

109TH CONGRESS
1ST SESSION

S. 1303

To amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2006.

IN THE SENATE OF THE UNITED STATES

JUNE 23, 2005

Mr. ROCKEFELLER (for himself, Mr. REED, Mr. LAUTENBERG, Mr. CORZINE, Mr. SARBANES, and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2006.

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; TABLE OF CONTENTS; FINDINGS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “MediKids Health Insurance Act of 2005”.

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

Sec. 1. Short title; table of contents; findings.

Sec. 2. Benefits for all children born after 2006.

“TITLE XXII—MEDIKIDS PROGRAM

“Sec. 2201. Eligibility.

“Sec. 2202. Benefits.

“Sec. 2203. Premiums.

“Sec. 2204. MediKids Trust Fund.

“Sec. 2205. Oversight and accountability.

“Sec. 2206. Inclusion of care coordination services.

“Sec. 2207. Administration and miscellaneous.

Sec. 3. MediKids premium.

Sec. 4. Refundable credit for cost-sharing expenses under MediKids program.

Sec. 5. Report on long-term revenues.

1 (c) FINDINGS.—Congress finds the following:

2 (1) More than 9 million American children are
3 uninsured.

4 (2) Children who are uninsured receive less
5 medical care and less preventive care and have a
6 poorer level of health, which result in lifetime costs
7 to themselves and to the entire American economy.

8 (3) Although SCHIP and Medicaid are success-
9 fully extending a health coverage safety net to a
10 growing portion of the vulnerable low-income popu-
11 lation of uninsured children, they alone cannot
12 achieve 100 percent health insurance coverage for
13 our nation’s children due to inevitable gaps during
14 outreach and enrollment, fluctuations in eligibility,
15 variations in access to private insurance at all in-
16 come levels, and variations in States ability to pro-
17 vide required matching funds.

18 (4) As all segments of society continue to be-
19 come more transient, with many changes in employ-
20 ment over the working lifetime of parents, the need
21 for a reliable safety net of health insurance which

1 follows children across State lines, already a major
2 problem for the children of migrant and seasonal
3 farmworkers, will become a major concern for all
4 families in the United States.

5 (5) The medicare program has successfully
6 evolved over the years to provide a stable, universal
7 source of health insurance for the nation's disabled
8 and those over age 65, and provides a tested model
9 for designing a program to reach out to America's
10 children.

11 (6) The problem of insuring 100 percent of all
12 American children could be gradually solved by auto-
13 matically enrolling all children born after December
14 31, 2006, in a program modeled after Medicare (and
15 to be known as "MediKids"), and allowing those
16 children to be transferred into other equivalent or
17 better insurance programs, including either private
18 insurance, SCHIP, or Medicaid, if they are eligible
19 to do so, but maintaining the child's default enroll-
20 ment in MediKids for any times when the child's ac-
21 cess to other sources of insurance is lost.

22 (7) A family's freedom of choice to use other in-
23 surers to cover children would not be interfered with
24 in any way, and children eligible for SCHIP and
25 Medicaid would continue to be enrolled in those pro-

1 grams, but the underlying safety net of MediKids
2 would always be available to cover any gaps in insur-
3 ance due to changes in medical condition, employ-
4 ment, income, or marital status, or other changes af-
5 fecting a child's access to alternate forms of insur-
6 ance.

7 (8) The MediKids program can be administered
8 without impacting the finances or status of the exist-
9 ing Medicare program.

10 (9) The MediKids benefit package can be tai-
11 lored to the special needs of children and updated
12 over time.

13 (10) The financing of the program can be ad-
14 ministered without difficulty by a yearly payment of
15 affordable premiums through a family's tax filing (or
16 adjustment of a family's earned income tax credit).

17 (11) The cost of the program will gradually rise
18 as the number of children using MediKids as the in-
19 surer of last resort increases, and a future Congress
20 always can accelerate or slow down the enrollment
21 process as desired, while the societal costs for emer-
22 gency room usage, lost productivity and work days,
23 and poor health status for the next generation of
24 Americans will decline.

1 (12) Over time 100 percent of American chil-
 2 dren will always have basic health insurance, and we
 3 can therefore expect a healthier, more equitable, and
 4 more productive society.

5 **SEC. 2. BENEFITS FOR ALL CHILDREN BORN AFTER 2006.**

6 (a) IN GENERAL.—The Social Security Act is amend-
 7 ed by adding at the end the following new title:

8 **“TITLE XXII—MEDIKIDS**
 9 **PROGRAM**

10 **“SEC. 2201. ELIGIBILITY.**

11 “(a) ELIGIBILITY OF INDIVIDUALS BORN AFTER DE-
 12 CEMBER 31, 2006; ALL CHILDREN UNDER 23 YEARS OF
 13 AGE IN FIFTH YEAR.—An individual who meets the fol-
 14 lowing requirements with respect to a month is eligible to
 15 enroll under this title with respect to such month:

16 “(1) AGE.—

17 “(A) FIRST YEAR.—As of the first day of
 18 the first year in which this title is effective, the
 19 individual has not attained 6 years of age.

