1), (2), or*
22 *(4) of subsection (h), the amount of the*
23 *projected total Federal payments to the*
24 *State under this title for fiscal year*
25 *2007, as determined on the basis of the*

1 *November 2006 estimates certified by*
2 *the State to the Secretary;*

3 *“(II) a State whose projected total*
4 *Federal payments to the State under*
5 *this title for fiscal year 2007, as deter-*
6 *mined on the basis of the May 2006 es-*
7 *timates certified by the State to the*
8 *Secretary, were at least \$95,000,000*
9 *but not more than \$96,000,000 higher*
10 *than the projected total Federal pay-*
11 *ments to the State under this title for*
12 *fiscal year 2007 on the basis of the No-*
13 *vember 2006 estimates, the amount of*
14 *the projected total Federal payments to*
15 *the State under this title for fiscal year*
16 *2007 on the basis of the May 2006 esti-*
17 *mates; or*

18 *“(III) a State whose projected*
19 *total Federal payments under this title*
20 *for fiscal year 2007, as determined on*
21 *the basis of the November 2006 esti-*
22 *mates certified by the State to the Sec-*
23 *retary, exceeded all amounts available*
24 *to the State for expenditure for fiscal*
25 *year 2007 (including any amounts*

1 *paid, allotted, or redistributed to the*
2 *State in prior fiscal years), the*
3 *amount of the projected total Federal*
4 *payments to the State under this title*
5 *for fiscal year 2007, as determined on*
6 *the basis of the November 2006 esti-*
7 *mates certified by the State to the Sec-*
8 *retary,*
9 *multiplied by the annual adjustment deter-*
10 *mined under subparagraph (B) for fiscal*
11 *year 2008.*

12 *“(iv) The projected total Federal pay-*
13 *ments to the State under this title for fiscal*
14 *year 2008, as determined on the basis of the*
15 *August 2007 projections certified by the*
16 *State to the Secretary by not later than*
17 *September 30, 2007.*

18 *“(B) ANNUAL ADJUSTMENT FOR HEALTH*
19 *CARE COST GROWTH AND CHILD POPULATION*
20 *GROWTH.—The annual adjustment determined*
21 *under this subparagraph for a fiscal year with*
22 *respect to a State is equal to the product of the*
23 *amounts determined under clauses (i) and (ii):*

24 *“(i) PER CAPITA HEALTH CARE*
25 *GROWTH.—1 plus the percentage increase (if*

1 *any) in the projected nominal per capita*
2 *amount of National Health Expenditures*
3 *for the calendar year that begins during the*
4 *fiscal year involved over the preceding cal-*
5 *endar year, as most recently published by*
6 *the Secretary.*

7 “(i) *CHILD POPULATION GROWTH.—*
8 *1.01 plus the percentage change in the pop-*
9 *ulation of children under 19 years of age in*
10 *the State from July 1 of the fiscal year pre-*
11 *ceding the fiscal year involved to July 1 of*
12 *the fiscal year involved, as determined by*
13 *the Secretary based on the most timely and*
14 *accurate published estimates of the Bureau*
15 *of the Census.*

16 “(C) *DEFINITION.—For purposes of sub-*
17 *paragraph (B), the term ‘fiscal year involved’*
18 *means the fiscal year for which an allotment*
19 *under this subsection is being determined.*

20 “(D) *PRORATION RULE.—If, after the appli-*
21 *cation of this paragraph without regard to this*
22 *subparagraph, the sum of the State allotments*
23 *determined under this paragraph for fiscal year*
24 *2008 exceeds the available national allotment for*

1 *fiscal year 2008, the Secretary shall reduce each*
2 *such allotment on a proportional basis.*

3 “(3) *ALTERNATIVE ALLOTMENTS FOR FISCAL*
4 *YEARS 2009 THROUGH 2012.—*

5 “(A) *IN GENERAL.—If the sum of the State*
6 *allotments determined under paragraph*
7 *(1)(A)(ii) for any of fiscal years 2009 through*
8 *2011 exceeds the available national allotment for*
9 *the fiscal year, the Secretary shall allot to each*
10 *subsection (b) State from the available national*
11 *allotment for the fiscal year an amount equal to*
12 *the product of—*

13 “(i) *the available national allotment*
14 *for the fiscal year; and*

15 “(ii) *the percentage equal to the sum of*
16 *the State allotment factors for the fiscal*
17 *year determined under paragraph (4) with*
18 *respect to the State.*

19 “(B) *SPECIAL RULES BEGINNING IN FISCAL*
20 *YEAR 2012.—Beginning in fiscal year 2012—*

21 “(i) *this paragraph shall be applied*
22 *separately with respect to each of the peri-*
23 *ods described in clauses (i) and (ii) of para-*
24 *graph (1)(D) and the available national al-*
25 *lotment for each such period shall be the*

1 *amount appropriated for such period (rather*
2 *than the amount appropriated for the en-*
3 *tire fiscal year), reduced by the amount of*
4 *the allotments made for the fiscal year*
5 *under subsection (c) for each such period,*
6 *and*

7 “(ii) if—

8 “(I) *the sum of the State allot-*
9 *ments determined under paragraph*
10 *(1)(A)(iii) for either such period ex-*
11 *ceeds the amount of such available na-*
12 *tional allotment for such period, the*
13 *Secretary shall make the allotment for*
14 *each State for such period in the same*
15 *manner as under subparagraph (A),*
16 *and*

17 “(II) *the amount of such available*
18 *national allotment for either such pe-*
19 *riod exceeds the sum of the State allot-*
20 *ments determined under paragraph*
21 *(1)(A)(iii) for such period, the Sec-*
22 *retary shall increase the allotment for*
23 *each State for such period by the*
24 *amount that bears the same ratio to*
25 *such excess as the State’s allotment de-*

1 *terminated under paragraph (1)(A)(iii)*
2 *for such period (without regard to this*
3 *subparagraph) bears to the sum of such*
4 *allotments for all States.*

5 “(4) *WEIGHTED FACTORS.*—

6 “(A) *FACTORS DESCRIBED.*—*For purposes*
7 *of paragraph (3), the factors described in this*
8 *subparagraph are the following:*

9 “(i) *PROJECTED STATE EXPENDITURES*
10 *FOR THE FISCAL YEAR.*—*The ratio of the*
11 *projected expenditures under the State child*
12 *health plan for the fiscal year (as certified*
13 *by the State to the Secretary by not later*
14 *than August 31 of the preceding fiscal year)*
15 *to the sum of the projected expenditures*
16 *under all such plans for all subsection (b)*
17 *States for the fiscal year, multiplied by the*
18 *applicable percentage weight assigned under*
19 *subparagraph (B).*

20 “(ii) *NUMBER OF LOW-INCOME CHIL-*
21 *DREN IN THE STATE.*—*The ratio of the*
22 *number of low-income children in the State,*
23 *as determined on the basis of the most time-*
24 *ly and accurate published estimates of the*
25 *Bureau of the Census, to the sum of the*

1 *number of low-income children so deter-*
2 *mined for all subsection (b) States for such*
3 *fiscal year, multiplied by the applicable*
4 *percentage weight assigned under subpara-*
5 *graph (B).*

6 “(iii) *PROJECTED STATE EXPENDI-*
7 *TURES FOR THE PRECEDING FISCAL*
8 *YEAR.—The ratio of the projected expendi-*
9 *tures under the State child health plan for*
10 *the preceding fiscal year (as determined on*
11 *the basis of the projections certified by the*
12 *State to the Secretary for November of the*
13 *fiscal year), to the sum of the projected ex-*
14 *penditures under all such plans for all sub-*
15 *section (b) States for such preceding fiscal*
16 *year (as so determined), multiplied by the*
17 *applicable percentage weight assigned under*
18 *subparagraph (B).*

19 “(iv) *ACTUAL STATE EXPENDITURES*
20 *FOR THE SECOND PRECEDING FISCAL*
21 *YEAR.—The ratio of the actual expenditures*
22 *under the State child health plan for the*
23 *second preceding fiscal year, as determined*
24 *by the Secretary on the basis of expenditure*
25 *data reported by States on CMS Form 64*

1 or CMS Form 21, to such sum of the actual
2 expenditures under all such plans for all
3 subsection (b) States for such second pre-
4 ceding fiscal year, multiplied by the appli-
5 cable percentage weight assigned under sub-
6 paragraph (B).

7 “(B) ASSIGNMENT OF WEIGHTS.—For each
8 of fiscal years 2009 through 2012, the applicable
9 weights assigned under this subparagraph are
10 the following:

11 “(i) With respect to the factor described
12 in subparagraph (A)(i), a weight of 75 per-
13 cent for each such fiscal year.

14 “(ii) With respect to the factor de-
15 scribed in subparagraph (A)(ii), a weight of
16 12¹/₂ percent for each such fiscal year.

17 “(iii) With respect to the factor de-
18 scribed in subparagraph (A)(iii), a weight
19 of 7¹/₂ percent for each such fiscal year.

20 “(iv) With respect to the factor de-
21 scribed in subparagraph (A)(iv), a weight of
22 5 percent for each such fiscal year.

23 “(5) DEMONSTRATION OF NEED FOR INCREASED
24 ALLOTMENT BASED ON PROJECTED STATE EXPENDI-

1 *TURES EXCEEDING 10 PERCENT OF THE PRECEDING*
2 *FISCAL YEAR ALLOTMENT.—*

3 “(A) *IN GENERAL.—If the projected expend-*
4 *itures under the State child health plan described*
5 *in paragraph (1)(B) for any of fiscal years 2009*
6 *through 2012 are at least 10 percent more than*
7 *the allotment determined for the State for the*
8 *preceding fiscal year (determined without regard*
9 *to paragraph (2)(D) or paragraph (3)), and,*
10 *during the preceding fiscal year, the State did*
11 *not receive approval for a State plan amendment*
12 *or waiver to expand coverage under the State*
13 *child health plan or did not receive a CHIP con-*
14 *tingency fund payment under subsection (k)—*

15 “(i) *the State shall submit to the Sec-*
16 *retary, by not later than August 31 of the*
17 *preceding fiscal year, information relating*
18 *to the factors that contributed to the need*
19 *for the increase in the State’s allotment for*
20 *the fiscal year, as well as any other addi-*
21 *tional information that the Secretary may*
22 *require for the State to demonstrate the*
23 *need for the increase in the State’s allot-*
24 *ment for the fiscal year;*

25 “(ii) *the Secretary shall—*

1 “(I) review the information sub-
2 mitted under clause (i);

3 “(II) notify the State in writing
4 within 60 days after receipt of the in-
5 formation that—

6 “(aa) the projected expendi-
7 tures under the State child health
8 plan are approved or disapproved
9 (and if disapproved, the reasons
10 for disapproval); or

11 “(bb) specified additional in-
12 formation is needed; and

13 “(III) if the Secretary dis-
14 approved the projected expenditures or
15 determined additional information is
16 needed, provide the State with a rea-
17 sonable opportunity to submit addi-
18 tional information to demonstrate the
19 need for the increase in the State’s al-
20 lotment for the fiscal year.

21 “(B) *PROVISIONAL AND FINAL ALLOT-*
22 *MENT.*—In the case of a State described in sub-
23 paragraph (A) for which the Secretary has not
24 determined by September 30 of a fiscal year
25 whether the State has demonstrated the need for

1 *the increase in the State’s allotment for the suc-*
2 *ceeding fiscal year, the Secretary shall provide*
3 *the State with a provisional allotment for the fis-*
4 *cal year equal to 110 percent of the allotment de-*
5 *termined for the State under this subsection for*
6 *the preceding fiscal year (determined without re-*
7 *gard to paragraph (2)(D) or paragraph (3)),*
8 *and may, not later than November 30 of the fis-*
9 *cal year, adjust the State’s allotment (and the al-*
10 *lotments of other subsection (b) States), as nec-*
11 *essary (and, if applicable, subject to paragraph*
12 *(3)), on the basis of information submitted by*
13 *the State in accordance with subparagraph (A).*

14 “(6) *SPECIAL RULES.—*

15 “(A) *DEADLINE AND DATA FOR DETER-*
16 *MINING FISCAL YEAR 2008 ALLOTMENTS.—In*
17 *computing the amounts under paragraph (2)(A)*
18 *and subsection (c)(5)(A) that determine the allot-*
19 *ments to subsection (b) States and territories for*
20 *fiscal year 2008, the Secretary shall use the most*
21 *recent data available to the Secretary before the*
22 *start of that fiscal year. The Secretary may ad-*
23 *just such amounts and allotments, as necessary,*
24 *on the basis of the expenditure data for the prior*
25 *year reported by States on CMS Form 64 or*

1 *CMS Form 21 not later than November 30,*
2 *2007, but in no case shall the Secretary adjust*
3 *the allotments provided under paragraph (2)(A)*
4 *or subsection (c)(5)(A) for fiscal year 2008 after*
5 *December 31, 2007.*

6 “(B) *INCLUSION OF CERTAIN EXPENDI-*
7 *TURES.—*

8 “(i) *PROJECTED EXPENDITURES OF*
9 *QUALIFYING STATES.—Payments made or*
10 *projected to be made to a qualifying State*
11 *described in paragraph (2) of section*
12 *2105(g) for expenditures described in para-*
13 *graph (1)(B)(ii) or (4)(B) of that section*
14 *shall be included for purposes of deter-*
15 *mining the projected expenditures described*
16 *in paragraph (1)(B) with respect to the al-*
17 *lotments determined for each of fiscal years*
18 *2009 through 2012 and for purposes of de-*
19 *termining the amounts described in clauses*
20 *(i) and (iv) of paragraph (2)(A) with re-*
21 *spect to the allotments determined for fiscal*
22 *year 2008.*

23 “(ii) *PROJECTED EXPENDITURES*
24 *UNDER BLOCK GRANT SET-ASIDES FOR NON-*
25 *PREGNANT CHILDLESS ADULTS AND PAR-*

1 *ENTS.—Payments projected to be made to a*
2 *State under subsection (a) or (b) of section*
3 *2111 shall be included for purposes of deter-*
4 *mining the projected expenditures described*
5 *in paragraph (1)(B) with respect to the al-*
6 *lotments determined for each of fiscal years*
7 *2009 through 2012 (to the extent such pay-*
8 *ments are permitted under such section), in-*
9 *cluding for purposes of allocating such ex-*
10 *penditures for purposes of clauses (i) and*
11 *(ii) of paragraph (1)(D).*

12 “(7) *SUBSECTION (b) STATE.—In this subsection,*
13 *the term ‘subsection (b) State’ means 1 of the 50*
14 *States or the District of Columbia.’.*”

15 “(b) *CONFORMING AMENDMENTS.—Section 2104 (42*
16 *U.S.C. 1397dd) is amended—*

17 (1) *in subsection (a), by striking “subsection*
18 *(d)” and inserting “subsections (d), (h), and (i)”;*

19 (2) *in subsection (b)(1), by striking “subsection*
20 *(d)” and inserting “subsections (d), (h), and (i)”;* and

21 (3) *in subsection (c)(1), by striking “subsection*
22 *(d)” and inserting “subsections (d), (h), and (i)”.*

23 **SEC. 103. ONE-TIME APPROPRIATION.**

24 *There is appropriated to the Secretary, out of any*
25 *money in the Treasury not otherwise appropriated,*

1 \$12,500,000,000 to accompany the allotment made for the
2 period beginning on October 1, 2011, and ending on March
3 31, 2012, under section 2104(a)(15)(A) of the Social Secu-
4 rity Act (42 U.S.C. 1397dd(a)(15)(A)) (as added by section
5 101), to remain available until expended. Such amount
6 shall be used to provide allotments to States under sub-
7 sections (c)(5) and (i) of section 2104 of the Social Security
8 Act (42 U.S.C. 1397dd) for the first 6 months of fiscal year
9 2012 in the same manner as allotments are provided under
10 subsection (a)(15)(A) of such section and subject to the same
11 terms and conditions as apply to the allotments provided
12 from such subsection (a)(15)(A).

13 **SEC. 104. IMPROVING FUNDING FOR THE TERRITORIES**
14 **UNDER CHIP AND MEDICAID.**

15 (a) *UPDATE OF CHIP ALLOTMENTS.*—Section 2104(c)
16 (42 U.S.C. 1397dd(c)) is amended—

17 (1) in paragraph (1), by inserting “and para-
18 graphs (5) and (6)” after “and (i)”; and

19 (2) by adding at the end the following new para-
20 graphs:

21 “(5) *ANNUAL ALLOTMENTS FOR TERRITORIES*
22 *BEGINNING WITH FISCAL YEAR 2008.*—Of the total al-
23 lotment amount appropriated under subsection (a) for
24 a fiscal year beginning with fiscal year 2008, the Sec-

1 *retary shall allot to each of the commonwealths and*
2 *territories described in paragraph (3) the following:*

3 “(A) *FISCAL YEAR 2008.—For fiscal year*
4 *2008, the highest amount of Federal payments to*
5 *the commonwealth or territory under this title*
6 *for any fiscal year occurring during the period*
7 *of fiscal years 1998 through 2007, multiplied by*
8 *the annual adjustment determined under sub-*
9 *section (i)(2)(B) for fiscal year 2008, except that*
10 *clause (ii) thereof shall be applied by sub-*
11 *stituting ‘the United States’ for ‘the State’.*

12 “(B) *FISCAL YEARS 2009 THROUGH 2012.—*

13 “(i) *IN GENERAL.—For each of fiscal*
14 *years 2009 through 2012, except as provided*
15 *in clause (ii), the amount determined under*
16 *this paragraph for the preceding fiscal year*
17 *multiplied by the annual adjustment deter-*
18 *mined under subsection (i)(2)(B) for the fis-*
19 *cal year, except that clause (ii) thereof shall*
20 *be applied by substituting ‘the United*
21 *States’ for ‘the State’.*

22 “(ii) *SPECIAL RULE FOR FISCAL YEAR*
23 *2012.—In the case of fiscal year 2012—*

24 “(I) *89 percent of the amount al-*
25 *located to the commonwealth or terri-*

1 *tory for such fiscal year (without re-*
2 *gard to this subclause) shall be allo-*
3 *cated for the period beginning on Octo-*
4 *ber 1, 2011, and ending on March 31,*
5 *2012, and*

6 *“(II) 11 percent of such amount*
7 *shall be allocated for the period begin-*
8 *ning on April 1, 2012, and ending on*
9 *September 30, 2012.”.*

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

15 *“(4) EXCLUSION OF CERTAIN EXPENDITURES*
16 *FROM PAYMENT LIMITS.—With respect to fiscal years*
17 *beginning with fiscal year 2008, if Puerto Rico, the*
18 *Virgin Islands, Guam, the Northern Mariana Islands,*
19 *or American Samoa qualify for a payment under*
20 *subparagraph (A)(i), (B), or (F) of section 1903(a)(3)*
21 *for a calendar quarter of such fiscal year, the pay-*
22 *ment shall not be taken into account in applying sub-*
23 *section (f) (as increased in accordance with para-*
24 *graphs (1), (2), and (3) of this subsection) to such*
25 *commonwealth or territory for such fiscal year.”.*

1 (c) *GAO STUDY AND REPORT.*—Not later than Sep-
2 tember 30, 2009, the Comptroller General of the United
3 States shall submit a report to the appropriate committees
4 of Congress regarding Federal funding under Medicaid and
5 CHIP for Puerto Rico, the United States Virgin Islands,
6 Guam, American Samoa, and the Northern Mariana Is-
7 lands. The report shall include the following:

8 (1) *An analysis of all relevant factors with re-*
9 *spect to—*

10 (A) *eligible Medicaid and CHIP popu-*
11 *lations in such commonwealths and territories;*

12 (B) *historical and projected spending needs*
13 *of such commonwealths and territories and the*
14 *ability of capped funding streams to respond to*
15 *those spending needs;*

16 (C) *the extent to which Federal poverty*
17 *guidelines are used by such commonwealths and*
18 *territories to determine Medicaid and CHIP eli-*
19 *gibility; and*

20 (D) *the extent to which such commonwealths*
21 *and territories participate in data collection and*
22 *reporting related to Medicaid and CHIP, includ-*
23 *ing an analysis of territory participation in the*
24 *Current Population Survey versus the American*
25 *Community Survey.*

1 (2) *Recommendations for improving Federal*
 2 *funding under Medicaid and CHIP for such common-*
 3 *wealths and territories.*

4 **SEC. 105. INCENTIVE BONUSES FOR STATES.**

5 (a) *IN GENERAL.*—Section 2104 (42 U.S.C. 1397dd),
 6 *as amended by section 102, is amended by adding at the*
 7 *end the following new subsection:*

8 “(j) *INCENTIVE BONUSES.*—

9 “(1) *ESTABLISHMENT OF INCENTIVE POOL FROM*
 10 *UNOBLIGATED NATIONAL ALLOTMENT AND UNEX-*
 11 *PENDED STATE ALLOTMENTS.*—

12 “(A) *IN GENERAL.*—*There is hereby estab-*
 13 *lished in the Treasury of the United States a*
 14 *fund which shall be known as the ‘CHIP Incen-*
 15 *tive Bonuses Pool’ (in this subsection referred to*
 16 *as the ‘Incentive Pool’). Amounts in the Incen-*
 17 *tive Pool are authorized to be appropriated for*
 18 *payments under this subsection and shall remain*
 19 *available until expended.*

20 “(B) *DEPOSITS THROUGH INITIAL APPRO-*
 21 *PRIATION AND TRANSFERS OF FUNDS.*—

22 “(i) *INITIAL APPROPRIATION.*—*There*
 23 *is appropriated to the Incentive Pool, out of*
 24 *any money in the Treasury not otherwise*

1 *appropriated, \$3,000,000,000 for fiscal year*
2 *2008.*

3 “(i) *TRANSFERS.—Notwithstanding*
4 *any other provision of law, the following*
5 *amounts are hereby appropriated or trans-*
6 *ferred to, deposited in, and made available*
7 *for expenditure from the Incentive Pool on*
8 *the following dates:*

9 “(I) *UNEXPENDED FISCAL YEAR*
10 *2006 AND 2007 ALLOTMENTS.—On De-*
11 *cember 31, 2007, the sum for all States*
12 *of the excess (if any) for each State*
13 *of—*

14 “(aa) *the aggregate allot-*
15 *ments provided for the State*
16 *under subsection (b) or (c) for fis-*
17 *cal years 2006 and 2007 that are*
18 *not expended by September 30,*
19 *2007, over*

20 “(bb) *an amount equal to 50*
21 *percent of the allotment provided*
22 *for the State under subsection (c)*
23 *or (i) for fiscal year 2008 (as de-*
24 *termined in accordance with sub-*
25 *section (i)(6)).*

1 “(II) *UNOBLIGATED NATIONAL AL-*
2 *LOTMENT.*—

3 “(aa) *FISCAL YEARS 2008*
4 *THROUGH 2011.*—*On December 31*
5 *of fiscal year 2008, and on De-*
6 *cember 31 of each succeeding fis-*
7 *cal year through fiscal year 2011,*
8 *the portion, if any, of the amount*
9 *appropriated under subsection (a)*
10 *for such fiscal year that is unobli-*
11 *gated for allotment to a State*
12 *under subsection (c) or (i) for*
13 *such fiscal year or set aside under*
14 *subsection (a)(3) or (b)(2) of sec-*
15 *tion 2111 for such fiscal year.*

16 “(bb) *FIRST HALF OF FISCAL*
17 *YEAR 2012.*—*On December 31 of*
18 *fiscal year 2012, the portion, if*
19 *any, of the sum of the amounts*
20 *appropriated under subsection*
21 *(a)(15)(A) and under section 103*
22 *of the Children’s Health Insurance*
23 *Program Reauthorization Act of*
24 *2007 for the period beginning on*
25 *October 1, 2011, and ending on*

1 *March 31, 2012, that is unobli-*
2 *gated for allotment to a State*
3 *under subsection (c) or (i) for*
4 *such fiscal year or set aside under*
5 *subsection (b)(2) of section 2111*
6 *for such fiscal year.*

7 “(cc) *SECOND HALF OF FIS-*
8 *CAL YEAR 2012.—On June 30 of*
9 *fiscal year 2012, the portion, if*
10 *any, of the amount appropriated*
11 *under subsection (a)(15)(B) for*
12 *the period beginning on April 1,*
13 *2012, and ending on September*
14 *30, 2012, that is unobligated for*
15 *allotment to a State under sub-*
16 *section (c) or (i) for such fiscal*
17 *year or set aside under subsection*
18 *(b)(2) of section 2111 for such fis-*
19 *cal year.*

20 “(III) *PERCENTAGE OF STATE AL-*
21 *LOTMENTS THAT ARE UNEXPENDED BY*
22 *THE END OF THE FIRST YEAR OF*
23 *AVAILABILITY BEGINNING WITH THE*
24 *FISCAL YEAR 2009 ALLOTMENTS.—On*
25 *October 1 of each of fiscal years 2009*

1 *through 2012, the sum for all States*
2 *for such fiscal year (the ‘current fiscal*
3 *year’) of the excess (if any) for each*
4 *State of—*

5 *“(aa) the allotment made for*
6 *the State under subsection (b), (c),*
7 *or (i) for the fiscal year preceding*
8 *the current fiscal year (reduced by*
9 *any amounts set aside under sec-*
10 *tion 2111(a)(3)) that is not ex-*
11 *pended by the end of such pre-*
12 *ceding fiscal year, over*

13 *“(bb) an amount equal to the*
14 *applicable percentage (for the fis-*
15 *cal year) of the allotment made*
16 *for the State under subsection (b),*
17 *(c), or (i) (as so reduced) for such*
18 *preceding fiscal year.*

19 *For purposes of item (bb), the applica-*
20 *ble percentage is 20 percent for fiscal*
21 *year 2009, and 10 percent for each of*
22 *fiscal years 2010, 2011, and 2012.*

23 *“(IV) REMAINDER OF STATE AL-*
24 *LOTMENTS THAT ARE UNEXPENDED BY*
25 *THE END OF THE PERIOD OF AVAIL-*

1 ABILITY BEGINNING WITH THE FISCAL
2 YEAR 2006 ALLOTMENTS.—On October
3 1 of each of fiscal years 2009 through
4 2012, the total amount of allotments
5 made to States under subsection (b),
6 (c), or (i) for the second preceding fis-
7 cal year (third preceding fiscal year in
8 the case of the fiscal year 2006 allot-
9 ments) and remaining after the appli-
10 cation of subclause (III) that are not
11 expended by September 30 of the pre-
12 ceding fiscal year.

13 “(V) UNEXPENDED TRANSITIONAL
14 COVERAGE BLOCK GRANT FOR NON-
15 PREGNANT CHILDLESS ADULTS.—On
16 October 1, 2009, any amounts set aside
17 under section 2111(a)(3) that are not
18 expended by September 30, 2009.

19 “(VI) EXCESS CHIP CONTINGENCY
20 FUNDS.—

21 “(aa) AMOUNTS IN EXCESS
22 OF THE AGGREGATE CAP.—On
23 October 1 of each of fiscal years
24 2010 through 2012, any amount
25 in excess of the aggregate cap ap-

1 *plicable to the CHIP Contingency*
2 *Fund for the fiscal year under*
3 *subsection (k)(2)(B).*

4 “(bb) *UNEXPENDED CHIP*
5 *CONTINGENCY FUND PAYMENTS.—*
6 *On October 1 of each of fiscal*
7 *years 2010 through 2012, any*
8 *portion of a CHIP Contingency*
9 *Fund payment made to a State*
10 *that remains unexpended at the*
11 *end of the period for which the*
12 *payment is available for expendi-*
13 *ture under subsection (e)(3).*

14 “(VII) *EXTENSION OF AVAIL-*
15 *ABILITY FOR PORTION OF UNEXPENDED*
16 *STATE ALLOTMENTS.—The portion of*
17 *the allotment made to a State for a fis-*
18 *cal year that is not transferred to the*
19 *Incentive Pool under subclause (I) or*
20 *(III) shall remain available for ex-*
21 *penditure by the State only during the*
22 *fiscal year in which such transfer oc-*
23 *currs, in accordance with subclause (IV)*
24 *and subsection (e)(4).*

1 “(C) *INVESTMENT OF FUND.*—*The Secretary*
2 *of the Treasury shall invest, in interest bearing*
3 *securities of the United States, such currently*
4 *available portions of the Incentive Pool as are*
5 *not immediately required for payments from the*
6 *Pool. The income derived from these investments*
7 *constitutes a part of the Incentive Pool.*

8 “(2) *PAYMENTS TO STATES INCREASING ENROLL-*
9 *MENT.*—

10 “(A) *IN GENERAL.*—*Subject to paragraph*
11 *(3)(D), with respect to each of fiscal years 2009*
12 *through 2012, the Secretary shall make payments*
13 *to States from the Incentive Pool determined*
14 *under subparagraph (B).*

15 “(B) *DETERMINATION OF PAYMENTS.*—*If,*
16 *for any coverage period ending in a fiscal year*
17 *ending after September 30, 2008, the average*
18 *monthly enrollment of children in the State plan*
19 *under title XIX exceeds the baseline monthly av-*
20 *erage for such period, the payment made for the*
21 *fiscal year shall be equal to the applicable*
22 *amount determined under subparagraph (C).*

23 “(C) *APPLICABLE AMOUNT.*—*For purposes*
24 *of subparagraph (B), the applicable amount is*

1 *the product determined in accordance with the*
2 *following:*

3 “(i) *If such excess with respect to the*
4 *number of individuals who are enrolled in*
5 *the State plan under title XIX does not ex-*
6 *ceed 2 percent, the product of \$75 and the*
7 *number of such individuals included in*
8 *such excess.*

9 “(ii) *If such excess with respect to the*
10 *number of individuals who are enrolled in*
11 *the State plan under title XIX exceeds 2,*
12 *but does not exceed 5 percent, the product of*
13 *\$300 and the number of such individuals*
14 *included in such excess, less the amount of*
15 *such excess calculated in clause (i).*

16 “(iii) *If such excess with respect to the*
17 *number of individuals who are enrolled in*
18 *the State plan under title XIX exceeds 5*
19 *percent, the product of \$625 and the num-*
20 *ber of such individuals included in such ex-*
21 *cess, less the sum of the amount of such ex-*
22 *cess calculated in clauses (i) and (ii).*

23 “(D) *INDEXING OF DOLLAR AMOUNTS.—For*
24 *each coverage period ending in a fiscal year end-*
25 *ing after September 30, 2009, the dollar amounts*

1 *specified in subparagraph (C) shall be increased*
2 *by the percentage increase (if any) in the pro-*
3 *jected nominal per capita amount of National*
4 *Health Expenditures for the calendar year begin-*
5 *ning on January 1 of the coverage period over*
6 *the preceding coverage period, as most recently*
7 *published by the Secretary before the beginning*
8 *of the coverage period involved.*

9 *“(3) RULES RELATING TO ENROLLMENT IN-*
10 *CREASES.—For purposes of paragraph (2)(B)—*

11 *“(A) BASELINE MONTHLY AVERAGE.—Ex-*
12 *cept as provided in subparagraph (C), the base-*
13 *line monthly average for any fiscal year for a*
14 *State is equal to—*

15 *“(i) the baseline monthly average for*
16 *the preceding fiscal year; multiplied by*

17 *“(ii) the sum of 1 plus the sum of—*

18 *“(I) 0.01; and*

19 *“(II) the percentage increase in*
20 *the population of low-income children*
21 *in the State from the preceding fiscal*
22 *year to the fiscal year involved, as de-*
23 *termined by the Secretary based on the*
24 *most timely and accurate published es-*
25 *timates of the Bureau of the Census be-*

1 *fore the beginning of the fiscal year in-*
2 *volved.*

3 “(B) *COVERAGE PERIOD.*—*Except as pro-*
4 *vided in subparagraph (C), the coverage period*
5 *for any fiscal year consists of the last 2 quarters*
6 *of the preceding fiscal year and the first 2 quar-*
7 *ters of the fiscal year.*

8 “(C) *SPECIAL RULES FOR FISCAL YEAR*
9 *2009.*—*With respect to fiscal year 2009—*

10 “(i) *the coverage period for that fiscal*
11 *year shall be based on the first 2 quarters*
12 *of fiscal year 2009; and*

13 “(ii) *the baseline monthly average shall*
14 *be—*

15 “(I) *the average monthly enroll-*
16 *ment of low-income children enrolled*
17 *in the State’s plan under title XIX for*
18 *the first 2 quarters of fiscal year 2007*
19 *(as determined over a 6-month period*
20 *on the basis of the most recent infor-*
21 *mation reported through the Medicaid*
22 *Statistical Information System*
23 *(MSIS)); multiplied by*

24 “(II) *the sum of 1 plus the sum*
25 *of—*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

“(aa) 0.02; and

“(bb) the percentage increase in the population of low-income children in the State from fiscal year 2007 to fiscal year 2009, as determined by the Secretary based on the most timely and accurate published estimates of the Bureau of the Census before the beginning of the fiscal year involved.

“(D) *ADDITIONAL REQUIREMENT FOR ELIGIBILITY FOR PAYMENT.*—For purposes of subparagraphs (B) and (C), the average monthly enrollment shall be determined without regard to children who do not meet the income eligibility criteria in effect on July 19, 2007, for enrollment under the State plan under title XIX or under a waiver of such plan.

“(4) *TIME OF PAYMENT.*—Payments under paragraph (2) for any fiscal year shall be made during the last quarter of such year.

