

One Hundred Eighth Congress  
of the  
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday,  
the seventh day of January, two thousand and three*

An Act

To amend title XXI of the Social Security Act to extend the availability of allotments for fiscal years 1998 through 2001 under the State Children's Health Insurance Program, and for other purposes.

*Be it enacted by the Senate and House of Representatives of  
the United States of America in Congress assembled,*

**SECTION 1. EXTENSION OF AVAILABILITY OF SCHIP ALLOTMENTS FOR  
FISCAL YEARS 1998 THROUGH 2001.**

(a) EXTENDING AVAILABILITY OF SCHIP ALLOTMENTS FOR  
FISCAL YEARS 1998 THROUGH 2001.—

(1) RETAINED AND REDISTRIBUTED ALLOTMENTS FOR FISCAL  
YEARS 1998 AND 1999.—Paragraphs (2)(A)(i) and (2)(A)(ii) of section  
2104(g) of the Social Security Act (42 U.S.C. 1397dd(g))  
are each amended by striking “fiscal year 2002” and inserting  
“fiscal year 2004”.

(2) EXTENSION AND REVISION OF RETAINED AND REDISTRIB-  
UTED ALLOTMENTS FOR FISCAL YEAR 2000.—

(A) PERMITTING AND EXTENDING RETENTION OF PORTION  
OF FISCAL YEAR 2000 ALLOTMENT.—Paragraph (2) of such  
section 2104(g) is amended—

(i) in the heading, by striking “AND 1999” and  
inserting “THROUGH 2000”; and

(ii) by adding at the end of subparagraph (A) the  
following:

“(iii) FISCAL YEAR 2000 ALLOTMENT.—Of the  
amounts allotted to a State pursuant to this section  
for fiscal year 2000 that were not expended by the  
State by the end of fiscal year 2002, 50 percent of  
that amount shall remain available for expenditure  
by the State through the end of fiscal year 2004.”.

(B) REDISTRIBUTED ALLOTMENTS.—Paragraph (1) of  
such section 2104(g) is amended—

(i) in subparagraph (A), by inserting “or for fiscal  
year 2000 by the end of fiscal year 2002,” after “fiscal  
year 2001,”;

(ii) in subparagraph (A), by striking “1998 or 1999”  
and inserting “1998, 1999, or 2000”;

(iii) in subparagraph (A)(i)—

(I) by striking “or” at the end of subclause  
(I),

(II) by striking the period at the end of sub-  
clause (II) and inserting “; or”; and

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

“(III) the fiscal year 2000 allotment, the amount specified in subparagraph (C)(i) (less the total of the amounts under clause (ii) for such fiscal year), multiplied by the ratio of the amount specified in subparagraph (C)(ii) for the State to the amount specified in subparagraph (C)(iii).”; (iv) in subparagraph (A)(ii), by striking “or 1999” and inserting “, 1999, or 2000”; (v) in subparagraph (B), by striking “with respect to fiscal year 1998 or 1999”; (vi) in subparagraph (B)(ii)— (I) by inserting “with respect to fiscal year 1998, 1999, or 2000,” after “subsection (e),”; and (II) by striking “2002” and inserting “2004”; and (vii) by adding at the end the following new subparagraph:

“(C) AMOUNTS USED IN COMPUTING REDISTRIBUTIONS FOR FISCAL YEAR 2000.—For purposes of subparagraph (A)(i)(III)—

“(i) the amount specified in this clause is the amount specified in paragraph (2)(B)(i)(I) for fiscal year 2000, less the total amount remaining available pursuant to paragraph (2)(A)(iii);

“(ii) the amount specified in this clause for a State is the amount by which the State’s expenditures under this title in fiscal years 2000, 2001, and 2002 exceed the State’s allotment for fiscal year 2000 under subsection (b); and

“(iii) the amount specified in this clause is the sum, for all States entitled to a redistribution under subparagraph (A) from the allotments for fiscal year 2000, of the amounts specified in clause (ii).”.

