

108TH CONGRESS
1ST SESSION

S. 1843

To amend titles XIX and XXI of the Social Security Act to provide for FamilyCare coverage for parents of enrolled children, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 10, 2003

Ms. SNOWE (for herself and Mr. KENNEDY) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend titles XIX and XXI of the Social Security Act to provide for FamilyCare coverage for parents of enrolled children, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE OF TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “FamilyCare Act of 2003”.

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

- Sec. 1. Short title of title; table of contents.
- Sec. 2. Renaming of title XXI program.
- Sec. 3. FamilyCare coverage of parents and pregnant women under the med-
icaid program and title XXI.
- Sec. 4. Automatic enrollment of children born to title XXI parents.

- Sec. 5. Optional coverage of legal immigrants under the medicaid program and title XXI.
- Sec. 6. Optional coverage of children through age 20 under the medicaid program and title XXI.
- Sec. 7. Application of simplified title XXI procedures under the medicaid program.
- Sec. 8. Elimination of 100 hour rule and other AFDC-related eligibility restrictions.
- Sec. 9. State grant program for market innovation.
- Sec. 10. Limitations on conflicts of interest.
- Sec. 11. Title XXI funding.
- Sec. 12. Demonstration programs to improve medicaid and title XXI outreach to homeless individuals and families.
- Sec. 13. Additional title XXI revisions.
- Sec. 14. Effective date.

1 **SEC. 2. RENAMING OF TITLE XXI PROGRAM.**

2 (a) IN GENERAL.—The heading of title XXI of the
3 Social Security Act (42 U.S.C. 1397aa et seq.) is amended
4 to read as follows:

5 “TITLE XXI—FAMILYCARE PROGRAM”.

6 (b) PROGRAM REFERENCES.—Any reference in any
7 provision of Federal law or regulation to “SCHIP” or
8 “State children’s health insurance program” under title
9 XXI of the Social Security Act shall be deemed a reference
10 to the FamilyCare program under such title.

11 **SEC. 3. FAMILYCARE COVERAGE OF PARENTS AND PREG-**
12 **NANT WOMEN UNDER THE MEDICAID PRO-**
13 **GRAM AND TITLE XXI.**

14 (a) INCENTIVES TO IMPLEMENT FAMILYCARE COV-
15 ERAGE.—

16 (1) UNDER MEDICAID.—

17 (A) ESTABLISHMENT OF NEW OPTIONAL
18 ELIGIBILITY CATEGORY.—Section

1 1902(a)(10)(A)(ii) of the Social Security Act
2 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

3 (i) by striking “or” at the end of sub-
4 clause (XVII);

5 (ii) by adding “or” at the end of sub-
6 clause (XVIII); and

7 (iii) by adding at the end the fol-
8 lowing:

9 “(XIX) who are individuals de-
10 scribed in subsection (k)(1) (relating
11 to parents of categorically eligible chil-
12 dren);”.

13 (B) PARENTS DESCRIBED.—Section 1902
14 of the Social Security Act is further amended
15 by inserting after subsection (j) the following:

16 “(k)(1)(A) Individuals described in this paragraph
17 are individuals—

18 “(i) who are the parents of an individual who
19 is under 19 years of age (or such higher age as the
20 State may have elected under section 1902(l)(1)(D)
21 and who is eligible for medical assistance under sub-
22 section (a)(10)(A);

23 “(ii) who are not otherwise eligible for medical
24 assistance under such subsection or under a waiver
25 approved under section 1115 or otherwise (except

1 under section 1931 or under subsection
2 (a)(10)(A)(ii)(XIX)); and

3 “(iii) whose family income exceeds the effective
4 income level or resource level applicable under the
5 State plan under part A of title IV as in effect as
6 of July 16, 1996, but does not exceed the highest ef-
7 fective income level applicable to a child in the fam-
8 ily under this title.

9 “(B) In establishing an income eligibility level for in-
10 dividuals described in this paragraph, a State may apply
11 to such individuals the highest effective income level appli-
12 cable to a child in the family under this title in order to
13 ensure that such individuals are enrolled in the same pro-
14 gram as their children.

15 “(C) An individual may not be treated as being de-
16 scribed in this paragraph unless, at the time of the individ-
17 ual’s enrollment under this title, the child referred to in
18 subparagraph (A)(i) of the individual is also enrolled
19 under this title.

20 “(D) In this subsection, the term ‘parent’ has the
21 meaning given the term ‘caretaker relative’ for purposes
22 of carrying out section 1931.

23 “(2) In the case of a parent described in paragraph
24 (1) who is also the parent of a child who is eligible for
25 child health assistance under title XXI, the State may

1 elect (on a uniform basis) to enroll all such parents under
2 this title or under title XXI.”.

3 (C) ENHANCED MATCHING FUNDS AVAIL-
4 ABLE IF CERTAIN CONDITIONS MET.—Section
5 1905 of the Social Security Act (42 U.S.C.
6 1396d) is amended—

7 (i) in the fourth sentence of sub-
8 section (b), by striking “or subsection
9 (u)(3)” and inserting “, (u)(3), or (u)(4)”;
10 and

11 (ii) in subsection (u)—

12 (I) by redesignating paragraph
13 (4) as paragraph (6), and

14 (II) by inserting after paragraph
15 (3) the following:

16 “(4) For purposes of subsection (b):

17 “(A) FAMILYCARE PARENTS.—The expendi-
18 tures described in this subparagraph are the expendi-
19 tures described in the following clauses (i) and (ii):

20 “(i) PARENTS.—If the conditions described
21 in clause (iii) are met, expenditures for medical
22 assistance for—

23 “(I) parents described in section
24 1902(k)(1);

1 “(II) parents who would be de-
2 scribed in section 1902(k)(1) but for
3 the fact that they are eligible for med-
4 ical assistance under section 1931 or
5 under a waiver approved under section
6 1115 and whose family income ex-
7 ceeds the effective income level appli-
8 cable under section 1931 or under a
9 waiver approved under section 1115
10 to a family of the size involved as of
11 January 1, 2004; and

12 “(III) in the case of a State that,
13 as of January 1, 2004, has an effec-
14 tive income level under section 1931
15 or under a waiver approved under sec-
16 tion 1115 for parents described in
17 section 1902(k)(1)(A)(i) that exceeds
18 100 percent of the poverty line, par-
19 ents described in such section whose
20 family income exceeds 100 percent of
21 the poverty line.

22 “(ii) CERTAIN PREGNANT WOMEN.—If the
23 conditions described in clause (iv) are met, ex-
24 penditures for medical assistance for pregnant
25 women described in subsection (n) or under sec-

1 tion 1902(l)(1)(A) in a family the income of
2 which exceeds the effective income level applica-
3 ble under subsection (a)(10)(A)(i)(III) or
4 (l)(2)(A) of section 1902 to a family of the size
5 involved as of January 1, 2004.

6 “(iii) CONDITIONS FOR EXPENDITURES
7 FOR PARENTS.—The conditions described in
8 this clause are the following:

9 “(I) The State has a State child
10 health plan under title XXI which (wheth-
11 er implemented under such title or under
12 this title) has an effective income level for
13 children that is at least 200 percent of the
14 poverty line.