“(5) *USE OF PAYMENTS.*—Payments made to a State from the Incentive Pool shall be used for any purpose that the State determines is likely to reduce

1 *the percentage of low-income children in the State*
2 *without health insurance.*

3 “(6) *PRORATION RULE.*—*If the amount available*
4 *for payment from the Incentive Pool is less than the*
5 *total amount of payments to be made for such fiscal*
6 *year, the Secretary shall reduce the payments de-*
7 *scribed in paragraph (2) on a proportional basis.*

8 “(7) *REFERENCES.*—*With respect to a State*
9 *plan under title XIX, any references to a child in this*
10 *subsection shall include a reference to any individual*
11 *provided medical assistance under the plan who has*
12 *not attained age 19 (or, if a State has so elected*
13 *under such State plan, age 20 or 21).”.*

14 **(b) REDISTRIBUTION OF UNEXPENDED FISCAL YEAR**
15 **2005 ALLOTMENTS.**—*Notwithstanding section 2104(f) of*
16 *the Social Security Act (42 U.S.C. 1397dd(f)), with respect*
17 *to fiscal year 2008, the Secretary shall provide for a redis-*
18 *tribution under such section from the allotments for fiscal*
19 *year 2005 under subsection (b) and (c) of such section that*
20 *are not expended by the end of fiscal year 2007, to each*
21 *State described in clause (iii) of section 2104(i)(2)(A) of*
22 *the Social Security Act, as added by section 102(a), of an*
23 *amount that bears the same ratio to such unexpended fiscal*
24 *year 2005 allotments as the ratio of the fiscal year 2007*
25 *allotment determined for each such State under subsection*

1 *(b) of section 2104 of such Act for fiscal year 2007 (without*
2 *regard to any amounts paid, allotted, or redistributed to*
3 *the State under section 2104 for any preceding fiscal year)*
4 *bears to the total amount of the fiscal year 2007 allotments*
5 *for all such States (as so determined).*

6 *(c) CONFORMING AMENDMENT ELIMINATING RULES*
7 *FOR REDISTRIBUTION OF UNEXPENDED ALLOTMENTS FOR*
8 *FISCAL YEARS AFTER 2005.—Effective January 1, 2008,*
9 *section 2104(f) (42 U.S.C. 1397dd(f)) is amended to read*
10 *as follows:*

11 *“(f) UNALLOCATED PORTION OF NATIONAL ALLOT-*
12 *MENT AND UNUSED ALLOTMENTS.—For provisions relating*
13 *to the distribution of portions of the unallocated national*
14 *allotment under subsection (a) for fiscal years beginning*
15 *with fiscal year 2008, and unexpended allotments for fiscal*
16 *years beginning with fiscal year 2006, see subsection (j).”.*

17 *(d) ADDITIONAL FUNDING FOR THE SECRETARY TO*
18 *IMPROVE TIMELINESS OF DATA REPORTING AND ANALYSIS*
19 *FOR PURPOSES OF DETERMINING ENROLLMENT INCREASES*
20 *UNDER MEDICAID AND CHIP.—*

21 *(1) APPROPRIATION.—There is appropriated, out*
22 *of any money in the Treasury not otherwise appro-*
23 *priated, \$5,000,000 to the Secretary for fiscal year*
24 *2008 for the purpose of improving the timeliness of*
25 *the data reported and analyzed from the Medicaid*

1 *Statistical Information System (MSIS) for purposes*
2 *of carrying out section 2104(j)(2)(B) of the Social Se-*
3 *curity Act (as added by subsection (a)) and to pro-*
4 *vide guidance to States with respect to any new re-*
5 *porting requirements related to such improvements.*
6 *Amounts appropriated under this paragraph shall re-*
7 *main available until expended.*

8 (2) *REQUIREMENTS.—The improvements made*
9 *by the Secretary under paragraph (1) shall be de-*
10 *signed and implemented (including with respect to*
11 *any necessary guidance for States) so that, beginning*
12 *no later than October 1, 2008, data regarding the en-*
13 *rollment of low-income children (as defined in section*
14 *2110(c)(4) of the Social Security Act (42 U.S.C.*
15 *1397jj(c)(4)) of a State enrolled in the State plan*
16 *under Medicaid or the State child health plan under*
17 *CHIP with respect to a fiscal year shall be collected*
18 *and analyzed by the Secretary within 6 months of*
19 *submission.*

20 **SEC. 106. PHASE-OUT OF COVERAGE FOR NONPREGNANT**
21 **CHILDLESS ADULTS UNDER CHIP; CONDI-**
22 **TIONS FOR COVERAGE OF PARENTS.**

23 (a) *PHASE-OUT RULES.—*

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

4 **“SEC. 2111. PHASE-OUT OF COVERAGE FOR NONPREGNANT**
5 **CHILDLESS ADULTS; CONDITIONS FOR COV-**
6 **ERAGE OF PARENTS.**

7 “(a) *TERMINATION OF COVERAGE FOR NONPREGNANT*
8 *CHILDLESS ADULTS.*—

9 “(1) *NO NEW CHIP WAIVERS; AUTOMATIC EXTEN-*
10 *SIONS AT STATE OPTION THROUGH FISCAL YEAR*
11 *2008.*—*Notwithstanding section 1115 or any other*
12 *provision of this title, except as provided in this*
13 *subsection—*

14 “(A) *the Secretary shall not on or after the*
15 *date of the enactment of the Children’s Health*
16 *Insurance Program Reauthorization Act of 2007,*
17 *approve or renew a waiver, experimental, pilot,*
18 *or demonstration project that would allow funds*
19 *made available under this title to be used to pro-*
20 *vide child health assistance or other health bene-*
21 *fits coverage to a nonpregnant childless adult;*
22 *and*

23 “(B) *notwithstanding the terms and condi-*
24 *tions of an applicable existing waiver, the provi-*
25 *sions of paragraphs (2) and (3) shall apply for*

1 *purposes of any fiscal year beginning on or after*
2 *October 1, 2008, in determining the period to*
3 *which the waiver applies, the individuals eligible*
4 *to be covered by the waiver, and the amount of*
5 *the Federal payment under this title.*

6 “(2) *TERMINATION OF CHIP COVERAGE UNDER*
7 *APPLICABLE EXISTING WAIVERS AT THE END OF FIS-*
8 *CAL YEAR 2008.—*

9 “(A) *IN GENERAL.—No funds shall be avail-*
10 *able under this title for child health assistance or*
11 *other health benefits coverage that is provided to*
12 *a nonpregnant childless adult under an applica-*
13 *ble existing waiver after September 30, 2008.*

14 “(B) *EXTENSION UPON STATE REQUEST.—*
15 *If an applicable existing waiver described in*
16 *subparagraph (A) would otherwise expire before*
17 *October 1, 2008, and the State requests an exten-*
18 *sion of such waiver, the Secretary shall grant*
19 *such an extension, but only through September*
20 *30, 2008.*

21 “(C) *APPLICATION OF ENHANCED FMAP.—*
22 *The enhanced FMAP determined under section*
23 *2105(b) shall apply to expenditures under an*
24 *applicable existing waiver for the provision of*
25 *child health assistance or other health benefits*

1 *coverage to a nonpregnant childless adult during*
2 *fiscal year 2008.*

3 “(3) *OPTIONAL 1-YEAR TRANSITIONAL COVERAGE*
4 *BLOCK GRANT FUNDED FROM STATE ALLOTMENT.—*
5 *Subject to paragraph (4)(B), each State for which*
6 *coverage under an applicable existing waiver is ter-*
7 *minated under paragraph (2)(A) may elect to provide*
8 *nonpregnant childless adults who were provided child*
9 *health assistance or health benefits coverage under the*
10 *applicable existing waiver at any time during fiscal*
11 *year 2008 with such assistance or coverage during fis-*
12 *cal year 2009, as if the authority to provide such as-*
13 *istance or coverage under an applicable existing*
14 *waiver was extended through that fiscal year, but sub-*
15 *ject to the following terms and conditions:*

16 “(A) *BLOCK GRANT SET ASIDE FROM STATE*
17 *ALLOTMENT.—The Secretary shall set aside for*
18 *the State an amount equal to the Federal share*
19 *of the State’s projected expenditures under the*
20 *applicable existing waiver for providing child*
21 *health assistance or health benefits coverage to*
22 *all nonpregnant childless adults under such*
23 *waiver for fiscal year 2008 (as certified by the*
24 *State and submitted to the Secretary by not later*
25 *than August 31, 2008, and without regard to*

1 *whether any such individual lost coverage during*
2 *fiscal year 2008 and was later provided child*
3 *health assistance or other health benefits coverage*
4 *under the waiver in that fiscal year), increased*
5 *by the annual adjustment for fiscal year 2009*
6 *determined under section 2104(i)(2)(B)(i). The*
7 *Secretary may adjust the amount set aside under*
8 *the preceding sentence, as necessary, on the basis*
9 *of the expenditure data for fiscal year 2008 re-*
10 *ported by States on CMS Form 64 or CMS*
11 *Form 21 not later than November 30, 2008, but*
12 *in no case shall the Secretary adjust such*
13 *amount after December 31, 2008.*

14 “(B) NO COVERAGE FOR NONPREGNANT
15 CHILDLESS ADULTS WHO WERE NOT COVERED
16 DURING FISCAL YEAR 2008.—

17 “(i) FMAP APPLIED TO EXPENDI-
18 TURES.—The Secretary shall pay the State
19 for each quarter of fiscal year 2009, from
20 the amount set aside under subparagraph
21 (A), an amount equal to the Federal med-
22 ical assistance percentage (as determined
23 under section 1905(b) without regard to
24 clause (4) of such section) of expenditures in
25 the quarter for providing child health assist-

1 *ance or other health benefits coverage to a*
2 *nonpregnant childless adult but only if such*
3 *adult was enrolled in the State program*
4 *under this title during fiscal year 2008*
5 *(without regard to whether the individual*
6 *lost coverage during fiscal year 2008 and*
7 *was reenrolled in that fiscal year or in fis-*
8 *cal year 2009).*

9 “(i) *FEDERAL PAYMENTS LIMITED TO*
10 *AMOUNT OF BLOCK GRANT SET-ASIDE.—No*
11 *payments shall be made to a State for ex-*
12 *penditures described in this subparagraph*
13 *after the total amount set aside under sub-*
14 *paragraph (A) for fiscal year 2009 has been*
15 *paid to the State.*

16 “(4) *STATE OPTION TO APPLY FOR MEDICAID*
17 *WAIVER TO CONTINUE COVERAGE FOR NONPREGNANT*
18 *CHILDLESS ADULTS.—*

19 “(A) *IN GENERAL.—Each State for which*
20 *coverage under an applicable existing waiver is*
21 *terminated under paragraph (2)(A) may submit,*
22 *not later than June 30, 2009, an application to*
23 *the Secretary for a waiver under section 1115 of*
24 *the State plan under title XIX to provide med-*
25 *ical assistance to a nonpregnant childless adult*

1 *whose coverage is so terminated (in this sub-*
2 *section referred to as a ‘Medicaid nonpregnant*
3 *childless adults waiver’).*

4 *“(B) DEADLINE FOR APPROVAL.—The Sec-*
5 *retary shall make a decision to approve or deny*
6 *an application for a Medicaid nonpregnant*
7 *childless adults waiver submitted under subpara-*
8 *graph (A) within 90 days of the date of the sub-*
9 *mission of the application. If no decision has*
10 *been made by the Secretary as of September 30,*
11 *2009, on the application of a State for a Med-*
12 *icaid nonpregnant childless adults waiver that*
13 *was submitted to the Secretary by June 30,*
14 *2009, the application shall be deemed approved.*

15 *“(C) STANDARD FOR BUDGET NEU-*
16 *TRALITY.—The budget neutrality requirement*
17 *applicable with respect to expenditures for med-*
18 *ical assistance under a Medicaid nonpregnant*
19 *childless adults waiver shall—*

20 *“(i) in the case of fiscal year 2010,*
21 *allow expenditures for medical assistance*
22 *under title XIX for all such adults to not*
23 *exceed the total amount of payments made*
24 *to the State under paragraph (3)(B) for fis-*
25 *cal year 2009, increased by the percentage*

1 *increase (if any) in the projected nominal*
 2 *per capita amount of National Health Ex-*
 3 *penditures for calendar year 2010 over cal-*
 4 *endar year 2009, as most recently published*
 5 *by the Secretary; and*

6 “(ii) *in the case of any succeeding fis-*
 7 *cal year, allow such expenditures to not ex-*
 8 *ceed the amount in effect under this sub-*
 9 *paragraph for the preceding fiscal year, in-*
 10 *creased by the percentage increase (if any)*
 11 *in the projected nominal per capita amount*
 12 *of National Health Expenditures for the*
 13 *calendar year that begins during the fiscal*
 14 *year involved over the preceding calendar*
 15 *year, as most recently published by the Sec-*
 16 *retary.*

17 “(b) *RULES AND CONDITIONS FOR COVERAGE OF PAR-*
 18 *ENTS OF TARGETED LOW-INCOME CHILDREN.—*

19 “(1) *TWO-YEAR TRANSITION PERIOD; AUTOMATIC*
 20 *EXTENSION AT STATE OPTION THROUGH FISCAL YEAR*
 21 *2009.—*

22 “(A) *NO NEW CHIP WAIVERS.—Notwith-*
 23 *standing section 1115 or any other provision of*
 24 *this title, except as provided in this subsection—*

1 “(i) the Secretary shall not on or after
2 the date of the enactment of the Children’s
3 Health Insurance Program Reauthorization
4 Act of 2007 approve or renew a waiver, ex-
5 perimental, pilot, or demonstration project
6 that would allow funds made available
7 under this title to be used to provide child
8 health assistance or other health benefits
9 coverage to a parent of a targeted low-in-
10 come child; and

11 “(ii) notwithstanding the terms and
12 conditions of an applicable existing waiver,
13 the provisions of paragraphs (2) and (3)
14 shall apply for purposes of any fiscal year
15 beginning on or after October 1, 2009, in
16 determining the period to which the waiver
17 applies, the individuals eligible to be cov-
18 ered by the waiver, and the amount of the
19 Federal payment under this title.

20 “(B) *EXTENSION UPON STATE REQUEST.*—
21 If an applicable existing waiver described in
22 subparagraph (A) would otherwise expire before
23 October 1, 2009, and the State requests an exten-
24 sion of such waiver, the Secretary shall grant

1 *such an extension, but only, subject to paragraph*
2 *(2)(A), through September 30, 2009.*

3 “(C) *APPLICATION OF ENHANCED FMAP.—*

4 *The enhanced FMAP determined under section*
5 *2105(b) shall apply to expenditures under an*
6 *applicable existing waiver for the provision of*
7 *child health assistance or other health benefits*
8 *coverage to a parent of a targeted low-income*
9 *child during fiscal years 2008 and 2009.*

10 “(2) *RULES FOR FISCAL YEARS 2010 THROUGH*
11 *2012.—*

12 “(A) *PAYMENTS FOR COVERAGE LIMITED TO*
13 *BLOCK GRANT FUNDED FROM STATE ALLOT-*
14 *MENT.—Any State that provides child health as-*
15 *stance or health benefits coverage under an ap-*
16 *plicable existing waiver for a parent of a tar-*
17 *geted low-income child may elect to continue to*
18 *provide such assistance or coverage through fiscal*
19 *year 2010, 2011, or 2012, subject to the same*
20 *terms and conditions that applied under the ap-*
21 *plicable existing waiver, unless otherwise modi-*
22 *fied in subparagraph (B).*

23 “(B) *TERMS AND CONDITIONS.—*

24 “(i) *BLOCK GRANT SET ASIDE FROM*
25 *STATE ALLOTMENT.—If the State makes an*

1 *election under subparagraph (A), the Sec-*
2 *retary shall set aside for the State for each*
3 *such fiscal year an amount equal to the*
4 *Federal share of 110 percent of the State’s*
5 *projected expenditures under the applicable*
6 *existing waiver for providing child health*
7 *assistance or health benefits coverage to all*
8 *parents of targeted low-income children en-*
9 *rolled under such waiver for the fiscal year*
10 *(as certified by the State and submitted to*
11 *the Secretary by not later than August 31*
12 *of the preceding fiscal year). In the case of*
13 *fiscal year 2012, the set aside for any State*
14 *shall be computed separately for each period*
15 *described in clauses (i) and (ii) of sub-*
16 *section (i))(1)(D) and any increase or re-*
17 *duction in the allotment for either such pe-*
18 *riod under subsection (i)(3)(B)(ii) shall be*
19 *allocated on a pro rata basis to such set*
20 *aside.*

21 *“(ii) PAYMENTS FROM BLOCK*
22 *GRANT.—The Secretary shall pay the State*
23 *from the amount set aside under clause (i)*
24 *for the fiscal year, an amount for each*
25 *quarter of such fiscal year equal to the ap-*

1 *plicable percentage determined under clause*
2 *(iii) or (iv) for expenditures in the quarter*
3 *for providing child health assistance or*
4 *other health benefits coverage to a parent of*
5 *a targeted low-income child.*

6 “(iii) *ENHANCED FMAP ONLY IN FIS-*
7 *CAL YEAR 2010 FOR STATES WITH SIGNIFI-*
8 *CANT CHILD OUTREACH OR THAT ACHIEVE*
9 *CHILD COVERAGE BENCHMARKS; FMAP FOR*
10 *ANY OTHER STATES.—For purposes of*
11 *clause (ii), the applicable percentage for*
12 *any quarter of fiscal year 2010 is equal*
13 *to—*

14 “(I) *the enhanced FMAP deter-*
15 *mined under section 2105(b) in the*
16 *case of a State that meets the outreach*
17 *or coverage benchmarks described in*
18 *any of subparagraphs (A), (B), or (C)*
19 *of paragraph (3) for fiscal year 2009;*
20 *or*

21 “(II) *the Federal medical assist-*
22 *ance percentage (as determined under*
23 *section 1905(b) without regard to*
24 *clause (4) of such section) in the case*
25 *of any other State.*

1 “(iv) *AMOUNT OF FEDERAL MATCHING*
2 *PAYMENT IN 2011 OR 2012.*—*For purposes of*
3 *clause (ii), the applicable percentage for*
4 *any quarter of fiscal year 2011 or 2012 is*
5 *equal to—*

6 “(I) *the REMAP percentage if—*

7 “(aa) *the applicable percent-*
8 *age for the State under clause*
9 *(iii) was the enhanced FMAP for*
10 *fiscal year 2009; and*

11 “(bb) *the State met either of*
12 *the coverage benchmarks described*
13 *in subparagraph (B) or (C) of*
14 *paragraph (3) for the preceding*
15 *fiscal year; or*

16 “(II) *the Federal medical assist-*
17 *ance percentage (as so determined) in*
18 *the case of any State to which sub-*
19 *clause (I) does not apply.*

20 *For purposes of subclause (I), the REMAP*
21 *percentage is the percentage which is the*
22 *sum of such Federal medical assistance per-*
23 *centage and a number of percentage points*
24 *equal to one-half of the difference between*

1 *such Federal medical assistance percentage*
2 *and such enhanced FMAP.*

3 “(v) *NO FEDERAL PAYMENTS OTHER*
4 *THAN FROM BLOCK GRANT SET ASIDE.—No*
5 *payments shall be made to a State for ex-*
6 *penditures described in clause (ii) after the*
7 *total amount set aside under clause (i) for*
8 *a fiscal year has been paid to the State.*

9 “(vi) *NO INCREASE IN INCOME ELIGI-*
10 *BILITY LEVEL FOR PARENTS.—No payments*
11 *shall be made to a State from the amount*
12 *set aside under clause (i) for a fiscal year*
13 *for expenditures for providing child health*
14 *assistance or health benefits coverage to a*
15 *parent of a targeted low-income child whose*
16 *family income exceeds the income eligibility*
17 *level applied under the applicable existing*
18 *waiver to parents of targeted low-income*
19 *children on the date of enactment of the*
20 *Children’s Health Insurance Program Re-*
21 *authorization Act of 2007.*

22 “(3) *OUTREACH OR COVERAGE BENCHMARKS.—*
23 *For purposes of paragraph (2), the outreach or cov-*
24 *erage benchmarks described in this paragraph are as*
25 *follows:*

1 “(A) *SIGNIFICANT CHILD OUTREACH CAM-*
2 *PAIGN.—The State—*

3 “(i) *was awarded a grant under sec-*
4 *tion 2113 for fiscal year 2009;*

5 “(ii) *implemented 1 or more of the*
6 *process measures described in section*
7 *2104(j)(3)(A)(i) for such fiscal year; or*

8 “(iii) *has submitted a specific plan for*
9 *outreach for such fiscal year.*

10 “(B) *HIGH-PERFORMING STATE.—The*
11 *State, on the basis of the most timely and accu-*
12 *rate published estimates of the Bureau of the*
13 *Census, ranks in the lowest 1/3 of States in terms*
14 *of the State’s percentage of low-income children*
15 *without health insurance.*

16 “(C) *STATE INCREASING ENROLLMENT OF*
17 *LOW-INCOME CHILDREN.—The State qualified for*
18 *a payment from the Incentive Fund under clause*
19 *(ii) or (iii) of paragraph (2)(C) of section*
20 *2104(j) for the most recent coverage period appli-*
21 *cable under such section.*

22 “(4) *RULES OF CONSTRUCTION.—Nothing in this*
23 *subsection shall be construed as prohibiting a State*
24 *from submitting an application to the Secretary for*
25 *a waiver under section 1115 of the State plan under*

1 *title XIX to provide medical assistance to a parent of*
 2 *a targeted low-income child that was provided child*
 3 *health assistance or health benefits coverage under an*
 4 *applicable existing waiver.*

5 “(c) *APPLICABLE EXISTING WAIVER.*—*For purposes of*
 6 *this section—*

7 “(1) *IN GENERAL.*—*The term ‘applicable existing*
 8 *waiver’ means a waiver, experimental, pilot, or dem-*
 9 *onstration project under section 1115, grandfathered*
 10 *under section 6102(c)(3) of the Deficit Reduction Act*
 11 *of 2005, or otherwise conducted under authority*
 12 *that—*

13 “(A) *would allow funds made available*
 14 *under this title to be used to provide child health*
 15 *assistance or other health benefits coverage to—*

16 “(i) *a parent of a targeted low-income*
 17 *child;*

18 “(ii) *a nonpregnant childless adult; or*

19 “(iii) *individuals described in both*
 20 *clauses (i) and (ii); and*

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

22 “(2) *DEFINITIONS.*—

23 “(A) *PARENT.*—*The term ‘parent’ includes*
 24 *a caretaker relative (as such term is used in car-*
 25 *rying out section 1931) and a legal guardian.*

1 “(B) *NONPREGNANT CHILDLESS ADULT.*—
2 *The term ‘nonpregnant childless adult’ has the*
3 *meaning given such term by section 2107(f).’.*”

4 (2) *CONFORMING AMENDMENTS.*—

5 (A) *Section 2107(f) (42 U.S.C. 1397gg(f)) is*
6 *amended—*

7 (i) *by striking “, the Secretary” and*
8 *inserting “:*

9 *“(1) The Secretary”;*

10 (ii) *in the first sentence, by inserting*
11 *“or a parent (as defined in section*
12 *2111(c)(2)(A)), who is not pregnant, of a*
13 *targeted low-income child” before the period;*

14 (iii) *by striking the second sentence;*
15 *and*

16 (iv) *by adding at the end the following*
17 *new paragraph:*

18 “(2) *The Secretary may not approve, extend,*
19 *renew, or amend a waiver, experimental, pilot, or*
20 *demonstration project with respect to a State after the*
21 *date of enactment of the Children’s Health Insurance*
22 *Program Reauthorization Act of 2007 that would*
23 *wave or modify the requirements of section 2111.’.*”

24 (B) *Section 6102(c) of the Deficit Reduction*
25 *Act of 2005 (Public Law 109–171; 120 Stat.*

1 131) is amended by striking “Nothing” and in-
2 serting “Subject to section 2111 of the Social Se-
3 curity Act, as added by section 106(a)(1) of the
4 Children’s Health Insurance Program Reauthor-
5 ization Act of 2007, nothing”.

6 (b) GAO STUDY AND REPORT.—

7 (1) IN GENERAL.—The Comptroller General of
8 the United States shall conduct a study of whether—

9 (A) the coverage of a parent, a caretaker
10 relative (as such term is used in carrying out
11 section 1931), or a legal guardian of a targeted
12 low-income child under a State health plan
13 under title XXI of the Social Security Act in-
14 creases the enrollment of, or the quality of care
15 for, children, and

16 (B) such parents, relatives, and legal guard-
17 ians who enroll in such a plan are more likely
18 to enroll their children in such a plan or in a
19 State plan under title XIX of such Act.

20 (2) REPORT.—Not later than 2 years after the
21 date of the enactment of this Act, the Comptroller
22 General shall report the results of the study to the ap-
23 propriate committees of Congress, including rec-
24 ommendations (if any) for changes in legislation.

1 **SEC. 107. STATE OPTION TO COVER LOW-INCOME PREG-**
 2 **NANT WOMEN UNDER CHIP THROUGH A**
 3 **STATE PLAN AMENDMENT.**

4 (a) *IN GENERAL.*—*Title XXI (42 U.S.C. 1397aa et*
 5 *seq.), as amended by section 106(a), is amended by adding*
 6 *at the end the following new section:*

7 **“SEC. 2112. OPTIONAL COVERAGE OF TARGETED LOW-IN-**
 8 **COME PREGNANT WOMEN THROUGH A STATE**
 9 **PLAN AMENDMENT.**

10 “(a) *IN GENERAL.*—*Subject to the succeeding provi-*
 11 *sions of this section, a State may elect through an amend-*
 12 *ment to its State child health plan under section 2102 to*
 13 *provide pregnancy-related assistance under such plan for*
 14 *targeted low-income pregnant women.*

15 “(b) *CONDITIONS.*—*A State may only elect the option*
 16 *under subsection (a) if the following conditions are satis-*
 17 *fied:*

18 “(1) *MEDICAID INCOME ELIGIBILITY LEVEL FOR*
 19 *PREGNANT WOMEN OF AT LEAST 185 PERCENT OF POV-*
 20 *ERTY.*—*The State has established an income eligi-*
 21 *bility level for pregnant women under subsection*
 22 *(a)(10)(A)(i)(III), (a)(10)(A)(i)(IV), or (l)(1)(A) of*
 23 *section 1902 that is at least 185 percent of the income*
 24 *official poverty line.*

25 “(2) *NO CHIP INCOME ELIGIBILITY LEVEL FOR*
 26 *PREGNANT WOMEN LOWER THAN THE STATE’S MED-*

1 ICAID LEVEL.—*The State does not apply an effective*
2 *income level for pregnant women under the State*
3 *plan amendment that is lower than the effective in-*
4 *come level (expressed as a percent of the poverty line*
5 *and considering applicable income disregards) speci-*
6 *fied under subsection (a)(10)(A)(i)(III),*
7 *(a)(10)(A)(i)(IV), or (l)(1)(A) of section 1902, on the*
8 *date of enactment of this paragraph to be eligible for*
9 *medical assistance as a pregnant woman.*

10 “(3) NO COVERAGE FOR HIGHER INCOME PREG-
11 NANT WOMEN WITHOUT COVERING LOWER INCOME
12 PREGNANT WOMEN.—*The State does not provide cov-*
13 *erage for pregnant women with higher family income*
14 *without covering pregnant women with a lower fam-*
15 *ily income.*

16 “(4) APPLICATION OF REQUIREMENTS FOR COV-
17 ERAGE OF TARGETED LOW-INCOME CHILDREN.—*The*
18 *State provides pregnancy-related assistance for tar-*
19 *geted low-income pregnant women in the same man-*
20 *ner, and subject to the same requirements, as the*
21 *State provides child health assistance for targeted*
22 *low-income children under the State child health*
23 *plan, and in addition to providing child health as-*
24 *istance for such women.*

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

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

15 “(c) *OPTION TO PROVIDE PRESUMPTIVE ELIGI-*
16 *BILITY.*—*A State that elects the option under subsection (a)*
17 *and satisfies the conditions described in subsection (b) may*
18 *elect to apply section 1920 (relating to presumptive eligi-*
19 *bility for pregnant women) to the State child health plan*
20 *in the same manner as such section applies to the State*
21 *plan under title XIX.*

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

23 “(1) *PREGNANCY-RELATED ASSISTANCE.*—*The*
24 *term ‘pregnancy-related assistance’ has the meaning*
25 *given the term ‘child health assistance’ in section*

1 *2110(a) and includes any medical assistance that the*
2 *State would provide for a pregnant woman under the*
3 *State plan under title XIX during pregnancy and the*
4 *period described in paragraph (2)(A).*

5 “(2) *TARGETED LOW-INCOME PREGNANT*
6 *WOMAN.—The term ‘targeted low-income pregnant*
7 *woman’ means a woman—*

8 “(A) *during pregnancy and through the end*
9 *of the month in which the 60-day period (begin-*
10 *ning on the last day of her pregnancy) ends;*

11 “(B) *whose family income does not exceed*
12 *the income eligibility level established under the*
13 *State child health plan under this title for a tar-*
14 *geted low-income child; and*

15 “(C) *who satisfies the requirements of para-*
16 *graphs (1)(A), (1)(C), (2), and (3) of section*
17 *2110(b) in the same manner as a child applying*
18 *for child health assistance would have to satisfy*
19 *such requirements.*

20 “(e) *AUTOMATIC ENROLLMENT FOR CHILDREN BORN*
21 *TO WOMEN RECEIVING PREGNANCY-RELATED ASSIST-*
22 *ANCE.—If a child is born to a targeted low-income pregnant*
23 *woman who was receiving pregnancy-related assistance*
24 *under this section on the date of the child’s birth, the child*
25 *shall be deemed to have applied for child health assistance*

1 *under the State child health plan and to have been found*
2 *eligible for such assistance under such plan or to have ap-*
3 *plied for medical assistance under title XIX and to have*
4 *been found eligible for such assistance under such title, as*
5 *appropriate, on the date of such birth and to remain eligible*
6 *for such assistance until the child attains 1 year of age.*
7 *During the period in which a child is deemed under the*
8 *preceding sentence to be eligible for child health or medical*
9 *assistance, the child health or medical assistance eligibility*
10 *identification number of the mother shall also serve as the*
11 *identification number of the child, and all claims shall be*
12 *submitted and paid under such number (unless the State*
13 *issues a separate identification number for the child before*
14 *such period expires).*

15 “(f) STATES PROVIDING ASSISTANCE THROUGH
16 OTHER OPTIONS.—

17 “(1) CONTINUATION OF OTHER OPTIONS FOR
18 PROVIDING ASSISTANCE.—The option to provide as-
19 sistance in accordance with the preceding subsections
20 of this section shall not limit any other option for a
21 State to provide—

22 “(A) child health assistance through the ap-
23 plication of sections 457.10, 457.350(b)(2),
24 457.622(c)(5), and 457.626(a)(3) of title 42,
25 Code of Federal Regulations (as in effect after

1 *the final rule adopted by the Secretary and set*
2 *forth at 67 Fed. Reg. 61956–61974 (October 2,*
3 *2002)), or*

4 *“(B) pregnancy-related services through the*
5 *application of any waiver authority (as in effect*
6 *on June 1, 2007).*

7 “(2) *CLARIFICATION OF AUTHORITY TO PROVIDE*
8 *POSTPARTUM SERVICES.—Any State that provides*
9 *child health assistance under any authority described*
10 *in paragraph (1) may continue to provide such as-*
11 *sistance, as well as postpartum services, through the*
12 *end of the month in which the 60-day period (begin-*
13 *ning on the last day of the pregnancy) ends, in the*
14 *same manner as such assistance and postpartum serv-*
15 *ices would be provided if provided under the State*
16 *plan under title XIX, but only if the mother would*
17 *otherwise satisfy the eligibility requirements that*
18 *apply under the State child health plan (other than*
19 *with respect to age) during such period.*

20 “(3) *NO INFERENCE.—Nothing in this subsection*
21 *shall be construed—*

22 *“(A) to infer congressional intent regarding*
23 *the legality or illegality of the content of the sec-*
24 *tions specified in paragraph (1)(A); or*

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

4 (b) *ADDITIONAL CONFORMING AMENDMENTS.*—

5 (1) *NO COST SHARING FOR PREGNANCY-RELATED*
6 *BENEFITS.*—Section 2103(e)(2) (42 U.S.C.
7 1397cc(e)(2)) is amended—

8 (A) in the heading, by inserting “OR PREG-
9 NANCY-RELATED ASSISTANCE” after “PREVEN-
10 TIVE SERVICES”; and

11 (B) by inserting before the period at the end
12 the following: “or for pregnancy-related assist-
13 ance”.

14 (2) *NO WAITING PERIOD.*—Section 2102(b)(1)(B)
15 (42 U.S.C. 1397bb(b)(1)(B)) is amended—

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

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

20 (C) by adding at the end the following new
21 clause:

22 “(iii) may not apply a waiting period
23 (including a waiting period to carry out
24 paragraph (3)(C)) in the case of a targeted
25 low-income pregnant woman provided preg-

1 *nancy-related assistance under section*
2 *2112.”.*

3 **SEC. 108. CHIP CONTINGENCY FUND.**

4 *Section 2104 (42 U.S.C. 1397dd), as amended by sec-*
5 *tion 105, is amended by adding at the end the following*
6 *new subsection:*

7 *“(k) CHIP CONTINGENCY FUND.—*

8 *“(1) ESTABLISHMENT.—There is hereby estab-*
9 *lished in the Treasury of the United States a fund*
10 *which shall be known as the ‘CHIP Contingency*
11 *Fund’ (in this subsection referred to as the ‘Fund’).*
12 *Amounts in the Fund are authorized to be appro-*
13 *priated for payments under this subsection.*

14 *“(2) DEPOSITS INTO FUND.—*

15 *“(A) INITIAL AND SUBSEQUENT APPROPRIA-*
16 *TIONS.—Subject to subparagraphs (B) and (E),*
17 *out of any money in the Treasury of the United*
18 *States not otherwise appropriated, there are ap-*
19 *propriated to the Fund—*

20 *“(i) for fiscal year 2009, an amount*
21 *equal to 12.5 percent of the available na-*
22 *tional allotment under subsection (i)(1)(C)*
23 *for the fiscal year; and*

24 *“(ii) for each of fiscal years 2010*
25 *through 2012, such sums as are necessary*

1 *for making payments to eligible States for*
2 *such fiscal year, but not in excess of the ag-*
3 *gregate cap described in subparagraph (B).*

4 “(B) *AGGREGATE CAP.*—*Subject to subpara-*
5 *graph (E), the total amount available for pay-*
6 *ment from the Fund for each of fiscal years 2009*
7 *through 2012 (taking into account deposits made*
8 *under subparagraph (C)), shall not exceed 12.5*
9 *percent of the available national allotment under*
10 *subsection (i)(1)(C) for the fiscal year.*

11 “(C) *INVESTMENT OF FUND.*—*The Secretary*
12 *of the Treasury shall invest, in interest bearing*
13 *securities of the United States, such currently*
14 *available portions of the Fund as are not imme-*
15 *diately required for payments from the Fund.*
16 *The income derived from these investments con-*
17 *stitutes a part of the Fund.*

18 “(D) *TRANSFER OF EXCESS FUNDS TO THE*
19 *INCENTIVE FUND.*—*The Secretary of the Treas-*
20 *ury shall transfer to, and deposit in, the CHIP*
21 *Incentive Bonuses Pool established under sub-*
22 *section (j) any amounts in excess of the aggre-*
23 *gate cap described in subparagraph (B) for a fis-*
24 *cal year.*

1 “(E) *SPECIAL RULES FOR AMOUNTS SET*
2 *ASIDE FOR PARENTS AND CHILDLESS ADULTS.—*
3 *For purposes of subparagraphs (A) and (B)—*

4 “(i) *the available national allotment*
5 *under subsection (i)(1)(C) shall be reduced*
6 *by any amount set aside under section*
7 *2111(a)(3) for block grant payments for*
8 *transitional coverage for childless adults;*
9 *and*

10 “(ii) *the Secretary shall establish a*
11 *separate account in the Fund for the por-*
12 *tion of any amount appropriated to the*
13 *Fund for any fiscal year which is allocable*
14 *to the portion of the available national al-*
15 *lotment under subsection (i)(1)(C) which is*
16 *set aside for the fiscal year under section*
17 *2111(b)(2)(B)(i) for coverage of parents of*
18 *low-income children.*

19 *The Secretary shall include in the account estab-*
20 *lished under clause (ii) any income derived*
21 *under subparagraph (C) which is allocable to*
22 *amounts in such account.*

23 “(3) *CHIP CONTINGENCY FUND PAYMENTS.—*

24 “(A) *PAYMENTS.—*

1 “(i) *IN GENERAL.*—Subject to clauses
2 (ii) and (iii) and the succeeding subpara-
3 graphs of this paragraph, the Secretary
4 shall pay from the Fund to a State that is
5 an eligible State for a month of a fiscal
6 year a CHIP contingency fund payment
7 equal to the Federal share of the shortfall
8 determined under subparagraph (D). In the
9 case of an eligible State under subpara-
10 graph (D)(i), the Secretary shall not make
11 the payment under this subparagraph until
12 the State makes, and submits to the Sec-
13 retary, a projection of the amount of the
14 shortfall.