(C) CONFORMING AMENDMENTS.—Such section 2104(g) is further amended—

(i) in its heading, by striking “AND 1999” and inserting “, 1999, AND 2000”; and

(ii) in paragraph (3)—

(I) by striking “or fiscal year 1999” and inserting “, fiscal year 1999, or fiscal year 2000”; and

(II) by striking “or November 30, 2001” and inserting “November 30, 2001, or November 30, 2002”, respectively.

(3) EXTENSION AND REVISION OF RETAINED AND REDISTRIBUTED ALLOTMENTS FOR FISCAL YEAR 2001.—

(A) PERMITTING AND EXTENDING RETENTION OF PORTION OF FISCAL YEAR 2001 ALLOTMENT.—Paragraph (2) of such section 2104(g), as amended in paragraph (2)(A)(ii), is further amended—

(i) in the heading, by striking “2000” and inserting “2001”; and

(ii) by adding at the end of subparagraph (A) the following:

“(iv) FISCAL YEAR 2001 ALLOTMENT.—Of the amounts allotted to a State pursuant to this section for fiscal year 2001 that were not expended by the

H. R. 2854—3

State by the end of fiscal year 2003, 50 percent of that amount shall remain available for expenditure by the State through the end of fiscal year 2005.”.

(B) REDISTRIBUTED ALLOTMENTS.—Paragraph (1) of such section 2104(g), as amended in paragraph (2)(B), is further amended—

(i) in subparagraph (A), by inserting “or for fiscal year 2001 by the end of fiscal year 2003,” after “fiscal year 2002,”;

(ii) in subparagraph (A), by striking “1999, or 2000” and inserting “1999, 2000, or 2001”;

(iii) in subparagraph (A)(i)—

(I) by striking “or” at the end of subclause (II),

(II) by striking the period at the end of subclause (III) and inserting “; or”; and

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

“(IV) the fiscal year 2001 allotment, the amount specified in subparagraph (D)(i) (less the total of the amounts under clause (ii) for such fiscal year), multiplied by the ratio of the amount specified in subparagraph (D)(ii) for the State to the amount specified in subparagraph (D)(iii).”;

(iv) in subparagraph (A)(ii), by striking “or 2000” and inserting “2000, or 2001”;

(v) in subparagraph (B)—

(I) by striking “and” at the end of clause (ii);

(II) by redesignating clause (iii) as clause (iv);

and

(III) by inserting after clause (ii) the following

new clause:

“(iii) notwithstanding subsection (e), with respect to fiscal year 2001, shall remain available for expenditure by the State through the end of fiscal year 2005; and”; and

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

“(D) AMOUNTS USED IN COMPUTING REDISTRIBUTIONS FOR FISCAL YEAR 2001.—For purposes of subparagraph (A)(i)(IV)—

“(i) the amount specified in this clause is the amount specified in paragraph (2)(B)(i)(I) for fiscal year 2001, less the total amount remaining available pursuant to paragraph (2)(A)(iv);

“(ii) the amount specified in this clause for a State is the amount by which the State’s expenditures under this title in fiscal years 2001, 2002, and 2003 exceed the State’s allotment for fiscal year 2001 under subsection (b); and

“(iii) the amount specified in this clause is the sum, for all States entitled to a redistribution under subparagraph (A) from the allotments for fiscal year 2001, of the amounts specified in clause (ii).”.

(C) CONFORMING AMENDMENTS.—Such section 2104(g) is further amended—

H. R. 2854—4

(i) in its heading, by striking “AND 2000” and inserting “2000, AND 2001”; and

(ii) in paragraph (3)—

(I) by striking “or fiscal year 2000” and inserting “fiscal year 2000, or fiscal year 2001”; and

(II) by striking “or November 30, 2002,” and inserting “November 30, 2002, or November 30, 2003,” respectively.

(4) EFFECTIVE DATE.—This subsection, and the amendments made by this subsection, shall be effective as if this subsection had been enacted on September 30, 2002, and amounts under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.) from allotments for fiscal years 1998 through 2000 are available for expenditure on and after October 1, 2002, under the amendments made by this subsection as if this subsection had been enacted on September 30, 2002.