15 “(II) Subject to the availability of the
16 State’s allotments under title XXI, the
17 State child health plan under that title
18 does not limit the acceptance of applica-
19 tions, does not use a waiting list for chil-
20 dren who meet eligibility standards to
21 qualify for assistance, and provides bene-
22 fits to all children in the State who apply
23 for and meet eligibility standards.

24 “(III) The State plans under this title
25 and title XXI do not provide coverage for

1 parents with higher family income without
2 covering parents with a lower family in-
3 come.

4 “(IV) The State does not apply an in-
5 come level for parents that is lower than
6 the effective income level (expressed as a
7 percent of the poverty line) that has been
8 specified under the State plan under title
9 XIX (including under a waiver authorized
10 by the Secretary or under section
11 1902(r)(2)), as of January 1, 2004, to be
12 eligible for medical assistance as a parent
13 under this title.

14 “(iv) CONDITIONS FOR EXPENDITURES
15 FOR CERTAIN PREGNANT WOMEN.—The condi-
16 tions described in this clause are the following:

17 “(I) The State has established an ef-
18 fective income eligibility level for pregnant
19 women under subsection (a)(10)(A)(i)(III)
20 or (l)(2)(A) of section 1902 that is at least
21 185 percent of the poverty line.

22 “(II) The State plans under this title
23 and title XXI do not provide coverage for
24 pregnant women described in subpara-
25 graph (A)(ii) with higher family income

1 without covering such pregnant women
2 with a lower family income.

3 “(III) The State does not apply an in-
4 come level for pregnant women that is
5 lower than the effective income level (ex-
6 pressed as a percent of the poverty line
7 and considering applicable income dis-
8 regards) that has been specified under the
9 State plan under subsection
10 (a)(10)(A)(i)(III) or (l)(2)(A) of section
11 1902, as of January 1, 2004, to be eligible
12 for medical assistance as a pregnant
13 woman.

14 “(IV) The State satisfies the condi-
15 tions described in subclauses (I) and (II)
16 of clause (iii).

17 “(v) DEFINITIONS.—For purposes of this
18 subsection:

19 “(I) The term ‘parent’ has the mean-
20 ing given such term for purposes of section
21 1902(k)(1).

22 “(II) The term ‘poverty line’ has the
23 meaning given such term in section
24 2110(c)(5).”.

1 (D) PAYMENT FROM TITLE XXI ALLOT-
2 MENT FOR MEDICAID EXPANSION COSTS; ELIMI-
3 NATION OF COUNTING MEDICAID CHILD PRE-
4 SUMPTIVE ELIGIBILITY COSTS AGAINST TITLE
5 XXI ALLOTMENT.—Section 2105(a)(1) of the
6 Social Security Act (42 U.S.C. 1397ee(a)(1)) is
7 amended—

8 (i) in the matter preceding subpara-
9 graph (A), by striking “(or, in the case of
10 expenditures described in subparagraph
11 (B), the Federal medical assistance per-
12 centage (as defined in the first sentence of
13 section 1905(b)))”; and

14 (ii) by striking subparagraph (B) and
15 inserting the following:

16 “(B) for the provision of medical assist-
17 ance that is attributable to expenditures de-
18 scribed in section 1905(u)(4)(A);”.

19 (2) UNDER TITLE XXI.—

20 (A) FAMILYCARE COVERAGE.—Title XXI
21 of the Social Security Act (42 U.S.C. 1397aa et
22 seq.) is amended by adding at the end the fol-
23 lowing:

1 **“SEC. 2111. OPTIONAL FAMILYCARE COVERAGE OF PAR-**
2 **ENTS OF TARGETED LOW-INCOME CHILDREN**
3 **OR TARGETED LOW-INCOME PREGNANT**
4 **WOMEN.**

5 “(a) **OPTIONAL COVERAGE.**—Notwithstanding any
6 other provision of this title, a State may provide for cov-
7 erage, through an amendment to its State child health
8 plan under section 2102, of parent health assistance for
9 targeted low-income parents, pregnancy-related assistance
10 for targeted low-income pregnant women, or both, in ac-
11 cordance with this section, but only if—

12 “(1) with respect to the provision of parent
13 health assistance, the State meets the conditions de-
14 scribed in clause (iii) of section 1905(u)(4)(A);

15 “(2) with respect to the provision of pregnancy-
16 related assistance, the State meets the conditions de-
17 scribed in clause (iv) of section 1905(u)(4)(A); and

18 “(3) in the case of parent health assistance for
19 targeted low-income parents, the State elects to pro-
20 vide medical assistance under section
21 1902(a)(10)(A)(ii)(XIX), under section 1931, or
22 under a waiver under section 1115 to individuals de-
23 scribed in section 1902(k)(1)(A)(i) and elects an ef-
24 fective income level that, consistent with paragraphs
25 (1)(B) and (2) of section 1902(k), ensures that such
26 individuals are enrolled in the same program as their

1 children if their children are eligible for coverage
2 under title XIX (including under a waiver authorized
3 by the Secretary or under section 1902(r)(2)).”.

4 “(b) DEFINITIONS.—For purposes of this title:

5 “(1) PARENT HEALTH ASSISTANCE.—The term
6 ‘parent health assistance’ has the meaning given the
7 term child health assistance in section 2110(a) as if
8 any reference to targeted low-income children were
9 a reference to targeted low-income parents.

10 “(2) PARENT.—The term ‘parent’ has the
11 meaning given the term ‘caretaker relative’ for pur-
12 poses of carrying out section 1931.

13 “(3) PREGNANCY-RELATED ASSISTANCE.—The
14 term ‘pregnancy-related assistance’ has the meaning
15 given the term child health assistance in section
16 2110(a) as if any reference to targeted low-income
17 children were a reference to targeted low-income
18 pregnant women, except that the assistance shall be
19 limited to services related to pregnancy (which in-
20 clude prenatal, delivery, and postpartum services)
21 and to other conditions that may complicate preg-
22 nancy.

23 “(4) TARGETED LOW-INCOME PARENT.—The
24 term ‘targeted low-income parent’ has the meaning
25 given the term targeted low-income child in section

1 2110(b) as if the reference to a child were deemed
2 a reference to a parent (as defined in paragraph (3))
3 of the child; except that in applying such section—

4 “(A) there shall be substituted for the in-
5 come level described in paragraph (1)(B)(ii)(I)
6 the applicable income level in effect for a tar-
7 geted low-income child;

8 “(B) in paragraph (3), January 1, 2004,
9 shall be substituted for July 1, 1997; and

10 “(C) in paragraph (4), January 1, 2004,
11 shall be substituted for March 31, 1997.