20 “(B) SECOND YEAR.—As of the first day
 21 of the second year in which this title is effec-
 22 tive, the individual has not attained 11 years of
 23 age.

1 “(C) THIRD YEAR.—As of the first day of
2 the third year in which this title is effective, the
3 individual has not attained 16 years of age.

4 “(D) FOURTH YEAR.—As of the first day
5 of the fourth year in which this title is effective,
6 the individual has not attained 21 years of age.

7 “(E) FIFTH AND SUBSEQUENT YEARS.—
8 As of the first day of the fifth year in which
9 this title is effective and each subsequent year,
10 the individual has not attained 23 years of age.

11 “(2) CITIZENSHIP.—The individual is a citizen
12 or national of the United States or is permanently
13 residing in the United States under color of law.

14 “(b) ENROLLMENT PROCESS.—An individual may
15 enroll in the program established under this title only in
16 such manner and form as may be prescribed by regula-
17 tions, and only during an enrollment period prescribed by
18 the Secretary consistent with the provisions of this section.

19 Such regulations shall provide a process under which—

20 “(1) individuals who are born in the United
21 States after December 31, 2006, are deemed to be
22 enrolled at the time of birth and a parent or guard-
23 ian of such an individual is permitted to pre-enroll
24 in the month prior to the expected month of birth;

1 “(2) individuals who are born outside the
2 United States after such date and who become eligi-
3 ble to enroll by virtue of immigration into (or an ad-
4 justment of immigration status in) the United
5 States are deemed enrolled at the time of entry or
6 adjustment of status;

7 “(3) eligible individuals may otherwise be en-
8 rolled at such other times and manner as the Sec-
9 retary shall specify, including the use of outstationed
10 eligibility sites as described in section
11 1902(a)(55)(A) and the use of presumptive eligi-
12 bility provisions like those described in section
13 1920A; and

14 “(4) at the time of automatic enrollment of a
15 child, the Secretary provides for issuance to a parent
16 or custodian of the individual a card evidencing cov-
17 erage under this title and for a description of such
18 coverage.

19 The provisions of section 1837(h) apply with respect to
20 enrollment under this title in the same manner as they
21 apply to enrollment under part B of title XVIII. An indi-
22 vidual who is enrolled under this title is not eligible to
23 be enrolled under an MA or MA–PD plan under part C
24 of title XVIII.

25 “(c) DATE COVERAGE BEGINS.—

1 “(1) IN GENERAL.—The period during which
2 an individual is entitled to benefits under this title
3 shall begin as follows, but in no case earlier than
4 January 1, 2007:

5 “(A) In the case of an individual who is
6 enrolled under paragraph (1) or (2) of sub-
7 section (b), the date of birth or date of obtain-
8 ing appropriate citizenship or immigration sta-
9 tus, as the case may be.

10 “(B) In the case of another individual who
11 enrolls (including pre-enrolls) before the month
12 in which the individual satisfies eligibility for
13 enrollment under subsection (a), the first day of
14 such month of eligibility.

15 “(C) In the case of another individual who
16 enrolls during or after the month in which the
17 individual first satisfies eligibility for enrollment
18 under such subsection, the first day of the fol-
19 lowing month.

20 “(2) AUTHORITY TO PROVIDE FOR PARTIAL
21 MONTHS OF COVERAGE.—Under regulations, the
22 Secretary may, in the Secretary’s discretion, provide
23 for coverage periods that include portions of a
24 month in order to avoid lapses of coverage.

1 “(3) LIMITATION ON PAYMENTS.—No payments
2 may be made under this title with respect to the ex-
3 penses of an individual enrolled under this title un-
4 less such expenses were incurred by such individual
5 during a period which, with respect to the individual,
6 is a coverage period under this section.

7 “(d) EXPIRATION OF ELIGIBILITY.—An individual’s
8 coverage period under this section shall continue until the
9 individual’s enrollment has been terminated because the
10 individual no longer meets the requirements of subsection
11 (a) (whether because of age or change in immigration sta-
12 tus).

13 “(e) ENTITLEMENT TO MEDIKIDS BENEFITS FOR
14 ENROLLED INDIVIDUALS.—An individual enrolled under
15 this title is entitled to the benefits described in section
16 2202.

17 “(f) LOW-INCOME INFORMATION.—

18 “(1) INQUIRY OF INCOME.—At the time of en-
19 rollment of a child under this title, the Secretary
20 shall make an inquiry as to whether the family in-
21 come (as determined for purposes of section
22 1905(p)) of the family that includes the child is
23 within any of the following income ranges:

24 “(A) UP TO 150 PERCENT OF POVERTY.—

25 The income of the family does not exceed 150

1 percent of the poverty line for a family of the
2 size involved.

3 “(B) BETWEEN 150 AND 200 PERCENT OF
4 POVERTY.—The income of the family exceeds
5 150 percent, but does not exceed 200 percent,
6 of such poverty line.

7 “(C) BETWEEN 200 AND 300 PERCENT OF
8 POVERTY.—The income of the family exceeds
9 200 percent, but does not exceed 300 percent,
10 of such poverty line.