15 “(ii) *SEPARATE DETERMINATIONS OF*
16 *SHORTFALLS.*—The Secretary shall sepa-
17 rately compute the shortfall under subpara-
18 graph (D) for expenditures for eligible indi-
19 viduals other than nonpregnant childless
20 adults and parents with respect to whom
21 amounts are set aside under section 2111,
22 for expenditures for such childless adults,
23 and for expenditures for such parents.

24 “(iii) *PAYMENTS.*—

1 “(I) *NONPREGNANT CHILDLESS*
2 *ADULTS.*—*No payments shall be made*
3 *from the Fund for nonpregnant child-*
4 *less adults with respect to whom*
5 *amounts are set aside under section*
6 *2111(a)(3).*

7 “(II) *PARENTS.*—*Any payments*
8 *with respect to any shortfall for par-*
9 *ents who are paid from amounts set*
10 *aside under section 2111(b)(2)(B)(i)*
11 *shall be made only from the account es-*
12 *tablished under paragraph (2)(E)(ii)*
13 *and not from any other amounts in the*
14 *Fund. No other payments may be*
15 *made from such account.*

16 “(iv) *SPECIAL RULES.*—*Subpara-*
17 *graphs (B) and (C) shall be applied sepa-*
18 *rately with respect to shortfalls described in*
19 *clause (i).*

20 “(B) *USE OF FUNDS.*—*Amounts paid to an*
21 *eligible State from the Fund shall be used only*
22 *to eliminate the Federal share of a shortfall in*
23 *the State’s allotment under subsection (i) for a*
24 *fiscal year.*

1 “(C) *PRORATION RULE.*—If the amounts
2 available for payment from the Fund for a fiscal
3 year are less than the total amount of payments
4 determined under subparagraph (A) for the fiscal
5 year, the amount to be paid under such subpara-
6 graph to each eligible State shall be reduced pro-
7 portionally.

8 “(D) *ELIGIBLE STATE.*—

9 “(i) *IN GENERAL.*—A State is an eligi-
10 ble State for a month if the State is a sub-
11 section (b) State (as defined in subsection
12 (i)(7)), the State requests access to the Fund
13 for the month, and it is described in clause
14 (ii) or (iii).

15 “(ii) *SHORTFALL OF FEDERAL ALLOT-*
16 *MENT FUNDING OF NOT MORE THAN 5 PER-*
17 *CENT.*—The Secretary estimates, on the
18 basis of the most recent data available to
19 the Secretary or requested from the State by
20 the Secretary, that the State’s allotment for
21 the fiscal year is at least 95 percent, but less
22 than 100 percent, of the projected expendi-
23 tures under the State child health plan for
24 the State for the fiscal year determined
25 under subsection (i) (without regard to in-

1 *centive bonuses or payments for which the*
2 *State is eligible for under subsection (j)(2)*
3 *for the fiscal year).*

4 “(iii) *SHORTFALL OF FEDERAL ALLOT-*
5 *MENT FUNDING OF MORE THAN 5 PERCENT*
6 *CAUSED BY SPECIFIC EVENTS.—The Sec-*
7 *retary estimates, on the basis of the most re-*
8 *cent data available to the Secretary or re-*
9 *quested from the State by the Secretary,*
10 *that the State’s allotment for the fiscal year*
11 *is less than 95 percent of the projected ex-*
12 *penditures under the State child health plan*
13 *for the State for the fiscal year determined*
14 *under subsection (i) (without regard to in-*
15 *centive bonuses or payments for which the*
16 *State is eligible for under subsection (j)(2)*
17 *for the fiscal year) and that such shortfall*
18 *is attributable to 1 or more of the following*
19 *events:*

20 “(I) *STAFFORD ACT OR PUBLIC*
21 *HEALTH EMERGENCY.—The State*
22 *has—*

23 “(aa) *1 or more parishes or*
24 *counties for which a major dis-*
25 *aster has been declared in accord-*

1 *ance with section 401 of the Rob-*
2 *ert T. Stafford Disaster Relief and*
3 *Emergency Assistance Act (42*
4 *U.S.C. 5170) and which the Presi-*
5 *dent has determined warrants in-*
6 *dividual and public assistance*
7 *from the Federal Government*
8 *under such Act; or*

9 *“(bb) a public health emer-*
10 *gency declared by the Secretary*
11 *under section 319 of the Public*
12 *Health Service Act.*

13 *“(II) STATE ECONOMIC DOWN-*
14 *TURN.—The State unemployment rate*
15 *is at least 5.5 percent during any 3-*
16 *month period during the fiscal year*
17 *and such rate is at least 120 percent of*
18 *the State unemployment rate for the*
19 *same period as averaged over the last*
20 *3 fiscal years.*

21 *“(III) EVENT RESULTING IN RISE*
22 *IN PERCENTAGE OF LOW-INCOME CHIL-*
23 *DREN WITHOUT HEALTH INSURANCE.—*
24 *The State experienced a recent event*
25 *that resulted in an increase in the per-*

1 centage of low-income children in the
2 State without health insurance (as de-
3 termined on the basis of the most time-
4 ly and accurate published estimates of
5 the Bureau of the Census) that was
6 outside the control of the State and
7 warrants granting the State access to
8 the Fund (as determined by the Sec-
9 retary).

10 “(E) PAYMENTS MADE TO ALL ELIGIBLE
11 STATES ON A MONTHLY BASIS; AUTHORITY FOR
12 PRO RATA PAYMENTS.—The Secretary shall make
13 monthly payments from the Fund to all States
14 that are determined to be eligible States with re-
15 spect to a month. If the sum of the payments to
16 be made from the Fund for a month exceed the
17 amount in the Fund, the Secretary shall reduce
18 each such payment on a proportional basis.

19 “(F) PAYMENTS LIMITED TO FISCAL YEAR
20 OF ELIGIBILITY DETERMINATION UNLESS NEW
21 ELIGIBILITY BASIS DETERMINED.—No State
22 shall receive a CHIP contingency fund payment
23 under this section for a month beginning after
24 September 30 of the fiscal year in which the
25 State is determined to be an eligible State under

1 *this subsection, except that in the case of an*
2 *event described in subclause (I) or (III) of sub-*
3 *paragraph (D)(iii) that occurred after July 1 of*
4 *the fiscal year, any such payment with respect*
5 *to such event shall remain available until Sep-*
6 *tember 30 of the subsequent fiscal year. Nothing*
7 *in the preceding sentence shall be construed as*
8 *prohibiting a State from being determined to be*
9 *an eligible State under this subsection for any*
10 *fiscal year occurring after a fiscal year in which*
11 *such a determination is made.*

12 “(G) *EXEMPTION FROM DETERMINATION OF*
13 *PERCENTAGE OF ALLOTMENT RETAINED AFTER*
14 *FIRST YEAR OF AVAILABILITY.—In no event shall*
15 *payments made to a State under this subsection*
16 *be treated as part of the allotment determined for*
17 *a State for a fiscal year under subsection (i) for*
18 *purposes of subsection (j)(1)(B)(ii)(III).*

19 “(H) *APPLICATION OF ALLOTMENT REPORT-*
20 *ING RULES.—Rules applicable to States for pur-*
21 *poses of receiving payments from an allotment*
22 *determined under subsection (c) or (i) shall*
23 *apply in the same manner to an eligible State*
24 *for purposes of receiving a CHIP contingency*
25 *fund payment under this subsection.*

1 “(4) *ANNUAL REPORTS.*—*The Secretary shall an-*
2 *nually report to the Congress on the amounts in the*
3 *Fund, the specific events that caused States to apply*
4 *for payments from the Fund, and the payments made*
5 *from the Fund.*”.

6 **SEC. 109. TWO-YEAR AVAILABILITY OF ALLOTMENTS; EX-**
7 **PENDITURES COUNTED AGAINST OLDEST AL-**
8 **LOTMENTS.**

9 *Section 2104(e) (42 U.S.C. 1397dd(e)) is amended to*
10 *read as follows:*

11 “(e) *AVAILABILITY OF AMOUNTS ALLOTTED.*—

12 “(1) *IN GENERAL.*—*Except as provided in sub-*
13 *section (j)(1)(B)(ii)(III), amounts allotted to a State*
14 *pursuant to this section—*

15 “(A) *for each of fiscal years 1998 through*
16 *2006, shall remain available for expenditure by*
17 *the State through the end of the second suc-*
18 *ceeding fiscal year; and*

19 “(B) *for each of fiscal years 2007 through*
20 *2012, shall remain available for expenditure by*
21 *the State only through the end of the succeeding*
22 *fiscal year for which such amounts are allotted.*

23 “(2) *INCENTIVE BONUSES.*—*Incentive bonuses*
24 *paid to a State under subsection (j)(2) for a fiscal*

1 *year shall remain available for expenditure by the*
2 *State without limitation.*

3 “(3) *CHIP CONTINGENCY FUND PAYMENTS.—Ex-*
4 *cept as provided in paragraph (3)(F) of subsection*
5 *(k), CHIP Contingency Fund payments made to a*
6 *State under such subsection for a month of a fiscal*
7 *year shall remain available for expenditure by the*
8 *State through the end of the fiscal year.*

9 “(4) *RULE FOR COUNTING EXPENDITURES*
10 *AGAINST CHIP CONTINGENCY FUND PAYMENTS, FISCAL*
11 *YEAR ALLOTMENTS, AND INCENTIVE BONUSES.—*

12 “(A) *IN GENERAL.—Expenditures under the*
13 *State child health plan made on or after October*
14 *1, 2007, shall be counted against—*

15 “(i) *first, any CHIP Contingency*
16 *Fund payment made to the State under*
17 *subsection (k) for the earliest month of the*
18 *earliest fiscal year for which the payment*
19 *remains available for expenditure; and*

20 “(ii) *second, amounts allotted to the*
21 *State for the earliest fiscal year for which*
22 *amounts remain available for expenditure.*

23 “(B) *INCENTIVE BONUSES.—A State may*
24 *elect, but is not required, to count expenditures*
25 *under the State child health plan against any*

1 incentive bonuses paid to the State under sub-
2 section (j)(2) for a fiscal year.

3 “(C) *BLOCK GRANT SET-ASIDES.*—Expendi-
4 tures for coverage of—

5 “(i) *nonpregnant childless adults for*
6 *fiscal year 2009 shall be counted only*
7 *against the amount set aside for such cov-*
8 *erage under section 2111(a)(3); and*

9 “(ii) *parents of targeted low-income*
10 *children for each of fiscal years 2010*
11 *through 2012, shall be counted only against*
12 *the amount set aside for such coverage*
13 *under section 2111(b)(2)(B)(i).”*

14 **SEC. 110. LIMITATION ON MATCHING RATE FOR STATES**
15 **THAT PROPOSE TO COVER CHILDREN WITH**
16 **EFFECTIVE FAMILY INCOME THAT EXCEEDS**
17 **300 PERCENT OF THE POVERTY LINE.**

18 (a) *FMAP APPLIED TO EXPENDITURES.*—Section
19 2105(c) (42 U.S.C. 1397ee(c)) is amended by adding at the
20 end the following new paragraph:

21 “(8) *LIMITATION ON MATCHING RATE FOR EX-*
22 *PENDITURES FOR CHILD HEALTH ASSISTANCE PRO-*
23 *VIDED TO CHILDREN WHOSE EFFECTIVE FAMILY IN-*
24 *COME EXCEEDS 300 PERCENT OF THE POVERTY*
25 *LINE.*—

1 “(A) *FMAP APPLIED TO EXPENDITURES.*—
2 *Except as provided in subparagraph (B), for fis-*
3 *cal years beginning with fiscal year 2008, the*
4 *Federal medical assistance percentage (as deter-*
5 *mined under section 1905(b) without regard to*
6 *clause (4) of such section) shall be substituted for*
7 *the enhanced FMAP under subsection (a)(1) with*
8 *respect to any expenditures for providing child*
9 *health assistance or health benefits coverage for a*
10 *targeted low-income child whose effective family*
11 *income would exceed 300 percent of the poverty*
12 *line but for the application of a general exclu-*
13 *sion of a block of income that is not determined*
14 *by type of expense or type of income.*

15 “(B) *EXCEPTION.*—*Subparagraph (A) shall*
16 *not apply to any State that, on the date of en-*
17 *actment of the Children’s Health Insurance Pro-*
18 *gram Reauthorization Act of 2007, has an ap-*
19 *proved State plan amendment or waiver to pro-*
20 *vide, or has enacted a State law to submit a*
21 *State plan amendment to provide, expenditures*
22 *described in such subparagraph under the State*
23 *child health plan.”.*

24 (b) *CONFORMING AMENDMENT.*—*Section 2105(a)(1)*
25 *(42 U.S.C. 1397dd(a)(1)) is amended, in the matter pre-*

1 *ceding subparagraph (A), by inserting “or subsection*
2 *(c)(8)” after “subparagraph (B)”.*

3 **SEC. 111. OPTION FOR QUALIFYING STATES TO RECEIVE**
4 **THE ENHANCED PORTION OF THE CHIP**
5 **MATCHING RATE FOR MEDICAID COVERAGE**
6 **OF CERTAIN CHILDREN.**

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

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

11 *(2) by adding at the end the following new para-*
12 *graph:*

13 *“(4) OPTION FOR ALLOTMENTS FOR FISCAL*
14 *YEARS 2008 THROUGH 2012.—*

15 *“(A) PAYMENT OF ENHANCED PORTION OF*
16 *MATCHING RATE FOR CERTAIN EXPENDITURES.—*

17 *In the case of expenditures described in subpara-*
18 *graph (B), a qualifying State (as defined in*
19 *paragraph (2)) may elect to be paid from the*
20 *State’s allotment made under section 2104 for*
21 *any of fiscal years 2008 through 2012 (insofar as*
22 *the allotment is available to the State under sub-*
23 *sections (e) and (i) of such section) an amount*
24 *each quarter equal to the additional amount that*
25 *would have been paid to the State under title*

1 *XIX with respect to such expenditures if the en-*
2 *hanced FMAP (as determined under subsection*
3 *(b)) had been substituted for the Federal medical*
4 *assistance percentage (as defined in section*
5 *1905(b)).*

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

1 **TITLE II—OUTREACH AND**
2 **ENROLLMENT**

3 **SEC. 201. GRANTS FOR OUTREACH AND ENROLLMENT.**

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

7 **“SEC. 2113. GRANTS TO IMPROVE OUTREACH AND ENROLL-**
8 **MENT.**

9 “(a) *OUTREACH AND ENROLLMENT GRANTS; NA-*
10 *TIONAL CAMPAIGN.*—

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

18 “(2) *TEN PERCENT SET ASIDE FOR NATIONAL*
19 *ENROLLMENT CAMPAIGN.*—*An amount equal to 10*
20 *percent of such amounts shall be used by the Sec-*
21 *retary for expenditures during such period to carry*
22 *out a national enrollment campaign in accordance*
23 *with subsection (h).*

24 “(b) *PRIORITY FOR AWARD OF GRANTS.*—

1 “(1) *IN GENERAL.*—*In awarding grants under*
2 *subsection (a), the Secretary shall give priority to eli-*
3 *gible entities that—*

4 “(A) *propose to target geographic areas*
5 *with high rates of—*

6 “(i) *eligible but unenrolled children,*
7 *including such children who reside in rural*
8 *areas; or*

9 “(ii) *racial and ethnic minorities and*
10 *health disparity populations, including*
11 *those proposals that address cultural and*
12 *linguistic barriers to enrollment; and*

13 “(B) *submit the most demonstrable evidence*
14 *required under paragraphs (1) and (2) of sub-*
15 *section (c).*

16 “(2) *TEN PERCENT SET ASIDE FOR OUTREACH*
17 *TO INDIAN CHILDREN.*—*An amount equal to 10 per-*
18 *cent of the funds appropriated under subsection (g)*
19 *shall be used by the Secretary to award grants to In-*
20 *dian Health Service providers and urban Indian or-*
21 *ganizations receiving funds under title V of the In-*
22 *dian Health Care Improvement Act (25 U.S.C. 1651*
23 *et seq.) for outreach to, and enrollment of, children*
24 *who are Indians.*

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

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

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

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

20 “(4) *an assurance that the eligible entity shall—*

21 “(A) *conduct an assessment of the effective-*
22 *ness of such activities against the performance*
23 *measures;*

24 “(B) *cooperate with the collection and re-*
25 *porting of enrollment data and other informa-*

1 *tion in order for the Secretary to conduct such*
2 *assessments; and*

3 *“(C) in the case of an eligible entity that is*
4 *not the State, provide the State with enrollment*
5 *data and other information as necessary for the*
6 *State to make necessary projections of eligible*
7 *children and pregnant women.*

8 *“(d) DISSEMINATION OF ENROLLMENT DATA AND IN-*
9 *FORMATION DETERMINED FROM EFFECTIVENESS ASSESS-*
10 *MENTS; ANNUAL REPORT.—The Secretary shall—*

11 *“(1) make publicly available the enrollment data*
12 *and information collected and reported in accordance*
13 *with subsection (c)(4)(B); and*

14 *“(2) submit an annual report to Congress on the*
15 *outreach and enrollment activities conducted with*
16 *funds appropriated under this section.*

17 *“(e) MAINTENANCE OF EFFORT FOR STATES AWARDED*
18 *GRANTS; NO STATE MATCH REQUIRED.—In the case of a*
19 *State that is awarded a grant under this section—*

20 *“(1) the State share of funds expended for out-*
21 *reach and enrollment activities under the State child*
22 *health plan shall not be less than the State share of*
23 *such funds expended in the fiscal year preceding the*
24 *first fiscal year for which the grant is awarded; and*

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

3 “(f) *DEFINITIONS.*—In this section:

4 “(1) *ELIGIBLE ENTITY.*—The term ‘eligible enti-
5 ty’ means any of the following:

6 “(A) A State with an approved child health
7 plan under this title.

8 “(B) A local government.

9 “(C) An Indian tribe or tribal consortium,
10 a tribal organization, an urban Indian organi-
11 zation receiving funds under title V of the In-
12 dian Health Care Improvement Act (25 U.S.C.
13 1651 et seq.), or an Indian Health Service pro-
14 vider.

15 “(D) A Federal health safety net organiza-
16 tion.

17 “(E) A national, State, local, or commu-
18 nity-based public or nonprofit private organiza-
19 tion, including organizations that use commu-
20 nity health workers or community-based doula
21 programs.

22 “(F) A faith-based organization or con-
23 sortia, to the extent that a grant awarded to such
24 an entity is consistent with the requirements of
25 section 1955 of the Public Health Service Act (42

1 *U.S.C. 300x–65) relating to a grant award to*
2 *nongovernmental entities.*

3 *“(G) An elementary or secondary school.*

4 *“(2) FEDERAL HEALTH SAFETY NET ORGANIZA-*
5 *TION.—The term ‘Federal health safety net organiza-*
6 *tion’ means—*

7 *“(A) a Federally-qualified health center (as*
8 *defined in section 1905(l)(2)(B));*

9 *“(B) a hospital defined as a dispropor-*
10 *tionate share hospital for purposes of section*
11 *1923;*

12 *“(C) a covered entity described in section*
13 *340B(a)(4) of the Public Health Service Act (42*
14 *U.S.C. 256b(a)(4)); and*

15 *“(D) any other entity or consortium that*
16 *serves children under a federally funded pro-*
17 *gram, including the special supplemental nutri-*
18 *tion program for women, infants, and children*
19 *(WIC) established under section 17 of the Child*
20 *Nutrition Act of 1966 (42 U.S.C. 1786), the*
21 *Head Start and Early Head Start programs*
22 *under the Head Start Act (42 U.S.C. 9801 et*
23 *seq.), the school lunch program established under*
24 *the Richard B. Russell National School Lunch*
25 *Act, and an elementary or secondary school.*

1 “(3) *INDIANS; INDIAN TRIBE; TRIBAL ORGANIZA-*
2 *TION; URBAN INDIAN ORGANIZATION.*—*The terms ‘In-*
3 *dian’, ‘Indian tribe’, ‘tribal organization’, and ‘urban*
4 *Indian organization’ have the meanings given such*
5 *terms in section 4 of the Indian Health Care Im-*
6 *provement Act (25 U.S.C. 1603).*

7 “(4) *COMMUNITY HEALTH WORKER.*—*The term*
8 *‘community health worker’ means an individual who*
9 *promotes health or nutrition within the community*
10 *in which the individual resides—*

11 “(A) *by serving as a liaison between com-*
12 *munities and health care agencies;*

13 “(B) *by providing guidance and social as-*
14 *sistance to community residents;*

15 “(C) *by enhancing community residents’*
16 *ability to effectively communicate with health*
17 *care providers;*

18 “(D) *by providing culturally and linguis-*
19 *tically appropriate health or nutrition edu-*
20 *cation;*

21 “(E) *by advocating for individual and com-*
22 *munity health or nutrition needs; and*

23 “(F) *by providing referral and followup*
24 *services.*

1 “(g) *APPROPRIATION.*—*There is appropriated, out of*
2 *any money in the Treasury not otherwise appropriated,*
3 *\$100,000,000 for the period of fiscal years 2008 through*
4 *2012, to remain available until expended, for the purpose*
5 *of awarding grants under this section. Amounts appro-*
6 *priated and paid under the authority of this section shall*
7 *be in addition to amounts appropriated under section 2104*
8 *and paid to States in accordance with section 2105, includ-*
9 *ing with respect to expenditures for outreach activities in*
10 *accordance with subsections (a)(1)(D)(iii) and (c)(2)(C) of*
11 *that section.*

12 “(h) *NATIONAL ENROLLMENT CAMPAIGN.*—*From the*
13 *amounts made available under subsection (a)(2), the Sec-*
14 *retary shall develop and implement a national enrollment*
15 *campaign to improve the enrollment of underserved child*
16 *populations in the programs established under this title and*
17 *title XIX. Such campaign may include—*

18 “(1) *the establishment of partnerships with the*
19 *Secretary of Education and the Secretary of Agri-*
20 *culture to develop national campaigns to link the eli-*
21 *gibility and enrollment systems for the assistance pro-*
22 *grams each Secretary administers that often serve the*
23 *same children;*

24 “(2) *the integration of information about the*
25 *programs established under this title and title XIX in*

1 *public health awareness campaigns administered by*
2 *the Secretary;*

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

6 “(4) *the establishment of joint public awareness*
7 *outreach initiatives with the Secretary of Education*
8 *and the Secretary of Labor regarding the importance*
9 *of health insurance to building strong communities*
10 *and the economy;*

11 “(5) *the development of special outreach mate-*
12 *rials for Native Americans or for individuals with*
13 *limited English proficiency; and*

14 “(6) *such other outreach initiatives as the Sec-*
15 *retary determines would increase public awareness of*
16 *the programs under this title and title XIX.”.*

17 (b) *ENHANCED ADMINISTRATIVE FUNDING FOR*
18 *TRANSLATION OR INTERPRETATION SERVICES UNDER*
19 *CHIP.—Section 2105(a)(1) (42 U.S.C. 1397ee(a)(1)), as*
20 *amended by section 603, is amended—*

21 (1) *in the matter preceding subparagraph (A),*
22 *by inserting “(or, in the case of expenditures de-*
23 *scribed in subparagraph (D)(iv), the higher of 75 per-*
24 *cent or the sum of the enhanced FMAP plus 5 per-*
25 *centage points)” after “enhanced FMAP”; and*

1 (2) *in subparagraph (D)—*

2 (A) *in clause (iii), by striking “and” at the*
3 *end;*

4 (B) *by redesignating clause (iv) as clause*
5 *(v); and*

6 (C) *by inserting after clause (iii) the fol-*
7 *lowing new clause:*

8 “(iv) *for translation or interpretation*
9 *services in connection with the enrollment*
10 *and use of services under this title by indi-*
11 *viduals for whom English is not their pri-*
12 *mary language (as found necessary by the*
13 *Secretary for the proper and efficient ad-*
14 *ministration of the State plan); and”.*

15 (c) *NONAPPLICATION OF ADMINISTRATIVE EXPENDI-*
16 *TURES CAP.—Section 2105(c)(2) (42 U.S.C. 1397ee(c)(2))*
17 *is amended by adding at the end the following:*

18 “(C) *NONAPPLICATION TO CERTAIN EX-*
19 *PENDITURES.—The limitation under subpara-*
20 *graph (A) shall not apply with respect to the fol-*
21 *lowing expenditures:*

22 “(i) *EXPENDITURES FUNDED UNDER*
23 *SECTION 2113.—Expenditures for outreach*
24 *and enrollment activities funded under a*

1 *grant awarded to the State under section*
2 *2113.”.*

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

5 *(a) IN GENERAL.—Section 1139 (42 U.S.C. 1320b–9)*
6 *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 AND*
11 *CHIP OUTREACH ON OR NEAR RESERVATIONS TO IN-*
12 *CREASE THE ENROLLMENT OF INDIANS IN THOSE PRO-*
13 *GRAMS.—*

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 the*
19 *State to take steps to provide for enrollment on or*
20 *near the reservation. Such steps may include outreach*
21 *efforts such as the outstationing of eligibility workers,*
22 *entering into agreements with the Indian Health*
23 *Service, Indian Tribes, Tribal Organizations, and*
24 *Urban Indian Organizations to provide outreach,*
25 *education regarding eligibility and benefits, enroll-*

1 *ment, and translation services when such services are*
2 *appropriate.*

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

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

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

1 **(b) NONAPPLICATION OF 10 PERCENT LIMIT ON OUT-**
2 **REACH AND CERTAIN OTHER EXPENDITURES.**—Section
3 *2105(c)(2)(C) (42 U.S.C. 1397ee(c)(2)(C)), as added by sec-*
4 *tion 201(c), is amended by adding at the end the following*
5 *new clause:*

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

20 **SEC. 203. DEMONSTRATION PROGRAM TO PERMIT STATES**
21 **TO RELY ON FINDINGS BY AN EXPRESS LANE**
22 **AGENCY TO DETERMINE COMPONENTS OF A**
23 **CHILD’S ELIGIBILITY FOR MEDICAID OR CHIP.**

24 **(a) REQUIREMENT TO CONDUCT DEMONSTRATION**
25 **PROGRAM.**—

1 (1) *IN GENERAL.*—*The Secretary shall establish*
2 *a 3-year demonstration program under which up to*
3 *10 States shall be authorized to rely on a finding*
4 *made within the preceding 12 months by an Express*
5 *Lane agency to determine whether a child has met 1*
6 *or more of the eligibility requirements, such as in-*
7 *come, assets or resources, citizenship status, or other*
8 *criteria, necessary to determine the child’s initial eli-*
9 *gibility, eligibility redetermination, or renewal of eli-*
10 *gibility, for medical assistance under the State Med-*
11 *icaid plan or child health assistance under the State*
12 *CHIP plan. A State selected to participate in the*
13 *demonstration program—*

14 (A) *shall not be required to direct a child*
15 *(or a child’s family) to submit information or*
16 *documentation previously submitted by the child*
17 *or family to an Express Lane agency that the*
18 *State relies on for its Medicaid or CHIP eligi-*
19 *bility determination; and*

20 (B) *may rely on information from an Ex-*
21 *press Lane agency when evaluating a child’s eli-*
22 *gibility for medical assistance under the State*
23 *Medicaid plan or child health assistance under*
24 *the State CHIP plan without a separate, inde-*

1 *pendent confirmation of the information at the*
2 *time of enrollment, redetermination, or renewal.*

3 (2) *PAYMENTS TO STATES.—From the amount*
4 *appropriated under paragraph (1) of subsection (f),*
5 *after the application of paragraph (2) of that sub-*
6 *section, the Secretary shall pay the States selected to*
7 *participate in the demonstration program such sums*
8 *as the Secretary shall determine for expenditures*
9 *made by the State for systems upgrades and imple-*
10 *mentation of the demonstration program. In no event*
11 *shall a payment be made to a State from the amount*
12 *appropriated under subsection (f) for any expendi-*
13 *tures incurred for providing medical assistance or*
14 *child health assistance to a child enrolled in the State*
15 *Medicaid plan or the State CHIP plan through reli-*
16 *ance on a finding made by an Express Lane agency.*

17 (b) *REQUIREMENTS; OPTIONS FOR APPLICATION.—*

18 (1) *STATE REQUIREMENTS.—A State selected to*
19 *participate in the demonstration program established*
20 *under this section may rely on a finding of an Ex-*
21 *press Lane agency only if the following conditions are*
22 *met:*

23 (A) *REQUIREMENT TO DETERMINE ELIGI-*
24 *BILITY USING REGULAR PROCEDURES IF CHILD*
25 *IS FIRST FOUND INELIGIBLE.—If reliance on a*

1 *finding from an Express Lane agency results in*
2 *a child not being found eligible for the State*
3 *Medicaid plan or the State CHIP plan, the State*
4 *would be required to determine eligibility under*
5 *such plan using its regular procedures.*

6 (B) NOTICE.—*The State shall inform the*
7 *families (especially those whose children are en-*
8 *rolled in the State CHIP plan) that they may*
9 *qualify for lower premium payments or more*
10 *comprehensive health coverage under the State*
11 *Medicaid plan if the family's income were di-*
12 *rectly evaluated for an eligibility determination*
13 *by the State Medicaid agency, and that, at the*
14 *family's option, the family may seek an eligi-*
15 *bility determination by the State Medicaid agen-*
16 *cy.*

17 (C) COMPLIANCE WITH DEPARTMENT OF
18 *HOMELAND SECURITY PROCEDURES.—The State*
19 *may rely on an Express Lane agency finding*
20 *that a child is a qualified alien as long as the*
21 *Express Lane agency complies with guidance*
22 *and regulatory procedures issued by the Sec-*
23 *retary of Homeland Security for eligibility deter-*
24 *minations of qualified aliens (as defined in sub-*
25 *sections (b) and (c) of section 431 of the Personal*

1 *Responsibility and Work Opportunity Reconcili-*
2 *ation Act of 1996 (8 U.S.C. 1641)).*

3 (D) *VERIFICATION OF CITIZENSHIP OR NA-*
4 *TIONALITY STATUS.—The State shall satisfy the*
5 *requirements of section 1902(a)(46)(B) or*
6 *2105(c)(9) of the Social Security Act, as applica-*
7 *ble (and as added by section 301 of this Act) for*
8 *verifications of citizenship or nationality status.*

9 (E) *CODING; APPLICATION TO ENROLLMENT*
10 *ERROR RATES.—*

11 (i) *IN GENERAL.—The State agrees*
12 *to—*

13 (I) *assign such codes as the Sec-*
14 *retary shall require to the children who*
15 *are enrolled in the State Medicaid plan*
16 *or the State CHIP plan through reli-*
17 *ance on a finding made by an Express*
18 *Lane agency for the duration of the*
19 *State's participation in the demonstra-*
20 *tion program;*

21 (II) *annually provide the Sec-*
22 *retary with a statistically valid sample*
23 *(that is approved by Secretary) of the*
24 *children enrolled in such plans through*
25 *reliance on such a finding by con-*

1 *ducting a full Medicaid eligibility re-*
2 *view of the children identified for such*
3 *sample for purposes of determining an*
4 *eligibility error rate with respect to the*
5 *enrollment of such children;*

6 *(III) submit the error rate deter-*
7 *mined under subclause (II) to the Sec-*
8 *retary;*

9 *(IV) if such error rate exceeds 3*
10 *percent for either of the first 2 fiscal*
11 *years in which the State participates*
12 *in the demonstration program, dem-*
13 *onstrate to the satisfaction of the Sec-*
14 *retary the specific corrective actions*
15 *implemented by the State to improve*
16 *upon such error rate; and*

17 *(V) if such error rate exceeds 3*
18 *percent for any fiscal year in which*
19 *the State participates in the dem-*
20 *onstration program, a reduction in the*
21 *amount otherwise payable to the State*
22 *under section 1903(a) of the Social Se-*
23 *curity Act (42 Secretary 1396b(a)) for*
24 *quarters for that fiscal year, equal to*
25 *the total amount of erroneous excess*

1 *payments determined for the fiscal*
2 *year only with respect to the children*
3 *included in the sample for the fiscal*
4 *year that are in excess of a 3 percent*
5 *error rate with respect to such chil-*
6 *dren.*

7 *(ii) NO PUNITIVE ACTION BASED ON*
8 *ERROR RATE.—The Secretary shall not*
9 *apply the error rate derived from the sam-*
10 *ple under clause (i) to the entire population*
11 *of children enrolled in the State Medicaid*
12 *plan or the State CHIP plan through reli-*
13 *ance on a finding made by an Express*
14 *Lane agency, or to the population of chil-*
15 *dren enrolled in such plans on the basis of*
16 *the State’s regular procedures for deter-*
17 *mining eligibility, or penalize the State on*
18 *the basis of such error rate in any manner*
19 *other than the reduction of payments pro-*
20 *vided for under clause (i)(V).*