12 “(5) TARGETED LOW-INCOME PREGNANT
13 WOMAN.—The term ‘targeted low-income pregnant
14 woman’ means a woman—

15 “(A) during pregnancy and through the
16 end of the month in which the 60-day period
17 (beginning on the last day of her pregnancy)
18 ends;

19 “(B) whose family income exceeds the ef-
20 fective income level (expressed as a percent of
21 the poverty line and considering applicable in-
22 come disregards) that has been specified under
23 subsection (a)(10)(A)(i)(III) or (l)(2)(A) of sec-
24 tion 1902, as of January 1, 2002, to be eligible
25 for medical assistance as a pregnant woman

1 under title XIX but does not exceed the income
2 eligibility level established under the State child
3 health plan under this title for a targeted low-
4 income child; and

5 “(C) who satisfies the requirements of
6 paragraphs (1)(A), (1)(C), (2), and (3) of sec-
7 tion 2110(b).

8 “(c) REFERENCES TO TERMS AND SPECIAL
9 RULES.—In the case of, and with respect to, a State pro-
10 viding for coverage of parent health assistance to targeted
11 low-income parents or pregnancy-related assistance to tar-
12 geted low-income pregnant women under subsection (a),
13 the following special rules apply:

14 “(1) Any reference in this title (other than in
15 subsection (b)) to a targeted low-income child is
16 deemed to include a reference to a targeted low-in-
17 come parent or a targeted low-income pregnant
18 woman (as applicable).

19 “(2) Any such reference to child health assist-
20 ance—

21 “(A) with respect to such parents is
22 deemed a reference to parent health assistance;
23 and

1 “(B) with respect to such pregnant women,
2 is deemed a reference to pregnancy-related as-
3 sistance.

4 “(3) In applying section 2103(e)(3)(B) in the
5 case of a family or pregnant woman provided cov-
6 erage under this section, the limitation on total an-
7 nual aggregate cost-sharing shall be applied to the
8 entire family or such pregnant woman.

9 “(4) In applying section 2110(b)(4), any ref-
10 erence to ‘section 1902(l)(2) or 1905(n)(2) (as se-
11 lected by a State)’ is deemed a reference to the ef-
12 fective income level applicable to parents under sec-
13 tion 1931 or under a waiver approved under section
14 1115, or, in the case of a pregnant woman, the in-
15 come level established under section 1902(l)(2)(A).

16 “(5) In applying section 2102(b)(3)(B), any
17 reference to children found through screening to be
18 eligible for medical assistance under the State med-
19 icaid plan under title XIX is deemed a reference to
20 parents and pregnant women.

21 “(6) With respect to a targeted low-income par-
22 ent or a targeted low-income pregnant woman, there
23 shall be no exclusion of benefits for services based
24 on any preexisting condition.”.

1 (B) ADDITIONAL ALLOTMENT FOR STATES
2 PROVIDING COVERAGE OF PARENTS OR PREG-
3 NANT WOMEN.—

4 (i) IN GENERAL.—Section 2104 of the
5 Social Security Act (42 U.S.C. 1397dd) is
6 amended by inserting after subsection (c)
7 the following:

8 “(d) ADDITIONAL ALLOTMENTS FOR STATE COV-
9 ERAGE OF PARENTS OR PREGNANT WOMEN.—

10 “(1) APPROPRIATION; TOTAL ALLOTMENT.—

11 For the purpose of providing additional allotments
12 to States under this title, there is appropriated, out
13 of any money in the Treasury not otherwise appro-
14 priated—

15 “(A) for fiscal year 2005, \$5,000,000,000;

16 “(B) for each of fiscal years 2006 and
17 2007, \$6,000,000,000; and

18 “(C) for each of fiscal years 2008 through
19 2011, \$7,000,000,000.

20 “(2) STATE AND TERRITORIAL ALLOTMENTS.—

21 “(A) IN GENERAL.—In addition to the al-
22 lotments provided under subsections (b) and
23 (c), subject to paragraphs (3) and (4), of the
24 amount available for the additional allotments
25 under paragraph (1) for a fiscal year, the Sec-

1 retary shall allot to each State with a State
2 child health plan approved under this title—

3 “(i) in the case of such a State other
4 than a commonwealth or territory de-
5 scribed in clause (ii), the same proportion
6 as the proportion of the State’s allotment
7 under subsection (b) (determined without
8 regard to subsection (f)) to the total
9 amount of the allotments under subsection
10 (b) for such States eligible for an allotment
11 under this paragraph for such fiscal year;
12 and

13 “(ii) in the case of a commonwealth or
14 territory described in subsection (c)(3), the
15 same proportion as the proportion of the
16 commonwealth’s or territory’s allotment
17 under subsection (c) (determined without
18 regard to subsection (f)) to the total
19 amount of the allotments under subsection
20 (c) for commonwealths and territories eligi-
21 ble for an allotment under this paragraph
22 for such fiscal year.

23 “(B) AVAILABILITY AND REDISTRIBUTION
24 OF UNUSED ALLOTMENTS.—In applying sub-
25 sections (e) and (f) with respect to additional

1 allotments made available under this subsection,
2 the procedures established under such sub-
3 sections shall ensure such additional allotments
4 are only made available to States which have
5 elected to provide coverage under section 2111.

6 “(3) USE OF ADDITIONAL ALLOTMENT.—Addi-
7 tional allotments provided under this subsection are
8 not available for amounts expended before October
9 1, 2004. Such amounts are available for amounts ex-
10 pended on or after such date for child health assist-
11 ance for targeted low-income children, as well as for
12 parent health assistance for targeted low-income
13 parents, and pregnancy-related assistance for tar-
14 geted low-income pregnant women.

15 “(4) REQUIRING ELECTION TO PROVIDE COV-
16 ERAGE.—No payments may be made to a State
17 under this title from an allotment provided under
18 this subsection unless the State has made an elec-
19 tion to provide parent health assistance for targeted
20 low-income parents, or pregnancy-related assistance
21 for targeted low-income pregnant women.”.

22 (ii) CONFORMING AMENDMENTS.—
23 Section 2104 of the Social Security Act
24 (42 U.S.C. 1397dd) is amended—

1 (I) in subsection (a), by inserting
2 “subject to subsection (d),” after
3 “under this section,”;

4 (II) in subsection (b)(1), by in-
5 serting “and subsection (d)” after
6 “Subject to paragraph (4)”; and

7 (III) in subsection (c)(1), by in-
8 serting “subject to subsection (d),”
9 after “for a fiscal year.”.

10 (C) NO COST-SHARING FOR PREGNANCY-
11 RELATED BENEFITS.—Section 2103(e)(2) of
12 the Social Security Act (42 U.S.C.
13 1397cc(e)(2)) is amended—

14 (i) in the heading, by inserting “AND
15 PREGNANCY-RELATED SERVICES” after
16 “PREVENTIVE SERVICES”; and

17 (ii) by inserting before the period at
18 the end the following: “and for pregnancy-
19 related services”.

20 (b) OPTIONAL APPLICATION OF PRESUMPTIVE ELI-
21 GIBILITY PROVISIONS TO PARENTS.—Section 1920A of
22 the Social Security Act (42 U.S.C. 1396r–1a) is amended
23 by adding at the end the following:

24 “(e) A State may elect to apply the previous provi-
25 sions of this section to provide for a period of presumptive

1 eligibility for medical assistance for a parent (as defined
 2 for purposes of section 1902(k)(1)) of a child with respect
 3 to whom such a period is provided under this section.”.