(b) AUTHORITY FOR QUALIFYING STATES TO USE PORTION OF SCHIP FUNDS FOR MEDICAID EXPENDITURES.—Section 2105 of the Social Security Act (42 U.S.C. 1397ee) is amended by adding at the end the following:

“(g) AUTHORITY FOR QUALIFYING STATES TO USE CERTAIN FUNDS FOR MEDICAID EXPENDITURES.—

“(1) STATE OPTION.—

“(A) IN GENERAL.—Notwithstanding any other provision of law, a qualifying State (as defined in paragraph (2)) may elect to use not more than 20 percent of any allotment under section 2104 for fiscal year 1998, 1999, 2000, or 2001 (insofar as it is available under subsections (e) and (g) of such section) for payments under title XIX in accordance with subparagraph (B), instead of for expenditures under this title.

“(B) PAYMENTS TO STATES.—

“(i) IN GENERAL.—In the case of a qualifying State that has elected the option described in subparagraph (A), subject to the availability of funds under such subparagraph with respect to the State, the Secretary shall pay the State an amount each quarter equal to the additional amount that would have been paid to the State under title XIX with respect to expenditures described in clause (ii) if the enhanced FMAP (as determined under subsection (b)) had been substituted for the Federal medical assistance percentage (as defined in section 1905(b)).

“(ii) EXPENDITURES DESCRIBED.—For purposes of this subparagraph, the expenditures described in this clause are expenditures, made after the date of the enactment of this subsection and during the period in which funds are available to the qualifying State for use under subparagraph (A), for medical assistance under title XIX to individuals who have not attained age 19 and whose family income exceeds 150 percent of the poverty line.

“(iii) NO IMPACT ON DETERMINATION OF BUDGET NEUTRALITY FOR WAIVERS.—In the case of a qualifying State that uses amounts paid under this subsection for expenditures described in clause (ii) that are

incurred under a waiver approved for the State, any budget neutrality determinations with respect to such waiver shall be determined without regard to such amounts paid.

“(2) QUALIFYING STATE.—In this subsection, the term ‘qualifying State’ means a State that, on and after April 15, 1997, has an income eligibility standard that is at least 185 percent of the poverty line with respect to any 1 or more categories of children (other than infants) who are eligible for medical assistance under section 1902(a)(10)(A) or, in the case of a State that has a statewide waiver in effect under section 1115 with respect to title XIX that was first implemented on July 1, 1995, has an income eligibility standard under such waiver for children that is at least 185 percent of the poverty line, or, in the case of a State that has a statewide waiver in effect under section 1115 with respect to title XIX that was first implemented on January 1, 1994, has an income eligibility standard under such waiver for children who lack health insurance that is at least 185 percent of the poverty line.

“(3) CONSTRUCTION.—Nothing in paragraphs (1) and (2) shall be construed as modifying the requirements applicable to States implementing State child health plans under this title.”.

**SEC. 2. TECHNICAL CORRECTION.**

(a) TEMPORARY INCREASE OF THE MEDICAID FMAP.—Subparagraphs (A) and (B) of section 401(a)(6) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (Public Law 108–27) are amended to read as follows:

“(A) IN GENERAL.—Subject to subparagraph (B), a State is eligible for an increase in its FMAP under paragraph (3) or an increase in a cap amount under paragraph (4) for any date after September 2, 2003, only if the eligibility under its State plan under title XIX of the Social Security Act (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) applied as of such date is no more restrictive than the eligibility under such plan (or waiver) as in effect on September 2, 2003.

“(B) STATE REINSTATEMENT OF ELIGIBILITY PERMITTED.—A State that has restricted eligibility under its State plan under title XIX of the Social Security Act (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) for any date after September 2, 2003, is eligible for an increase in its FMAP under paragraph (3) or an increase in a cap amount under paragraph (4) for subsequent dates in which the State has reinstated eligibility that is no more restrictive than the eligibility under such plan (or waiver) as in effect on September 2, 2003.”.

(b) RETROACTIVE EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment

H. R. 2854—6

of section 401 of the Jobs and Growth Tax Relief Reconciliation  
Act of 2003 (Public Law 108-27).

*Speaker of the House of Representatives.*

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