11 “(2) CODING.—If the family income is within a
12 range described in paragraph (1), the Secretary
13 shall encode in the identification card issued in con-
14 nection with eligibility under this title a code indi-
15 cating the range applicable to the family of the child
16 involved.

17 “(3) PROVIDER VERIFICATION THROUGH ELEC-
18 TRONIC SYSTEM.—The Secretary also shall provide
19 for an electronic system through which providers
20 may verify which income range described in para-
21 graph (1), if any, is applicable to the family of the
22 child involved.

23 “(g) CONSTRUCTION.—Nothing in this title shall be
24 construed as requiring (or preventing) an individual who
25 is enrolled under this title from seeking medical assistance

1 under a State medicaid plan under title XIX or child
2 health assistance under a State child health plan under
3 title XXI.

4 **“SEC. 2202. BENEFITS.**

5 “(a) SECRETARIAL SPECIFICATION OF BENEFIT
6 PACKAGE.—

7 “(1) IN GENERAL.—The Secretary shall specify
8 the benefits to be made available under this title
9 consistent with the provisions of this section and in
10 a manner designed to meet the health needs of en-
11 rollees.

12 “(2) UPDATING.—The Secretary shall update
13 the specification of benefits over time to ensure the
14 inclusion of age-appropriate benefits to reflect the
15 enrollee population.

16 “(3) ANNUAL UPDATING.—The Secretary shall
17 establish procedures for the annual review and up-
18 dating of such benefits to account for changes in
19 medical practice, new information from medical re-
20 search, and other relevant developments in health
21 science.

22 “(4) INPUT.—The Secretary shall seek the
23 input of the pediatric community in specifying and
24 updating such benefits.

1 “(5) LIMITATION ON UPDATING.—In no case
2 shall updating of benefits under this subsection re-
3 sult in a failure to provide benefits required under
4 subsection (b).

5 “(b) INCLUSION OF CERTAIN BENEFITS.—

6 “(1) MEDICARE CORE BENEFITS.—Such bene-
7 fits shall include (to the extent consistent with other
8 provisions of this section) at least the same benefits
9 (including coverage, access, availability, duration,
10 and beneficiary rights) that are available under
11 parts A and B of title XVIII.

12 “(2) ALL REQUIRED MEDICAID BENEFITS.—
13 Such benefits shall also include all items and serv-
14 ices for which medical assistance is required to be
15 provided under section 1902(a)(10)(A) to individuals
16 described in such section, including early and peri-
17 odic screening, diagnostic services, and treatment
18 services.

19 “(3) INCLUSION OF PRESCRIPTION DRUGS.—
20 Such benefits also shall include (as specified by the
21 Secretary) benefits for prescription drugs and
22 biologicals which are not less than the benefits for
23 such drugs and biologicals under the standard op-
24 tion for the service benefit plan described in section

1 8903(1) of title 5, United States Code, offered dur-
2 ing 2005.

3 “(4) COST-SHARING.—

4 “(A) IN GENERAL.—Subject to subpara-
5 graph (B), such benefits also shall include the
6 cost-sharing (in the form of deductibles, coin-
7 surance, and copayments) which is substantially
8 similar to such cost-sharing under the health
9 benefits coverage in any of the four largest
10 health benefits plans (determined by enroll-
11 ment) offered under chapter 89 of title 5,
12 United States Code, and including an out-of-
13 pocket limit for catastrophic expenditures for
14 covered benefits, except that no cost-sharing
15 shall be imposed with respect to early and peri-
16 odic screening and diagnostic services included
17 under paragraph (2).

18 “(B) REDUCED COST-SHARING FOR LOW
19 INCOME CHILDREN.—Such benefits shall pro-
20 vide that—

21 “(i) there shall be no cost-sharing for
22 children in families the income of which is
23 within the range described in section
24 2201(f)(1)(A);

1 “(ii) the cost-sharing otherwise appli-
2 cable shall be reduced by 75 percent for
3 children in families the income of which is
4 within the range described in section
5 2201(f)(1)(B); or

6 “(iii) the cost-sharing otherwise appli-
7 cable shall be reduced by 50 percent for
8 children in families the income of which is
9 within the range described in section
10 2201(f)(1)(C).

11 “(C) CATASTROPHIC LIMIT ON COST-SHAR-
12 ING.—For a refundable credit for cost-sharing
13 in the case of cost-sharing in excess of a per-
14 centage of the individual’s adjusted gross in-
15 come, see section 36 of the Internal Revenue
16 Code of 1986.

17 “(c) PAYMENT SCHEDULE.—The Secretary, with the
18 assistance of the Medicare Payment Advisory Commission,
19 shall develop and implement a payment schedule for bene-
20 fits covered under this title. To the extent feasible, such
21 payment schedule shall be consistent with comparable pay-
22 ment schedules and reimbursement methodologies applied
23 under parts A and B of title XVIII.

1 “(d) INPUT.—The Secretary shall specify such bene-
2 fits and payment schedules only after obtaining input from
3 appropriate child health providers and experts.