4 (c) INCENTIVE PAYMENTS FOR EXPANSION OF COV-
 5 ERAGE TO PARENTS AND PREGNANT WOMEN.—Section
 6 1903 of the Social Security Act (42 U.S.C. 1396b) is
 7 amended by adding at the end the following:

8 “(x) INCENTIVE PAYMENTS FOR EXPANSION OF
 9 COVERAGE OF PARENTS AND PREGNANT WOMEN.—

10 “(1) AUTHORITY TO MAKE PAYMENTS.—With
 11 respect to fiscal year 2005 or 2006, the Secretary
 12 shall, in addition to any other payments made to a
 13 State under this section for such fiscal year, pay
 14 each State an amount equal to the FamilyCare ex-
 15 pansion incentive payment payable to the State
 16 under this subsection for the fiscal year.

17 “(2) FAMILYCARE EXPANSION INCENTIVE PAY-
 18 MENT.—Subject to paragraph (3), the FamilyCare
 19 expansion incentive payment for a FamilyCare ex-
 20 pansion State for each of fiscal years 2005 and 2006
 21 is equal to the product of—

22 “(A) \$1,000,000,000; and

23 “(B) the ratio (expressed as a percentage)

24 of—

25 “(i) with respect to such a State—

1 “(I) the total number of parents
2 or pregnant women who are provided
3 parent health assistance or pregnancy-
4 related assistance under this title or
5 title XXI only under section
6 1902(a)(10)(ii)(XIX) or section 2111
7 in the State during the fiscal year;
8 multiplied by

9 “(II) the total number of months
10 that such parents or pregnant women
11 are provided such assistance during
12 the fiscal year in the State; to

13 “(ii) the product of—

14 “(I) the total number of such
15 parents or pregnant women who are
16 provided such assistance during the
17 fiscal year in all such States; multi-
18 plied by

19 “(II) the total number of months
20 that all such parents or pregnant
21 women are provided such assistance
22 during the fiscal year in all such
23 States.

24 “(3) LIMITATION.—The FamilyCare expansion
25 incentive payment for a FamilyCare expansion State

1 for a fiscal year may not exceed the State share of
2 the total amount of expenditures incurred by the
3 State for that fiscal year for providing parent health
4 assistance or pregnancy-related assistance under this
5 title or title XXI to parents or pregnant women
6 under section 1902(a)(10)(ii)(XIX) or section 2111.
7 Any amount that is not paid to a State after the ap-
8 plication of the preceding sentence for a fiscal year,
9 subject to the preceding sentence, first shall be avail-
10 able for making FamilyCare expansion incentive
11 payments to other FamilyCare expansion States for
12 that fiscal year and any remaining amount shall be
13 transferred in accordance with paragraph (5).

14 “(4) ADVANCE PAYMENT; RETROSPECTIVE AD-
15 JUSTMENT.—The Secretary may make FamilyCare
16 expansion incentive payments under this subsection
17 for each quarter of fiscal years 2005 and 2006 on
18 the basis of advance estimates of expenditures sub-
19 mitted by the State and such other investigation as
20 the Secretary may find necessary, and may reduce
21 or increase the amount of such payments as nec-
22 essary to adjust for any overpayment or under-
23 payment for prior quarters.

24 “(5) TRANSFER OF UNUSED FUNDS TO ADDI-
25 TIONAL ALLOTMENTS FOR FAMILYCARE.—Any

1 amounts that are not paid under this subsection for
2 a fiscal year are hereby transferred and made avail-
3 able for allotment under section 2104(d) for the suc-
4 ceeding fiscal year.”.

5 (d) CONFORMING AMENDMENTS.—

6 (1) ELIGIBILITY CATEGORIES.—Section
7 1905(a) of the Social Security Act (42 U.S.C.
8 1396d(a)) is amended, in the matter before para-
9 graph (1)—

10 (A) by striking “or” at the end of clause
11 (xii);

12 (B) by inserting “or” at the end of clause
13 (xiii); and

14 (C) by inserting after clause (xiii) the fol-
15 lowing:

16 “(xiv) who are parents described (or treated as
17 if described) in section 1902(k)(1),”.

18 (2) INCOME LIMITATIONS.—Section 1903(f)(4)
19 of the Social Security Act (42 U.S.C. 1396b(f)(4))
20 is amended by inserting “1902(a)(10)(A)(ii)(XIX),”
21 after “1902(a)(10)(A)(ii)(XVIII),”.

22 (3) CONFORMING AMENDMENT RELATING TO
23 NO WAITING PERIOD FOR PREGNANT WOMEN.—Sec-
24 tion 2102(b)(1)(B) of the Social Security Act (42
25 U.S.C. 1397bb(b)(1)(B)) is amended—

1 (A) by striking “, and” at the end of
2 clause (i) and inserting a semicolon;

3 (B) by striking the period at the end of
4 clause (ii) and inserting “; and”; and

5 (C) by adding at the end the following:

6 “(iii) may not apply a waiting period
7 (including a waiting period to carry out
8 paragraph (3)(C)) in the case of a targeted
9 low-income parent who is pregnant.”.

10 **SEC. 4. AUTOMATIC ENROLLMENT OF CHILDREN BORN TO**
11 **TITLE XXI PARENTS.**

12 (a) TITLE XXI.—Section 2102(b)(1) of the Social
13 Security Act (42 U.S.C. 1397bb(b)(1)) is amended by
14 adding at the end the following:

15 “(C) AUTOMATIC ELIGIBILITY OF CHIL-
16 DREN BORN TO PARENTS OR PREGNANT
17 WOMEN.—Such eligibility standards shall pro-
18 vide for automatic coverage of a child born to
19 an individual who is provided assistance under
20 this title in the same manner as medical assist-
21 ance would be provided under section
22 1902(e)(4) to a child described in such sec-
23 tion.”.

24 (b) CONFORMING AMENDMENT TO MEDICAID.—Sec-
25 tion 1902(e)(4) (42 U.S.C. 1396a(e)(4)) is amended in

1 the first sentence by striking “so long as the child is a
2 member of the woman’s household and the woman remains
3 (or would remain if pregnant) eligible for such assist-
4 ance”.

5 **SEC. 5. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**
6 **UNDER THE MEDICAID PROGRAM AND TITLE**
7 **XXI.**

8 (a) **MEDICAID PROGRAM.**—Section 1903(v) of the
9 Social Security Act (42 U.S.C. 1396b(v)) is amended—

10 (1) in paragraph (1), by striking “paragraph
11 (2)” and inserting “paragraphs (2) and (4)”; and
12 (2) by adding at the end the following:

13 “(4)(A) A State may elect (in a plan amendment
14 under this title) to provide medical assistance under this
15 title for aliens who are lawfully residing in the United
16 States (including battered aliens described in section
17 431(e) of the Personal Responsibility and Work Oppor-
18 tunity Reconciliation Act of 1996) and who are otherwise
19 eligible for such assistance, within any of the following eli-
20 gibility categories:

21 “(i) **PREGNANT WOMEN.**—Women during preg-
22 nancy (and during the 60-day period beginning on
23 the last day of the pregnancy).