21 *(iii) RULE OF CONSTRUCTION.—Noth-*
22 *ing in this section shall be construed as re-*
23 *lieving a State that participates in the*
24 *demonstration program established under*
25 *this section from being subject to a penalty*

1 *under section 1903(u) of the Social Security*
2 *Act (42 U.S.C. 1396b(u)) for payments*
3 *made under the State Medicaid plan with*
4 *respect to ineligible individuals and fami-*
5 *lies that are determined to exceed the error*
6 *rate permitted under that section (as deter-*
7 *mined without regard to the error rate de-*
8 *termined under clause (i)(II)).*

9 (2) *STATE OPTIONS FOR APPLICATION.—A State*
10 *selected to participate in the demonstration program*
11 *may elect to apply any of the following:*

12 (A) *SATISFACTION OF CHIP SCREEN AND*
13 *ENROLL REQUIREMENTS.—If the State relies on*
14 *a finding of an Express Lane agency for pur-*
15 *poses of determining eligibility under the State*
16 *CHIP plan, the State may meet the screen and*
17 *enroll requirements imposed under subpara-*
18 *graphs (A) and (B) of section 2102(b)(3) of the*
19 *Social Security Act (42 U.S.C. 1397bb(b)(3)) by*
20 *using any of the following:*

21 (i) *Establishing a threshold percentage*
22 *of the poverty line that is 30 percentage*
23 *points (or such other higher number of per-*
24 *centage points) as the State determines re-*
25 *fects the income methodologies of the pro-*

1 *gram administered by the Express Lane*
2 *Agency and the State Medicaid plan.*

3 *(ii) Providing that a child satisfies all*
4 *income requirements for eligibility under*
5 *the State Medicaid plan.*

6 *(iii) Providing that a child has a fam-*
7 *ily income that exceeds the Medicaid appli-*
8 *cable income level.*

9 *(B) PRESUMPTIVE ELIGIBILITY.—The State*
10 *may provide for presumptive eligibility under*
11 *the State CHIP plan for a child who, based on*
12 *an eligibility determination of an income find-*
13 *ing from an Express Lane agency, would qualify*
14 *for child health assistance under the State CHIP*
15 *plan. During the period of presumptive eligi-*
16 *bility, the State may determine the child’s eligi-*
17 *bility for child health assistance under the State*
18 *CHIP plan based on telephone contact with fam-*
19 *ily members, access to data available in elec-*
20 *tronic or paper format, or other means that min-*
21 *imize to the maximum extent feasible the burden*
22 *on the family.*

23 *(C) AUTOMATIC ENROLLMENT.—*

24 *(i) IN GENERAL.—The State may ini-*
25 *tiate and determine eligibility for medical*

1 *assistance under the State Medicaid plan or*
2 *for child health assistance under the State*
3 *CHIP plan without a program application*
4 *from, or on behalf of, the child based on*
5 *data obtained from sources other than the*
6 *child (or the child’s family), but a child can*
7 *only be automatically enrolled in the State*
8 *Medicaid plan or the State CHIP plan if*
9 *the child or the family affirmatively con-*
10 *sents to being enrolled through affirmation*
11 *and signature on an Express Lane agency*
12 *application.*

13 *(ii) INFORMATION REQUIREMENT.—A*
14 *State that elects the option under clause (i)*
15 *shall have procedures in place to inform the*
16 *child or the child’s family of the services*
17 *that will be covered under the State Med-*
18 *icaid plan or the State CHIP plan (as ap-*
19 *plicable), appropriate methods for using*
20 *such services, premium or other cost sharing*
21 *charges (if any) that apply, medical sup-*
22 *port obligations created by the enrollment*
23 *(if applicable), and the actions the child or*
24 *the child’s family must take to maintain en-*
25 *rollment and renew coverage.*

1 (iii) *OPTION TO WAIVE SIGNATURES.*—

2 *The State may waive any signature re-*
3 *quirements for enrollment for a child who*
4 *consents to, or on whose behalf consent is*
5 *provided for, enrollment in the State Med-*
6 *icaid plan or the State CHIP plan.*

7 (3) *SIGNATURE REQUIREMENTS.*—*In the case of*
8 *a State selected to participate in the demonstration*
9 *program—*

10 (A) *no signature under penalty of perjury*
11 *shall be required on an application form for*
12 *medical assistance under the State Medicaid*
13 *plan or child health assistance under the State*
14 *CHIP plan to attest to any element of the appli-*
15 *cation for which eligibility is based on informa-*
16 *tion received from an Express Lane agency or a*
17 *source other than an applicant; and*

18 (B) *any signature requirement for deter-*
19 *mination of an application for medical assist-*
20 *ance under the State Medicaid plan or child*
21 *health assistance under the State CHIP plan*
22 *may be satisfied through an electronic signature.*

23 (4) *RULES OF CONSTRUCTION.*—*Nothing in this*
24 *subsection shall be construed to—*

1 (A) relieve a State of the obligation under
2 section 1902(a)(5) of the Social Security Act (42
3 U.S.C. 1396a(a)(5)) to determine eligibility for
4 medical assistance under the State Medicaid
5 plan; or

6 (B) prohibit any State options otherwise
7 permitted under Federal law (without regard to
8 this paragraph or the demonstration program es-
9 tablished under this section) that are intended to
10 increase the enrollment of eligible children for
11 medical assistance under the State Medicaid
12 plan or child health assistance under the State
13 CHIP plan, including options related to out-
14 reach, enrollment, applications, or the deter-
15 mination or redetermination of eligibility.

16 (c) *LIMITED WAIVER OF OTHER APPLICABLE RE-*
17 *QUIREMENTS.—*

18 (1) *SOCIAL SECURITY ACT.—The Secretary shall*
19 *waive only such requirements of the Social Security*
20 *Act as the Secretary determines are necessary to*
21 *carry out the demonstration program established*
22 *under this section.*

23 (2) *AUTHORIZATION FOR PARTICIPATING STATES*
24 *TO RECEIVE CERTAIN DATA DIRECTLY RELEVANT TO*
25 *DETERMINING ELIGIBILITY AND CORRECT AMOUNT OF*

1 *ASSISTANCE.—For provisions relating to the author-*
2 *ity of States participating in the demonstration pro-*
3 *gram to receive certain data directly, see section*
4 *204(c).*

5 *(d) EVALUATION AND REPORT.—*

6 *(1) EVALUATION.—The Secretary shall conduct,*
7 *by grant, contract, or interagency agreement, a com-*
8 *prehensive, independent evaluation of the demonstra-*
9 *tion program established under this section. Such*
10 *evaluation shall include an analysis of the effective-*
11 *ness of the program, and shall include—*

12 *(A) obtaining a statistically valid sample of*
13 *the children who were enrolled in the State Med-*
14 *icaid plan or the State CHIP plan through reli-*
15 *ance on a finding made by an Express Lane*
16 *agency and determining the percentage of chil-*
17 *dren who were erroneously enrolled in such*
18 *plans;*

19 *(B) determining whether enrolling children*
20 *in such plans through reliance on a finding*
21 *made by an Express Lane agency improves the*
22 *ability of a State to identify and enroll low-in-*
23 *come, uninsured children who are eligible but*
24 *not enrolled in such plans;*

1 (C) *evaluating the administrative costs or*
2 *savings related to identifying and enrolling chil-*
3 *dren in such plans through reliance on such*
4 *findings, and the extent to which such costs differ*
5 *from the costs that the State otherwise would*
6 *have incurred to identify and enroll low-income,*
7 *uninsured children who are eligible but not en-*
8 *rolled in such plans; and*

9 (D) *any recommendations for legislative or*
10 *administrative changes that would improve the*
11 *effectiveness of enrolling children in such plans*
12 *through reliance on such findings.*

13 (2) *REPORT TO CONGRESS.*—*Not later than Sep-*
14 *tember 30, 2012, the Secretary shall submit a report*
15 *to Congress on the results of the evaluation of the*
16 *demonstration program established under this section.*

17 (e) *DEFINITIONS.*—*In this section:*

18 (1) *CHILD; CHILDREN.*—*With respect to a State*
19 *selected to participate in the demonstration program*
20 *established under this section, the terms “child” and*
21 *“children” have the meanings given such terms for*
22 *purposes of the State plans under titles XIX and XXI*
23 *of the Social Security Act.*

24 (2) *EXPRESS LANE AGENCY.*—

1 (A) *IN GENERAL.*—*The term “Express Lane*
2 *agency” means a public agency that—*

3 *(i) is determined by the State Medicaid*
4 *agency or the State CHIP agency (as appli-*
5 *cable) to be capable of making the deter-*
6 *minations of 1 or more eligibility require-*
7 *ments described in subsection (a)(1);*

8 *(ii) is identified in the State Medicaid*
9 *plan or the State CHIP plan; and*

10 *(iii) notifies the child’s family—*

11 *(I) of the information which shall*
12 *be disclosed in accordance with this*
13 *section;*

14 *(II) that the information disclosed*
15 *will be used solely for purposes of de-*
16 *termining eligibility for medical assist-*
17 *ance under the State Medicaid plan or*
18 *for child health assistance under the*
19 *State CHIP plan; and*

20 *(III) that the family may elect to*
21 *not have the information disclosed for*
22 *such purposes; and*

23 *(iv) enters into, or is subject to, an*
24 *interagency agreement to limit the disclo-*
25 *sure and use of the information disclosed.*

1 (B) *INCLUSION OF SPECIFIC PUBLIC AGEN-*
2 *CIES.—Such term includes the following:*

3 (i) *A public agency that determines eli-*
4 *gibility for assistance under any of the fol-*
5 *lowing:*

6 (I) *The temporary assistance for*
7 *needy families program funded under*
8 *part A of title IV of the Social Secu-*
9 *rity Act (42 U.S.C. 601 et seq.).*

10 (II) *A State program funded*
11 *under part D of title IV of such Act*
12 *(42 U.S.C. 651 et seq.).*

13 (III) *The State Medicaid plan.*

14 (IV) *The State CHIP plan.*

15 (V) *The Food Stamp Act of 1977*
16 *(7 U.S.C. 2011 et seq.).*

17 (VI) *The Head Start Act (42*
18 *U.S.C. 9801 et seq.).*

19 (VII) *The Richard B. Russell Na-*
20 *tional School Lunch Act (42 U.S.C.*
21 *1751 et seq.).*

22 (VIII) *The Child Nutrition Act of*
23 *1966 (42 U.S.C. 1771 et seq.).*

1 *(IX) The Child Care and Develop-*
2 *ment Block Grant Act of 1990 (42*
3 *U.S.C. 9858 et seq.).*

4 *(X) The Stewart B. McKinney*
5 *Homeless Assistance Act (42 U.S.C.*
6 *11301 et seq.).*

7 *(XI) The United States Housing*
8 *Act of 1937 (42 U.S.C. 1437 et seq.).*

9 *(XII) The Native American Hous-*
10 *ing Assistance and Self-Determination*
11 *Act of 1996 (25 U.S.C. 4101 et seq.).*

12 *(ii) A State-specified governmental*
13 *agency that has fiscal liability or legal re-*
14 *sponsibility for the accuracy of the eligi-*
15 *bility determination findings relied on by*
16 *the State.*

17 *(iii) A public agency that is subject to*
18 *an interagency agreement limiting the dis-*
19 *closure and use of the information disclosed*
20 *for purposes of determining eligibility*
21 *under the State Medicaid plan or the State*
22 *CHIP plan.*

23 *(C) EXCLUSIONS.—Such term does not in-*
24 *clude an agency that determines eligibility for a*
25 *program established under the Social Services*

1 *Block Grant established under title XX of the So-*
2 *cial Security Act (42 U.S.C. 1397 et seq.) or a*
3 *private, for-profit organization.*

4 (D) *RULES OF CONSTRUCTION.—Nothing in*
5 *this paragraph shall be construed as—*

6 (i) *affecting the authority of a State*
7 *Medicaid agency to enter into contracts*
8 *with nonprofit and for-profit agencies to*
9 *administer the Medicaid application proc-*
10 *ess;*

11 (ii) *exempting a State Medicaid agen-*
12 *cy from complying with the requirements of*
13 *section 1902(a)(4) of the Social Security*
14 *Act (relating to merit-based personnel*
15 *standards for employees of the State Med-*
16 *icaid agency and safeguards against con-*
17 *flicts of interest); or*

18 (iii) *authorizing a State Medicaid*
19 *agency that participates in the demonstra-*
20 *tion program established under this section*
21 *to use the Express Lane option to avoid*
22 *complying with such requirements for pur-*
23 *poses of making eligibility determinations*
24 *under the State Medicaid plan.*

1 (3) *MEDICAID APPLICABLE INCOME LEVEL.*—
2 *With respect to a State, the term “Medicaid applica-*
3 *ble income level” has the meaning given that term for*
4 *purposes of such State under section 2110(b)(4) of the*
5 *Social Security Act (42 U.S.C. 1397jj(4)).*

6 (4) *POVERTY LINE.*—*The term “poverty line”*
7 *has the meaning given that term in section 2110(c)(5)*
8 *of the Social Security Act (42 U.S.C. 1397jj(c)(5)).*

9 (5) *STATE.*—*The term “State” means 1 of the 50*
10 *States or the District of Columbia.*

11 (6) *STATE CHIP AGENCY.*—*The term “State*
12 *CHIP agency” means the State agency responsible for*
13 *administering the State CHIP plan.*

14 (7) *STATE CHIP PLAN.*—*The term “State CHIP*
15 *plan” means the State child health plan established*
16 *under title XXI of the Social Security Act (42 U.S.C.*
17 *1397aa et seq.), and includes any waiver of such*
18 *plan.*

19 (8) *STATE MEDICAID AGENCY.*—*The term “State*
20 *Medicaid agency” means the State agency responsible*
21 *for administering the State Medicaid plan.*

22 (9) *STATE MEDICAID PLAN.*—*The term “State*
23 *Medicaid plan” means the State plan established*
24 *under title XIX of the Social Security Act (42 U.S.C.*
25 *1396 et seq.), and includes any waiver of such plan.*

1 (f) *APPROPRIATION.*—

2 (1) *OPERATIONAL FUNDS.*—*Out of any funds in*
3 *the Treasury not otherwise appropriated, there is ap-*
4 *propriated to the Secretary to carry out the dem-*
5 *onstration program established under this section,*
6 *\$49,000,000 for the period of fiscal years 2008*
7 *through 2012.*

8 (2) *EVALUATION FUNDS.*—*\$5,000,000 of the*
9 *funds appropriated under paragraph (1) shall be used*
10 *to conduct the evaluation required under subsection*
11 *(d).*

12 (3) *BUDGET AUTHORITY.*—*Paragraph (1) con-*
13 *stitutes budget authority in advance of appropria-*
14 *tions Act and represents the obligation of the Federal*
15 *Government to provide for the payment to States se-*
16 *lected to participate in the demonstration program es-*
17 *tablished under this section of the amounts provided*
18 *under such paragraph (after the application of para-*
19 *graph (2)).*

20 **SEC. 204. AUTHORIZATION OF CERTAIN INFORMATION DIS-**
21 **CLOSURES TO SIMPLIFY HEALTH COVERAGE**
22 **DETERMINATIONS.**

23 (a) *AUTHORIZATION OF INFORMATION DISCLOSURE.*—
24 *Title XIX (42 U.S.C. 1396 et seq.) is amended—*

1 (1) *by redesignating section 1939 as section*
2 *1940; and*

3 (2) *by inserting after section 1938 the following*
4 *new section:*

5 “*AUTHORIZATION TO RECEIVE PERTINENT INFORMATION*

6 “*SEC. 1939. (a) IN GENERAL.—Notwithstanding any*
7 *other provision of law, a Federal or State agency or private*
8 *entity in possession of the sources of data directly relevant*
9 *to eligibility determinations under this title (including eli-*
10 *gibility files, information described in paragraph (2) or (3)*
11 *of section 1137(a), vital records information about births*
12 *in any State, and information described in sections 453(i)*
13 *and 1902(a)(25)(I)) is authorized to convey such data or*
14 *information to the State agency administering the State*
15 *plan under this title, but only if such conveyance meets the*
16 *requirements of subsection (b).*

17 “*(b) REQUIREMENTS FOR CONVEYANCE.—Data or in-*
18 *formation may be conveyed pursuant to this section only*
19 *if the following requirements are met:*

20 “*(1) The child whose circumstances are described*
21 *in the data or information (or such child’s parent,*
22 *guardian, caretaker relative, or authorized representa-*
23 *tive) has either provided advance consent to disclosure*
24 *or has not objected to disclosure after receiving ad-*
25 *vance notice of disclosure and a reasonable oppor-*
26 *tunity to object.*

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

3 “(A) *identifying children who are eligible or*
4 *potentially eligible for medical assistance under*
5 *this title and enrolling (or attempting to enroll)*
6 *such children in the State plan; and*

7 “(B) *verifying the eligibility of children for*
8 *medical assistance under the State plan.*

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

11 “(A) *prevents the unauthorized use, disclo-*
12 *sure, or modification of such data and otherwise*
13 *meets applicable Federal requirements for safe-*
14 *guarding privacy and data security; and*

15 “(B) *requires the State agency admin-*
16 *istering the State plan to use the data and infor-*
17 *mation obtained under this section to seek to en-*
18 *roll children in the plan.*

19 “(c) *CRIMINAL PENALTY.—A person described in sub-*
20 *section (a) who publishes, divulges, discloses, or makes*
21 *known in any manner, or to any extent, not authorized by*
22 *Federal law, any information obtained under this section*
23 *shall be fined not more than \$1,000 or imprisoned not more*
24 *than 1 year, or both, for each such unauthorized activity.*

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

6 (b) *CONFORMING AMENDMENT TO TITLE XXI.*—*Sec-*
7 *tion 2107(e)(1) (42 U.S.C. 1397gg(e)(1)) is amended by*
8 *adding at the end the following new subparagraph:*

9 “(E) *Section 1939 (relating to authoriza-*
10 *tion to receive data directly relevant to eligi-*
11 *bility determinations).”.*

12 (c) *AUTHORIZATION FOR STATES PARTICIPATING IN*
13 *THE EXPRESS LANE DEMONSTRATION PROGRAM TO RE-*
14 *CEIVE CERTAIN DATA DIRECTLY RELEVANT TO DETER-*
15 *MINING ELIGIBILITY AND CORRECT AMOUNT OF ASSIST-*
16 *ANCE.*—*Only in the case of a State selected to participate*
17 *in the Express Lane demonstration program established*
18 *under section 203, the Secretary shall enter into such agree-*
19 *ments as are necessary to permit such a State to receive*
20 *data directly relevant to eligibility determinations and de-*
21 *termining the correct amount of benefits under the State*
22 *CHIP plan or the State Medicaid plan (as such terms are*
23 *defined in paragraphs (7) and (9) section 203(e)) from the*
24 *following:*

1 (1) *The National Directory of New Hires estab-*
 2 *lished under section 453(i) of the Social Security Act*
 3 *(42 U.S.C. 653(i)).*

4 (2) *Data regarding enrollment in insurance that*
 5 *may help to facilitate outreach and enrollment under*
 6 *the State Medicaid plan, the State CHIP plan, and*
 7 *such other programs as the Secretary may specify.*

8 ***TITLE III—REDUCING BARRIERS***
 9 ***TO ENROLLMENT***

10 ***SEC. 301. VERIFICATION OF DECLARATION OF CITIZENSHIP***
 11 ***OR NATIONALITY FOR PURPOSES OF ELIGI-***
 12 ***BILITY FOR MEDICAID AND CHIP.***

13 (a) *STATE OPTION TO VERIFY DECLARATION OF CITI-*
 14 *ZENSHIP OR NATIONALITY FOR PURPOSES OF ELIGIBILITY*
 15 *FOR MEDICAID THROUGH VERIFICATION OF NAME AND SO-*
 16 *CIAL SECURITY NUMBER.—*

17 (1) *ALTERNATIVE TO DOCUMENTATION REQUIRE-*
 18 *MENT.—*

19 (A) *IN GENERAL.—Section 1902 (42 U.S.C.*
 20 *1396a) is amended—*

21 (i) *in subsection (a)(46)—*

22 (I) *by inserting “(A)” after*
 23 *“(46)”;*

24 (II) *by adding “and” after the*
 25 *semicolon; and*

1 (III) by adding at the end the fol-
2 lowing new subparagraph:

3 “(B) provide, with respect to an individual de-
4 claring to be a citizen or national of the United
5 States for purposes of establishing eligibility under
6 this title, that the State shall satisfy the requirements
7 of—

8 “(i) section 1903(x); or

9 “(ii) subsection (dd);”;

10 (ii) by adding at the end the following
11 new subsection:

12 “(dd)(1) For purposes of subsection (a)(46)(B)(ii), the
13 requirements of this subsection with respect to an indi-
14 vidual declaring to be a citizen or national of the United
15 States for purposes of establishing eligibility under this
16 title, are, in lieu of requiring the individual to present sat-
17 isfactory documentary evidence of citizenship or nationality
18 under section 1903(x) (if the individual is not described in
19 paragraph (2) of that section), as follows:

20 “(A) The State submits the name and social se-
21 curity number of the individual to the Commissioner
22 of Social Security as part of the plan established
23 under paragraph (2).

24 “(B) If the State receives notice from the Com-
25 missioner of Social Security that the name or social

1 *security number of the individual is invalid, the*
2 *State—*

3 *“(i) notifies the individual of such fact;*
4 *(ii) provides the individual with a period of*
5 *90 days from the date on which the notice re-*
6 *quired under clause (i) is received by the indi-*
7 *vidual to either present satisfactory documentary*
8 *evidence of citizenship or nationality (as defined*
9 *in section 1903(x)(3)) or cure the invalid deter-*
10 *mination with the Commissioner of Social Secu-*
11 *rity; and*

12 *“(iii) disenrolls the individual from the*
13 *State plan under this title within 30 days after*
14 *the end of such 90-day period if no such docu-*
15 *mentary evidence is presented.*

16 *“(2)(A) Each State electing to satisfy the requirements*
17 *of this subsection for purposes of section 1902(a)(46)(B)*
18 *shall establish a program under which the State submits*
19 *each month to the Commissioner of Social Security for*
20 *verification the name and social security number of each*
21 *individual enrolled in the State plan under this title that*
22 *month who has attained the age of 1 before the date of the*
23 *enrollment.*

24 *“(B) In establishing the State program under this*
25 *paragraph, the State may enter into an agreement with the*

1 *Commissioner of Social Security to provide for the elec-*
2 *tronic submission and verification of the name and social*
3 *security number of an individual before the individual is*
4 *enrolled in the State plan.*

5 “(3)(A) *The State agency implementing the plan ap-*
6 *proved under this title shall, at such times and in such form*
7 *as the Secretary may specify, provide information on the*
8 *percentage each month that the invalid names and numbers*
9 *submitted bears to the total submitted for verification.*

10 “(B) *If, for any fiscal year, the average monthly per-*
11 *centage determined under subparagraph (A) is greater than*
12 *7 percent—*

13 “(i) *the State shall develop and adopt a correc-*
14 *tive plan to review its procedures for verifying the*
15 *identities of individuals seeking to enroll in the State*
16 *plan under this title and to identify and implement*
17 *changes in such procedures to improve their accuracy;*
18 *and*

19 “(ii) *pay to the Secretary an amount equal to*
20 *the amount which bears the same ratio to the total*
21 *payments under the State plan for the fiscal year for*
22 *providing medical assistance to individuals who pro-*
23 *vided invalid information as the number of individ-*
24 *uals with invalid information in excess of 7 percent*

1 of such total submitted bears to the total number of
2 individuals with invalid information.

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

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

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

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

16 (i) by striking “plus” at the end of
17 subparagraph (E) and inserting “and”, and

18 (ii) by adding at the end the following
19 new subparagraph:

20 “(F)(i) 90 percent of the sums expended
21 during the quarter as are attributable to the de-
22 sign, development, or installation of such mecha-
23 nized verification and information retrieval sys-
24 tems as the Secretary determines are necessary to

1 *implement section 1902(dd) (including a system*
 2 *described in paragraph (2)(B) thereof), and*

3 *“(i) 75 percent of the sums expended dur-*
 4 *ing the quarter as are attributable to the oper-*
 5 *ation of systems to which clause (i) applies,*
 6 *plus”.*

7 (2) *LIMITATION ON WAIVER AUTHORITY.—Not-*
 8 *withstanding any provision of section 1115 of the So-*
 9 *cial Security Act (42 U.S.C. 1315), or any other pro-*
 10 *vision of law, the Secretary may not waive the re-*
 11 *quirements of section 1902(a)(46)(B) of such Act (42*
 12 *U.S.C. 1396a(a)(46)(B)) with respect to a State.*

13 (3) *CONFORMING AMENDMENTS.—Section 1903*
 14 *(42 U.S.C. 1396b) is amended—*

15 (A) *in subsection (i)(22), by striking “sub-*
 16 *section (x)” and inserting “section*
 17 *1902(a)(46)(B)”;* and

18 (B) *in subsection (x)(1), by striking “sub-*
 19 *section (i)(22)” and inserting “section*
 20 *1902(a)(46)(B)(i)”.*

21 (b) *CLARIFICATION OF REQUIREMENTS RELATING TO*
 22 *PRESENTATION OF SATISFACTORY DOCUMENTARY EVI-*
 23 *DENCE OF CITIZENSHIP OR NATIONALITY.—*

24 (1) *ACCEPTANCE OF DOCUMENTARY EVIDENCE*
 25 *ISSUED BY A FEDERALLY RECOGNIZED INDIAN*

1 *TRIBE.—Section 1903(x)(3)(B) (42 U.S.C.*
2 *1396b(x)(3)(B)) is amended—*

3 *(A) by redesignating clause (v) as clause*
4 *(vi); and*

5 *(B) by inserting after clause (iv), the fol-*
6 *lowing new clause:*

7 *“(v)(I) Except as provided in subclause (II), a*
8 *document issued by a federally recognized Indian*
9 *tribe evidencing membership or enrollment in, or af-*
10 *filiation with, such tribe (such as a tribal enrollment*
11 *card or certificate of degree of Indian blood).*

12 *“(II) With respect to those federally recognized*
13 *Indian tribes located within States having an inter-*
14 *national border whose membership includes individ-*
15 *uals who are not citizens of the United States, the*
16 *Secretary shall, after consulting with such tribes,*
17 *issue regulations authorizing the presentation of such*
18 *other forms of documentation (including tribal docu-*
19 *mentation, if appropriate) that the Secretary deter-*
20 *mines to be satisfactory documentary evidence of citi-*
21 *zenship or nationality for purposes of satisfying the*
22 *requirement of this subsection.”.*

23 *(2) REQUIREMENT TO PROVIDE REASONABLE OP-*
24 *PORTUNITY TO PRESENT SATISFACTORY DOCUMEN-*
25 *TARY EVIDENCE.—Section 1903(x) (42 U.S.C.*

1 1396b(x)) is amended by adding at the end the fol-
2 lowing new paragraph:

3 “(4) In the case of an individual declaring to be a
4 citizen or national of the United States with respect to
5 whom a State requires the presentation of satisfactory docu-
6 mentary evidence of citizenship or nationality under section
7 1902(a)(46)(B)(i), the individual shall be provided at least
8 the reasonable opportunity to present satisfactory documen-
9 tary evidence of citizenship or nationality under this sub-
10 section as is provided under clauses (i) and (ii) of section
11 1137(d)(4)(A) to an individual for the submittal to the
12 State of evidence indicating a satisfactory immigration sta-
13 tus.”.

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

16 (A) CLARIFICATION OF RULES.—Section
17 1903(x) (42 U.S.C. 1396b(x)), as amended by
18 paragraph (2), is amended—

19 (i) in paragraph (2)—

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

22 (II) by redesignating subpara-
23 graph (D) as subparagraph (E); and

1 (III) by inserting after subpara-
2 graph (C) the following new subpara-
3 graph:

4 “(D) pursuant to the application of section
5 1902(e)(4) (and, in the case of an individual who is
6 eligible for medical assistance on such basis, the indi-
7 vidual shall be deemed to have provided satisfactory
8 documentary evidence of citizenship or nationality
9 and shall not be required to provide further documen-
10 tary evidence on any date that occurs during or after
11 the period in which the individual is eligible for med-
12 ical assistance on such basis); or”;

13 (ii) by adding at the end the following
14 new paragraph:

15 “(5) Nothing in subparagraph (A) or (B) of section
16 1902(a)(46), the preceding paragraphs of this subsection,
17 or the Deficit Reduction Act of 2005, including section 6036
18 of such Act, shall be construed as changing the requirement
19 of section 1902(e)(4) that a child born in the United States
20 to an alien mother for whom medical assistance for the de-
21 livery of such child is available as treatment of an emer-
22 gency medical condition pursuant to subsection (v) shall be
23 deemed eligible for medical assistance during the first year
24 of such child’s life.”.

1 (B) *STATE REQUIREMENT TO ISSUE SEPA-*
2 *RATE IDENTIFICATION NUMBER.*—Section
3 1902(e)(4) (42 U.S.C. 1396a(e)(4)) is amended
4 by adding at the end the following new sentence:
5 “Notwithstanding the preceding sentence, in the
6 case of a child who is born in the United States
7 to an alien mother for whom medical assistance
8 for the delivery of the child is made available
9 pursuant to section 1903(v), the State imme-
10 diately shall issue a separate identification num-
11 ber for the child upon notification by the facility
12 at which such delivery occurred of the child’s
13 birth.”.

14 (4) *TECHNICAL AMENDMENTS.*—Section
15 1903(x)(2) (42 U.S.C. 1396b(x)) is amended—

16 (A) in subparagraph (B)—

17 (i) by realigning the left margin of the
18 matter preceding clause (i) 2 ems to the left;
19 and

20 (ii) by realigning the left margins of
21 clauses (i) and (ii), respectively, 2 ems to
22 the left; and

23 (B) in subparagraph (C)—

- 1 (i) by realigning the left margin of the
2 matter preceding clause (i) 2 ems to the left;
3 and
4 (ii) by realigning the left margins of
5 clauses (i) and (ii), respectively, 2 ems to
6 the left.

7 (c) *APPLICATION OF DOCUMENTATION SYSTEM TO*
8 *CHIP.*—

9 (1) *IN GENERAL.*—Section 2105(c) (42 U.S.C.
10 1397ee(c)), as amended by section 110(a), is amended
11 by adding at the end the following new paragraph:

12 “(9) *CITIZENSHIP DOCUMENTATION REQUIRE-*
13 *MENTS.*—

14 “(A) *IN GENERAL.*—No payment may be
15 made under this section with respect to an indi-
16 vidual who has, or is, declared to be a citizen or
17 national of the United States for purposes of es-
18 tablishing eligibility under this title unless the
19 State meets the requirements of section
20 1902(a)(46)(B) with respect to the individual.

21 “(B) *ENHANCED PAYMENTS.*—Notwith-
22 standing subsection (b), the enhanced *FMAP*
23 with respect to payments under subsection (a)
24 for expenditures described in clause (i) or (ii) of
25 section 1903(a)(3)(F) necessary to comply with

1 *subparagraph (A) shall in no event be less than*
 2 *90 percent and 75 percent, respectively.”.*

3 *(2) NONAPPLICATION OF ADMINISTRATIVE EX-*
 4 *PENDITURES CAP.—Section 2105(c)(2)(C) (42 U.S.C.*
 5 *1397ee(c)(2)(C)), as amended by section 202(b), is*
 6 *amended by adding at the end the following:*

7 *“(iii) EXPENDITURES TO COMPLY*
 8 *WITH CITIZENSHIP OR NATIONALITY*
 9 *VERIFICATION REQUIREMENTS.—Expendi-*
 10 *tures necessary for the State to comply with*
 11 *paragraph (9)(A).”.*

12 *(d) EFFECTIVE DATE.—*

13 *(1) IN GENERAL.—*

14 *(A) IN GENERAL.—Except as provided in*
 15 *subparagraph (B), the amendments made by this*
 16 *section shall take effect on October 1, 2008.*

17 *(B) TECHNICAL AMENDMENTS.—The*
 18 *amendments made by—*

19 *(i) paragraphs (1), (2), and (3) of sub-*
 20 *section (b) shall take effect as if included in*
 21 *the enactment of section 6036 of the Deficit*
 22 *Reduction Act of 2005 (Public Law 109–*
 23 *171; 120 Stat. 80); and*

24 *(ii) paragraph (4) of subsection (b)*
 25 *shall take effect as if included in the enact-*

1 *ment of section 405 of division B of the Tax*
2 *Relief and Health Care Act of 2006 (Public*
3 *Law 109–432; 120 Stat. 2996).*

4 (2) *RESTORATION OF ELIGIBILITY.—In the case*
5 *of an individual who, during the period that began*
6 *on July 1, 2006, and ends on October 1, 2008, was*
7 *determined to be ineligible for medical assistance*
8 *under a State Medicaid plan, including any waiver*
9 *of such plan, solely as a result of the application of*
10 *subsections (i)(22) and (x) of section 1903 of the So-*
11 *cial Security Act (as in effect during such period),*
12 *but who would have been determined eligible for such*
13 *assistance if such subsections, as amended by sub-*
14 *section (b), had applied to the individual, a State*
15 *may deem the individual to be eligible for such assist-*
16 *ance as of the date that the individual was deter-*
17 *mined to be ineligible for such medical assistance on*
18 *such basis.*

19 (3) *SPECIAL TRANSITION RULE FOR INDIANS.—*
20 *During the period that begins on July 1, 2006, and*
21 *ends on the effective date of final regulations issued*
22 *under subclause (II) of section 1903(x)(3)(B)(v) of the*
23 *Social Security Act (42 U.S.C. 1396b(x)(3)(B)(v)) (as*
24 *added by subsection (b)(1)(B)), an individual who is*
25 *a member of a federally-recognized Indian tribe de-*

1 *scribed in subclause (II) of that section who presents*
2 *a document described in subclause (I) of such section*
3 *that is issued by such Indian tribe, shall be deemed*
4 *to have presented satisfactory evidence of citizenship*
5 *or nationality for purposes of satisfying the require-*
6 *ment of subsection (x) of section 1903 of such Act.*

7 **SEC. 302. REDUCING ADMINISTRATIVE BARRIERS TO EN-**
8 **ROLLMENT.**

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

10 *(1) by redesignating paragraph (4) as para-*
11 *graph (5); and*

12 *(2) by inserting after paragraph (3) the fol-*
13 *lowing new paragraph:*

14 *“(4) REDUCTION OF ADMINISTRATIVE BARRIERS*
15 *TO ENROLLMENT.—*

16 *“(A) IN GENERAL.—Subject to subpara-*
17 *graph (B), the plan shall include a description*
18 *of the procedures used to reduce administrative*
19 *barriers to the enrollment of children and preg-*
20 *nant women who are eligible for medical assist-*
21 *ance under title XIX or for child health assist-*
22 *ance or health benefits coverage under this title.*
23 *Such procedures shall be established and revised*
24 *as often as the State determines appropriate to*

1 *take into account the most recent information*
 2 *available to the State identifying such barriers.*

3 “(B) *DEEMED COMPLIANCE IF JOINT APPLI-*
 4 *CATION AND RENEWAL PROCESS THAT PERMITS*
 5 *APPLICATION OTHER THAN IN PERSON.—A State*
 6 *shall be deemed to comply with subparagraph*
 7 *(A) if the State’s application and renewal forms*
 8 *and supplemental forms (if any) and informa-*
 9 *tion verification process is the same for purposes*
 10 *of establishing and renewing eligibility for chil-*
 11 *dren and pregnant women for medical assistance*
 12 *under title XIX and child health assistance*
 13 *under this title, and such process does not re-*
 14 *quire an application to be made in person or a*
 15 *face-to-face interview.”.*

16 ***TITLE IV—REDUCING BARRIERS***
 17 ***TO PROVIDING PREMIUM AS-***
 18 ***SISTANCE***

19 ***Subtitle A—Additional State Option***
 20 ***for Providing Premium Assistance***

21 ***SEC. 401. ADDITIONAL STATE OPTION FOR PROVIDING PRE-***
 22 ***MIUM ASSISTANCE.***

23 (a) *IN GENERAL.—Section 2105(c) (42 U.S.C.*
 24 *1397ee(c)), as amended by section 301(c), is amended by*
 25 *adding at the end the following:*

1 “(10) *STATE OPTION TO OFFER PREMIUM AS-*
2 *SISTANCE.—*—

3 “(A) *IN GENERAL.—Subject to the suc-*
4 *ceeding provisions of this paragraph, a State*
5 *may elect to offer a premium assistance subsidy*
6 *(as defined in subparagraph (C)) for qualified*
7 *employer-sponsored coverage (as defined in sub-*
8 *paragraph (B)) to all targeted low-income chil-*
9 *dren who are eligible for child health assistance*
10 *under the plan and have access to such coverage*
11 *in accordance with the requirements of this*
12 *paragraph.*

13 “(B) *QUALIFIED EMPLOYER-SPONSORED*
14 *COVERAGE.—*

15 “(i) *IN GENERAL.—Subject to clauses*
16 *(ii) and (iii), in this paragraph, the term*
17 *‘qualified employer-sponsored coverage’*
18 *means a group health plan or health insur-*
19 *ance coverage offered through an*
20 *employer—*

21 *“(I) that qualifies as creditable*
22 *coverage as a group health plan under*
23 *section 2701(c)(1) of the Public Health*
24 *Service Act;*

1 “(II) for which the employer con-
2 tribution toward any premium for
3 such coverage is at least 40 percent;
4 and

5 “(III) to all individuals in a
6 manner that would be considered a
7 nondiscriminatory eligibility classi-
8 fication for purposes of paragraph
9 (3)(A)(ii) of section 105(h) of the In-
10 ternal Revenue Code of 1986 (but de-
11 termined without regard to clause (i)
12 of subparagraph (B) of such para-
13 graph).

