

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 3913

To amend title XXI of the Social Security Act to eliminate funding shortfalls for the State Children's Health Insurance Program (SCHIP) for fiscal year 2007.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 19, 2006

Mr. ROCKEFELLER introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XXI of the Social Security Act to eliminate funding shortfalls for the State Children's Health Insurance Program (SCHIP) for fiscal year 2007.

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.**

4 This Act may be cited as the "Keep Children Covered  
5 Act of 2006".

6 **SEC. 2. ELIMINATION OF SCHIP FUNDING SHORTFALLS**  
7 **FOR FISCAL YEAR 2007.**

8 (a) IN GENERAL.—Section 2104 of the Social Secu-  
9 rity Act (42 U.S.C. 1397dd) is amended—

1           (1) in each of subsections (a), (b)(1), and  
 2           (c)(1), by striking “subsection (d)” and inserting  
 3           “subsections (d) and (h)”; and

4           (2) by adding at the end the following new sub-  
 5           section:

6           “(h) SPECIAL RULE FOR REDISTRIBUTION OF  
 7 UNSPENT FISCAL YEAR 2004 ALLOTMENTS AND ADDI-  
 8 TIONAL ALLOTMENTS TO ELIMINATE FISCAL YEAR 2007  
 9 FUNDING SHORTFALLS.—

10           “(1) SPECIAL RULE FOR REDISTRIBUTION OF  
 11 FISCAL YEAR 2004 ALLOTMENTS.—

12           “(A) IN GENERAL.—In the case of a State  
 13 that expends all of its allotment under sub-  
 14 section (b) or (c) of this section for fiscal year  
 15 2004 by the end of fiscal year 2006 and is an  
 16 initial shortfall State described in subparagraph  
 17 (B), the Secretary shall redistribute to the  
 18 State under subsection (f) of this section (from  
 19 the fiscal year 2004 allotments of other States)  
 20 the following amount:

21           “(i) STATE.—In the case of one of the  
 22 50 States or the District of Columbia, the  
 23 amount specified in subparagraph (C)(i)  
 24 (less the total of the amounts under clause  
 25 (ii)), multiplied by the ratio of the amount

1 specified in subparagraph (C)(ii) for the  
2 State to the amount specified in subpara-  
3 graph (C)(iii).

4 “(ii) TERRITORY.—In the case of a  
5 commonwealth or territory described in  
6 subsection (c)(3), an amount that bears  
7 the same ratio to 1.05 percent of the  
8 amount specified in subparagraph (C)(i) as  
9 the ratio of the commonwealth’s or terri-  
10 tory’s fiscal year 2004 allotment under  
11 subsection (c) bears to the total of all such  
12 allotments for such fiscal year under such  
13 subsection.

14 “(B) INITIAL SHORTFALL STATE DE-  
15 SCRIBED.—For purposes of subparagraph (A),  
16 an initial shortfall State is a State with a State  
17 child health plan approved under this title for  
18 which the Secretary estimates, on the basis of  
19 the most recent data available to the Secretary  
20 as of the date of the enactment of this sub-  
21 section, that the projected Federal expenditures  
22 under such plan for such State for fiscal year  
23 2007 will exceed the sum of—

24 “(i) the amount of the State’s allot-  
25 ments for each of fiscal years 2005 and

1           2006 that will not be expended by the end  
2           of fiscal year 2006; and

3           “(ii) the amount of the State’s allot-  
4           ment for fiscal year 2007.

5           “(C) AMOUNTS USED IN COMPUTING RE-  
6           DISTRIBUTIONS FOR FISCAL YEAR 2004 ALLOT-  
7           MENTS.—For purposes of subparagraph  
8           (A)(i)—

9           “(i) the amount specified in this  
10          clause is the total amount of unspent fiscal  
11          year 2004 allotments available for redis-  
12          tribution under subsection (f);

13          “(ii) the amount specified in this  
14          clause for an initial shortfall State is the  
15          amount the Secretary determines will  
16          eliminate the estimated shortfall described  
17          in subparagraph (B) for the State; and

18          “(iii) the amount specified in this  
19          clause is the total sum of the amounts  
20          specified in clause (ii) for all initial short-  
21          fall States.