1 “(ii) CHILDREN.—Children (as defined under
2 such plan), including optional targeted low-income
3 children described in section 1905(u)(2)(B).

4 “(iii) PARENTS.—If the State has elected the
5 eligibility category described in clause (ii), caretaker
6 relatives who are parents (including individuals
7 treated as a caregiver for purposes of carrying out
8 section 1931) of children (described in such clause
9 or otherwise) who are eligible for medical assistance
10 under the plan.

11 “(B)(i) In the case of a State that has elected to pro-
12 vide medical assistance to a category of aliens under sub-
13 paragraph (A), no debt shall accrue under an affidavit of
14 support against any sponsor of such an alien on the basis
15 of provision of assistance to such category and the cost
16 of such assistance shall not be considered as an unreim-
17 bursed cost.

18 “(ii) The provisions of sections 401(a), 402(b), 403,
19 and 421 of the Personal Responsibility and Work Oppor-
20 tunity Reconciliation Act of 1996 shall not apply to a
21 State that makes an election under subparagraph (A).”.

22 (b) TITLE XXI.—Section 2107(e)(1) of the Social
23 Security Act (42 U.S.C. 1397gg(e)(1)) is amended by add-
24 ing at the end the following:

1 “(E) Section 1903(v)(4) (relating to op-
2 tional coverage of categories of lawful resident
3 alien pregnant women, children, and parents),
4 but only with respect to an eligibility category
5 under this title, if the same eligibility category
6 has been elected under such section for pur-
7 poses of title XIX.”.

8 **SEC. 6. OPTIONAL COVERAGE OF CHILDREN THROUGH AGE**
9 **20 UNDER THE MEDICAID PROGRAM AND**
10 **TITLE XXI.**

11 (a) MEDICAID.—

12 (1) IN GENERAL.—Section 1902(l)(1)(D) of the
13 Social Security Act (42 U.S.C. 1396a(l)(1)(D)) is
14 amended by inserting “(or, at the election of a
15 State, 20 or 21 years of age)” after “19 years of
16 age”.

17 (2) CONFORMING AMENDMENTS.—

18 (A) Section 1902(e)(3)(A) of the Social Se-
19 curity Act (42 U.S.C. 1396a(e)(3)(A)) is
20 amended by inserting “(or 1 year less than the
21 age the State has elected under subsection
22 (l)(1)(D))” after “18 years of age”.

23 (B) Section 1902(e)(12) of the Social Se-
24 curity Act (42 U.S.C. 1396a(e)(12)) is amend-
25 ed by inserting “or such higher age as the State

1 has elected under subsection (l)(1)(D)” after
2 “19 years of age”.

3 (C) Section 1920A(b)(1) of the Social Se-
4 curity Act (42 U.S.C. 1396r-1a(b)(1)) is
5 amended by inserting “or such higher age as
6 the State has elected under section
7 1902(l)(1)(D)” after “19 years of age”.

8 (D) Section 1928(h)(1) of the Social Secu-
9 rity Act (42 U.S.C. 1396s(h)(1)) is amended by
10 inserting “or 1 year less than the age the State
11 has elected under section 1902(l)(1)(D)” before
12 the period at the end.

13 (E) Section 1932(a)(2)(A) of the Social
14 Security Act (42 U.S.C. 1396u-2(a)(2)(A)) is
15 amended by inserting “(or such higher age as
16 the State has elected under section
17 1902(l)(1)(D))” after “19 years of age”.

18 (b) TITLE XXI.—Section 2110(c)(1) of the Social
19 Security Act (42 U.S.C. 1397jj(c)(1)) is amended by in-
20 serting “(or such higher age as the State has elected under
21 section 1902(l)(1)(D))”.

22 **SEC. 7. APPLICATION OF SIMPLIFIED TITLE XXI PROCE-**
23 **DURES UNDER THE MEDICAID PROGRAM.**

24 (a) APPLICATION UNDER MEDICAID.—

1 (1) IN GENERAL.—Section 1902(l) of the Social
2 Security Act (42 U.S.C. 1396a(l)) is amended—

3 (A) in paragraph (3), by inserting “subject
4 to paragraph (5)”, after “Notwithstanding sub-
5 section (a)(17),”; and

6 (B) by adding at the end the following:

7 “(5) With respect to determining the eligibility of in-
8 dividuals under 19 years of age (or such higher age as
9 the State has elected under paragraph (1)(D)) for medical
10 assistance under subsection (a)(10)(A) and, separately,
11 with respect to determining the eligibility of individuals
12 for medical assistance under subsection
13 (a)(10)(A)(i)(VIII) or (a)(10)(A)(ii)(XIX), notwith-
14 standing any other provision of this title, if the State has
15 established a State child health plan under title XXI—

16 “(A) the State may not apply a resource stand-
17 ard;

18 “(B) the State shall use the same simplified eli-
19 gibility form (including, if applicable, permitting ap-
20 plication other than in person) as the State uses
21 under such State child health plan with respect to
22 such individuals;

23 “(C) the State shall provide for initial eligibility
24 determinations and redeterminations of eligibility
25 using verification policies, forms, and frequency that

1 are no less restrictive than the policies, forms, and
2 frequency the State uses for such purposes under
3 such State child health plan with respect to such in-
4 dividuals; and

5 “(D) the State shall not require a face-to-face
6 interview for purposes of initial eligibility determina-
7 tions and redeterminations unless the State requires
8 such an interview for such purposes under such child
9 health plan with respect to such individuals.”.

10 (2) EFFECTIVE DATE.—The amendments made
11 by paragraph (1) apply to determinations of eligi-
12 bility made on or after the date that is 1 year after
13 the date of the enactment of this Act, whether or
14 not regulations implementing such amendments have
15 been issued.

16 (b) PRESUMPTIVE ELIGIBILITY.—

17 (1) IN GENERAL.—Section 1920A(b)(3)(A)(i) of
18 the Social Security Act (42 U.S.C. 1396r-
19 1a(b)(3)(A)(i)) is amended by inserting “a child care
20 resource and referral agency,” after “a State or trib-
21 al child support enforcement agency,”.

22 (2) APPLICATION TO PRESUMPTIVE ELIGIBILITY
23 FOR PREGNANT WOMEN UNDER MEDICAID.—Section
24 1920(b) of the Social Security Act (42 U.S.C.
25 1396r-1(b)) is amended by adding at the end after

1 and below paragraph (2) the following flush sen-
 2 tence:

3 “The term ‘qualified provider’ includes a qualified entity
 4 as defined in section 1920A(b)(3).”.

5 (3) APPLICATION UNDER TITLE XXI.—

6 (A) IN GENERAL.—Section 2107(e)(1)(D)
 7 of the Social Security Act (42 U.S.C.
 8 1397gg(e)(1)) is amended to read as follows:

9 “(D) Sections 1920 and 1920A (relating to
 10 presumptive eligibility).”.