14 “(ii) *EXCEPTION*.—Such term does not
15 include coverage consisting of—

16 “(I) benefits provided under a
17 health flexible spending arrangement
18 (as defined in section 106(c)(2) of the
19 Internal Revenue Code of 1986); or

20 “(II) a high deductible health
21 plan (as defined in section 223(c)(2) of
22 such Code) purchased in conjunction
23 with a health savings account (as de-
24 fined under section 223(d) of such
25 Code).

1 “(iii) *COST-EFFECTIVENESS ALTERNATIVE TO REQUIRED EMPLOYER CONTRIBUTION.*—A group health plan or health insurance coverage offered through an employer that would be considered qualified employer-sponsored coverage but for the application of clause (i)(II) may be deemed to satisfy the requirement of such clause if either of the following applies:

10 “(I) *APPLICATION OF CHILD-BASED OR FAMILY-BASED TEST.*—The State establishes to the satisfaction of the Secretary that the cost of such coverage is less than the expenditures that the State would have made to enroll the child or the family (as applicable) in the State child health plan.

18 “(II) *AGGREGATE PROGRAM OPERATIONAL COSTS DO NOT EXCEED THE COST OF PROVIDING COVERAGE UNDER THE STATE CHILD HEALTH PLAN.*—If subclause (I) does not apply, the State establishes to the satisfaction of the Secretary that the aggregate amount of expenditures by the State

1 *for the purchase of all such coverage for*
2 *targeted low-income children under the*
3 *State child health plan (including ad-*
4 *ministrative expenditures) does not ex-*
5 *ceed the aggregate amount of expendi-*
6 *tures that the State would have made*
7 *for providing coverage under the State*
8 *child health plan for all such children.*

9 “(C) *PREMIUM ASSISTANCE SUBSIDY.—*

10 “(i) *IN GENERAL.—In this paragraph,*
11 *the term ‘premium assistance subsidy’*
12 *means, with respect to a targeted low-in-*
13 *come child, the amount equal to the dif-*
14 *ference between the employee contribution*
15 *required for enrollment only of the employee*
16 *under qualified employer-sponsored coverage*
17 *and the employee contribution required for*
18 *enrollment of the employee and the child in*
19 *such coverage, less any applicable premium*
20 *cost-sharing applied under the State child*
21 *health plan (subject to the limitations im-*
22 *posed under section 2103(e), including the*
23 *requirement to count the total amount of the*
24 *employee contribution required for enroll-*
25 *ment of the employee and the child in such*

1 *coverage toward the annual aggregate cost-*
2 *sharing limit applied under paragraph*
3 *(3)(B) of such section).*

4 “(ii) *STATE PAYMENT OPTION.*—A
5 *State may provide a premium assistance*
6 *subsidy either as reimbursement to an em-*
7 *ployee for out-of-pocket expenditures or, sub-*
8 *ject to clause (iii), directly to the employee’s*
9 *employer.*

10 “(iii) *EMPLOYER OPT-OUT.*—An em-
11 *ployer may notify a State that it elects to*
12 *opt-out of being directly paid a premium*
13 *assistance subsidy on behalf of an employee.*
14 *In the event of such a notification, an em-*
15 *ployer shall withhold the total amount of*
16 *the employee contribution required for en-*
17 *rollment of the employee and the child in*
18 *the qualified employer-sponsored coverage*
19 *and the State shall pay the premium assist-*
20 *ance subsidy directly to the employee.*

21 “(iv) *TREATMENT AS CHILD HEALTH*
22 *ASSISTANCE.*—*Expenditures for the provi-*
23 *sion of premium assistance subsidies shall*
24 *be considered child health assistance de-*
25 *scribed in paragraph (1)(C) of subsection*

1 (a) *for purposes of making payments under*
2 *that subsection.*

3 “(D) *APPLICATION OF SECONDARY PAYOR*
4 *RULES.—The State shall be a secondary payor*
5 *for any items or services provided under the*
6 *qualified employer-sponsored coverage for which*
7 *the State provides child health assistance under*
8 *the State child health plan.*

9 “(E) *REQUIREMENT TO PROVIDE SUPPLE-*
10 *MENTAL COVERAGE FOR BENEFITS AND COST-*
11 *SHARING PROTECTION PROVIDED UNDER THE*
12 *STATE CHILD HEALTH PLAN.—*

13 “(i) *IN GENERAL.—Notwithstanding*
14 *section 2110(b)(1)(C), the State shall pro-*
15 *vide for each targeted low-income child en-*
16 *rolled in qualified employer-sponsored cov-*
17 *erage, supplemental coverage consisting of—*

18 “(I) *items or services that are not*
19 *covered, or are only partially covered,*
20 *under the qualified employer-sponsored*
21 *coverage; and*

22 “(II) *cost-sharing protection con-*
23 *sistent with section 2103(e).*

24 “(ii) *RECORD KEEPING REQUIRE-*
25 *MENTS.—For purposes of carrying out*

1 *clause (i), a State may elect to directly pay*
2 *out-of-pocket expenditures for cost-sharing*
3 *imposed under the qualified employer-spon-*
4 *sored coverage and collect or not collect all*
5 *or any portion of such expenditures from*
6 *the parent of the child.*

7 “(F) *APPLICATION OF WAITING PERIOD IM-*
8 *POSED UNDER THE STATE.—Any waiting period*
9 *imposed under the State child health plan prior*
10 *to the provision of child health assistance to a*
11 *targeted low-income child under the State plan*
12 *shall apply to the same extent to the provision*
13 *of a premium assistance subsidy for the child*
14 *under this paragraph.*

15 “(G) *OPT-OUT PERMITTED FOR ANY*
16 *MONTH.—A State shall establish a process for*
17 *permitting the parent of a targeted low-income*
18 *child receiving a premium assistance subsidy to*
19 *disenroll the child from the qualified employer-*
20 *sponsored coverage and enroll the child in, and*
21 *receive child health assistance under, the State*
22 *child health plan, effective on the first day of*
23 *any month for which the child is eligible for such*
24 *assistance and in a manner that ensures con-*
25 *tinuity of coverage for the child.*

1 “(H) *APPLICATION TO PARENTS.*—If a
2 State provides child health assistance or health
3 benefits coverage to parents of a targeted low-in-
4 come child in accordance with section 2111(b),
5 the State may elect to offer a premium assistance
6 subsidy to a parent of a targeted low-income
7 child who is eligible for such a subsidy under
8 this paragraph in the same manner as the State
9 offers such a subsidy for the enrollment of the
10 child in qualified employer-sponsored coverage,
11 except that—

12 “(i) the amount of the premium assist-
13 ance subsidy shall be increased to take into
14 account the cost of the enrollment of the
15 parent in the qualified employer-sponsored
16 coverage or, at the option of the State if the
17 State determines it cost-effective, the cost of
18 the enrollment of the child’s family in such
19 coverage; and

20 “(ii) any reference in this paragraph
21 to a child is deemed to include a reference
22 to the parent or, if applicable under clause
23 (i), the family of the child.

24 “(I) *ADDITIONAL STATE OPTION FOR PRO-*
25 *VIDING PREMIUM ASSISTANCE.*—

1 “(i) *IN GENERAL.*—A State may estab-
2 lish an employer-family premium assistance
3 purchasing pool for employers with less
4 than 250 employees who have at least 1 em-
5 ployee who is a pregnant woman eligible for
6 assistance under the State child health plan
7 (including through the application of an
8 option described in section 2112(f)) or a
9 member of a family with at least 1 targeted
10 low-income child and to provide a premium
11 assistance subsidy under this paragraph for
12 enrollment in coverage made available
13 through such pool.

14 “(ii) *ACCESS TO CHOICE OF COV-*
15 *ERAGE.*—A State that elects the option
16 under clause (i) shall identify and offer ac-
17 cess to not less than 2 private health plans
18 that are health benefits coverage that is
19 equivalent to the benefits coverage in a
20 benchmark benefit package described in sec-
21 tion 2103(b) or benchmark-equivalent cov-
22 erage that meets the requirements of section
23 2103(a)(2) for employees described in clause
24 (i).

1 “(J) *NO EFFECT ON PREMIUM ASSISTANCE*
2 *WAIVER PROGRAMS.*—*Nothing in this paragraph*
3 *shall be construed as limiting the authority of a*
4 *State to offer premium assistance under section*
5 *1906, a waiver described in paragraph (2)(B) or*
6 *(3), a waiver approved under section 1115, or*
7 *other authority in effect prior to the date of en-*
8 *actment of the Children’s Health Insurance Pro-*
9 *gram Reauthorization Act of 2007.*

10 “(K) *NOTICE OF AVAILABILITY.*—*If a State*
11 *elects to provide premium assistance subsidies in*
12 *accordance with this paragraph, the State*
13 *shall—*

14 “(i) *include on any application or en-*
15 *rollment form for child health assistance a*
16 *notice of the availability of premium assist-*
17 *ance subsidies for the enrollment of targeted*
18 *low-income children in qualified employer-*
19 *sponsored coverage;*

20 “(ii) *provide, as part of the applica-*
21 *tion and enrollment process under the State*
22 *child health plan, information describing*
23 *the availability of such subsidies and how to*
24 *elect to obtain such a subsidy; and*

1 “(iii) establish such other procedures as
2 the State determines necessary to ensure
3 that parents are fully informed of the
4 choices for receiving child health assistance
5 under the State child health plan or through
6 the receipt of premium assistance subsidies.

7 “(L) APPLICATION TO QUALIFIED EM-
8 PLOYER-SPONSORED BENCHMARK COVERAGE.—If
9 a group health plan or health insurance coverage
10 offered through an employer is certified by an
11 actuary as health benefits coverage that is equiv-
12 alent to the benefits coverage in a benchmark
13 benefit package described in section 2103(b) or
14 benchmark-equivalent coverage that meets the re-
15 quirements of section 2103(a)(2), the State may
16 provide premium assistance subsidies for enroll-
17 ment of targeted low-income children in such
18 group health plan or health insurance coverage
19 in the same manner as such subsidies are pro-
20 vided under this paragraph for enrollment in
21 qualified employer-sponsored coverage, but with-
22 out regard to the requirement to provide supple-
23 mental coverage for benefits and cost-sharing
24 protection provided under the State child health
25 plan under subparagraph (E).”.

1 (b) *APPLICATION TO MEDICAID.*—Section 1906 (42
2 *U.S.C. 1396e*) is amended by inserting after subsection (c)
3 *the following:*

4 “(d) *A State may elect to offer a premium assistance*
5 *subsidy (as defined in section 2105(c)(10)(C)) for qualified*
6 *employer-sponsored coverage (as defined in section*
7 *2105(c)(10)(B)) to a child who is eligible for medical assist-*
8 *ance under the State plan under this title, to the parent*
9 *of such a child, and to a pregnant woman, in the same*
10 *manner as such a subsidy for such coverage may be offered*
11 *under a State child health plan under title XXI in accord-*
12 *ance with section 2105(c)(10) (except that subparagraph*
13 *(E)(i)(II) of such section shall be applied by substituting*
14 *‘1916 or, if applicable, 1916A’ for ‘2103(e)’.*”

15 (c) *GAO STUDY AND REPORT.*—Not later than Janu-
16 *ary 1, 2009, the Comptroller General of the United States*
17 *shall study cost and coverage issues relating to any State*
18 *premium assistance programs for which Federal matching*
19 *payments are made under title XIX or XXI of the Social*
20 *Security Act, including under waiver authority, and shall*
21 *submit a report to the appropriate committees of Congress*
22 *on the results of such study.*

1 **SEC. 402. OUTREACH, EDUCATION, AND ENROLLMENT AS-**
2 **SISTANCE.**

3 (a) *REQUIREMENT TO INCLUDE DESCRIPTION OF*
4 *OUTREACH, EDUCATION, AND ENROLLMENT EFFORTS RE-*
5 *LATED TO PREMIUM ASSISTANCE SUBSIDIES IN STATE*
6 *CHILD HEALTH PLAN.*—Section 2102(c) (42 U.S.C.
7 1397bb(c)) is amended by adding at the end the following
8 new paragraph:

9 “(3) *PREMIUM ASSISTANCE SUBSIDIES.*—Out-
10 reach, education, and enrollment assistance for fami-
11 lies of children likely to be eligible for premium as-
12 sistance subsidies under the State child health plan in
13 accordance with paragraphs (2)(B), (3), or (10) of
14 section 2105(c), or a waiver approved under section
15 1115, to inform such families of the availability of,
16 and to assist them in enrolling their children in, such
17 subsidies, and for employers likely to provide coverage
18 that is eligible for such subsidies, including the spe-
19 cific, significant resources the State intends to apply
20 to educate employers about the availability of pre-
21 mium assistance subsidies under the State child
22 health plan.”.

23 (b) *NONAPPLICATION OF 10 PERCENT LIMIT ON OUT-*
24 *REACH AND CERTAIN OTHER EXPENDITURES.*—Section
25 2105(c)(2)(C) (42 U.S.C. 1397ee(c)(2)(C)), as amended by

1 *section 301(c)(2), is amended by adding at the end the fol-*
2 *lowing new clause:*

3 “(iv) *EXPENDITURES FOR OUTREACH*
4 *TO INCREASE THE ENROLLMENT OF CHIL-*
5 *DREN UNDER THIS TITLE AND TITLE XIX*
6 *THROUGH PREMIUM ASSISTANCE SUB-*
7 *SIDIES.—Expenditures for outreach activi-*
8 *ties to families of children likely to be eligi-*
9 *ble for premium assistance subsidies in ac-*
10 *cordance with paragraphs (2)(B), (3), or*
11 *(10), or a waiver approved under section*
12 *1115, to inform such families of the avail-*
13 *ability of, and to assist them in enrolling*
14 *their children in, such subsidies, and to em-*
15 *ployers likely to provide qualified employer-*
16 *sponsored coverage (as defined in subpara-*
17 *graph (B) of such paragraph).”.*

1 ***Subtitle B—Coordinating Premium***
 2 ***Assistance With Private Coverage***

3 ***SEC. 411. SPECIAL ENROLLMENT PERIOD UNDER GROUP***
 4 ***HEALTH PLANS IN CASE OF TERMINATION OF***
 5 ***MEDICAID OR CHIP COVERAGE OR ELIGI-***
 6 ***BILITY FOR ASSISTANCE IN PURCHASE OF***
 7 ***EMPLOYMENT-BASED COVERAGE; COORDINA-***
 8 ***TION OF COVERAGE.***

9 *(a) AMENDMENTS TO INTERNAL REVENUE CODE OF*
 10 *1986.—Section 9801(f) of the Internal Revenue Code of*
 11 *1986 (relating to special enrollment periods) is amended*
 12 *by adding at the end the following new paragraph:*

13 *“(3) SPECIAL RULES RELATING TO MEDICAID*
 14 *AND CHIP.—*

15 *“(A) IN GENERAL.—A group health plan*
 16 *shall permit an employee who is eligible, but not*
 17 *enrolled, for coverage under the terms of the plan*
 18 *(or a dependent of such an employee if the de-*
 19 *pendent is eligible, but not enrolled, for coverage*
 20 *under such terms) to enroll for coverage under*
 21 *the terms of the plan if either of the following*
 22 *conditions is met:*

23 *“(i) TERMINATION OF MEDICAID OR*
 24 *CHIP COVERAGE.—The employee or depend-*
 25 *ent is covered under a Medicaid plan under*

1 *title XIX of the Social Security Act or*
2 *under a State child health plan under title*
3 *XXI of such Act and coverage of the em-*
4 *ployee or dependent under such a plan is*
5 *terminated as a result of loss of eligibility*
6 *for such coverage and the employee requests*
7 *coverage under the group health plan not*
8 *later than 60 days after the date of termi-*
9 *nation of such coverage.*

10 “(i) *ELIGIBILITY FOR EMPLOYMENT*
11 *ASSISTANCE UNDER MEDICAID OR CHIP.—*
12 *The employee or dependent becomes eligible*
13 *for assistance, with respect to coverage*
14 *under the group health plan under such*
15 *Medicaid plan or State child health plan*
16 *(including under any waiver or demonstra-*
17 *tion project conducted under or in relation*
18 *to such a plan), if the employee requests*
19 *coverage under the group health plan not*
20 *later than 60 days after the date the em-*
21 *ployee or dependent is determined to be eli-*
22 *gible for such assistance.*

23 “(B) *EMPLOYEE OUTREACH AND DISCLO-*
24 *SURE.—*

1 “(i) *OUTREACH TO EMPLOYEES RE-*
2 *GARDING AVAILABILITY OF MEDICAID AND*
3 *CHIP COVERAGE.—*

4 “(I) *IN GENERAL.—Each em-*
5 *ployer that maintains a group health*
6 *plan in a State that provides medical*
7 *assistance under a State Medicaid*
8 *plan under title XIX of the Social Se-*
9 *curity Act, or child health assistance*
10 *under a State child health plan under*
11 *title XXI of such Act, in the form of*
12 *premium assistance for the purchase of*
13 *coverage under a group health plan,*
14 *shall provide to each employee a writ-*
15 *ten notice informing the employee of*
16 *potential opportunities then currently*
17 *available in the State in which the em-*
18 *ployee resides for premium assistance*
19 *under such plans for health coverage of*
20 *the employee or the employee’s depend-*
21 *ents. For purposes of compliance with*
22 *this clause, the employer may use any*
23 *State-specific model notice developed in*
24 *accordance with section*
25 *701(f)(3)(B)(i)(II) of the Employee Re-*

1 *irement Income Security Act of 1974*
2 *(29 U.S.C. 1181(f)(3)(B)(i)(II)).*

3 “(II) *OPTION TO PROVIDE CON-*
4 *CURRENT WITH PROVISION OF SUM-*
5 *MARY PLAN DESCRIPTION.—An em-*
6 *ployer may provide the model notice*
7 *applicable to the State in which an*
8 *employee resides concurrent with the*
9 *furnishing of the summary plan de-*
10 *scription as provided in section 104(b)*
11 *of the Employee Retirement Income*
12 *Security Act of 1974 (29 U.S.C. 1024).*

13 “(i) *DISCLOSURE ABOUT GROUP*
14 *HEALTH PLAN BENEFITS TO STATES FOR*
15 *MEDICAID AND CHIP ELIGIBLE INDIVID-*
16 *UALS.—In the case of a participant or bene-*
17 *ficiary of a group health plan who is cov-*
18 *ered under a Medicaid plan of a State*
19 *under title XIX of the Social Security Act*
20 *or under a State child health plan under*
21 *title XXI of such Act, the plan adminis-*
22 *trator of the group health plan shall disclose*
23 *to the State, upon request, information*
24 *about the benefits available under the group*
25 *health plan in sufficient specificity, as de-*

1 *terminated under regulations of the Secretary*
2 *of Health and Human Services in consulta-*
3 *tion with the Secretary that require use of*
4 *the model coverage coordination disclosure*
5 *form developed under section 411(b)(1)(C)*
6 *of the Children’s Health Insurance Program*
7 *Reauthorization Act of 2007, so as to per-*
8 *mit the State to make a determination*
9 *(under paragraph (2)(B), (3), or (10) of*
10 *section 2105(c) of the Social Security Act or*
11 *otherwise) concerning the cost-effectiveness*
12 *of the State providing medical or child*
13 *health assistance through premium assist-*
14 *ance for the purchase of coverage under such*
15 *group health plan and in order for the*
16 *State to provide supplemental benefits re-*
17 *quired under paragraph (10)(E) of such sec-*
18 *tion or other authority.”.*

19 **(b) CONFORMING AMENDMENTS.—**

20 **(1) AMENDMENTS TO EMPLOYEE RETIREMENT**
21 **INCOME SECURITY ACT.—**

22 **(A) IN GENERAL.—***Section 701(f) of the*
23 *Employee Retirement Income Security Act of*
24 *1974 (29 U.S.C. 1181(f)) is amended by adding*
25 *at the end the following new paragraph:*

1 “(3) *SPECIAL RULES FOR APPLICATION IN CASE*
2 *OF MEDICAID AND CHIP.*—

3 “(A) *IN GENERAL.*—*A group health plan,*
4 *and a health insurance issuer offering group*
5 *health insurance coverage in connection with a*
6 *group health plan, shall permit an employee who*
7 *is eligible, but not enrolled, for coverage under*
8 *the terms of the plan (or a dependent of such an*
9 *employee if the dependent is eligible, but not en-*
10 *rolled, for coverage under such terms) to enroll*
11 *for coverage under the terms of the plan if either*
12 *of the following conditions is met:*

13 “(i) *TERMINATION OF MEDICAID OR*
14 *CHIP COVERAGE.*—*The employee or depend-*
15 *ent is covered under a Medicaid plan under*
16 *title XIX of the Social Security Act or*
17 *under a State child health plan under title*
18 *XXI of such Act and coverage of the em-*
19 *ployee or dependent under such a plan is*
20 *terminated as a result of loss of eligibility*
21 *for such coverage and the employee requests*
22 *coverage under the group health plan (or*
23 *health insurance coverage) not later than 60*
24 *days after the date of termination of such*
25 *coverage.*

1 “(i) *ELIGIBILITY FOR EMPLOYMENT*

2 *ASSISTANCE UNDER MEDICAID OR CHIP.—*

3 *The employee or dependent becomes eligible*
4 *for assistance, with respect to coverage*
5 *under the group health plan or health in-*
6 *surance coverage, under such Medicaid plan*
7 *or State child health plan (including under*
8 *any waiver or demonstration project con-*
9 *ducted under or in relation to such a plan),*
10 *if the employee requests coverage under the*
11 *group health plan or health insurance cov-*
12 *erage not later than 60 days after the date*
13 *the employee or dependent is determined to*
14 *be eligible for such assistance.*

15 “(B) *COORDINATION WITH MEDICAID AND*
16 *CHIP.—*

17 “(i) *OUTREACH TO EMPLOYEES RE-*
18 *GARDING AVAILABILITY OF MEDICAID AND*
19 *CHIP COVERAGE.—*

20 “(I) *IN GENERAL.—Each em-*
21 *ployer that maintains a group health*
22 *plan in a State that provides medical*
23 *assistance under a State Medicaid*
24 *plan under title XIX of the Social Se-*
25 *curity Act, or child health assistance*

1 *under a State child health plan under*
2 *title XXI of such Act, in the form of*
3 *premium assistance for the purchase of*
4 *coverage under a group health plan,*
5 *shall provide to each employee a writ-*
6 *ten notice informing the employee of*
7 *potential opportunities then currently*
8 *available in the State in which the em-*
9 *ployee resides for premium assistance*
10 *under such plans for health coverage of*
11 *the employee or the employee's depend-*
12 *ents.*

13 “(II) *MODEL NOTICE.*—*Not later*
14 *than 1 year after the date of enactment*
15 *of the Children’s Health Insurance*
16 *Program Reauthorization Act of 2007,*
17 *the Secretary and the Secretary of*
18 *Health and Human Services, in con-*
19 *sultation with Directors of State Med-*
20 *icaid agencies under title XIX of the*
21 *Social Security Act and Directors of*
22 *State CHIP agencies under title XXI*
23 *of such Act, shall jointly develop na-*
24 *tional and State-specific model notices*
25 *for purposes of subparagraph (A). The*

1 *Secretary shall provide employers with*
2 *such model notices so as to enable em-*
3 *ployers to timely comply with the re-*
4 *quirements of subparagraph (A). Such*
5 *model notices shall include information*
6 *regarding how an employee may con-*
7 *tact the State in which the employee*
8 *resides for additional information re-*
9 *garding potential opportunities for*
10 *such premium assistance, including*
11 *how to apply for such assistance.*

12 *“(III) OPTION TO PROVIDE CON-*
13 *CURRENT WITH PROVISION OF SUM-*
14 *MARY PLAN DESCRIPTION.—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 the summary plan de-*
19 *scription as provided in section 104(b).*

20 *“(ii) DISCLOSURE ABOUT GROUP*
21 *HEALTH PLAN BENEFITS TO STATES FOR*
22 *MEDICAID AND CHIP ELIGIBLE INDIVID-*
23 *UALS.—In the case of a participant or bene-*
24 *ficiary of a group health plan who is cov-*
25 *ered under a Medicaid plan of a State*

1 *under title XIX of the Social Security Act*
2 *or under a State child health plan under*
3 *title XXI of such Act, the plan adminis-*
4 *trator of the group health plan shall disclose*
5 *to the State, upon request, information*
6 *about the benefits available under the group*
7 *health plan in sufficient specificity, as de-*
8 *termined under regulations of the Secretary*
9 *of Health and Human Services in consulta-*
10 *tion with the Secretary that require use of*
11 *the model coverage coordination disclosure*
12 *form developed under section 411(b)(1)(C)*
13 *of the Children’s Health Insurance Program*
14 *Reauthorization Act of 2007, so as to per-*
15 *mit the State to make a determination*
16 *(under paragraph (2)(B), (3), or (10) of*
17 *section 2105(c) of the Social Security Act or*
18 *otherwise) concerning the cost-effectiveness*
19 *of the State providing medical or child*
20 *health assistance through premium assist-*
21 *ance for the purchase of coverage under such*
22 *group health plan and in order for the*
23 *State to provide supplemental benefits re-*
24 *quired under paragraph (10)(E) of such sec-*
25 *tion or other authority.”.*

1 (B) *CONFORMING AMENDMENT.*—Section
2 102(b) of the *Employee Retirement Income Security*
3 *Act of 1974* (29 U.S.C. 1022(b)) is
4 amended—

5 (i) by striking “and the remedies” and
6 inserting “, the remedies”; and

7 (ii) by inserting before the period the
8 following: “, and if the employer so elects
9 for purposes of complying with section
10 701(f)(3)(B)(i), the model notice applicable
11 to the State in which the participants and
12 beneficiaries reside”.

13 (C) *WORKING GROUP TO DEVELOP MODEL*
14 *COVERAGE COORDINATION DISCLOSURE FORM.*—

15 (i) *MEDICAID, CHIP, AND EMPLOYER-*
16 *SPONSORED COVERAGE COORDINATION*
17 *WORKING GROUP.*—

18 (I) *IN GENERAL.*—Not later than
19 60 days after the date of enactment of
20 this Act, the Secretary of Health and
21 Human Services and the Secretary of
22 Labor shall jointly establish a *Med-*
23 *icaid, CHIP, and Employer-Sponsored*
24 *Coverage Coordination Working Group*
25 (in this subparagraph referred to as

1 *State plan under title XIX or XXI of*
2 *such Act and to allow for coordination*
3 *of coverage for enrollees of such plans.*
4 *Such form shall provide the following*
5 *information in addition to such other*
6 *information as the Working Group de-*
7 *termines appropriate:*

8 *(aa) A determination of*
9 *whether the employee is eligible*
10 *for coverage under the group*
11 *health plan.*

12 *(bb) The name and contract*
13 *information of the plan adminis-*
14 *trator of the group health plan.*

15 *(cc) The benefits offered*
16 *under the plan.*

17 *(dd) The premiums and cost-*
18 *sharing required under the plan.*

19 *(ee) Any other information*
20 *relevant to coverage under the*
21 *plan.*

22 *(ii) MEMBERSHIP.—The Working*
23 *Group shall consist of not more than 30*
24 *members and shall be composed of rep-*
25 *resentatives of—*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

(I) the Department of Labor;

*(II) the Department of Health
and Human Services;*

*(III) State directors of the Med-
icaid program under title XIX of the
Social Security Act;*

*(IV) State directors of the State
Children's Health Insurance Program
under title XXI of the Social Security
Act;*

*(V) employers, including owners
of small businesses and their trade or
industry representatives and certified
human resource and payroll profes-
sionals;*

*(VI) plan administrators and
plan sponsors of group health plans (as
defined in section 607(1) of the Em-
ployee Retirement Income Security Act
of 1974);*

*(VII) health insurance issuers;
and*

*(VIII) children and other bene-
ficiaries of medical assistance under
title XIX of the Social Security Act or*

1 *child health assistance or other health*
2 *benefits coverage under title XXI of*
3 *such Act.*

4 *(iii) COMPENSATION.—The members of*
5 *the Working Group shall serve without com-*
6 *ensation.*

7 *(iv) ADMINISTRATIVE SUPPORT.—The*
8 *Department of Health and Human Services*
9 *and the Department of Labor shall jointly*
10 *provide appropriate administrative support*
11 *to the Working Group, including technical*
12 *assistance. The Working Group may use the*
13 *services and facilities of either such Depart-*
14 *ment, with or without reimbursement, as*
15 *jointly determined by such Departments.*

16 *(v) REPORT.—*

17 *(I) REPORT BY WORKING GROUP*
18 *TO THE SECRETARIES.—Not later than*
19 *18 months after the date of the enact-*
20 *ment of this Act, the Working Group*
21 *shall submit to the Secretary of Labor*
22 *and the Secretary of Health and*
23 *Human Services the model form de-*
24 *scribed in clause (i)(II) along with a*
25 *report containing recommendations for*

1 *appropriate measures to address the*
2 *impediments to the effective coordina-*
3 *tion of coverage between group health*
4 *plans and the State plans under titles*
5 *XIX and XXI of the Social Security*
6 *Act.*

7 *(II) REPORT BY SECRETARIES TO*
8 *THE CONGRESS.—Not later than 2*
9 *months after receipt of the report pur-*
10 *suant to subclause (I), the Secretaries*
11 *shall jointly submit a report to each*
12 *House of the Congress regarding the*
13 *recommendations contained in the re-*
14 *port under such subclause.*

15 *(vi) TERMINATION.—The Working*
16 *Group shall terminate 30 days after the*
17 *date of the issuance of its report under*
18 *clause (v).*

19 *(D) EFFECTIVE DATES.—The Secretary of*
20 *Labor and the Secretary of Health and Human*
21 *Services shall develop the initial model notices*
22 *under section 701(f)(3)(B)(i)(II) of the Employee*
23 *Retirement Income Security Act of 1974, and the*
24 *Secretary of Labor shall provide such notices to*
25 *employers, not later than the date that is 1 year*

1 *after the date of enactment of this Act, and each*
2 *employer shall provide the initial annual notices*
3 *to such employer’s employees beginning with the*
4 *first plan year that begins after the date on*
5 *which such initial model notices are first issued.*
6 *The model coverage coordination disclosure form*
7 *developed under subparagraph (C) shall apply*
8 *with respect to requests made by States begin-*
9 *ning with the first plan year that begins after*
10 *the date on which such model coverage coordina-*
11 *tion disclosure form is first issued.*

12 (E) *ENFORCEMENT.*—*Section 502 of the*
13 *Employee Retirement Income Security Act of*
14 *1974 (29 U.S.C. 1132) is amended—*

15 (i) *in subsection (a)(6), by striking “or*
16 (i) *in subsection (a)(6), by striking “or*
17 (ii) *in subsection (c), by redesignating*
18 (ii) *in subsection (c), by redesignating*
19 (ii) *in subsection (c), by redesignating*
20 (ii) *in subsection (c), by redesignating*
21 (ii) *in subsection (c), by redesignating*
22 (ii) *in subsection (c), by redesignating*
23 (ii) *in subsection (c), by redesignating*
24 (ii) *in subsection (c), by redesignating*
25 (ii) *in subsection (c), by redesignating*