4 “(e) ENROLLMENT IN HEALTH PLANS.—The Sec-
5 retary shall provide for the offering of benefits under this
6 title through enrollment in a health benefit plan that
7 meets the same (or similar) requirements as the require-
8 ments that apply to Medicare Advantage plans under part
9 C of title XVIII (other than any such requirements that
10 relate to part D of such title). In the case of individuals
11 enrolled under this title in such a plan, the payment rate
12 shall be based on payment rates provided for under section
13 1853(c) in effect before the date of the enactment of the
14 Medicare Prescription Drug, Modernization, and Improve-
15 ment Act of 2003 (Public Law 108–173), except that such
16 payment rates shall be adjusted in an appropriate manner
17 to reflect differences between the population served under
18 this title and the population under title XVIII.

19 **“SEC. 2203. PREMIUMS.**

20 “(a) AMOUNT OF MONTHLY PREMIUMS.—

21 “(1) IN GENERAL.—The Secretary shall, during
22 September of each year (beginning with 2006), es-
23 tablish a monthly MediKids premium for the fol-
24 lowing year. Subject to paragraph (2), the monthly
25 MediKids premium for a year is equal to $\frac{1}{12}$ of the

1 annual premium rate computed under subsection
2 (b).

3 “(2) ELIMINATION OF MONTHLY PREMIUM FOR
4 DEMONSTRATION OF EQUIVALENT COVERAGE (IN-
5 CLUDING COVERAGE UNDER LOW-INCOME PRO-
6 GRAMS).—The amount of the monthly premium im-
7 posed under this section for an individual for a
8 month shall be zero in the case of an individual who
9 demonstrates to the satisfaction of the Secretary
10 that the individual has basic health insurance cov-
11 erage for that month. For purposes of the previous
12 sentence enrollment in a medicaid plan under title
13 XIX, a State child health insurance plan under title
14 XXI, or under the medicare program under title
15 XVIII is deemed to constitute basic health insurance
16 coverage described in such sentence.

17 “(b) ANNUAL PREMIUM.—

18 “(1) NATIONAL PER CAPITA AVERAGE.—The
19 Secretary shall estimate the average, annual per
20 capita amount that would be payable under this title
21 with respect to individuals residing in the United
22 States who meet the requirement of section
23 2201(a)(1) as if all such individuals were eligible for
24 (and enrolled) under this title during the entire year

1 (and assuming that section 1862(b)(2)(A)(i) did not
2 apply).

3 “(2) ANNUAL PREMIUM.—Subject to subsection
4 (d), the annual premium under this subsection for
5 months in a year is equal to 25 percent of the aver-
6 age, annual per capita amount estimated under
7 paragraph (1) for the year.

8 “(c) PAYMENT OF MONTHLY PREMIUM.—

9 “(1) PERIOD OF PAYMENT.—In the case of an
10 individual who participates in the program estab-
11 lished by this title, subject to subsection (d), the
12 monthly premium shall be payable for the period
13 commencing with the first month of the individual’s
14 coverage period and ending with the month in which
15 the individual’s coverage under this title terminates.

16 “(2) COLLECTION THROUGH TAX RETURN.—
17 For provisions providing for the payment of monthly
18 premiums under this subsection, see section 59B of
19 the Internal Revenue Code of 1986.

20 “(3) PROTECTIONS AGAINST FRAUD AND
21 ABUSE.—The Secretary shall develop, in coordina-
22 tion with States and other health insurance issuers,
23 administrative systems to ensure that claims which
24 are submitted to more than one payor are coordi-
25 nated and duplicate payments are not made.

1 “(d) REDUCTION IN PREMIUM FOR CERTAIN LOW-
2 INCOME FAMILIES.—For provisions reducing the premium
3 under this section for certain low-income families, see sec-
4 tion 59B(d) of the Internal Revenue Code of 1986.

5 **“SEC. 2204. MEDIKIDS TRUST FUND.**

6 “(a) ESTABLISHMENT OF TRUST FUND.—

7 “(1) IN GENERAL.—There is hereby created on
8 the books of the Treasury of the United States a
9 trust fund to be known as the ‘MediKids Trust
10 Fund’ (in this section referred to as the ‘Trust
11 Fund’). The Trust Fund shall consist of such gifts
12 and bequests as may be made as provided in section
13 201(i)(1) and such amounts as may be deposited in,
14 or appropriated to, such fund as provided in this
15 title.

16 “(2) PREMIUMS.—Premiums collected under
17 section 59B of the Internal Revenue Code of 1986
18 shall be periodically transferred to the Trust Fund.

19 “(3) TRANSITIONAL FUNDING BEFORE RECEIPT
20 OF PREMIUMS.—In order to provide for funds in the
21 Trust Fund to cover expenditures from the fund in
22 advance of receipt of premiums under section 2203,
23 there are transferred to the Trust Fund from the
24 general fund of the United States Treasury such
25 amounts as may be necessary.

1 “(b) INCORPORATION OF PROVISIONS.—

2 “(1) IN GENERAL.—Subject to paragraph (2),
3 subsection (b) (other than the last sentence) and
4 subsections (c) through (i) of section 1841 shall
5 apply with respect to the Trust Fund and this title
6 in the same manner as they apply with respect to
7 the Federal Supplementary Medical Insurance Trust
8 Fund and part B, respectively.