11 (B) CONFORMING ELIMINATION OF RE-
 12 SOURCE TEST.—Section 2102(b)(1)(A) of such
 13 Act (42 U.S.C. 1397bb(b)(1)(A)) is amended—

14 (i) by striking “and resources (includ-
 15 ing any standards relating to spenddowns
 16 and disposition of resources)”; and

17 (ii) by adding at the end the fol-
 18 lowing: “Effective 1 year after the date of
 19 the enactment of the FamilyCare Act of
 20 2003, such standards may not include the
 21 application of a resource standard or
 22 test.”.

23 (c) AUTOMATIC REASSESSMENT OF ELIGIBILITY FOR
 24 TITLE XXI AND MEDICAID BENEFITS FOR CHILDREN
 25 LOSING MEDICAID OR TITLE XXI ELIGIBILITY.—

1 (1) LOSS OF MEDICAID ELIGIBILITY.—Section
2 1902(a) of the Social Security Act (42 U.S.C.
3 1396a(a)) is amended—

4 (A) by striking the period at the end of
5 paragraph (65) and inserting “; and”, and

6 (B) by inserting after paragraph (65) the
7 following:

8 “(66) provide, in the case of a State with a
9 State child health plan under title XXI, that before
10 medical assistance to a child (or a parent of a child)
11 is discontinued under this title, a determination of
12 whether the child (or parent) is eligible for benefits
13 under title XXI shall be made and, if determined to
14 be so eligible, the child (or parent) shall be auto-
15 matically enrolled in the program under such title
16 without the need for a new application.”.

17 (2) LOSS OF TITLE XXI ELIGIBILITY AND CO-
18 ORDINATION WITH MEDICAID.—Section 2102(b) of
19 the Social Security Act (42 U.S.C. 1397bb(b)) is
20 amended—

21 (A) in paragraph (3), by redesignating
22 subparagraphs (D) and (E) as subparagraphs
23 (E) and (F), respectively, and by inserting after
24 subparagraph (C) the following:

1 “(D) that before health assistance to a
2 child (or a parent of a child) is discontinued
3 under this title, a determination of whether the
4 child (or parent) is eligible for benefits under
5 title XIX is made and, if determined to be so
6 eligible, the child (or parent) is automatically
7 enrolled in the program under such title with-
8 out the need for a new application;”;

9 (B) by redesignating paragraph (4) as
10 paragraph (5); and

11 (C) by inserting after paragraph (3) the
12 following new paragraph:

13 “(4) COORDINATION WITH MEDICAID.—The
14 State shall coordinate the screening and enrollment
15 of individuals under this title and under title XIX
16 consistent with the following:

17 “(A) Information that is collected under
18 this title or under title XIX which is needed to
19 make an eligibility determination under the
20 other title shall be transmitted to the appro-
21 priate administering entity under such other
22 title in a timely manner so that coverage is not
23 delayed and families do not have to submit the
24 same information twice. Families shall be pro-
25 vided the information they need to complete the

1 application process for coverage under both ti-
2 tles and be given appropriate notice of any de-
3 terminations made on their applications for
4 such coverage.

5 “(B) If a State does not use a joint appli-
6 cation under this title and such title, the State
7 shall—

8 “(i) promptly inform a child’s parent
9 or caretaker in writing and, if appropriate,
10 orally, that a child has been found likely to
11 be eligible under title XIX;

12 “(ii) provide the family with an appli-
13 cation for medical assistance under such
14 title and offer information about what (if
15 any) further information, documentation,
16 or other steps are needed to complete such
17 application process;

18 “(iii) offer assistance in completing
19 such application process; and

20 “(iv) promptly transmit the separate
21 application under this title or the informa-
22 tion obtained through such application,
23 and all other relevant information and doc-
24 umentation, including the results of the
25 screening process, to the State agency

1 under title XIX for a final determination
2 on eligibility under such title.

3 “(C) Applicants are notified in writing
4 of—

5 “(i) benefits (including restrictions on
6 cost-sharing) under title XIX; and

7 “(ii) eligibility rules that prohibit chil-
8 dren who have been screened eligible for
9 medical assistance under such title from
10 being enrolled under this title, other than
11 provisional temporary enrollment while a
12 final eligibility determination is being made
13 under such title.

14 “(D) If the agency administering this title
15 is different from the agency administering a
16 State plan under title XIX, such agencies shall
17 coordinate the screening and enrollment of ap-
18 plicants for such coverage under both titles.

19 “(E) The coordination procedures estab-
20 lished between the program under this title and
21 under title XIX shall apply not only to the ini-
22 tial eligibility determination of a family but also
23 to any renewals or redeterminations of such eli-
24 gibility.”.

1 (d) PROVISION OF MEDICAID AND CHIP APPLICA-
2 TIONS AND INFORMATION UNDER THE SCHOOL LUNCH
3 PROGRAM.—Section 9(b)(2)(B) of the Richard B. Russell
4 National School Lunch Act (42 U.S.C. 1758(b)(2)(B)) is
5 amended—

6 (1) by striking “(B) Applications” and inserting
7 “(B)(i) Applications”; and

8 (2) by adding at the end the following:

9 “(ii)(I) Applications for free and reduced price
10 lunches that are distributed pursuant to clause (i) to par-
11 ents or guardians of children in attendance at schools par-
12 ticipating in the school lunch program under this Act shall
13 also contain information on the availability of medical as-
14 sistance under title XIX of the Social Security Act (42
15 U.S.C. 1396 et seq.) and of child health and FamilyCare
16 assistance under title XXI of such Act, including informa-
17 tion on how to obtain an application for assistance under
18 such programs.

19 “(II) Information on the programs referred to in sub-
20 clause (I) shall be provided on a form separate from the
21 application form for free and reduced price lunches under
22 clause (i).”.

23 (e) 12-MONTHS CONTINUOUS ELIGIBILITY.—

1 (1) MEDICAID.—Section 1902(e)(12) of the So-
2 cial Security Act (42 U.S.C. 1396a(e)(12)) is
3 amended—

4 (A) by striking “At the option of the State,
5 the plan may” and inserting “The plan shall”;

6 (B) by striking “an age specified by the
7 State (not to exceed 19 years of age)” and in-
8 serting “19 years of age (or such higher age as
9 the State has elected under subsection
10 (l)(1)(D)) or, at the option of the State, who is
11 eligible for medical assistance as the parent of
12 such a child”; and

13 (C) in subparagraph (A), by striking “a
14 period (not to exceed 12 months) ” and insert-
15 ing “the 12-month period beginning on the
16 date”.

17 (2) TITLE XXI.—Section 2102(b)(2) of such
18 Act (42 U.S.C. 1397bb(b)(2)) is amended by adding
19 at the end the following: “Such methods shall pro-
20 vide 12-months continuous eligibility for children
21 under this title in the same manner that section
22 1902(e)(12) provides 12-months continuous eligi-
23 bility for children described in such section under
24 title XIX. If a State has elected to apply section
25 1902(e)(12) to parents, such methods may provide

1 12-months continuous eligibility for parents under
 2 this title in the same manner that such section pro-
 3 vides 12-months continuous eligibility for parents
 4 described in such section under title XIX.”.