15 (ii) *in subsection (c), by redesignating*
16 (ii) *in subsection (c), by redesignating*
17 (ii) *in subsection (c), by redesignating*
18 (ii) *in subsection (c), by redesignating*
19 (ii) *in subsection (c), by redesignating*
20 (ii) *in subsection (c), by redesignating*
21 (ii) *in subsection (c), by redesignating*
22 (ii) *in subsection (c), by redesignating*
23 (ii) *in subsection (c), by redesignating*
24 (ii) *in subsection (c), by redesignating*
25 (ii) *in subsection (c), by redesignating*

1 “(B) *The Secretary may assess a civil penalty against*
2 *any plan administrator of up to \$100 a day from the date*
3 *of the plan administrator’s failure to timely provide to any*
4 *State the information required to be disclosed under section*
5 *701(f)(3)(B)(ii). For purposes of this subparagraph, each*
6 *violation with respect to any single participant or bene-*
7 *ficiary shall be treated as a separate violation.”*

8 (2) *AMENDMENTS TO PUBLIC HEALTH SERVICE*
9 *ACT.—Section 2701(f) of the Public Health Service*
10 *Act (42 U.S.C. 300gg(f)) is amended by adding at the*
11 *end the following new paragraph:*

12 “(3) *SPECIAL RULES FOR APPLICATION IN CASE*
13 *OF MEDICAID AND CHIP.—*

14 “(A) *IN GENERAL.—A group health plan,*
15 *and a health insurance issuer offering group*
16 *health insurance coverage in connection with a*
17 *group health plan, shall permit an employee who*
18 *is eligible, but not enrolled, for coverage under*
19 *the terms of the plan (or a dependent of such an*
20 *employee if the dependent is eligible, but not en-*
21 *rolled, for coverage under such terms) to enroll*
22 *for coverage under the terms of the plan if either*
23 *of the following conditions is met:*

24 “(i) *TERMINATION OF MEDICAID OR*
25 *CHIP COVERAGE.—The employee or depend-*

1 *ent is covered under a Medicaid plan under*
2 *title XIX of the Social Security Act or*
3 *under a State child health plan under title*
4 *XXI of such Act and coverage of the em-*
5 *ployee or dependent under such a plan is*
6 *terminated as a result of loss of eligibility*
7 *for such coverage and the employee requests*
8 *coverage under the group health plan (or*
9 *health insurance coverage) not later than 60*
10 *days after the date of termination of such*
11 *coverage.*

12 “(ii) *ELIGIBILITY FOR EMPLOYMENT*
13 *ASSISTANCE UNDER MEDICAID OR CHIP.—*
14 *The employee or dependent becomes eligible*
15 *for assistance, with respect to coverage*
16 *under the group health plan or health in-*
17 *surance coverage, under such Medicaid plan*
18 *or State child health plan (including under*
19 *any waiver or demonstration project con-*
20 *ducted under or in relation to such a plan),*
21 *if the employee requests coverage under the*
22 *group health plan or health insurance cov-*
23 *erage not later than 60 days after the date*
24 *the employee or dependent is determined to*
25 *be eligible for such assistance.*

1 “(B) *COORDINATION WITH MEDICAID AND*
2 *CHIP.*—

3 “(i) *OUTREACH TO EMPLOYEES RE-*
4 *GARDING AVAILABILITY OF MEDICAID AND*
5 *CHIP COVERAGE.*—

6 “(I) *IN GENERAL.*—*Each em-*
7 *ployer that maintains a group health*
8 *plan in a State that provides medical*
9 *assistance under a State Medicaid*
10 *plan under title XIX of the Social Se-*
11 *curity Act, or child health assistance*
12 *under a State child health plan under*
13 *title XXI of such Act, in the form of*
14 *premium assistance for the purchase of*
15 *coverage under a group health plan,*
16 *shall provide to each employee a writ-*
17 *ten notice informing the employee of*
18 *potential opportunities then currently*
19 *available in the State in which the em-*
20 *ployee resides for premium assistance*
21 *under such plans for health coverage of*
22 *the employee or the employee’s depend-*
23 *ents. For purposes of compliance with*
24 *this subclause, the employer may use*
25 *any State-specific model notice devel-*

1 *oped in accordance with section*
2 *701(f)(3)(B)(i)(II) of the Employee Re-*
3 *irement Income Security Act of 1974*
4 *(29 U.S.C. 1181(f)(3)(B)(i)(II)).*

5 *“(II) OPTION TO PROVIDE CON-*
6 *CURRENT WITH PROVISION OF SUM-*
7 *MARY PLAN DESCRIPTION.—An em-*
8 *ployer may provide the model notice*
9 *applicable to the State in which an*
10 *employee resides concurrent with the*
11 *furnishing of the summary plan de-*
12 *scription as provided in section 104(b)*
13 *of the Employee Retirement Income*
14 *Security Act of 1974.*

15 *“(i) DISCLOSURE ABOUT GROUP*
16 *HEALTH PLAN BENEFITS TO STATES FOR*
17 *MEDICAID AND CHIP ELIGIBLE INDIVID-*
18 *UALS.—In the case of an enrollee in a*
19 *group health plan who is covered under a*
20 *Medicaid plan of a State under title XIX of*
21 *the Social Security Act or under a State*
22 *child health plan under title XXI of such*
23 *Act, the plan administrator of the group*
24 *health plan shall disclose to the State, upon*
25 *request, information about the benefits*

1 *available under the group health plan in*
2 *sufficient specificity, as determined under*
3 *regulations of the Secretary of Health and*
4 *Human Services in consultation with the*
5 *Secretary that require use of the model cov-*
6 *erage coordination disclosure form developed*
7 *under section 411(b)(1)(C) of the Children’s*
8 *Health Insurance Reauthorization Act of*
9 *2007, so as to permit the State to make a*
10 *determination (under paragraph (2)(B),*
11 *(3), or (10) of section 2105(c) of the Social*
12 *Security Act or otherwise) concerning the*
13 *cost-effectiveness of the State providing med-*
14 *ical or child health assistance through pre-*
15 *mium assistance for the purchase of cov-*
16 *erage under such group health plan and in*
17 *order for the State to provide supplemental*
18 *benefits required under paragraph (10)(E)*
19 *of such section or other authority.”.*

1 **TITLE** **V—STRENGTHENING**
2 **QUALITY OF CARE AND**
3 **HEALTH OUTCOMES OF CHIL-**
4 **DREN**

5 **SEC. 501. CHILD HEALTH QUALITY IMPROVEMENT ACTIVI-**
6 **TIES FOR CHILDREN ENROLLED IN MEDICAID**
7 **OR CHIP.**

8 (a) *DEVELOPMENT OF CHILD HEALTH QUALITY*
9 *MEASURES FOR CHILDREN ENROLLED IN MEDICAID OR*
10 *CHIP.—Title XI (42 U.S.C. 1301 et seq.) is amended by*
11 *inserting after section 1139 the following new section:*

12 **“SEC. 1139A. CHILD HEALTH QUALITY MEASURES.**

13 “(a) *DEVELOPMENT OF AN INITIAL CORE SET OF*
14 *HEALTH CARE QUALITY MEASURES FOR CHILDREN EN-*
15 *ROLLED IN MEDICAID OR CHIP.—*

16 “(1) *IN GENERAL.—Not later than January 1,*
17 *2009, the Secretary shall identify and publish for gen-*
18 *eral comment an initial, recommended core set of*
19 *child health quality measures for use by State pro-*
20 *grams administered under titles XIX and XXI, health*
21 *insurance issuers and managed care entities that*
22 *enter into contracts with such programs, and pro-*
23 *viders of items and services under such programs.*

24 “(2) *IDENTIFICATION OF INITIAL CORE MEAS-*
25 *URES.—In consultation with the individuals and en-*

1 *tities described in subsection (b)(3), the Secretary*
2 *shall identify existing quality of care measures for*
3 *children that are in use under public and privately*
4 *sponsored health care coverage arrangements, or that*
5 *are part of reporting systems that measure both the*
6 *presence and duration of health insurance coverage*
7 *over time.*

8 “(3) *RECOMMENDATIONS AND DISSEMINATION.—*
9 *Based on such existing and identified measures, the*
10 *Secretary shall publish an initial core set of child*
11 *health quality measures that includes (but is not lim-*
12 *ited to) the following:*

13 “(A) *The duration of children’s health in-*
14 *surance coverage over a 12-month time period.*

15 “(B) *The availability of a full range of—*

16 “(i) *preventive services, treatments,*
17 *and services for acute conditions, including*
18 *services to promote healthy birth and pre-*
19 *vent and treat premature birth; and*

20 “(ii) *treatments to correct or amelio-*
21 *rate the effects of chronic physical and men-*
22 *tal conditions in infants, young children,*
23 *school-age children, and adolescents.*

1 “(C) *The availability of care in a range of*
2 *ambulatory and inpatient health care settings in*
3 *which such care is furnished.*

4 “(D) *The types of measures that, taken to-*
5 *gether, can be used to estimate the overall na-*
6 *tional quality of health care for children and to*
7 *perform comparative analyses of pediatric health*
8 *care quality and racial, ethnic, and socio-*
9 *economic disparities in child health and health*
10 *care for children.*

11 “(4) *ENCOURAGE VOLUNTARY AND STANDARD-*
12 *IZED REPORTING.*—*Not later than 2 years after the*
13 *date of enactment of the Children’s Health Insurance*
14 *Program Reauthorization Act of 2007, the Secretary,*
15 *in consultation with States, shall develop a standard-*
16 *ized format for reporting information and procedures*
17 *and approaches that encourage States to use the ini-*
18 *tial core measurement set to voluntarily report infor-*
19 *mation regarding the quality of pediatric health care*
20 *under titles XIX and XXI.*

21 “(5) *ADOPTION OF BEST PRACTICES IN IMPLE-*
22 *MENTING QUALITY PROGRAMS.*—*The Secretary shall*
23 *disseminate information to States regarding best*
24 *practices among States with respect to measuring and*
25 *reporting on the quality of health care for children,*

1 *and shall facilitate the adoption of such best prac-*
2 *tices. In developing best practices approaches, the Sec-*
3 *retary shall give particular attention to State meas-*
4 *urement techniques that ensure the timeliness and ac-*
5 *curacy of provider reporting, encourage provider re-*
6 *porting compliance, encourage successful quality im-*
7 *provement strategies, and improve efficiency in data*
8 *collection using health information technology.*

9 “(6) *REPORTS TO CONGRESS.*—*Not later than*
10 *January 1, 2010, and every 3 years thereafter, the*
11 *Secretary shall report to Congress on—*

12 “(A) *the status of the Secretary’s efforts to*
13 *improve—*

14 “(i) *quality related to the duration*
15 *and stability of health insurance coverage*
16 *for children under titles XIX and XXI;*

17 “(ii) *the quality of children’s health*
18 *care under such titles, including preventive*
19 *health services, health care for acute condi-*
20 *tions, chronic health care, and health serv-*
21 *ices to ameliorate the effects of physical and*
22 *mental conditions and to aid in growth and*
23 *development of infants, young children,*
24 *school-age children, and adolescents with*
25 *special health care needs; and*

1 “(iii) *the quality of children’s health*
2 *care under such titles across the domains of*
3 *quality, including clinical quality, health*
4 *care safety, family experience with health*
5 *care, health care in the most integrated set-*
6 *ting, and elimination of racial, ethnic, and*
7 *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 qual-*
20 *ity measures in administering the State plans under*
21 *titles XIX and XXI.*

22 “(8) *DEFINITION OF CORE SET.—In this section,*
23 *the term ‘core set’ means a group of valid, reliable,*
24 *and evidence-based quality measures that, taken*
25 *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 through-
5 out 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 ameliorate
12 physical, mental, or developmental conditions
13 that could, if untreated or poorly treated, become
14 chronic.

15 “(b) *ADVANCING AND IMPROVING PEDIATRIC QUALITY*
16 *MEASURES*.—

17 “(1) *ESTABLISHMENT OF PEDIATRIC QUALITY*
18 *MEASURES PROGRAM*.—Not later than January 1,
19 2010, the Secretary shall establish a pediatric quality
20 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 such*
2 *new and emerging quality measures; and*

3 “(C) *increase the portfolio of evidence-based,*
4 *consensus pediatric quality measures available to*
5 *public and private purchasers of children’s*
6 *health care services, providers, and consumers.*

7 “(2) *EVIDENCE-BASED MEASURES.—The meas-*
8 *ures developed under the pediatric quality measures*
9 *program shall, at a minimum, be—*

10 “(A) *evidence-based and, where appropriate,*
11 *risk adjusted;*

12 “(B) *designed to identify and eliminate ra-*
13 *cial and ethnic disparities in child health and*
14 *the provision of health care;*

15 “(C) *designed to ensure that the data re-*
16 *quired for such measures is collected and re-*
17 *ported in a standard format that permits com-*
18 *parison of quality and data at a State, plan,*
19 *and provider level;*

20 “(D) *periodically updated; and*

21 “(E) *responsive to the child health needs,*
22 *services, and domains of health care quality de-*
23 *scribed in clauses (i), (ii), and (iii) of subsection*
24 *(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, and*
8 *other primary and specialized pediatric health*
9 *care professionals (including members of the al-*
10 *lied health professions) who specialize in the care*
11 *and treatment of children, particularly children*
12 *with special physical, mental, and developmental*
13 *health care needs;*

14 “(C) *dental professionals, including pedi-*
15 *atric dental professionals;*

16 “(D) *health care providers that furnish pri-*
17 *mary health care to children and families who*
18 *live in urban and rural medically underserved*
19 *communities or who are members of distinct*
20 *population sub-groups at heightened risk for*
21 *poor health outcomes;*

22 “(E) *national organizations representing*
23 *consumers and purchasers of children’s health*
24 *care;*

1 “(F) national organizations and individ-
2 uals with expertise in pediatric health quality
3 measurement; and

4 “(G) voluntary consensus standards setting
5 organizations and other organizations involved
6 in the advancement of evidence-based measures of
7 health care.

8 “(4) DEVELOPING, VALIDATING, AND TESTING A
9 PORTFOLIO OF PEDIATRIC QUALITY MEASURES.—As
10 part of the program to advance pediatric quality
11 measures, the Secretary shall—

12 “(A) award grants and contracts for the de-
13 velopment, testing, and validation of new, emerg-
14 ing, and innovative evidence-based measures for
15 children’s health care services across the domains
16 of quality described in clauses (i), (ii), and (iii)
17 of subsection (a)(6)(A); and

18 “(B) award grants and contracts for—

19 “(i) the development of consensus on
20 evidence-based measures for children’s
21 health care services;

22 “(ii) the dissemination of such meas-
23 ures to public and private purchasers of
24 health care for children; and

1 “(iii) the updating of such measures as
2 necessary.

3 “(5) *REVISING, STRENGTHENING, AND IMPROV-*
4 *ING INITIAL CORE MEASURES.*—Beginning no later
5 than January 1, 2012, and annually thereafter, the
6 Secretary shall publish recommended changes to the
7 core measures described in subsection (a) that shall
8 reflect the testing, validation, and consensus process
9 for the development of pediatric quality measures de-
10 scribed in subsection paragraphs (1) through (4).

11 “(6) *DEFINITION OF PEDIATRIC QUALITY MEAS-*
12 *URE.*—In this subsection, the term ‘pediatric quality
13 measure’ means a measurement of clinical care that
14 is capable of being examined through the collection
15 and analysis of relevant information, that is devel-
16 oped in order to assess 1 or more aspects of pediatric
17 health care quality in various institutional and am-
18 bulatory health care settings, including the structure
19 of the clinical care system, the process of care, the out-
20 come of care, or patient experiences in care.

21 “(c) *ANNUAL STATE REPORTS REGARDING STATE-*
22 *SPECIFIC QUALITY OF CARE MEASURES APPLIED UNDER*
23 *MEDICAID OR CHIP.*—

24 “(1) *ANNUAL STATE REPORTS.*—Each State with
25 a State plan approved under title XIX or a State

1 *child health plan approved under title XXI shall an-*
2 *nually report to the Secretary on the—*

3 *“(A) State-specific child health quality*
4 *measures applied by the States under such plans,*
5 *including measures described in subparagraphs*
6 *(A) and (B) of subsection (a)(6); and*

7 *“(B) State-specific information on the qual-*
8 *ity of health care furnished to children under*
9 *such plans, including information collected*
10 *through external quality reviews of managed care*
11 *organizations under section 1932 of the Social*
12 *Security Act (42 U.S.C. 1396u–4) and bench-*
13 *mark plans under sections 1937 and 2103 of*
14 *such Act (42 U.S.C. 1396u–7, 1397cc).*

15 *“(2) PUBLICATION.—Not later than September*
16 *30, 2009, and annually thereafter, the Secretary shall*
17 *collect, analyze, and make publicly available the in-*
18 *formation reported by States under paragraph (1).*

19 *“(d) DEMONSTRATION PROJECTS FOR IMPROVING THE*
20 *QUALITY OF CHILDREN’S HEALTH CARE AND THE USE OF*
21 *HEALTH INFORMATION TECHNOLOGY.—*

22 *“(1) IN GENERAL.—During the period of fiscal*
23 *years 2008 through 2012, the Secretary shall award*
24 *not more than 10 grants to States and child health*
25 *providers to conduct demonstration projects to evalu-*

1 *ate promising ideas for improving the quality of chil-*
2 *dren’s health care provided under title XIX or XXI,*
3 *including projects to—*

4 “(A) *experiment with, and evaluate the use*
5 *of, new measures of the quality of children’s*
6 *health care under such titles (including testing*
7 *the validity and suitability for reporting of such*
8 *measures);*

9 “(B) *promote the use of health information*
10 *technology in care delivery for children under*
11 *such titles;*

12 “(C) *evaluate provider-based models which*
13 *improve the delivery of children’s health care*
14 *services under such titles, including care man-*
15 *agement for children with chronic conditions and*
16 *the use of evidence-based approaches to improve*
17 *the effectiveness, safety, and efficiency of health*
18 *care services for children; or*

19 “(D) *demonstrate the impact of the model*
20 *electronic health record format for children devel-*
21 *oped and disseminated under subsection (f) on*
22 *improving pediatric health, including the effects*
23 *of chronic childhood health conditions, and pedi-*
24 *atric health care quality as well as reducing*
25 *health care costs.*

1 “(2) *REQUIREMENTS.*—*In awarding grants*
2 *under this subsection, the Secretary shall ensure*
3 *that—*

4 “(A) *only 1 demonstration project funded*
5 *under a grant awarded under this subsection*
6 *shall be conducted in a State; and*

7 “(B) *demonstration projects funded under*
8 *grants awarded under this subsection shall be*
9 *conducted evenly between States with large*
10 *urban areas and States with large rural areas.*

11 “(3) *AUTHORITY FOR MULTISTATE PROJECTS.*—
12 *A demonstration project conducted with a grant*
13 *awarded under this subsection may be conducted on*
14 *a multistate basis, as needed.*

15 “(4) *FUNDING.*—*\$20,000,000 of the amount ap-*
16 *propriated under subsection (i) for a fiscal year shall*
17 *be used to carry out this subsection.*

18 “(e) *CHILDHOOD OBESITY DEMONSTRATION*
19 *PROJECT.*—

20 “(1) *AUTHORITY TO CONDUCT DEMONSTRA-*
21 *TION.*—*The Secretary, in consultation with the Ad-*
22 *ministrator of the Centers for Medicare & Medicaid*
23 *Services, shall conduct a demonstration project to de-*
24 *velop a comprehensive and systematic model for re-*
25 *ducing childhood obesity by awarding grants to eligi-*

1 *ble entities to carry out such project. Such model*
2 *shall—*

3 *“(A) identify, through self-assessment, be-*
4 *havioral risk factors for obesity among children;*

5 *“(B) identify, through self-assessment, need-*
6 *ed clinical preventive and screening benefits*
7 *among those children identified as target indi-*
8 *viduals on the basis of such risk factors;*

9 *“(C) provide ongoing support to such target*
10 *individuals and their families to reduce risk fac-*
11 *tors and promote the appropriate use of preven-*
12 *tive and screening benefits; and*

13 *“(D) be designed to improve health out-*
14 *comes, satisfaction, quality of life, and appro-*
15 *priate use of items and services for which med-*
16 *ical assistance is available under title XIX or*
17 *child health assistance is available under title*
18 *XXI among such target individuals.*

19 *“(2) ELIGIBILITY ENTITIES.—For purposes of*
20 *this subsection, an eligible entity is any of the fol-*
21 *lowing:*

22 *“(A) A city, county, or Indian tribe.*

23 *“(B) A local or tribal educational agency.*

24 *“(C) An accredited university, college, or*
25 *community college.*

1 “(D) A Federally-qualified health center.

2 “(E) A local health department.

3 “(F) A health care provider.

4 “(G) A community-based organization.

5 “(H) Any other entity determined appro-
6 priate by the Secretary, including a consortia or
7 partnership of entities described in any of sub-
8 paragraphs (A) through (G).

9 “(3) USE OF FUNDS.—An eligible entity award-
10 ed a grant under this subsection shall use the funds
11 made available under the grant to—

12 “(A) carry out community-based activities
13 related to reducing childhood obesity, including
14 by—

15 “(i) forming partnerships with entities,
16 including schools and other facilities pro-
17 viding recreational services, to establish
18 programs for after school and weekend com-
19 munity activities that are designed to re-
20 duce childhood obesity;

21 “(ii) forming partnerships with
22 daycare facilities to establish programs that
23 promote healthy eating behaviors and phys-
24 ical activity; and

1 “(iii) developing and evaluating com-
2 munity educational activities targeting good
3 nutrition and promoting healthy eating be-
4 haviors;

5 “(B) carry out age-appropriate school-based
6 activities that are designed to reduce childhood
7 obesity, including by—

8 “(i) developing and testing educational
9 curricula and intervention programs de-
10 signed to promote healthy eating behaviors
11 and habits in youth, which may include—

12 “(I) after hours physical activity
13 programs; and

14 “(II) science-based interventions
15 with multiple components to prevent
16 eating disorders including nutritional
17 content, understanding and responding
18 to hunger and satiety, positive body
19 image development, positive self-esteem
20 development, and learning life skills
21 (such as stress management, commu-
22 nication skills, problemsolving and de-
23 cisionmaking skills), as well as consid-
24 eration of cultural and developmental

1 *issues, and the role of family, school,*
2 *and community;*

3 *“(ii) providing education and training*
4 *to educational professionals regarding how*
5 *to promote a healthy lifestyle and a healthy*
6 *school environment for children;*

7 *“(iii) planning and implementing a*
8 *healthy lifestyle curriculum or program*
9 *with an emphasis on healthy eating behav-*
10 *iors and physical activity; and*

11 *“(iv) planning and implementing*
12 *healthy lifestyle classes or programs for par-*
13 *ents or guardians, with an emphasis on*
14 *healthy eating behaviors and physical activ-*
15 *ity for children;*

16 *“(C) carry out educational, counseling, pro-*
17 *motional, and training activities through the*
18 *local health care delivery systems including by—*

19 *“(i) promoting healthy eating behav-*
20 *iors and physical activity services to treat*
21 *or prevent eating disorders, being over-*
22 *weight, and obesity;*

23 *“(ii) providing patient education and*
24 *counseling to increase physical activity and*
25 *promote healthy eating behaviors;*

1 “(iii) training health professionals on
2 how to identify and treat obese and over-
3 weight individuals which may include nu-
4 trition and physical activity counseling;
5 and

6 “(iv) providing community education
7 by a health professional on good nutrition
8 and physical activity to develop a better un-
9 derstanding of the relationship between diet,
10 physical activity, and eating disorders, obe-
11 sity, or being overweight; and

12 “(D) provide, through qualified health pro-
13 fessionals, training and supervision for commu-
14 nity health workers to—

15 “(i) educate families regarding the re-
16 lationship between nutrition, eating habits,
17 physical activity, and obesity;

18 “(ii) educate families about effective
19 strategies to improve nutrition, establish
20 healthy eating patterns, and establish ap-
21 propriate levels of physical activity; and

22 “(iii) educate and guide parents re-
23 garding the ability to model and commu-
24 nicate positive health behaviors.

1 “(4) *PRIORITY.*—*In awarding grants under*
2 *paragraph (1), the Secretary shall give priority to*
3 *awarding grants to eligible entities—*

4 “(A) *that demonstrate that they have pre-*
5 *viously applied successfully for funds to carry*
6 *out activities that seek to promote individual*
7 *and community health and to prevent the inci-*
8 *dence of chronic disease and that can cite pub-*
9 *lished and peer-reviewed research demonstrating*
10 *that the activities that the entities propose to*
11 *carry out with funds made available under the*
12 *grant are effective;*

13 “(B) *that will carry out programs or activi-*
14 *ties that seek to accomplish a goal or goals set*
15 *by the State in the Healthy People 2010 plan of*
16 *the State;*

17 “(C) *that provide non-Federal contribu-*
18 *tions, either in cash or in-kind, to the costs of*
19 *funding activities under the grants;*

20 “(D) *that develop comprehensive plans that*
21 *include a strategy for extending program activi-*
22 *ties developed under grants in the years fol-*
23 *lowing the fiscal years for which they receive*
24 *grants under this subsection;*

1 “(E) located in communities that are medi-
2 cally underserved, as determined by the Sec-
3 retary;

4 “(F) located in areas in which the average
5 poverty rate is at least 150 percent or higher of
6 the average poverty rate in the State involved, as
7 determined by the Secretary; and

8 “(G) that submit plans that exhibit multi-
9 sectoral, cooperative conduct that includes the in-
10 volvement of a broad range of stakeholders,
11 including—

12 “(i) community-based organizations;

13 “(ii) local governments;

14 “(iii) local educational agencies;

15 “(iv) the private sector;

16 “(v) State or local departments of
17 health;

18 “(vi) accredited colleges, universities,
19 and community colleges;

20 “(vii) health care providers;

21 “(viii) State and local departments of
22 transportation and city planning; and

23 “(ix) other entities determined appro-
24 priate by the Secretary.

25 “(5) PROGRAM DESIGN.—

1 “(A) *INITIAL DESIGN.*—Not later than 1
2 year after the date of enactment of the Children’s
3 Health Insurance Program Reauthorization Act
4 of 2007, the Secretary shall design the dem-
5 onstration project. The demonstration should
6 draw upon promising, innovative models and in-
7 centives to reduce behavioral risk factors. The
8 Administrator of the Centers for Medicare &
9 Medicaid Services shall consult with the Director
10 of the Centers for Disease Control and Preven-
11 tion, the Director of the Office of Minority
12 Health, the heads of other agencies in the De-
13 partment of Health and Human Services, and
14 such professional organizations, as the Secretary
15 determines to be appropriate, on the design, con-
16 duct, and evaluation of the demonstration.

17 “(B) *NUMBER AND PROJECT AREAS.*—Not
18 later than 2 years after the date of enactment of
19 the Children’s Health Insurance Program Reau-
20 thorization Act of 2007, the Secretary shall
21 award 1 grant that is specifically designed to de-
22 termine whether programs similar to programs
23 to be conducted by other grantees under this sub-
24 section should be implemented with respect to the
25 general population of children who are eligible

1 *for child health assistance under State child*
2 *health plans under title XXI in order to reduce*
3 *the incidence of childhood obesity among such*
4 *population.*

5 “(6) *REPORT TO CONGRESS.*—*Not later than 3*
6 *years after the date the Secretary implements the*
7 *demonstration project under this subsection, the Sec-*
8 *retary shall submit to Congress a report that describes*
9 *the project, evaluates the effectiveness and cost effec-*
10 *tiveness of the project, evaluates the beneficiary satis-*
11 *faction under the project, and includes any such other*
12 *information as the Secretary determines to be appro-*
13 *priate.*

14 “(7) *DEFINITIONS.*—*In this subsection:*

15 “(A) *FEDERALLY-QUALIFIED HEALTH CEN-*
16 *TER.*—*The term ‘Federally-qualified health cen-*
17 *ter’ has the meaning given that term in section*
18 *1905(l)(2)(B).*

19 “(B) *INDIAN TRIBE.*—*The term ‘Indian*
20 *tribe’ has the meaning given that term in section*
21 *4 of the Indian Health Care Improvement Act*
22 *(25 U.S.C. 1603).*

23 “(C) *SELF-ASSESSMENT.*—*The term ‘self-as-*
24 *essment’ means a form that—*

25 “(i) *includes questions regarding—*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

“(I) behavioral risk factors;

“(II) needed preventive and screening services; and

“(III) target individuals’ preferences for receiving follow-up information;

“(ii) is assessed using such computer generated assessment programs; and

“(iii) allows for the provision of such ongoing support to the individual as the Secretary determines appropriate.

“(D) ONGOING SUPPORT.—The term ‘ongoing support’ means—

“(i) to provide any target individual with information, feedback, health coaching, and recommendations regarding—

“(I) the results of a self-assessment given to the individual;

“(II) behavior modification based on the self-assessment; and

“(III) any need for clinical preventive and screening services or treatment including medical nutrition therapy;

1 “(ii) to provide any target individual
2 with referrals to community resources and
3 programs available to assist the target indi-
4 vidual in reducing health risks; and

5 “(iii) to provide the information de-
6 scribed in clause (i) to a health care pro-
7 vider, if designated by the target individual
8 to receive such information.

9 “(8) *AUTHORIZATION OF APPROPRIATIONS.*—
10 *There is authorized to be appropriated to carry out*
11 *this subsection, \$25,000,000 for the period of fiscal*
12 *years 2008 through 2012.*

13 “(f) *DEVELOPMENT OF MODEL ELECTRONIC HEALTH*
14 *RECORD FORMAT FOR CHILDREN ENROLLED IN MEDICAID*
15 *OR CHIP.*—

16 “(1) *IN GENERAL.*—*Not later than January 1,*
17 *2009, the Secretary shall establish a program to en-*
18 *courage the development and dissemination of a*
19 *model electronic health record format for children en-*
20 *rolled in the State plan under title XIX or the State*
21 *child health plan under title XXI that is—*

22 “(A) *subject to State laws, accessible to par-*
23 *ents, caregivers, and other consumers for the sole*
24 *purpose of demonstrating compliance with school*

1 *or leisure activity requirements, such as appro-*
2 *propriate immunizations or physicals;*

3 “(B) *designed to allow interoperable ex-*
4 *changes that conform with Federal and State*
5 *privacy and security requirements;*

6 “(C) *structured in a manner that permits*
7 *parents and caregivers to view and understand*
8 *the extent to which the care their children receive*
9 *is clinically appropriate and of high quality;*
10 *and*

11 “(D) *capable of being incorporated into,*
12 *and otherwise compatible with, other standards*
13 *developed for electronic health records.*

14 “(2) *FUNDING.—\$5,000,000 of the amount ap-*
15 *propriated under subsection (i) for a fiscal year shall*
16 *be used to carry out this subsection.*

17 “(g) *STUDY OF PEDIATRIC HEALTH AND HEALTH*
18 *CARE QUALITY MEASURES.—*

19 “(1) *IN GENERAL.—Not later than July 1, 2009,*
20 *the Institute of Medicine shall study and report to*
21 *Congress on the extent and quality of efforts to meas-*
22 *ure child health status and the quality of health care*
23 *for children across the age span and in relation to*
24 *preventive care, treatments for acute conditions, and*
25 *treatments aimed at ameliorating or correcting phys-*

1 *ical, mental, and developmental conditions in chil-*
2 *dren. In conducting such study and preparing such*
3 *report, the Institute of Medicine shall—*

4 “(A) *consider all of the major national pop-*
5 *ulation-based reporting systems sponsored by the*
6 *Federal Government that are currently in place,*
7 *including reporting requirements under Federal*
8 *grant programs and national population surveys*
9 *and estimates conducted directly by the Federal*
10 *Government;*

11 “(B) *identify the information regarding*
12 *child health and health care quality that each*
13 *system is designed to capture and generate, the*
14 *study and reporting periods covered by each sys-*
15 *tem, and the extent to which the information so*
16 *generated is made widely available through pub-*
17 *lication;*

18 “(C) *identify gaps in knowledge related to*
19 *children’s health status, health disparities among*
20 *subgroups of children, the effects of social condi-*
21 *tions on children’s health status and use and ef-*
22 *fectiveness of health care, and the relationship*
23 *between child health status and family income,*
24 *family stability and preservation, and children’s*

1 *school readiness and educational achievement*
2 *and attainment; and*

3 “(D) *make recommendations regarding im-*
4 *proving and strengthening the timeliness, qual-*
5 *ity, and public transparency and accessibility of*
6 *information about child health and health care*
7 *quality.*

8 “(2) *FUNDING.—Up to \$1,000,000 of the amount*
9 *appropriated under subsection (i) for a fiscal year*
10 *shall be used to carry out this subsection.*

11 “(h) *RULE OF CONSTRUCTION.—Notwithstanding any*
12 *other provision in this section, no evidence based quality*
13 *measure developed, published, or used as a basis of measure-*
14 *ment or reporting under this section may be used to estab-*
15 *lish an irrebuttable presumption regarding either the med-*
16 *ical necessity of care or the maximum permissible coverage*
17 *for any individual child who is eligible for and receiving*
18 *medical assistance under title XIX or child health assist-*
19 *ance under title XXI .*

20 “(i) *APPROPRIATION.—Out of any funds in the Treas-*
21 *ury not otherwise appropriated, there is appropriated for*
22 *each of fiscal years 2008 through 2012, \$45,000,000 for the*
23 *purpose of carrying out this section (other than subsection*
24 *(e)). Funds appropriated under this subsection shall remain*
25 *available until expended.”.*

1 **(b) INCREASED MATCHING RATE FOR COLLECTING**
2 **AND REPORTING ON CHILD HEALTH MEASURES.**—Section
3 *1903(a)(3)(A) (42 U.S.C. 1396b(a)(3)(A)), is amended—*

4 *(1) by striking “and” at the end of clause (i);*
5 *and*

6 *(2) by adding at the end the following new*
7 *clause:*

8 *“(iii) an amount equal to the Federal med-*
9 *ical assistance percentage (as defined in section*
10 *1905(b)) of so much of the sums expended during*
11 *such quarter (as found necessary by the Sec-*
12 *retary for the proper and efficient administra-*
13 *tion of the State plan) as are attributable to such*
14 *developments or modifications of systems of the*
15 *type described in clause (i) as are necessary for*
16 *the efficient collection and reporting on child*
17 *health measures; and”.*

18 **SEC. 502. IMPROVED INFORMATION REGARDING ACCESS TO**
19 **COVERAGE UNDER CHIP.**

20 **(a) INCLUSION OF PROCESS AND ACCESS MEASURES**
21 **IN ANNUAL STATE REPORTS.**—Section 2108 (42 U.S.C.
22 *1397hh) is amended—*

23 *(1) in subsection (a), in the matter preceding*
24 *paragraph (1), by striking “The State” and inserting*
25 *“Subject to subsection (e), the State”; and*

1 (2) by adding at the end the following new sub-
2 section:

3 “(e) *INFORMATION REQUIRED FOR INCLUSION IN*
4 *STATE ANNUAL REPORT.*—*The State shall include the fol-*
5 *lowing information in the annual report required under*
6 *subsection (a):*

7 “(1) *Eligibility criteria, enrollment, and reten-*
8 *tion data (including data with respect to continuity*
9 *of coverage or duration of benefits).*

10 “(2) *Data regarding the extent to which the*
11 *State uses process measures with respect to deter-*
12 *mining the eligibility of children under the State*
13 *child health plan, including measures such as 12-*
14 *month continuous eligibility, self-declaration of in-*
15 *come for applications or renewals, or presumptive eli-*
16 *gibility.*

17 “(3) *Data regarding denials of eligibility and re-*
18 *determinations of eligibility.*

19 “(4) *Data regarding access to primary and spe-*
20 *cialty services, access to networks of care, and care co-*
21 *ordination provided under the State child health*
22 *plan, using quality care and consumer satisfaction*
23 *measures included in the Consumer Assessment of*
24 *Healthcare Providers and Systems (CAHPS) survey.*

1 “(5) *If the State provides child health assistance*
2 *in the form of premium assistance for the purchase of*
3 *coverage under a group health plan, data regarding*
4 *the provision of such assistance, including the extent*
5 *to which employer-sponsored health insurance cov-*
6 *erage is available for children eligible for child health*
7 *assistance under the State child health plan, the*
8 *range of the monthly amount of such assistance pro-*
9 *vided on behalf of a child or family, the number of*
10 *children or families provided such assistance on a*
11 *monthly basis, the income of the children or families*
12 *provided such assistance, the benefits and cost-sharing*
13 *protection provided under the State child health plan*
14 *to supplement the coverage purchased with such pre-*
15 *mium assistance, the effective strategies the State en-*
16 *gages in to reduce any administrative barriers to the*
17 *provision of such assistance, and, the effects, if any,*
18 *of the provision of such assistance on preventing the*
19 *coverage provided under the State child health plan*
20 *from substituting for coverage provided under em-*
21 *ployer-sponsored health insurance offered in the State.*

22 “(6) *To the extent applicable, a description of*
23 *any State activities that are designed to reduce the*
24 *number of uncovered children in the State, including*
25 *through a State health insurance connector program*

1 or support for innovative private health coverage ini-
2 tiatives.”.