9 “(2) MISCELLANEOUS REFERENCES.—In apply-
10 ing provisions of section 1841 under paragraph
11 (1)—

12 “(A) any reference in such section to ‘this
13 part’ is construed to refer to title XXII;

14 “(B) any reference in section 1841(h) to
15 section 1840(d) and in section 1841(i) to sec-
16 tions 1840(b)(1) and 1842(g) are deemed ref-
17 erences to comparable authority exercised under
18 this title;

19 “(C) payments may be made under section
20 1841(g) to the Trust Funds under sections
21 1817 and 1841 as reimbursement to such funds
22 for payments they made for benefits provided
23 under this title; and

24 “(D) the Board of Trustees of the
25 MediKids Trust Fund shall be the same as the

1 Board of Trustees of the Federal Supple-
2 mentary Medical Insurance Trust Fund.

3 **“SEC. 2205. OVERSIGHT AND ACCOUNTABILITY.**

4 “(a) PERIODIC GAO REPORTS.—The Comptroller
5 General of the United States shall periodically submit to
6 Congress reports on the operation of the program under
7 this title, including on the financing of coverage provided
8 under this title.

9 “(b) PERIODIC MEDPAC REPORTS.—The Medicare
10 Payment Advisory Commission shall periodically report to
11 Congress concerning the program under this title.

12 **“SEC. 2206. INCLUSION OF CARE COORDINATION SERVICES.**

13 “(a) IN GENERAL.—

14 “(1) PROGRAM AUTHORITY.—The Secretary,
15 beginning in 2007, may implement a care coordina-
16 tion services program in accordance with the provi-
17 sions of this section under which, in appropriate cir-
18 cumstances, eligible individuals under section 2201
19 may elect to have health care services covered under
20 this title managed and coordinated by a designated
21 care coordinator.

22 “(2) ADMINISTRATION BY CONTRACT.—The
23 Secretary may administer the program under this
24 section through a contract with an appropriate pro-
25 gram administrator.

1 “(3) COVERAGE.—Care coordination services
2 furnished in accordance with this section shall be
3 treated under this title as if they were included in
4 the definition of medical and other health services
5 under section 1861(s) and benefits shall be available
6 under this title with respect to such services without
7 the application of any deductible or coinsurance.

8 “(b) ELIGIBILITY CRITERIA; IDENTIFICATION AND
9 NOTIFICATION OF ELIGIBLE INDIVIDUALS.—

10 “(1) INDIVIDUAL ELIGIBILITY CRITERIA.—The
11 Secretary shall specify criteria to be used in making
12 a determination as to whether an individual may ap-
13 propriately be enrolled in the care coordination serv-
14 ices program under this section, which shall include
15 at least a finding by the Secretary that for cohorts
16 of individuals with characteristics identified by the
17 Secretary, professional management and coordina-
18 tion of care can reasonably be expected to improve
19 processes or outcomes of health care and to reduce
20 aggregate costs to the programs under this title.

21 “(2) PROCEDURES TO FACILITATE ENROLL-
22 MENT.—The Secretary shall develop and implement
23 procedures designed to facilitate enrollment of eligi-
24 ble individuals in the program under this section.

25 “(c) ENROLLMENT OF INDIVIDUALS.—

1 “(1) SECRETARY’S DETERMINATION OF ELIGI-
2 BILITY.—The Secretary shall determine the eligi-
3 bility for services under this section of individuals
4 who are enrolled in the program under this section
5 and who make application for such services in such
6 form and manner as the Secretary may prescribe.

7 “(2) ENROLLMENT PERIOD.—

8 “(A) EFFECTIVE DATE AND DURATION.—
9 Enrollment of an individual in the program
10 under this section shall be effective as of the
11 first day of the month following the month in
12 which the Secretary approves the individual’s
13 application under paragraph (1), shall remain
14 in effect for one month (or such longer period
15 as the Secretary may specify), and shall be
16 automatically renewed for additional periods,
17 unless terminated in accordance with such pro-
18 cedures as the Secretary shall establish by regu-
19 lation. Such procedures shall permit an indi-
20 vidual to disenroll for cause at any time and
21 without cause at re-enrollment intervals.

22 “(B) LIMITATION ON REENROLLMENT.—
23 The Secretary may establish limits on an indi-
24 vidual’s eligibility to reenroll in the program
25 under this section if the individual has

1 disenrolled from the program more than once
2 during a specified time period.

3 “(d) PROGRAM.—The care coordination services pro-
4 gram under this section shall include the following ele-
5 ments:

6 “(1) BASIC CARE COORDINATION SERVICES.—

7 “(A) IN GENERAL.—Subject to the cost-ef-
8 fectiveness criteria specified in subsection
9 (b)(1), except as otherwise provided in this sec-
10 tion, enrolled individuals shall receive services
11 described in section 1905(t)(1) and may receive
12 additional items and services as described in
13 subparagraph (B).

14 “(B) ADDITIONAL BENEFITS.—The Sec-
15 retary may specify additional benefits for which
16 payment would not otherwise be made under
17 this title that may be available to individuals
18 enrolled in the program under this section (sub-
19 ject to an assessment by the care coordinator of
20 an individual’s circumstance and need for such
21 benefits) in order to encourage enrollment in, or
22 to improve the effectiveness of, such program.