5 **SEC. 8. ELIMINATION OF 100 HOUR RULE AND OTHER**
 6 **AFDC-RELATED ELIGIBILITY RESTRICTIONS.**

7 (a) IN GENERAL.—Section 1931(b)(1)(A)(ii) of the
 8 Social Security Act (42 U.S.C. 1396u–1(b)(1)(A)(ii)) is
 9 amended by inserting “other than the requirement that
 10 the child be deprived of parental support or care by reason
 11 of the death, continued absence from the home, incapacity,
 12 or unemployment of a parent,” after “section 407(a),”.

13 (b) CONFORMING AMENDMENT.—Section 1905(a) of
 14 the Social Security Act (42 U.S.C. 1396d(a)) is amended,
 15 in the matter before paragraph (1), in clause (ii), by strik-
 16 ing “if such child is (or would, if needy, be) a dependent
 17 child under part A of title IV”.

18 **SEC. 9. STATE GRANT PROGRAM FOR MARKET INNOVA-**
 19 **TION.**

20 (a) IN GENERAL.—The Secretary of Health and
 21 Human Services (in this section referred to as the “Sec-
 22 retary”) shall establish a program (in this section referred
 23 to as the “program”) to award demonstration grants
 24 under this section to States to allow States to demonstrate
 25 the effectiveness of innovative ways to increase access to

1 health insurance through market reforms and other inno-
2 vative means. Such innovative means may include any of
3 the following:

4 (1) Alternative group purchasing or pooling ar-
5 rangements, such as purchasing cooperatives for
6 small businesses, reinsurance pools, or high risk
7 pools.

8 (2) Individual or small group market reforms.

9 (3) Consumer education and outreach.

10 (4) Subsidies to individuals, employers, or both,
11 in obtaining health insurance.

12 (b) SCOPE; DURATION.—The program shall be lim-
13 ited to not more than 10 States and to a total period of
14 5 years, beginning on the date the first demonstration
15 grant is made.

16 (c) CONDITIONS FOR DEMONSTRATION GRANTS.—

17 (1) IN GENERAL.—The Secretary may not pro-
18 vide for a demonstration grant to a State under the
19 program unless the Secretary finds that under the
20 proposed demonstration grant—

21 (A) the State will provide for demonstrated
22 increase of access for some portion of the exist-
23 ing uninsured population through a market in-
24 novation (other than merely through a financial

1 expansion of a program initiated before the
2 date of the enactment of this Act);

3 (B) the State will comply with applicable
4 Federal laws;

5 (C) the State will not discriminate among
6 participants on the basis of any health status-
7 related factor (as defined in section 2791(d)(9)
8 of the Public Health Service Act (42 U.S.C.
9 300gg-91(d)(9)), except to the extent a State
10 wishes to focus on populations that otherwise
11 would not obtain health insurance because of
12 such factors; and

13 (D) the State will provide for such evalua-
14 tion, in coordination with the evaluation re-
15 quired under subsection (d), as the Secretary
16 may specify.

17 (2) APPLICATION.—The Secretary shall not
18 provide a demonstration grant under the program to
19 a State unless—

20 (A) the State submits to the Secretary
21 such an application, in such a form and man-
22 ner, as the Secretary specifies;

23 (B) the application includes information
24 regarding how the demonstration grant will ad-
25 dress issues such as governance, targeted popu-

1 lation, expected cost, and the continuation after
2 the completion of the demonstration grant pe-
3 riod; and

4 (C) the Secretary determines that the dem-
5 onstration grant will be used consistent with
6 this section.

7 (3) FOCUS.—A demonstration grant proposal
8 under this section need not cover all uninsured indi-
9 viduals in a State or all health care benefits with re-
10 spect to such individuals.

11 (d) EVALUATION.—The Secretary shall enter into a
12 contract with an appropriate entity outside the Depart-
13 ment of Health and Human Services to conduct an overall
14 evaluation of the program at the end of the program pe-
15 riod. Such evaluation shall include an analysis of improve-
16 ments in access, costs, quality of care, or choice of cov-
17 erage, under different demonstration grants.

18 (e) OPTION TO PROVIDE FOR INITIAL PLANNING
19 GRANTS.—Notwithstanding the previous provisions of this
20 section, under the program the Secretary may provide for
21 a portion of the amounts appropriated under subsection
22 (f) (not to exceed \$5,000,000) to be made available to any
23 State for initial planning grants to permit States to de-
24 velop demonstration grant proposals under the previous
25 provisions of this section.

1 (f) AUTHORIZATION OF APPROPRIATIONS.—There
 2 are authorized to be appropriated \$100,000,000 for each
 3 fiscal year beginning with fiscal year 2004 to carry out
 4 this section. Amounts appropriated under this subsection
 5 shall remain available until expended.

6 (g) STATE DEFINED.—In this section, the term
 7 “State” has the meaning given such term for purposes of
 8 title XIX of the Social Security Act (42 U.S.C. 1396 et
 9 seq.).

10 **SEC. 10. LIMITATIONS ON CONFLICTS OF INTEREST.**

11 (a) LIMITATION ON CONFLICTS OF INTEREST IN
 12 MARKETING ACTIVITIES.—

13 (1) TITLE XXI.—Section 2105(c) of the Social
 14 Security Act (42 U.S.C. 300aa–5(c)) is amended by
 15 adding at the end the following:

16 “(8) LIMITATION ON EXPENDITURES FOR MAR-
 17 KETING ACTIVITIES.—Amounts expended by a State
 18 for the use of an administrative vendor in marketing
 19 health benefits coverage to low-income children
 20 under this title shall not be considered, for purposes
 21 of subsection (a)(2)(D), to be reasonable costs to ad-
 22 minister the plan unless the following conditions are
 23 met with respect to the vendor:

24 “(A) The vendor is independent of any en-
 25 tity offering the coverage in the same area of

1 the State in which the vendor is conducting
2 marketing activities.

3 “(B) No person who is an owner, em-
4 ployee, consultant, or has a contract with the
5 vendor either has any direct or indirect finan-
6 cial interest with such an entity or has been ex-
7 cluded from participation in the program under
8 this title or title XVIII or XIX or debarred by
9 any Federal agency, or subject to a civil money
10 penalty under this Act.”.

11 (b) PROHIBITION OF AFFILIATION WITH DEBARRED
12 INDIVIDUALS.—

13 (1) MEDICAID.—Section 1903(i) of the Social
14 Security Act (42 U.S.C. 1396b(i))is amended—

15 (A) by striking the period at the end of
16 paragraph (20) and inserting “; or”; and

17 (B) by inserting after paragraph (20) the
18 following:

19 “(21) with respect to any amounts expended for
20 an entity that receives payments under the plan un-
21 less—

22 “(A) no person with an ownership or con-
23 trol interest (as defined in section 1124(a)(3))
24 in the entity is a person that is debarred, sus-
25 pended, or otherwise excluded from partici-

1 pating in procurement or non-procurement ac-
 2 tivities under the Federal Acquisition Regula-
 3 tion; and

4 “(B) such entity has not entered into an
 5 employment, consulting, or other agreement for
 6 the provision of items or services that are mate-
 7 rial to such entity’s obligations under the plan
 8 with a person described in subparagraph (A).”.