3 (b) *GAO STUDY AND REPORT ON ACCESS TO PRIMARY*
4 *AND SPECIALITY SERVICES.*—

5 (1) *IN GENERAL.*—*The Comptroller General of*
6 *the United States shall conduct a study of children’s*
7 *access to primary and specialty services under Med-*
8 *icaid and CHIP, including—*

9 (A) *the extent to which providers are will-*
10 *ing to treat children eligible for such programs;*

11 (B) *information on such children’s access to*
12 *networks of care;*

13 (C) *geographic availability of primary and*
14 *specialty services under such programs;*

15 (D) *the extent to which care coordination is*
16 *provided for children’s care under Medicaid and*
17 *CHIP; and*

18 (E) *as appropriate, information on the de-*
19 *gree of availability of services for children under*
20 *such programs.*

21 (2) *REPORT.*—*Not later than 2 years after the*
22 *date of enactment of this Act, the Comptroller General*
23 *shall submit a report to the appropriate committees*
24 *of Congress on the study conducted under paragraph*
25 *(1) that includes recommendations for such Federal*

1 *at its option, to apply less restrictive methodologies to*
2 *such individuals under section 1902(r)(2) of such Act*
3 *or 1931(b)(2)(C) of such Act and thereby receive Fed-*
4 *eral financial participation for medical assistance for*
5 *such individuals under title XIX of the Social Secu-*
6 *rity Act; or*

7 *(2) to receive Federal financial participation for*
8 *expenditures for medical assistance under title XIX of*
9 *such Act for children described in paragraph (2)(B)*
10 *or (3) of section 1905(u) of such Act based on the*
11 *Federal medical assistance percentage, as otherwise*
12 *determined based on the first and third sentences of*
13 *subsection (b) of section 1905 of the Social Security*
14 *Act, rather than on the basis of an enhanced FMAP*
15 *(as defined in section 2105(b) of such Act).*

16 *(b) REPEAL.—Effective October 1, 2008, subsection (a)*
17 *is repealed.*

18 *(c) HOLD HARMLESS.—No State that elects the option*
19 *described in subsection (a) shall be treated as not having*
20 *been authorized to make such election and to receive Federal*
21 *financial participation for expenditures for medical assist-*
22 *ance described in that subsection for fiscal years 2007 and*
23 *2008 as a result of the repeal of the subsection under sub-*
24 *section (b).*

1 **SEC. 602. PAYMENT ERROR RATE MEASUREMENT (“PERM”).**

2 (a) *EXPENDITURES RELATED TO COMPLIANCE WITH*
3 *REQUIREMENTS.*—

4 (1) *ENHANCED PAYMENTS.*—Section 2105(c) (42
5 U.S.C. 1397ee(c)), as amended by section 401(a), is
6 amended by adding at the end the following new
7 paragraph:

8 “(11) *ENHANCED PAYMENTS.*—Notwithstanding
9 subsection (b), the enhanced *FMAP* with respect to
10 payments under subsection (a) for expenditures re-
11 lated to the administration of the payment error rate
12 measurement (*PERM*) requirements applicable to the
13 State child health plan in accordance with the *Im-*
14 *proper Payments Information Act of 2002* and parts
15 431 and 457 of title 42, Code of Federal Regulations
16 (or any related or successor guidance or regulations)
17 shall in no event be less than 90 percent.”.

18 (2) *EXCLUSION OF FROM CAP ON ADMINISTRA-*
19 *TIVE EXPENDITURES.*—Section 2105(c)(2)(C) (42
20 U.S.C. 1397ee(c)(2)C)), as amended by section 402(b),
21 is amended by adding at the end the following:

22 “(v) *PAYMENT ERROR RATE MEASURE-*
23 *MENT (PERM) EXPENDITURES.*—*Expendi-*
24 *tures related to the administration of the*
25 *payment error rate measurement (PERM)*
26 *requirements applicable to the State child*

1 *health plan in accordance with the Im-*
2 *proper Payments Information Act of 2002*
3 *and parts 431 and 457 of title 42, Code of*
4 *Federal Regulations (or any related or suc-*
5 *cessor guidance or regulations).”.*

6 ***(b) FINAL RULE REQUIRED TO BE IN EFFECT FOR***
7 ***ALL STATES.***—*Notwithstanding parts 431 and 457 of title*
8 *42, Code of Federal Regulations (as in effect on the date*
9 *of enactment of this Act), the Secretary shall not calculate*
10 *or publish any national or State-specific error rate based*
11 *on the application of the payment error rate measurement*
12 *(in this section referred to as “PERM”) requirements to*
13 *CHIP until after the date that is 6 months after the date*
14 *on which a final rule implementing such requirements in*
15 *accordance with the requirements of subsection (c) is in ef-*
16 *fect for all States. Any calculation of a national error rate*
17 *or a State specific error rate after such final rule in effect*
18 *for all States may only be inclusive of errors, as defined*
19 *in such final rule or in guidance issued within a reasonable*
20 *time frame after the effective date for such final rule that*
21 *includes detailed guidance for the specific methodology for*
22 *error determinations.*

23 ***(c) REQUIREMENTS FOR FINAL RULE.***—*For purposes*
24 *of subsection (b), the requirements of this subsection are that*

1 *the final rule implementing the PERM requirements shall*
2 *include—*

3 (1) *clearly defined criteria for errors for both*
4 *States and providers;*

5 (2) *a clearly defined process for appealing error*
6 *determinations by review contractors; and*

7 (3) *clearly defined responsibilities and deadlines*
8 *for States in implementing any corrective action*
9 *plans.*

10 (d) *OPTION FOR APPLICATION OF DATA FOR CERTAIN*
11 *STATES UNDER THE INTERIM FINAL RULE.—*

12 (1) *OPTION FOR STATES IN FIRST APPLICATION*
13 *CYCLE.—After the final rule implementing the PERM*
14 *requirements in accordance with the requirements of*
15 *subsection (c) is in effect for all States, a State for*
16 *which the PERM requirements were first in effect*
17 *under an interim final rule for fiscal year 2007 may*
18 *elect to accept any payment error rate determined in*
19 *whole or in part for the State on the basis of data*
20 *for that fiscal year or may elect to not have any pay-*
21 *ment error rate determined on the basis of such data*
22 *and, instead, shall be treated as if fiscal year 2010*
23 *were the first fiscal year for which the PERM require-*
24 *ments apply to the State.*

1 (2) *OPTION FOR STATES IN SECOND APPLICATION*
2 *CYCLE.—If such final rule is not in effect for all*
3 *States by July 1, 2008, a State for which the PERM*
4 *requirements were first in effect under an interim*
5 *final rule for fiscal year 2008 may elect to accept any*
6 *payment error rate determined in whole or in part*
7 *for the State on the basis of data for that fiscal year*
8 *or may elect to not have any payment error rate de-*
9 *termined on the basis of such data and, instead, shall*
10 *be treated as if fiscal year 2011 were the first fiscal*
11 *year for which the PERM requirements apply to the*
12 *State.*

13 (i) *HARMONIZATION OF MEQC AND PERM.—*

14 (1) *REDUCTION OF REDUNDANCIES.—The Sec-*
15 *retary shall review the Medicaid Eligibility Quality*
16 *Control (in this subsection referred to as the*
17 *“MEQC”) requirements with the PERM requirements*
18 *and coordinate consistent implementation of both sets*
19 *of requirements, while reducing redundancies.*

20 (2) *STATE OPTION TO APPLY PERM DATA.—A*
21 *State may elect, for purposes of determining the erro-*
22 *neous excess payments for medical assistance ratio*
23 *applicable to the State for a fiscal year under section*
24 *1903(u) of the Social Security Act (42 U.S.C.*
25 *1396b(u)) to substitute data resulting from the appli-*

1 *cation of the PERM requirements to the State after*
 2 *the final rule implementing such requirements is in*
 3 *effect for all States for data obtained from the appli-*
 4 *cation of the MEQC requirements to the State with*
 5 *respect to a fiscal year.*

6 *(f) IDENTIFICATION OF IMPROVED STATE-SPECIFIC*
 7 *SAMPLE SIZES.—The Secretary shall establish State-spe-*
 8 *cific sample sizes for application of the PERM requirements*
 9 *with respect to State child health plans for fiscal years be-*
 10 *ginning with fiscal year 2009, on the basis of such informa-*
 11 *tion as the Secretary determines appropriate. In estab-*
 12 *lishing such sample sizes, the Secretary shall, to the greatest*
 13 *extent practicable—*

14 *(1) minimize the administrative cost burden on*
 15 *States under Medicaid and CHIP; and*

16 *(2) maintain State flexibility to manage such*
 17 *programs.*

18 **SEC. 603. ELIMINATION OF COUNTING MEDICAID CHILD**
 19 **PRESUMPTIVE ELIGIBILITY COSTS AGAINST**
 20 **TITLE XXI ALLOTMENT.**

21 *Section 2105(a)(1) (42 U.S.C. 1397ee(a)(1)) is*
 22 *amended—*

23 *(1) in the matter preceding subparagraph (A),*
 24 *by striking “(or, in the case of expenditures described*
 25 *in subparagraph (B), the Federal medical assistance*

1 *percentage (as defined in the first sentence of section*
2 *1905(b))*”; and

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

5 “*(B) [reserved]*”.

6 **SEC. 604. IMPROVING DATA COLLECTION.**

7 *(a) INCREASED APPROPRIATION.—Section 2109(b)(2)*
8 *(42 U.S.C. 1397ii(b)(2)) is amended by striking*
9 “*\$10,000,000 for fiscal year 2000*” and inserting
10 “*\$20,000,000 for fiscal year 2008*”.

11 *(b) USE OF ADDITIONAL FUNDS.—Section 2109(b) (42*
12 *U.S.C. 1397ii(b)), as amended by subsection (a), is*
13 *amended—*

14 *(1) by redesignating paragraph (2) as para-*
15 *graph (4); and*

16 *(2) by inserting after paragraph (1), the fol-*
17 *lowing new paragraphs:*

18 “*(2) ADDITIONAL REQUIREMENTS.—In addition*
19 *to making the adjustments required to produce the*
20 *data described in paragraph (1), with respect to data*
21 *collection occurring for fiscal years beginning with*
22 *fiscal year 2008, in appropriate consultation with the*
23 *Secretary of Health and Human Services, the Sec-*
24 *retary of Commerce shall do the following:*

1 “(A) Make appropriate adjustments to the
2 Current Population Survey to develop more ac-
3 curate State-specific estimates of the number of
4 children enrolled in health coverage under title
5 XIX or this title.

6 “(B) Make appropriate adjustments to the
7 Current Population Survey to improve the sur-
8 vey estimates used to compile the State-specific
9 and national number of low-income children
10 without health insurance for purposes of deter-
11 mining allotments under subsections (c) and (i)
12 of section 2104 and making payments to States
13 from the CHIP Incentive Bonuses Pool estab-
14 lished under subsection (j) of such section, the
15 CHIP Contingency Fund established under sub-
16 section (k) of such section, and, to the extent ap-
17 plicable to a State, from the block grant set aside
18 under section 2111(b)(2)(B)(i) for each of fiscal
19 years 2010 through 2012.

20 “(C) Include health insurance survey infor-
21 mation in the American Community Survey re-
22 lated to children.

23 “(D) Assess whether American Community
24 Survey estimates, once such survey data are first
25 available, produce more reliable estimates than

1 *the Current Population Survey with respect to*
2 *the purposes described in subparagraph (B).*

3 “(E) *On the basis of the assessment required*
4 *under subparagraph (D), recommend to the Sec-*
5 *retary of Health and Human Services whether*
6 *American Community Survey estimates should*
7 *be used in lieu of, or in some combination with,*
8 *Current Population Survey estimates for the*
9 *purposes described in subparagraph (B).*

10 “(F) *Continue making the adjustments de-*
11 *scribed in the last sentence of paragraph (1) with*
12 *respect to expansion of the sample size used in*
13 *State sampling units, the number of sampling*
14 *units in a State, and using an appropriate*
15 *verification element.*

16 “(3) *AUTHORITY FOR THE SECRETARY OF*
17 *HEALTH AND HUMAN SERVICES TO TRANSITION TO*
18 *THE USE OF ALL, OR SOME COMBINATION OF, ACS ES-*
19 *TIMATES UPON RECOMMENDATION OF THE SECRETARY*
20 *OF COMMERCE.—If, on the basis of the assessment re-*
21 *quired under paragraph (2)(D), the Secretary of*
22 *Commerce recommends to the Secretary of Health and*
23 *Human Services that American Community Survey*
24 *estimates should be used in lieu of, or in some com-*
25 *bination with, Current Population Survey estimates*

1 *for the purposes described in paragraph (2)(B), the*
2 *Secretary of Health and Human Services may pro-*
3 *vide for a period during which the Secretary may*
4 *transition from carrying out such purposes through*
5 *the use of Current Population Survey estimates to the*
6 *use of American Community Survey estimates (in*
7 *lieu of, or in combination with the Current Popu-*
8 *lation Survey estimates, as recommended), provided*
9 *that any such transition is implemented in a manner*
10 *that is designed to avoid adverse impacts upon States*
11 *with approved State child health plans under this*
12 *title.”.*

13 **SEC. 605. DEFICIT REDUCTION ACT TECHNICAL CORREC-**
14 **TIONS.**

15 *(a) STATE FLEXIBILITY IN BENEFIT PACKAGES.—*

16 *(1) CLARIFICATION OF REQUIREMENT TO PRO-*
17 *VIDE EPSDT SERVICES FOR ALL CHILDREN IN BENCH-*
18 *MARK BENEFIT PACKAGES.—Section 1937(a)(1) (42*
19 *U.S.C. 1396u–7(a)(1)), as inserted by section 6044(a)*
20 *of the Deficit Reduction Act of 2005 (Public Law*
21 *109–171, 120 Stat. 88), is amended—*

22 *(A) in subparagraph (A)—*

23 *(i) in the matter before clause (i), by*
24 *striking “enrollment in coverage that pro-*
25 *vides” and inserting “coverage that”;*

1 (ii) in clause (i), by inserting “pro-
2 vides” after “(i)”; and

3 (iii) by striking clause (ii) and insert-
4 ing the following:

5 “(ii) for any individual described in
6 section 1905(a)(4)(B) who is eligible under
7 the State plan in accordance with para-
8 graphs (10) and (17) of section 1902(a),
9 consists of the items and services described
10 in section 1905(a)(4)(B) (relating to early
11 and periodic screening, diagnostic, and
12 treatment services defined in section
13 1905(r)) and provided in accordance with
14 the requirements of section 1902(a)(43).”;

15 (B) in subparagraph (C)—

16 (i) in the heading, by striking “WRAP-
17 AROUND” and inserting “ADDITIONAL”; and

18 (ii) by striking “wrap-around or”; and

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

21 “(E) *RULE OF CONSTRUCTION.*—Nothing in
22 this paragraph shall be construed as—

23 “(i) requiring a State to offer all or
24 any of the items and services required by
25 subparagraph (A)(ii) through an issuer of

1 *benchmark coverage described in subsection*
 2 *(b)(1) or benchmark equivalent coverage de-*
 3 *scribed in subsection (b)(2); or*

4 “(i) *preventing a State from offering*
 5 *all or any of the items and services required*
 6 *by subparagraph (A)(ii) through an issuer*
 7 *of benchmark coverage described in sub-*
 8 *section (b)(1) or benchmark equivalent cov-*
 9 *erage described in subsection (b)(2).”.*

10 (2) *CORRECTION OF REFERENCE TO CHILDREN*
 11 *IN FOSTER CARE RECEIVING CHILD WELFARE SERV-*
 12 *ICES.—Section 1937(a)(2)(B)(viii) (42 U.S.C. 1396u-*
 13 *7(a)(2)(B)(viii), as inserted by section 6044(a) of the*
 14 *Deficit Reduction Act of 2005, is amended by striking*
 15 *“aid or assistance is made available under part B of*
 16 *title IV to children in foster care and individuals”*
 17 *and inserting “child welfare services are made avail-*
 18 *able under part B of title IV on the basis of being a*
 19 *child in foster care or”.*

20 (3) *TRANSPARENCY.—Section 1937 (42 U.S.C.*
 21 *1396u–7), as inserted by section 6044(a) of the Deficit*
 22 *Reduction Act of 2005, is amended by adding at the*
 23 *end the following:*

24 “(c) *PUBLICATION OF PROVISIONS AFFECTED.—Not*
 25 *later than 30 days after the date the Secretary approves*

1 *a State plan amendment to provide benchmark benefits in*
 2 *accordance with subsections (a) and (b), the Secretary shall*
 3 *publish in the Federal Register and on the Internet website*
 4 *of the Centers for Medicare & Medicaid Services, a list of*
 5 *the provisions of this title that the Secretary has determined*
 6 *do not apply in order to enable the State to carry out such*
 7 *plan amendment and the reason for each such determina-*
 8 *tion.”.*

9 (4) *EFFECTIVE DATE.*—*The amendments made*
 10 *by this subsection shall take effect as if included in*
 11 *the amendment made by section 6044(a) of the Deficit*
 12 *Reduction Act of 2005.*

13 **SEC. 606. ELIMINATION OF CONFUSING PROGRAM REF-**
 14 **ERENCES.**

15 *Section 704 of the Medicare, Medicaid, and SCHIP*
 16 *Balanced Budget Refinement Act of 1999, as enacted into*
 17 *law by division B of Public Law 106–113 (113 Stat.*
 18 *1501A–402) is repealed.*

19 **SEC. 607. MENTAL HEALTH PARITY IN CHIP PLANS.**

20 (a) *ASSURANCE OF PARITY.*—*Section 2103(c) (42*
 21 *U.S.C. 1397cc(c)) is amended—*

22 (1) *by redesignating paragraph (5) as para-*
 23 *graph (6); and*

24 (2) *by inserting after paragraph (4), the fol-*
 25 *lowing:*

1 “(5) *MENTAL HEALTH SERVICES PARITY.*—

2 “(A) *IN GENERAL.*—*In the case of a State*
3 *child health plan that provides both medical and*
4 *surgical benefits and mental health or substance*
5 *abuse benefits, such plan shall ensure that the fi-*
6 *nancial requirements and treatment limitations*
7 *applicable to such mental health or substance*
8 *abuse benefits are no more restrictive than the fi-*
9 *nancial requirements and treatment limitations*
10 *applied to substantially all medical and surgical*
11 *benefits covered by the plan.*

12 “(B) *DEEMED COMPLIANCE.*—*To the extent*
13 *that a State child health plan includes coverage*
14 *with respect to an individual described in section*
15 *1905(a)(4)(B) and covered under the State plan*
16 *under section 1902(a)(10)(A) of the services de-*
17 *scribed in section 1905(a)(4)(B) (relating to*
18 *early and periodic screening, diagnostic, and*
19 *treatment services defined in section 1905(r))*
20 *and provided in accordance with section*
21 *1902(a)(43), such plan shall be deemed to satisfy*
22 *the requirements of subparagraph (A).”*

23 (b) *CONFORMING AMENDMENTS.*—*Section 2103 (42*
24 *U.S.C. 1397cc) is amended—*

1 (1) *in subsection (a), in the matter preceding*
2 *paragraph (1), by striking “subsection (c)(5)” and in-*
3 *serting “paragraphs (5) and (6) of subsection (c)”;*
4 *and*

5 (2) *in subsection (c)(2), by striking subpara-*
6 *graph (B) and redesignating subparagraphs (C) and*
7 *(D) as subparagraphs (B) and (C), respectively.*

8 **SEC. 608. DENTAL HEALTH GRANTS.**

9 (a) *IN GENERAL.—Title XXI (42 U.S.C. 1397aa et*
10 *seq.), as amended by section 201, is amended by adding*
11 *at the end the following:*

12 **“SEC. 2114. DENTAL HEALTH GRANTS.**

13 “(a) *AUTHORITY TO AWARD GRANTS.—*

14 “(1) *IN GENERAL.—From the amount appro-*
15 *priated under subsection (f), the Secretary shall*
16 *award grants from amounts to eligible States for the*
17 *purpose of carrying out programs and activities that*
18 *are designed to improve the availability of dental*
19 *services and strengthen dental coverage for targeted*
20 *low-income children enrolled in State child health*
21 *plans.*

22 “(2) *ELIGIBLE STATE.—In this section, the term*
23 *‘eligible State’ means a State with an approved State*
24 *child health plan under this title that submits an ap-*

1 *plication under subsection (b) that is approved by*
2 *Secretary.*

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

8 “(1) *a detailed description of—*

9 “(A) *the dental services (if any) covered*
10 *under the State child health plan; and*

11 “(B) *how the State intends to improve den-*
12 *tal coverage and services during fiscal years*
13 *2008 through 2012;*

14 “(2) *a detailed description of the programs and*
15 *activities proposed to be conducted with funds award-*
16 *ed under the grant;*

17 “(3) *quality and outcomes performance measures*
18 *to evaluate the effectiveness of such activities; and*

19 “(4) *an assurance that the State shall—*

20 “(A) *conduct an assessment of the effective-*
21 *ness of such activities against such performance*
22 *measures; and*

23 “(B) *cooperate with the collection and re-*
24 *porting of data and other information deter-*
25 *mined as a result of conducting such assessments*

1 to the Secretary, in such form and manner as
2 the Secretary shall require.

3 “(c) *USE OF FUNDS.*—The programs and activities de-
4 scribed in subsection (a)(1) may include the provision of
5 enhanced dental coverage under the State child health plan.

6 “(d) *MAINTENANCE OF EFFORT FOR STATES AWARD-*
7 *ED GRANTS; NO STATE MATCH REQUIRED.*—In the case
8 of a State that is awarded a grant under this section—

9 “(1) the State share of funds expended for dental
10 services under the State child health plan shall not be
11 less than the State share of such funds expended in
12 the fiscal year preceding the first fiscal year for which
13 the grant is awarded; and

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

16 “(e) *ANNUAL REPORT.*—The Secretary shall submit an
17 annual report to the appropriate committees of Congress
18 regarding the grants awarded under this section that
19 includes—

20 “(1) State specific descriptions of the programs
21 and activities conducted with funds awarded under
22 such grants; and

23 “(2) information regarding the assessments re-
24 quired of States under subsection (b)(4).

1 “(f) *APPROPRIATION.*—Out of any funds in the Treas-
2 ury not otherwise appropriated, there is appropriated,
3 \$200,000,000 for the period of fiscal years 2008 through
4 2012, to remain available until expended, for the purpose
5 of awarding grants to States under this section. Amounts
6 appropriated and paid under the authority of this section
7 shall be in addition to amounts appropriated under section
8 2104 and paid to States in accordance with section 2105.”.

9 (b) *IMPROVED ACCESSIBILITY OF DENTAL PROVIDER*
10 *INFORMATION MORE ACCESSIBLE TO ENROLLEES UNDER*
11 *MEDICAID AND CHIP.*—The Secretary shall—

12 (1) *work with States, pediatric dentists, and*
13 *other dental providers to include on the Insure Kids*
14 *Now website (<http://www.insurekidsnow.gov/>) and hot-*
15 *line (1-877-KIDS-NOW) a current and accurate list*
16 *of all dentists and other dental providers within each*
17 *State that provide dental services to children enrolled*
18 *in the State plan (or waiver) under Medicaid or the*
19 *State child health plan (or waiver) under CHIP, and*
20 *shall ensure that such list is updated at least quar-*
21 *terly; and*

22 (2) *work with States to include a description of*
23 *the dental services provided under each State plan (or*
24 *waiver) under Medicaid and each State child health*

1 *plan (or waiver) under CHIP on such Insure Kids*
2 *Now website.*

3 *(c) GAO STUDY AND REPORT ON ACCESS TO ORAL*
4 *HEALTH CARE, INCLUDING PREVENTIVE AND RESTORA-*
5 *TIVE SERVICES.—*

6 *(1) IN GENERAL.—The Comptroller General of*
7 *the United States shall conduct a study of children’s*
8 *access to oral health care, including preventive and*
9 *restorative services, under Medicaid and CHIP,*
10 *including—*

11 *(A) the extent to which providers are will-*
12 *ing to treat children eligible for such programs;*

13 *(B) information on such children’s access to*
14 *networks of care;*

15 *(C) geographic availability of oral health*
16 *care, including preventive and restorative serv-*
17 *ices, under such programs; and*

18 *(D) as appropriate, information on the de-*
19 *gree of availability of oral health care, including*
20 *preventive and restorative services, for children*
21 *under such programs.*

22 *(2) REPORT.—Not later than 2 years after the*
23 *date of enactment of this Act, the Comptroller General*
24 *shall submit a report to the appropriate committees*
25 *of Congress on the study conducted under paragraph*

1 (1) that includes recommendations for such Federal
 2 and State legislative and administrative changes as
 3 the Comptroller General determines are necessary to
 4 address any barriers to access to oral health care, in-
 5 cluding preventive and restorative services, under
 6 Medicaid and CHIP that may exist.

7 (d) *INCLUSION OF STATUS OF EFFORTS TO IMPROVE*
 8 *DENTAL CARE IN REPORTS ON THE QUALITY OF CHIL-*
 9 *DREN’S HEALTH CARE UNDER MEDICAID AND CHIP.—*
 10 Section 1139A(a)(6)(ii), as added by section 501(a), is
 11 amended by inserting “dental care,” after “preventive
 12 health services,”.

13 **SEC. 609. APPLICATION OF PROSPECTIVE PAYMENT SYSTEM**
 14 **FOR SERVICES PROVIDED BY FEDERALLY-**
 15 **QUALIFIED HEALTH CENTERS AND RURAL**
 16 **HEALTH CLINICS.**

17 (a) *APPLICATION OF PROSPECTIVE PAYMENT SYS-*
 18 *TEM.—*

19 (1) *IN GENERAL.—*Section 2107(e)(1) (42 U.S.C.
 20 1397gg(e)(1)), as amended by sections 204(b) and
 21 503, is amended by inserting after subparagraph (A)
 22 the following new subparagraph (and redesignating
 23 the succeeding subparagraphs accordingly):

1 “(B) Section 1902(bb) (relating to payment
2 for services provided by Federally-qualified
3 health centers and rural health clinics).”.

4 (2) *EFFECTIVE DATE.*—The amendment made by
5 paragraph (1) shall apply to services provided on or
6 after October 1, 2008.

7 (b) *TRANSITION GRANTS.*—

8 (1) *APPROPRIATION.*—Out of any funds in the
9 Treasury not otherwise appropriated, there is appro-
10 priated to the Secretary for fiscal year 2008,
11 \$5,000,000, to remain available until expended, for
12 the purpose of awarding grants to States with State
13 child health plans under CHIP that are operated sep-
14 arately from the State Medicaid plan under title XIX
15 of the Social Security Act (including any waiver of
16 such plan), or in combination with the State Med-
17 icaid plan, for expenditures related to transitioning
18 to compliance with the requirement of section
19 2107(e)(1)(B) of the Social Security Act (as added by
20 subsection (a)) to apply the prospective payment sys-
21 tem established under section 1902(bb) of the such Act
22 (42 U.S.C. 1396a(bb)) to services provided by Feder-
23 ally-qualified health centers and rural health clinics.

24 (2) *MONITORING AND REPORT.*—The Secretary
25 shall monitor the impact of the application of such

1 *prospective payment system on the States described in*
2 *paragraph (1) and, not later than October 1, 2010,*
3 *shall report to Congress on any effect on access to ben-*
4 *efits, provider payment rates, or scope of benefits of-*
5 *fered by such States as a result of the application of*
6 *such payment system.*

7 **SEC. 610. SUPPORT FOR INJURED SERVICEMEMBERS.**

8 (a) *SHORT TITLE.*—*This section may be cited as the*
9 *“Support for Injured Servicemembers Act”.*

10 (b) *SERVICEMEMBER FAMILY LEAVE.*—

11 (1) *DEFINITIONS.*—*Section 101 of the Family*
12 *and Medical Leave Act of 1993 (29 U.S.C. 2611) is*
13 *amended by adding at the end the following:*

14 “(14) *ACTIVE DUTY.*—*The term ‘active duty’*
15 *means duty under a call or order to active duty*
16 *under a provision of law referred to in section*
17 *101(a)(13)(B) of title 10, United States Code.*

18 “(15) *COVERED SERVICEMEMBER.*—*The term*
19 *‘covered servicemember’ means a member of the*
20 *Armed Forces, including a member of the National*
21 *Guard or a Reserve, who is undergoing medical treat-*
22 *ment, recuperation, or therapy, is otherwise in med-*
23 *ical hold or medical holdover status, or is otherwise*
24 *on the temporary disability retired list, for a serious*
25 *injury or illness.*

1 “(16) *MEDICAL HOLD OR MEDICAL HOLDOVER*
2 *STATUS.*—*The term ‘medical hold or medical holdover*
3 *status’ means—*

4 “(A) *the status of a member of the Armed*
5 *Forces, including a member of the National*
6 *Guard or a Reserve, assigned or attached to a*
7 *military hospital for medical care; and*

8 “(B) *the status of a member of a reserve*
9 *component of the Armed Forces who is separated,*
10 *whether pre-deployment or post-deployment,*
11 *from the member’s unit while in need of health*
12 *care based on a medical condition identified*
13 *while the member is on active duty in the Armed*
14 *Forces.*

15 “(17) *NEXT OF KIN.*—*The term ‘next of kin’,*
16 *used with respect to an individual, means the nearest*
17 *blood relative of that individual.*

18 “(18) *SERIOUS INJURY OR ILLNESS.*—*The term*
19 *‘serious injury or illness’, in the case of a member of*
20 *the Armed Forces, means an injury or illness in-*
21 *curring by the member in line of duty on active duty*
22 *in the Armed Forces that may render the member*
23 *medically unfit to perform the duties of the member’s*
24 *office, grade, rank, or rating.”.*

1 (2) *ENTITLEMENT TO LEAVE.*—Section 102(a) of
2 such Act (29 U.S.C. 2612(a)) is amended by adding
3 at the end the following:

4 “(3) *SERVICEMEMBER FAMILY LEAVE.*—Subject
5 to section 103, an eligible employee who is the spouse,
6 son, daughter, parent, or next of kin of a covered
7 servicemember shall be entitled to a total of 26 work-
8 weeks of leave during a 12-month period to care for
9 the servicemember. The leave described in this para-
10 graph shall only be available during a single 12-
11 month period.

12 “(4) *COMBINED LEAVE TOTAL.*—During the sin-
13 gle 12-month period described in paragraph (3), an
14 eligible employee shall be entitled to a combined total
15 of 26 workweeks of leave under paragraphs (1) and
16 (3). Nothing in this paragraph shall be construed to
17 limit the availability of leave under paragraph (1)
18 during any other 12-month period.”.

19 (3) *REQUIREMENTS RELATING TO LEAVE.*—

20 (A) *SCHEDULE.*—Section 102(b) of such Act
21 (29 U.S.C. 2612(b)) is amended—

22 (i) in paragraph (1), in the second
23 sentence—

1 (I) by striking “section 103(b)(5)”
2 and inserting “subsection (b)(5) or (f)
3 (as appropriate) of section 103”; and

4 (II) by inserting “or under sub-
5 section (a)(3)” after “subsection
6 (a)(1)”; and

7 (ii) in paragraph (2), by inserting “or
8 under subsection (a)(3)” after “subsection
9 (a)(1)”.