23 “(2) CARE COORDINATION REQUIREMENT.—

24 Notwithstanding any other provision of this title, the
25 Secretary may provide that an individual enrolled in

1 the program under this section may be entitled to
2 payment under this title for any specified health
3 care items or services only if the items or services
4 have been furnished by the care coordinator, or co-
5 ordinated through the care coordination services pro-
6 gram. Under such provision, the Secretary shall pre-
7 scribe exceptions for emergency medical services as
8 described in section 1852(d)(3), and other excep-
9 tions determined by the Secretary for the delivery of
10 timely and needed care.

11 “(e) CARE COORDINATORS.—

12 “(1) CONDITIONS OF PARTICIPATION.—In order
13 to be qualified to furnish care coordination services
14 under this section, an individual or entity shall—

15 “(A) be a health care professional or entity
16 (which may include physicians, physician group
17 practices, or other health care professionals or
18 entities the Secretary may find appropriate)
19 meeting such conditions as the Secretary may
20 specify;

21 “(B) have entered into a care coordination
22 agreement; and

23 “(C) meet such criteria as the Secretary
24 may establish (which may include experience in

1 the provision of care coordination or primary
2 care physician's services).

3 “(2) AGREEMENT TERM; PAYMENT.—

4 “(A) DURATION AND RENEWAL.—A care
5 coordination agreement under this subsection
6 shall be for one year and may be renewed if the
7 Secretary is satisfied that the care coordinator
8 continues to meet the conditions of participa-
9 tion specified in paragraph (1).

10 “(B) PAYMENT FOR SERVICES.—The Sec-
11 retary may negotiate or otherwise establish pay-
12 ment terms and rates for services described in
13 subsection (d)(1).

14 “(C) LIABILITY.—Care coordinators shall
15 be subject to liability for actual health damages
16 which may be suffered by recipients as a result
17 of the care coordinator's decisions, failure or
18 delay in making decisions, or other actions as
19 a care coordinator.

20 “(D) TERMS.—In addition to such other
21 terms as the Secretary may require, an agree-
22 ment under this section shall include the terms
23 specified in subparagraphs (A) through (C) of
24 section 1905(t)(3).

1 **“SEC. 2207. ADMINISTRATION AND MISCELLANEOUS.**

2 “(a) IN GENERAL.—Except as otherwise provided in
3 this title—

4 “(1) the Secretary shall enter into appropriate
5 contracts with providers of services, other health
6 care providers, carriers, and fiscal intermediaries,
7 taking into account the types of contracts used
8 under title XVIII with respect to such entities, to
9 administer the program under this title;

10 “(2) beneficiary protections for individuals en-
11 rolled under this title shall not be less than the ben-
12 efitary protections (including limits on balance bill-
13 ing) provided medicare beneficiaries under title
14 XVIII;

15 “(3) benefits described in section 2202 that are
16 payable under this title to such individuals shall be
17 paid in a manner specified by the Secretary (taking
18 into account, and based to the greatest extent prac-
19 ticable upon, the manner in which they are provided
20 under title XVIII); and

21 “(4) provider participation agreements under
22 title XVIII shall apply to enrollees and benefits
23 under this title in the same manner as they apply
24 to enrollees and benefits under title XVIII.

25 “(b) COORDINATION WITH MEDICAID AND
26 SCHIP.—Notwithstanding any other provision of law, in-

1 individuals entitled to benefits for items and services under
2 this title who also qualify for benefits under title XIX or
3 XXI or any other Federally funded health care program
4 that provides basic health insurance coverage described in
5 section 2203(a)(2) may continue to qualify and obtain
6 benefits under such other title or program, and in such
7 case such an individual shall elect either—

8 “(1) such other title or program to be primary
9 payor to benefits under this title, in which case no
10 benefits shall be payable under this title and the
11 monthly premium under section 2203 shall be zero;
12 or

13 “(2) benefits under this title shall be primary
14 payor to benefits provided under such title or pro-
15 gram, in which case the Secretary shall enter into
16 agreements with States as may be appropriate to
17 provide that, in the case of such individuals, the ben-
18 efits under titles XIX and XXI or such other pro-
19 gram (including reduction of cost-sharing) are pro-
20 vided on a ‘wrap-around’ basis to the benefits under
21 this title.”.

22 (b) CONFORMING AMENDMENTS TO SOCIAL SECUR-
23 ITY ACT PROVISIONS.—

24 (1) Section 201(i)(1) of the Social Security Act
25 (42 U.S.C. 401(i)(1)) is amended by striking “or the

1 Federal Supplementary Medical Insurance Trust
2 Fund” and inserting “the Federal Supplementary
3 Medical Insurance Trust Fund, and the MediKids
4 Trust Fund”.

5 (2) Section 201(g)(1)(A) of such Act (42
6 U.S.C. 401(g)(1)(A)) is amended by striking “and
7 the Federal Supplementary Medical Insurance Trust
8 Fund established by title XVIII” and inserting “,
9 the Federal Supplementary Medical Insurance Trust
10 Fund, and the MediKids Trust Fund established by
11 title XVIII”.