22          “(2) ADDITIONAL ALLOTMENTS TO ELIMINATE  
23          FISCAL YEAR 2007 FUNDING SHORTFALLS REMAIN-  
24          ING AFTER REDISTRIBUTION OF UNSPENT FISCAL  
25          YEAR 2004 ALLOTMENTS.—

1           “(A) IN GENERAL.—In addition to the al-  
2 lotments provided under subsection (b) and (c)  
3 for fiscal year 2007, the Secretary shall allot to  
4 each remaining shortfall State described in sub-  
5 paragraph (B) such amount as the Secretary  
6 determines will eliminate the estimated shortfall  
7 described in such subparagraph for the State.

8           “(B) REMAINING SHORTFALL STATE DE-  
9 SCRIBED.—For purposes of subparagraph (A),  
10 a remaining shortfall State is a State (including  
11 a commonwealth or territory described in sub-  
12 section (c)(3)) with a State child health plan  
13 approved under this title for which the Sec-  
14 retary estimates, on the basis of the most re-  
15 cent data available to the Secretary as of the  
16 date of the enactment of this subsection, that  
17 the projected federal expenditures under such  
18 plan for such State for fiscal year 2007 will ex-  
19 ceed the sum of—

20                   “(i) the amount of the State’s allot-  
21 ments for each of fiscal years 2005 and  
22 2006 that will not be expended by the end  
23 of fiscal year 2006;

24                   “(ii) the amount of the State’s allot-  
25 ment for fiscal year 2007; and

1           “(iii) the amount, if any, of unspent  
2           allotments for fiscal year 2004 that are to  
3           be redistributed to the State during fiscal  
4           year 2007 in accordance with subsection  
5           (f) and paragraph (1).

6           “(C) 1-YEAR AVAILABILITY; NO REDIS-  
7           TRIBUTION OF UNEXPENDED ADDITIONAL AL-  
8           LOTMENTS.—Notwithstanding subsections (e)  
9           and (f), amounts allotted to a remaining short-  
10          fall State pursuant to this paragraph shall only  
11          remain available for expenditure by the State  
12          through September 30, 2007. Any amounts of  
13          such allotments that remain unexpended as of  
14          such date shall not be subject to redistribution  
15          under subsection (f) and shall revert to the  
16          Treasury on October 1, 2007.

17          “(D) APPROPRIATION; ALLOTMENT AU-  
18          THORITY.—For the purpose of providing addi-  
19          tional allotments to remaining shortfall States  
20          under this paragraph there is appropriated, out  
21          of any funds in the Treasury not otherwise ap-  
22          propriated, such sums as are necessary for fis-  
23          cal year 2007.”.

24          (b) EXTENDING AUTHORITY FOR QUALIFYING  
25 STATES TO USE CERTAIN FUNDS FOR MEDICAID EX-

1 PENDING.—Section 2105(g)(1)(A) of the Social Secu-  
2 rity Act (42 U.S.C. 1397ee(g)(1)(A)) is amended by strik-  
3 ing “or 2005” and inserting “2005, or 2006”.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section apply to items and services furnished on or  
6 after October 1, 2006, without regard to whether or not  
7 regulations implementing such amendments have been  
8 issued.

9 (d) PERIOD OF EFFECTIVENESS.—Section  
10 2104(h)(2) of the Social Security Act (as added by sub-  
11 section (a)) shall terminate on September 30, 2007, and  
12 shall be considered to have expired notwithstanding sec-  
13 tion 257 of the Balanced Budget and Emergency Deficit  
14 Control Act of 1985 (2 U.S.C. 907).

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