10 (B) *SUBSTITUTION OF PAID LEAVE.*—Sec-
11 tion 102(d) of such Act (29 U.S.C. 2612(d)) is
12 amended—

13 (i) in paragraph (1)—

14 (I) by inserting “(or 26 work-
15 weeks in the case of leave provided
16 under subsection (a)(3))” after “12
17 workweeks” the first place it appears;
18 and

19 (II) by inserting “(or 26 work-
20 weeks, as appropriate)” after “12
21 workweeks” the second place it ap-
22 pears; and

23 (ii) in paragraph (2)(B), by adding at
24 the end the following: “An eligible employee
25 may elect, or an employer may require the

1 *employee, to substitute any of the accrued*
2 *paid vacation leave, personal leave, family*
3 *leave, or medical or sick leave of the em-*
4 *ployee for leave provided under subsection*
5 *(a)(3) for any part of the 26-week period of*
6 *such leave under such subsection.”.*

7 (C) NOTICE.—Section 102(e)(2) of such Act
8 (29 U.S.C. 2612(e)(2)) is amended by inserting
9 “or under subsection (a)(3)” after “subsection
10 (a)(1)”.

11 (D) SPOUSES EMPLOYED BY SAME EM-
12 PLOYER.—Section 102(f) of such Act (29 U.S.C.
13 2612(f)) is amended—

14 (i) by redesignating paragraphs (1)
15 and (2) as subparagraphs (A) and (B), and
16 aligning the margins of the subparagraphs
17 with the margins of section 102(e)(2)(A);

18 (ii) by striking “In any” and inserting
19 the following:

20 “(1) IN GENERAL.—In any”; and

21 (iii) by adding at the end the fol-
22 lowing:

23 “(2) SERVICEMEMBER FAMILY LEAVE.—

24 “(A) IN GENERAL.—The aggregate number
25 of workweeks of leave to which both that husband

1 *and wife may be entitled under subsection (a)*
2 *may be limited to 26 workweeks during the sin-*
3 *gle 12-month period described in subsection*
4 *(a)(3) if the leave is—*

5 “(i) *leave under subsection (a)(3); or*

6 “(ii) *a combination of leave under sub-*
7 *section (a)(3) and leave described in para-*
8 *graph (1).*

9 “(B) *BOTH LIMITATIONS APPLICABLE.—If*
10 *the leave taken by the husband and wife includes*
11 *leave described in paragraph (1), the limitation*
12 *in paragraph (1) shall apply to the leave de-*
13 *scribed in paragraph (1).”.*

14 “(E) *CERTIFICATION.—Section 103 of such*
15 *Act (29 U.S.C. 2613) is amended by adding at*
16 *the end the following:*

17 “(f) *CERTIFICATION FOR SERVICEMEMBER FAMILY*
18 *LEAVE.—An employer may require that a request for leave*
19 *under section 102(a)(3) be supported by a certification*
20 *issued at such time and in such manner as the Secretary*
21 *may by regulation prescribe.”.*

22 “(F) *FAILURE TO RETURN.—Section 104(c)*
23 *of such Act (29 U.S.C. 2614(c)) is amended—*

1 (i) in paragraph (2)(B)(i), by insert-
2 ing “or under section 102(a)(3)” before the
3 semicolon; and

4 (ii) in paragraph (3)(A)—

5 (I) in clause (i), by striking “or”
6 at the end;

7 (II) in clause (ii), by striking the
8 period and inserting “; or”; and

9 (III) by adding at the end the fol-
10 lowing:

11 “(iii) a certification issued by the
12 health care provider of the servicemember
13 being cared for by the employee, in the case
14 of an employee unable to return to work be-
15 cause of a condition specified in section
16 102(a)(3).”

17 (G) *ENFORCEMENT*.—Section 107 of such
18 Act (29 U.S.C. 2617) is amended, in subsection
19 (a)(1)(A)(i)(II), by inserting “(or 26 weeks, in a
20 case involving leave under section 102(a)(3))”
21 after “12 weeks”.

22 (H) *INSTRUCTIONAL EMPLOYEES*.—Section
23 108 of such Act (29 U.S.C. 2618) is amended, in
24 subsections (c)(1), (d)(2), and (d)(3), by insert-

1 ing “or under section 102(a)(3)” after “section
2 102(a)(1)”.

3 (c) *SERVICEMEMBER FAMILY LEAVE FOR CIVIL SERV-*
4 *ICE EMPLOYEES.*—

5 (1) *DEFINITIONS.*—Section 6381 of title 5,
6 *United States Code, is amended—*

7 (A) *in paragraph (5), by striking “and” at*
8 *the end;*

9 (B) *in paragraph (6), by striking the period*
10 *and inserting “; and”; and*

11 (C) *by adding at the end the following:*

12 “(7) *the term ‘active duty’ means duty under a*
13 *call or order to active duty under a provision of law*
14 *referred to in section 101(a)(13)(B) of title 10, United*
15 *States Code;*

16 “(8) *the term ‘covered servicemember’ means a*
17 *member of the Armed Forces, including a member of*
18 *the National Guard or a Reserve, who is undergoing*
19 *medical treatment, recuperation, or therapy, is other-*
20 *wise in medical hold or medical holdover status, or is*
21 *otherwise on the temporary disability retired list, for*
22 *a serious injury or illness;*

23 “(9) *the term ‘medical hold or medical holdover*
24 *status’ means—*

1 “(A) *the status of a member of the Armed*
2 *Forces, including a member of the National*
3 *Guard or a Reserve, assigned or attached to a*
4 *military hospital for medical care; and*

5 “(B) *the status of a member of a reserve*
6 *component of the Armed Forces who is separated,*
7 *whether pre-deployment or post-deployment,*
8 *from the member’s unit while in need of health*
9 *care based on a medical condition identified*
10 *while the member is on active duty in the Armed*
11 *Forces;*

12 “(10) *the term ‘next of kin’, used with respect to*
13 *an individual, means the nearest blood relative of*
14 *that individual; and*

15 “(11) *the term ‘serious injury or illness’, in the*
16 *case of a member of the Armed Forces, means an in-*
17 *jury or illness incurred by the member in line of duty*
18 *on active duty in the Armed Forces that may render*
19 *the member medically unfit to perform the duties of*
20 *the member’s office, grade, rank, or rating.”.*

21 (2) *ENTITLEMENT TO LEAVE.—Section 6382(a)*
22 *of such title is amended by adding at the end the fol-*
23 *lowing:*

24 “(3) *Subject to section 6383, an employee who is*
25 *the spouse, son, daughter, parent, or next of kin of a*

1 *covered servicemember shall be entitled to a total of*
2 *26 administrative workweeks of leave during a 12-*
3 *month period to care for the servicemember. The leave*
4 *described in this paragraph shall only be available*
5 *during a single 12-month period.*

6 *“(4) During the single 12-month period described*
7 *in paragraph (3), an employee shall be entitled to a*
8 *combined total of 26 administrative workweeks of*
9 *leave under paragraphs (1) and (3). Nothing in this*
10 *paragraph shall be construed to limit the availability*
11 *of leave under paragraph (1) during any other 12-*
12 *month period.”.*

13 *(3) REQUIREMENTS RELATING TO LEAVE.—*

14 *(A) SCHEDULE.—Section 6382(b) of such*
15 *title is amended—*

16 *(i) in paragraph (1), in the second*
17 *sentence—*

18 *(I) by striking “section*
19 *6383(b)(5)” and inserting “subsection*
20 *(b)(5) or (f) (as appropriate) of section*
21 *6383”; and*

22 *(II) by inserting “or under sub-*
23 *section (a)(3)” after “subsection*
24 *(a)(1)”;* and

1 (ii) in paragraph (2), by inserting “or
2 under subsection (a)(3)” after “subsection
3 (a)(1)”.

4 (B) *SUBSTITUTION OF PAID LEAVE.*—Sec-
5 tion 6382(d) of such title is amended by adding
6 at the end the following: “An employee may elect
7 to substitute for leave under subsection (a)(3)
8 any of the employee’s accrued or accumulated
9 annual or sick leave under subchapter I for any
10 part of the 26-week period of leave under such
11 subsection.”.

12 (C) *NOTICE.*—Section 6382(e) of such title
13 is amended by inserting “or under subsection
14 (a)(3)” after “subsection (a)(1)”.

15 (D) *CERTIFICATION.*—Section 6383 of such
16 title is amended by adding at the end the fol-
17 lowing:

18 “(f) An employing agency may require that a request
19 for leave under section 6382(a)(3) be supported by a certifi-
20 cation issued at such time and in such manner as the Office
21 of Personnel Management may by regulation prescribe.”.

22 **SEC. 611. MILITARY FAMILY JOB PROTECTION.**

23 (a) *SHORT TITLE.*—This section may be cited as the
24 “Military Family Job Protection Act”.

1 (b) *PROHIBITION ON DISCRIMINATION IN EMPLOY-*
2 *MENT AGAINST CERTAIN FAMILY MEMBERS CARING FOR*
3 *RECOVERING MEMBERS OF THE ARMED FORCES.*—A fam-
4 ily member of a recovering servicemember described in sub-
5 section (c) shall not be denied retention in employment, pro-
6 motion, or any benefit of employment by an employer on
7 the basis of the family member's absence from employment
8 as described in that subsection, for a period of not more
9 than 52 workweeks.

10 (c) *COVERED FAMILY MEMBERS.*—A family member
11 described in this subsection is a family member of a recov-
12 ering servicemember who is—

13 (1) *on invitational orders while caring for the*
14 *recovering servicemember;*

15 (2) *a non-medical attendee caring for the recov-*
16 *ering servicemember; or*

17 (3) *receiving per diem payments from the De-*
18 *partment of Defense while caring for the recovering*
19 *servicemember.*

20 (d) *TREATMENT OF ACTIONS.*—An employer shall be
21 considered to have engaged in an action prohibited by sub-
22 section (b) with respect to a person described in that sub-
23 section if the absence from employment of the person as de-
24 scribed in that subsection is a motivating factor in the em-
25 ployer's action, unless the employer can prove that the ac-

1 *tion would have been taken in the absence of the absence*
2 *of employment of the person.*

3 *(e) DEFINITIONS.—In this section:*

4 *(1) BENEFIT OF EMPLOYMENT.—The term “benefit of employment” has the meaning given such term*
5 *in section 4303 of title 38, United States Code.*

7 *(2) CARING FOR.—The term “caring for”, used*
8 *with respect to a recovering servicemember, means*
9 *providing personal, medical, or convalescent care to*
10 *the recovering servicemember, under circumstances*
11 *that substantially interfere with an employee’s ability*
12 *to work.*

13 *(3) EMPLOYER.—The term “employer” has the*
14 *meaning given such term in section 4303 of title 38,*
15 *United States Code, except that the term does not in-*
16 *clude any person who is not considered to be an em-*
17 *ployer under title I of the Family and Medical Leave*
18 *Act of 1993 (29 U.S.C. 2611 et seq.) because the per-*
19 *son does not meet the requirements of section*
20 *101(4)(A)(i) of such Act (29 U.S.C. 2611(4)(A)(i)).*

21 *(4) FAMILY MEMBER.—The term “family mem-*
22 *ber”, with respect to a recovering servicemember, has*
23 *the meaning given that term in section 411h(b) of*
24 *title 37, United States Code.*

1 (5) *RECOVERING SERVICEMEMBER.*—*The term*
2 *“recovering servicemember” means a member of the*
3 *Armed Forces, including a member of the National*
4 *Guard or a Reserve, who is undergoing medical treat-*
5 *ment, recuperation, or therapy, or is otherwise in*
6 *medical hold or medical holdover status, for an in-*
7 *jury, illness, or disease incurred or aggravated while*
8 *on active duty in the Armed Forces.*

9 **SEC. 612. SENSE OF SENATE REGARDING ACCESS TO AF-**
10 **FORDABLE AND MEANINGFUL HEALTH IN-**
11 **SURANCE COVERAGE.**

12 (a) *FINDINGS.*—*The Senate finds the following:*

13 (1) *There are approximately 45 million Ameri-*
14 *cans currently without health insurance.*

15 (2) *More than half of uninsured workers are em-*
16 *ployed by businesses with less than 25 employees or*
17 *are self-employed.*

18 (3) *Health insurance premiums continue to rise*
19 *at more than twice the rate of inflation for all con-*
20 *sumer goods.*

21 (4) *Individuals in the small group and indi-*
22 *vidual health insurance markets usually pay more for*
23 *similar coverage than those in the large group market.*

24 (5) *The rapid growth in health insurance costs*
25 *over the last few years has forced many employers,*

1 *particularly small employers, to increase deductibles*
2 *and co-pays or to drop coverage completely.*

3 *(b) SENSE OF THE SENATE.—The Senate—*

4 *(1) recognizes the necessity to improve afford-*
5 *ability and access to health insurance for all Ameri-*
6 *cans;*

7 *(2) acknowledges the value of building upon the*
8 *existing private health insurance market; and*

9 *(3) affirms its intent to enact legislation this*
10 *year that, with appropriate protection for consumers,*
11 *improves access to affordable and meaningful health*
12 *insurance coverage for employees of small businesses*
13 *and individuals by—*

14 *(A) facilitating pooling mechanisms, in-*
15 *cluding pooling across State lines, and*

16 *(B) providing assistance to small businesses*
17 *and individuals, including financial assistance*
18 *and tax incentives, for the purchase of private*
19 *insurance coverage.*

20 **SEC. 613. DEMONSTRATION PROJECTS RELATING TO DIA-**
21 **BETES PREVENTION.**

22 *There is authorized to be appropriated \$15,000,000*
23 *during the period of fiscal years 2008 through 2012 to fund*
24 *demonstration projects in up to 10 States over 3 years for*
25 *voluntary incentive programs to promote children's receipt*

1 *of relevant screenings and improvements in healthy eating*
2 *and physical activity with the aim of reducing the inci-*
3 *dence of type 2 diabetes. Such programs may involve reduc-*
4 *tions in cost-sharing or premiums when children receive*
5 *regular screening and reach certain benchmarks in healthy*
6 *eating and physical activity. Under such programs, a State*
7 *may also provide financial bonuses for partnerships with*
8 *entities, such as schools, which increase their education and*
9 *efforts with respect to reducing the incidence of type 2 dia-*
10 *betes and may also devise incentives for providers serving*
11 *children covered under this title and title XIX to perform*
12 *relevant screening and counseling regarding healthy eating*
13 *and physical activity. Upon completion of these demonstra-*
14 *tions, the Secretary shall provide a report to Congress on*
15 *the results of the State demonstration projects and the de-*
16 *gree to which they helped improve health outcomes related*
17 *to type 2 diabetes in children in those States.”.*

18 **SEC. 614. OUTREACH REGARDING HEALTH INSURANCE OP-**
19 **TIONS AVAILABLE TO CHILDREN.**

20 (a) *DEFINITIONS.—In this section—*

21 (1) *the terms “Administration” and “Adminis-*
22 *trator” means the Small Business Administration*
23 *and the Administrator thereof, respectively;*

24 (2) *the term “certified development company”*
25 *means a development company participating in the*

1 *program under title V of the Small Business Invest-*
2 *ment Act of 1958 (15 U.S.C. 695 et seq.);*

3 *(3) the term “Medicaid program” means the pro-*
4 *gram established under title XIX of the Social Secu-*
5 *rity Act (42 U.S.C. 1396 et seq.);*

6 *(4) the term “Service Corps of Retired Execu-*
7 *tives” means the Service Corps of Retired Executives*
8 *authorized by section 8(b)(1) of the Small Business*
9 *Act (15 U.S.C. 637(b)(1));*

10 *(5) the term “small business concern” has the*
11 *meaning given that term in section 3 of the Small*
12 *Business Act (15 U.S.C. 632);*

13 *(6) the term “small business development center”*
14 *means a small business development center described*
15 *in section 21 of the Small Business Act (15 U.S.C.*
16 *648);*

17 *(7) the term “State” has the meaning given that*
18 *term for purposes of title XXI of the Social Security*
19 *Act (42 U.S.C. 1397aa et seq.);*

20 *(8) the term “State Children’s Health Insurance*
21 *Program” means the State Children’s Health Insur-*
22 *ance Program established under title XXI of the So-*
23 *cial Security Act (42 U.S.C. 1397aa et seq.);*

24 *(9) the term “task force” means the task force es-*
25 *tablished under subsection (b)(1); and*

1 (10) *the term “women’s business center” means*
2 *a women’s business center described in section 29 of*
3 *the Small Business Act (15 U.S.C. 656).*

4 *(b) ESTABLISHMENT OF TASK FORCE.—*

5 (1) *ESTABLISHMENT.—There is established a*
6 *task force to conduct a nationwide campaign of edu-*
7 *cation and outreach for small business concerns re-*
8 *garding the availability of coverage for children*
9 *through private insurance options, the Medicaid pro-*
10 *gram, and the State Children’s Health Insurance Pro-*
11 *gram.*

12 (2) *MEMBERSHIP.—The task force shall consist*
13 *of the Administrator, the Secretary of Health and*
14 *Human Services, the Secretary of Labor, and the Sec-*
15 *retary of the Treasury.*

16 (3) *RESPONSIBILITIES.—The campaign con-*
17 *ducted under this subsection shall include—*

18 (A) *efforts to educate the owners of small*
19 *business concerns about the value of health cov-*
20 *erage for children;*

21 (B) *information regarding options available*
22 *to the owners and employees of small business*
23 *concerns to make insurance more affordable, in-*
24 *cluding Federal and State tax deductions and*
25 *credits for health care-related expenses and*

1 *health insurance expenses and Federal tax exclu-*
2 *sion for health insurance options available under*
3 *employer-sponsored cafeteria plans under section*
4 *125 of the Internal Revenue Code of 1986;*

5 (C) *efforts to educate the owners of small*
6 *business concerns about assistance available*
7 *through public programs; and*

8 (D) *efforts to educate the owners and em-*
9 *ployees of small business concerns regarding the*
10 *availability of the hotline operated as part of the*
11 *Insure Kids Now program of the Department of*
12 *Health and Human Services.*

13 (4) *IMPLEMENTATION.—In carrying out this sub-*
14 *section, the task force may—*

15 (A) *use any business partner of the Admin-*
16 *istration, including—*

17 (i) *a small business development cen-*
18 *ter;*

19 (ii) *a certified development company;*

20 (iii) *a women's business center; and*

21 (iv) *the Service Corps of Retired Ex-*
22 *ecutives;*

23 (B) *enter into—*

24 (i) *a memorandum of understanding*
25 *with a chamber of commerce; and*

1 (ii) a partnership with any appro-
2 priate small business concern or health ad-
3 vocacy group; and

4 (C) designate outreach programs at regional
5 offices of the Department of Health and Human
6 Services to work with district offices of the Ad-
7 ministration.

8 (5) WEBSITE.—The Administrator shall ensure
9 that links to information on the eligibility and enroll-
10 ment requirements for the Medicaid program and
11 State Children’s Health Insurance Program of each
12 State are prominently displayed on the website of the
13 Administration.

14 (6) REPORT.—

15 (A) IN GENERAL.—Not later than 2 years
16 after the date of enactment of this Act, and every
17 2 years thereafter, the Administrator shall sub-
18 mit to the Committee on Small Business and
19 Entrepreneurship of the Senate and the Com-
20 mittee on Small Business of the House of Rep-
21 resentatives a report on the status of the nation-
22 wide campaign conducted under paragraph (1).

23 (B) CONTENTS.—Each report submitted
24 under subparagraph (A) shall include a status
25 update on all efforts made to educate owners and

1 *employees of small business concerns on options*
2 *for providing health insurance for children*
3 *through public and private alternatives.*

4 **TITLE VII—REVENUE**
5 **PROVISIONS**

6 **SEC. 701. INCREASE IN EXCISE TAX RATE ON TOBACCO**
7 **PRODUCTS.**

8 *(a) CIGARS.—Section 5701(a) of the Internal Revenue*
9 *Code of 1986 is amended—*

10 *(1) by striking “\$1.828 cents per thousand*
11 *(\$1.594 cents per thousand on cigars removed during*
12 *2000 or 2001)” in paragraph (1) and inserting*
13 *“\$50.00 per thousand”,*

14 *(2) by striking “20.719 percent (18.063 percent*
15 *on cigars removed during 2000 or 2001)” in para-*
16 *graph (2) and inserting “53.13 percent”, and*

17 *(3) by striking “\$48.75 per thousand (\$42.50 per*
18 *thousand on cigars removed during 2000 or 2001)” in*
19 *paragraph (2) and inserting “\$3.00 per cigar”.*

20 *(b) CIGARETTES.—Section 5701(b) of such Code is*
21 *amended—*

22 *(1) by striking “\$19.50 per thousand (\$17 per*
23 *thousand on cigarettes removed during 2000 or*
24 *2001)” in paragraph (1) and inserting “\$50.00 per*
25 *thousand”, and*

1 (2) by striking “\$40.95 per thousand (\$35.70 per
2 thousand on cigarettes removed during 2000 or
3 2001)” in paragraph (2) and inserting “\$104.9999
4 cents per thousand”.

5 (c) *CIGARETTE PAPERS*.—Section 5701(c) of such
6 Code is amended by striking “1.22 cents (1.06 cents on ciga-
7 rette papers removed during 2000 or 2001)” and inserting
8 “3.13 cents”.

9 (d) *CIGARETTE TUBES*.—Section 5701(d) of such Code
10 is amended by striking “2.44 cents (2.13 cents on cigarette
11 tubes removed during 2000 or 2001)” and inserting “6.26
12 cents”.

13 (e) *SMOKELESS TOBACCO*.—Section 5701(e) of such
14 Code is amended—

15 (1) by striking “58.5 cents (51 cents on snuff re-
16 moved during 2000 or 2001)” in paragraph (1) and
17 inserting “\$1.50”, and

18 (2) by striking “19.5 cents (17 cents on chewing
19 tobacco removed during 2000 or 2001)” in paragraph
20 (2) and inserting “50 cents”.

21 (f) *PIPE TOBACCO*.—Section 5701(f) of such Code is
22 amended by striking “\$1.0969 cents (95.67 cents on pipe
23 tobacco removed during 2000 or 2001)” and inserting
24 “\$2.8126 cents”.

1 (g) *ROLL-YOUR-OWN TOBACCO*.—Section 5701(g) of
2 such Code is amended by striking “\$1.0969 cents (95.67
3 cents on roll-your-own tobacco removed during 2000 or
4 2001)” and inserting “\$8.8889 cents”.

5 (h) *FLOOR STOCKS TAXES*.—

6 (1) *IMPOSITION OF TAX*.—On tobacco products
7 and cigarette papers and tubes manufactured in or
8 imported into the United States which are removed
9 before January 1, 2008, and held on such date for
10 sale by any person, there is hereby imposed a tax in
11 an amount equal to the excess of—

12 (A) the tax which would be imposed under
13 section 5701 of the Internal Revenue Code of
14 1986 on the article if the article had been re-
15 moved on such date, over

16 (B) the prior tax (if any) imposed under
17 section 5701 of such Code on such article.

18 (2) *CREDIT AGAINST TAX*.—Each person shall be
19 allowed as a credit against the taxes imposed by
20 paragraph (1) an amount equal to \$500. Such credit
21 shall not exceed the amount of taxes imposed by para-
22 graph (1) on January 1, 2008, for which such person
23 is liable.

24 (3) *LIABILITY FOR TAX AND METHOD OF PAY-*
25 *MENT*.—

1 (A) *LIABILITY FOR TAX.*—A person holding
2 tobacco products, cigarette papers, or cigarette
3 tubes on January 1, 2008, to which any tax im-
4 posed by paragraph (1) applies shall be liable for
5 such tax.

6 (B) *METHOD OF PAYMENT.*—The tax im-
7 posed by paragraph (1) shall be paid in such
8 manner as the Secretary shall prescribe by regu-
9 lations.

10 (C) *TIME FOR PAYMENT.*—The tax imposed
11 by paragraph (1) shall be paid on or before
12 April 1, 2008.

13 (4) *ARTICLES IN FOREIGN TRADE ZONES.*—Not-
14 withstanding the Act of June 18, 1934 (commonly
15 known as the Foreign Trade Zone Act, 48 Stat. 998,
16 19 U.S.C. 81a et seq.) or any other provision of law,
17 any article which is located in a foreign trade zone
18 on January 1, 2008, shall be subject to the tax im-
19 posed by paragraph (1) if—

20 (A) *internal revenue taxes have been deter-*
21 *mined, or customs duties liquidated, with respect*
22 *to such article before such date pursuant to a re-*
23 *quest made under the 1st proviso of section 3(a)*
24 *of such Act, or*

1 (B) *such article is held on such date under*
2 *the supervision of an officer of the United States*
3 *Customs and Border Protection of the Depart-*
4 *ment of Homeland Security pursuant to the 2d*
5 *proviso of such section 3(a).*

6 (5) *DEFINITIONS.—For purposes of this*
7 *subsection—*

8 (A) *IN GENERAL.—Any term used in this*
9 *subsection which is also used in section 5702 of*
10 *the Internal Revenue Code of 1986 shall have the*
11 *same meaning as such term has in such section.*

12 (B) *SECRETARY.—The term “Secretary”*
13 *means the Secretary of the Treasury or the Sec-*
14 *retary’s delegate.*

15 (6) *CONTROLLED GROUPS.—Rules similar to the*
16 *rules of section 5061(e)(3) of such Code shall apply*
17 *for purposes of this subsection.*

18 (7) *OTHER LAWS APPLICABLE.—All provisions of*
19 *law, including penalties, applicable with respect to*
20 *the taxes imposed by section 5701 of such Code shall,*
21 *insofar as applicable and not inconsistent with the*
22 *provisions of this subsection, apply to the floor stocks*
23 *taxes imposed by paragraph (1), to the same extent*
24 *as if such taxes were imposed by such section 5701.*
25 *The Secretary may treat any person who bore the ul-*

1 *timate burden of the tax imposed by paragraph (1)*
2 *as the person to whom a credit or refund under such*
3 *provisions may be allowed or made.*

4 (i) *EFFECTIVE DATE.*—*The amendments made by this*
5 *section shall apply to articles removed (as defined in section*
6 *5702(j) of the Internal Revenue Code of 1986) after Decem-*
7 *ber 31, 2007.*

8 **SEC. 702. ADMINISTRATIVE IMPROVEMENTS.**

9 (a) *PERMIT, REPORT, AND RECORD REQUIREMENTS*
10 *FOR MANUFACTURERS AND IMPORTERS OF PROCESSED TO-*
11 *BACCO.*—

12 (1) *PERMITS.*—

13 (A) *APPLICATION.*—*Section 5712 of the In-*
14 *ternal Revenue Code of 1986 is amended by in-*
15 *serting “or processed tobacco” after “tobacco*
16 *products”.*

17 (B) *ISSUANCE.*—*Section 5713(a) of such*
18 *Code is amended by inserting “or processed to-*
19 *bacco” after “tobacco products”.*

20 (2) *INVENTORIES AND REPORTS.*—

21 (A) *INVENTORIES.*—*Section 5721 of such*
22 *Code is amended by inserting “, processed to-*
23 *bacco,” after “tobacco products”.*

1 (B) *REPORTS*.—Section 5722 of such Code
2 is amended by inserting “, processed tobacco,”
3 after “tobacco products”.

4 (3) *RECORDS*.—Section 5741 of such Code is
5 amended by inserting “, processed tobacco,” after “to-
6 bacco products”.

7 (4) *MANUFACTURER OF PROCESSED TOBACCO*.—
8 Section 5702 of such Code is amended by adding at
9 the end the following new subsection:

10 “(p) *MANUFACTURER OF PROCESSED TOBACCO*.—

11 “(1) *IN GENERAL*.—The term ‘manufacturer of
12 processed tobacco’ means any person who processes
13 any tobacco other than tobacco products.

14 “(2) *PROCESSED TOBACCO*.—The processing of
15 tobacco shall not include the farming or growing of
16 tobacco or the handling of tobacco solely for sale, ship-
17 ment, or delivery to a manufacturer of tobacco prod-
18 ucts or processed tobacco.”.

19 (5) *CONFORMING AMENDMENT*.—Section 5702(k)
20 of such Code is amended by inserting “, or any proc-
21 essed tobacco,” after “nontaxpaid tobacco products or
22 cigarette papers or tubes”.

23 (6) *EFFECTIVE DATE*.—The amendments made
24 by this subsection shall take effect on January 1,
25 2008.

1 **(b) BASIS FOR DENIAL, SUSPENSION, OR REVOCATION**
2 **OF PERMITS.—**

3 **(1) DENIAL.—***Paragraph (3) of section 5712 of*
4 *such Code is amended to read as follows:*

5 **“(3) such person (including, in the case of a cor-**
6 *poration, any officer, director, or principal stock-*
7 *holder and, in the case of a partnership, a partner)—*

8 **“(A) is, by reason of his business experience,**
9 *financial standing, or trade connections or by*
10 *reason of previous or current legal proceedings*
11 *involving a felony violation of any other provi-*
12 *sion of Federal criminal law relating to tobacco*
13 *products, cigarette paper, or cigarette tubes, not*
14 *likely to maintain operations in compliance with*
15 *this chapter,*

16 **“(B) has been convicted of a felony violation**
17 *of any provision of Federal or State criminal*
18 *law relating to tobacco products, cigarette paper,*
19 *or cigarette tubes, or*

20 **“(C) has failed to disclose any material in-**
21 *formation required or made any material false*
22 *statement in the application therefor.”.*

23 **(2) SUSPENSION OR REVOCATION.—***Subsection*
24 *(b) of section 5713 of such Code is amended to read*
25 *as follows:*

1 “(b) *SUSPENSION OR REVOCATION.*—

2 “(1) *SHOW CAUSE HEARING.*—*If the Secretary*
3 *has reason to believe that any person holding a*
4 *permit—*

5 “(A) *has not in good faith complied with*
6 *this chapter, or with any other provision of this*
7 *title involving intent to defraud,*

8 “(B) *has violated the conditions of such per-*
9 *mit,*

10 “(C) *has failed to disclose any material in-*
11 *formation required or made any material false*
12 *statement in the application for such permit,*

13 “(D) *has failed to maintain his premises in*
14 *such manner as to protect the revenue,*

15 “(E) *is, by reason of previous or current*
16 *legal proceedings involving a felony violation of*
17 *any other provision of Federal criminal law re-*
18 *lating to tobacco products, cigarette paper, or*
19 *cigarette tubes, not likely to maintain operations*
20 *in compliance with this chapter, or*

21 “(F) *has been convicted of a felony violation*
22 *of any provision of Federal or State criminal*
23 *law relating to tobacco products, cigarette paper,*
24 *or cigarette tubes,*

1 *the Secretary shall issue an order, stating the facts*
2 *charged, citing such person to show cause why his*
3 *permit should not be suspended or revoked.*

4 “(2) *ACTION FOLLOWING HEARING.*—*If, after*
5 *hearing, the Secretary finds that such person has not*
6 *shown cause why his permit should not be suspended*
7 *or revoked, such permit shall be suspended for such*
8 *period as the Secretary deems proper or shall be re-*
9 *voked.”.*

10 *(c) APPLICATION OF INTERNAL REVENUE CODE STAT-*
11 *UTE OF LIMITATIONS FOR ALCOHOL AND TOBACCO EXCISE*
12 *TAXES.*—*Section 514(a) of the Tariff Act of 1930 (19*
13 *U.S.C. 1514(a)) is amended by striking “and section 520*
14 *(relating to refunds)” and inserting “section 520 (relating*
15 *to refunds), and section 6501 of the Internal Revenue Code*
16 *of 1986 (but only with respect to taxes imposed under chap-*
17 *ters 51 and 52 of such Code)”.*

18 *(d) EXPANSION OF DEFINITION OF ROLL-YOUR-OWN*
19 *TOBACCO.*—

20 (1) *IN GENERAL.*—*Section 5702(o) of the Inter-*
21 *nal Revenue Code of 1986 is amended by inserting*
22 *“or cigars, or for use as wrappers thereof” before the*
23 *period at the end.*

24 (2) *EFFECTIVE DATE.*—*The amendment made by*
25 *this subsection shall apply to articles removed (as de-*

1 *fined in section 5702(j) of the Internal Revenue Code*
2 *of 1986) after December 31, 2007.*

3 *(e) TIME OF TAX FOR UNLAWFULLY MANUFACTURED*
4 *TOBACCO PRODUCTS.—Section 5703(b)(2) of such Code is*
5 *amended by adding at the end the following new subpara-*
6 *graph:*

7 *“(F) SPECIAL RULE FOR UNLAWFULLY MAN-*
8 *UFACTURED TOBACCO PRODUCTS.—In the case of*
9 *any tobacco products, cigarette paper, or ciga-*
10 *rette tubes produced in the United States at any*
11 *place other than the premises of a manufacturer*
12 *of tobacco products, cigarette paper, or cigarette*
13 *tubes that has filed the bond and obtained the*
14 *permit required under this chapter, tax shall be*
15 *due and payable immediately upon manufac-*
16 *ture.”.*

17 **SEC. 703. TIME FOR PAYMENT OF CORPORATE ESTIMATED**
18 **TAXES.**

19 *Subparagraph (B) of section 401(1) of the Tax In-*
20 *crease Prevention and Reconciliation Act of 2005 is amend-*
21 *ed by striking “114.50 percent” and inserting “113.25 per-*
22 *cent”.*

1 **TITLE VIII—EFFECTIVE DATE**

2 **SEC. 801. EFFECTIVE DATE.**

3 (a) *IN GENERAL.*—Unless otherwise provided in this
4 Act, subject to subsection (b), the amendments made by this
5 Act shall take effect on October 1, 2007, and shall apply
6 to child health assistance and medical assistance provided
7 on or after that date without regard to whether or not final
8 regulations to carry out such amendments have been pro-
9 mulgated by such date.

10 (b) *EXCEPTION FOR STATE LEGISLATION.*—In the case
11 of a State plan under title XIX or XXI of the Social Secu-
12 rity Act, which the Secretary determines requires State leg-
13 islation in order for the plan to meet the additional require-
14 ments imposed by an amendment made by this Act, the
15 State plan shall not be regarded as failing to comply with
16 the requirements of such Act solely on the basis of its failure
17 to meet these additional requirements before the first day
18 of the first calendar quarter beginning after the close of the
19 first regular session of the State legislature that begins after
20 the date of enactment of this Act. For purposes of the pre-
21 ceding sentence, in the case of a State that has a 2-year
22 legislative session, each year of the session shall be consid-
23 ered to be a separate regular session of the State legislature.

Amend the title so as to read: “An Act to amend title XXI of the Social Security Act to reauthorize the

State Children's Health Insurance Program, and for other purposes.”.

Attest:

Secretary.

110TH CONGRESS
1ST SESSION

H. R. 976

AMENDMENTS