12 (c) MAINTENANCE OF MEDICAID ELIGIBILITY AND
13 BENEFITS FOR CHILDREN.—

14 (1) IN GENERAL.—In order for a State to con-
15 tinue to be eligible for payments under section
16 1903(a) of the Social Security Act (42 U.S.C.
17 1396b(a))—

18 (A) the State may not reduce standards of
19 eligibility, or benefits, provided under its State
20 medicaid plan under title XIX of the Social Se-
21 curity Act or under its State child health plan
22 under title XXI of such Act for individuals
23 under 23 years of age below such standards of
24 eligibility, and benefits, in effect on the date of
25 the enactment of this Act; and

1 (B) the State shall demonstrate to the sat-
2 isfaction of the Secretary of Health and Human
3 Services that any savings in State expenditures
4 under title XIX or XXI of the Social Security
5 Act that results from children enrolling under
6 title XXII of such Act shall be used in a man-
7 ner that improves services to beneficiaries
8 under title XIX of such Act, such as through
9 expansion of eligibility, improved nurse and
10 nurse aide staffing and improved inspections of
11 nursing facilities, and coverage of additional
12 services.

13 (2) MEDIKIDS AS PRIMARY PAYOR.—In apply-
14 ing title XIX of the Social Security Act, the
15 MediKids program under title XXII of such Act
16 shall be treated as a primary payor in cases in which
17 the election described in section 2207(b)(2) of such
18 Act, as added by subsection (a), has been made.

19 (d) EXPANSION OF MEDPAC MEMBERSHIP TO 19.—

20 (1) IN GENERAL.—Section 1805(c) of the So-
21 cial Security Act (42 U.S.C. 1395b–6(c)) is amend-
22 ed—

23 (A) in paragraph (1), by striking “17” and
24 inserting “19”; and

1 (B) in paragraph (2)(B), by inserting “ex-
2 perts in children’s health,” after “other health
3 professionals,”.

4 (2) INITIAL TERMS OF ADDITIONAL MEM-
5 BERS.—

6 (A) IN GENERAL.—For purposes of stag-
7 gering the initial terms of members of the
8 Medicare Payment Advisory Commission under
9 section 1805(c)(3) of the Social Security Act
10 (42 U.S.C. 1395b–6(c)(3)), the initial terms of
11 the 2 additional members of the Commission
12 provided for by the amendment under sub-
13 section (a)(1) are as follows:

14 (i) One member shall be appointed for
15 1 year.

16 (ii) One member shall be appointed
17 for 2 years.

18 (B) COMMENCEMENT OF TERMS.—Such
19 terms shall begin on January 1, 2006.

20 (3) DUTIES.—Section 1805(b)(1)(A) of such
21 Act (42 U.S.C. 1395b–6(b)(1)(A)) is amended by in-
22 serting before the semicolon at the end the following:
23 “and payment policies under title XXII”.

1 **SEC. 3. MEDIKIDS PREMIUM.**

2 (a) GENERAL RULE.—Subchapter A of chapter 1 of
3 the Internal Revenue Code of 1986 (relating to determina-
4 tion of tax liability) is amended by adding at the end the
5 following new part:

6 **“PART VIII—MEDIKIDS PREMIUM**

“Sec. 59B. MediKids premium.

7 **“SEC. 59B. MEDIKIDS PREMIUM.**

8 “(a) IMPOSITION OF TAX.—In the case of a taxpayer
9 to whom this section applies, there is hereby imposed (in
10 addition to any other tax imposed by this subtitle) a
11 MediKids premium for the taxable year.

12 “(b) INDIVIDUALS SUBJECT TO PREMIUM.—

13 “(1) IN GENERAL.—This section shall apply to
14 a taxpayer if a MediKid is a dependent of the tax-
15 payer for the taxable year.

16 “(2) MEDIKID.—For purposes of this section,
17 the term ‘MediKid’ means any individual enrolled in
18 the MediKids program under title XXII of the Social
19 Security Act.

20 “(c) AMOUNT OF PREMIUM.—For purposes of this
21 section, the MediKids premium for a taxable year is the
22 sum of the monthly premiums (for months in the taxable
23 year) determined under section 2203 of the Social Secu-
24 rity Act with respect to each MediKid who is a dependent
25 of the taxpayer for the taxable year.

1 “(d) EXCEPTIONS BASED ON ADJUSTED GROSS IN-
2 COME.—

3 “(1) EXEMPTION FOR VERY LOW-INCOME TAX-
4 PAYERS.—

5 “(A) IN GENERAL.—No premium shall be
6 imposed by this section on any taxpayer having
7 an adjusted gross income not in excess of the
8 exemption amount.

9 “(B) EXEMPTION AMOUNT.—For purposes
10 of this paragraph, the exemption amount is—

11 “(i) \$19,245 in the case of a taxpayer
12 having 1 MediKid,

13 “(ii) \$24,135 in the case of a tax-
14 payer having 2 MediKids,

15 “(iii) \$29,025 in the case of a tax-
16 payer having 3 MediKids, and

17 “(iv) \$33,915 in the case of a tax-
18 payer having 4 or more MediKids.