9 (2) TITLE XXI.—Section 2107(e)(1) of the So-
 10 cial Security Act (42 U.S.C. 1397gg(e)(1)), as
 11 amended by sections 5(b) and 7(b)(3), is further
 12 amended—

13 (A) in subparagraph (B), by striking “and
 14 (17)” and inserting “(17), and (21)”; and

15 (B) by adding at the end the following:

16 “(F) Section 1902(a)(67) (relating to pro-
 17 hibition of affiliation with debarred individ-
 18 uals).”.

19 **SEC. 11. TITLE XXI FUNDING.**

20 (a) ELIMINATION OF “DIP” AND EXTENSION OF
 21 FUNDING.—Section 2104(a) of the Social Security Act
 22 (42 U.S.C. 1397dd(a)) is amended—

23 (1) in paragraph (7), by striking
 24 “\$3,150,000,000;” and inserting “\$4,150,000,000;
 25 and”; and

1 (2) by striking paragraphs (8) through (10)
2 and inserting the following:

3 “(8) for each of fiscal years 2005 through
4 2011, \$5,000,000,000.”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section shall be effective as if this section had been
7 enacted on October 1, 2003.

8 **SEC. 12. DEMONSTRATION PROGRAMS TO IMPROVE MED-**
9 **ICAID AND TITLE XXI OUTREACH TO HOME-**
10 **LESS INDIVIDUALS AND FAMILIES.**

11 (a) AUTHORITY.—The Secretary of Health and
12 Human Services may award demonstration grants to not
13 more than 7 States (or other qualified entities) to conduct
14 innovative programs that are designed to improve out-
15 reach to homeless individuals and families under the pro-
16 grams described in subsection (b) with respect to enroll-
17 ment of such individuals and families under such pro-
18 grams and the provision of services (and coordinating the
19 provision of such services) under such programs.

20 (b) PROGRAMS FOR HOMELESS DESCRIBED.—The
21 programs described in this subsection are as follows:

22 (1) MEDICAID.—The program under title XIX
23 of the Social Security Act (42 U.S.C. 1396 et seq.).

24 (2) CHIP.—The program under title XXI of
25 the Social Security Act (42 U.S.C. 1397aa et seq.).

1 (3) TANF.—The program under part of A of
2 title IV of the Social Security Act (42 U.S.C. 601
3 et seq.).

4 (4) SAMHSA BLOCK GRANTS.—The program
5 of grants under part B of title XIX of the Public
6 Health Service Act (42 U.S.C. 300x-1 et seq.).

7 (5) FOOD STAMP PROGRAM.—The program
8 under the Food Stamp Act of 1977 (7 U.S.C. 2011
9 et seq.).

10 (6) WORKFORCE INVESTMENT ACT.—The pro-
11 gram under the Workforce Investment Act of 1999
12 (29 U.S.C. 2801 et seq.).

13 (7) WELFARE-TO-WORK.—The welfare-to-work
14 program under section 403(a)(5) of the Social Secu-
15 rity Act (42 U.S.C. 603(a)(5)).

16 (8) OTHER PROGRAMS.—Other public and pri-
17 vate benefit programs that serve low-income individ-
18 uals.

19 (c) APPROPRIATIONS.—For the purposes of carrying
20 out this section, there is appropriated for fiscal year 2004,
21 out of any funds in the Treasury not otherwise appro-
22 priated, \$10,000,000, to remain available until expended.

23 **SEC. 13. ADDITIONAL TITLE XXI REVISIONS.**

24 (a) LIMITING COST-SHARING TO 2.5 PERCENT FOR
25 FAMILIES WITH INCOME BELOW 150 PERCENT OF POV-

1 ERTY.—Section 2103(e)(3)(A) of the Social Security Act
2 (42 U.S.C. 1397cc(e)(3)(A)) is amended—

3 (1) by striking “and” at the end of clause (i);

4 (2) by striking the period at the end of clause
5 (ii) and inserting “; and”; and

6 (3) by adding at the end the following new
7 clause:

8 “(iii) total annual aggregate cost-
9 sharing described in clauses (i) and (ii)
10 with respect to all such targeted low-in-
11 come children in a family under this title
12 that exceeds 2.5 percent of such family’s
13 income for the year involved.”.

14 (b) REPORTING OF ENROLLMENT DATA.—

15 (1) QUARTERLY REPORTS.—Section 2107(b)(1)
16 of such Act (42 U.S.C. 1397gg(b)(1)) is amended by
17 adding at the end the following: “In quarterly re-
18 ports on enrollment required under this paragraph,
19 a State shall include information on the age, gender,
20 race, ethnicity, service delivery system, and family
21 income of individuals enrolled.”.

22 (2) ANNUAL REPORTS.—Section
23 2108(b)(1)(B)(i) of such Act (42 U.S.C.
24 1397hh(b)(1)(B)(i)) is amended by inserting “pri-
25 mary language of enrollees,” after “family income,”.

1 (c) EMPLOYER COVERAGE WAIVER CHANGES.—Sec-
2 tion 2105(e)(3) of such Act (42 U.S.C. 1397ee(c)(3)) is
3 amended—

4 (1) by redesignating subparagraphs (A) and
5 (B) as clauses (i) and (ii) and indenting appro-
6 priately;

7 (2) by designating the matter beginning with
8 “Payment may be made” as a subparagraph (A)
9 with the heading “IN GENERAL” and indenting ap-
10 propriately; and

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

13 “(B) APPLICATION OF REQUIREMENTS.—

14 In carrying out subparagraph (A)—

15 “(i) the Secretary shall not require a
16 minimum employer contribution level that
17 is separate from the requirement of cost-
18 effectiveness under subparagraph (A)(i),
19 but a State shall identify a reasonable min-
20 imum employer contribution level that is
21 based on data demonstrating that such a
22 level is representative to the employer-
23 sponsored insurance market in the State
24 and shall monitor employer contribution
25 levels over time to determine whether sub-

1 stitution is occurring and report the find-
2 ings in annual reports under section
3 2108(a);

4 “(ii) the State shall establish a wait-
5 ing period of at least 6 months without
6 group health coverage, but may establish
7 reasonable exceptions to such period and
8 shall not apply such a waiting period to a
9 child who is provided coverage under a
10 group health plan under section 1906;

11 “(iii) subject to clause (iv), the State
12 shall provide satisfactory assurances that
13 the minimum benefits and cost-sharing
14 protections established under this title are
15 provided, either through the coverage
16 under subparagraph (A) or as a supple-
17 ment to such coverage; and

18 “(iv) coverage under such subpara-
19 graph shall not be considered to violate
20 clause (iii) because it does not comply with
21 requirements relating to reviews of health
22 service decisions if the enrollee involved is
23 provided the option of being provided bene-
24 fits directly under this title.”.

1 **SEC. 14. EFFECTIVE DATE.**

2 Except as otherwise provided in this Act, this Act and
3 the amendments made by this Act take effect on October
4 1, 2004, without regard to whether regulations imple-
5 menting this Act or such amendments have been issued.

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