19 “(C) PHASEOUT OF EXEMPTION.—In the
20 case of a taxpayer having an adjusted gross in-
21 come which exceeds the exemption amount but
22 does not exceed twice the exemption amount,
23 the premium shall be the amount which bears
24 the same ratio to the premium which would
25 (but for this subparagraph) apply to the tax-

1 payer as such excess bears to the exemption
2 amount.

3 “(D) INFLATION ADJUSTMENT OF EXEMP-
4 TION AMOUNTS.—In the case of any taxable
5 year beginning in a calendar year after 2005,
6 each dollar amount contained in subparagraph
7 (C) shall be increased by an amount equal to
8 the product of—

9 “(i) such dollar amount, and

10 “(ii) the cost-of-living adjustment de-
11 termined under section 1(f)(3) for the cal-
12 endar year in which the taxable year be-
13 gins, determined by substituting ‘calendar
14 year 2004’ for ‘calendar year 1992’ in sub-
15 paragraph (B) thereof.

16 If any increase determined under the preceding
17 sentence is not a multiple of \$50, such increase
18 shall be rounded to the nearest multiple of \$50.

19 “(2) PREMIUM LIMITED TO 5 PERCENT OF AD-
20 JUSTED GROSS INCOME.—In no event shall any tax-
21 payer be required to pay a premium under this sec-
22 tion in excess of an amount equal to 5 percent of the
23 taxpayer’s adjusted gross income.

24 “(e) COORDINATION WITH OTHER PROVISIONS.—

1 “(1) NOT TREATED AS MEDICAL EXPENSE.—
2 For purposes of this chapter, any premium paid
3 under this section shall not be treated as expense for
4 medical care.

5 “(2) NOT TREATED AS TAX FOR CERTAIN PUR-
6 POSES.—The premium paid under this section shall
7 not be treated as a tax imposed by this chapter for
8 purposes of determining—

9 “(A) the amount of any credit allowable
10 under this chapter, or

11 “(B) the amount of the minimum tax im-
12 posed by section 55.

13 “(3) TREATMENT UNDER SUBTITLE F.—For
14 purposes of subtitle F, the premium paid under this
15 section shall be treated as if it were a tax imposed
16 by section 1.”.

17 (b) TECHNICAL AMENDMENTS.—

18 (1) Subsection (a) of section 6012 of such Code
19 is amended by inserting after paragraph (9) the fol-
20 lowing new paragraph:

21 “(10) Every individual liable for a premium
22 under section 59B.”.

23 (2) The table of parts for subchapter A of chap-
24 ter 1 of such Code is amended by adding at the end
25 the following new item:

 “PART VIII. MEDIKIDS PREMIUM”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to months beginning after Decem-
 3 ber 2006, in taxable years ending after such date.

4 **SEC. 4. REFUNDABLE CREDIT FOR CERTAIN COST-SHARING**
 5 **EXPENSES UNDER MEDIKIDS PROGRAM.**

6 (a) IN GENERAL.—Subpart C of part IV of sub-
 7 chapter A of chapter 1 of the Internal Revenue Code of
 8 1986 (relating to refundable credits) is amended by redес-
 9 ignating section 36 as section 37 and by inserting after
 10 section 35 the following new section:

11 **“SEC. 36. CATASTROPHIC LIMIT ON COST-SHARING EX-**
 12 **PENSES UNDER MEDIKIDS PROGRAM.**

13 “(a) IN GENERAL.—

14 “In the case of a taxpayer who has a MediKid
 15 (as defined in section 59B) at any time during the
 16 taxable year, there shall be allowed as a credit
 17 against the tax imposed by this subtitle an amount
 18 equal to the excess of—

19 “(1) the amount paid by the taxpayer during
 20 the taxable year as cost-sharing under section
 21 2202(b)(4) of the Social Security Act, over

22 “(2) 5 percent of the taxpayer’s adjusted gross
 23 income for the taxable year.”.

24 (b) COORDINATION WITH OTHER PROVISIONS.—The
 25 excess described in subsection (a) shall not be taken into

1 account in computing the amount allowable to the tax-
2 payer as a deduction under section 162(l) or 213(a).

3 (c) TECHNICAL AMENDMENTS.—

4 (1) The table of sections for subpart C of part
5 IV of subchapter A of chapter 1 of such Code is
6 amended by redesignating the item relating to sec-
7 tion 36 as an item relating to section 37 and by in-
8 serting before such item the following new item:

“Sec. 36. Catastrophic limit on cost-sharing expenses under MediKids pro-
gram.”.

9 (2) Paragraph (2) of section 1324(b) of title
10 31, United States Code, is amended by inserting “or
11 36” after “section 35”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 December 31, 2006.

15 **SEC. 5. REPORT ON LONG-TERM REVENUES.**

16 Within one year after the date of the enactment of
17 this Act, the Secretary of the Treasury shall propose a
18 gradual schedule of progressive tax changes to fund the
19 program under title XXII of the Social Security Act, as
20 the number of enrollees grows in the out-years.

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