

110TH CONGRESS
1ST SESSION

S. 2193

To provide for a 5-year SCHIP reauthorization for coverage of low-income children, an expansion of child health care insurance coverage through tax fairness, and a health care Federalism initiative, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 18, 2007

Mr. MARTINEZ (for himself, Mr. VOINOVICH, Mr. DEMINT, Mr. GRAHAM, Mr. CORNYN, Mr. THUNE, Mr. SESSIONS, Mr. INHOFE, and Mr. CHAMBLISS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for a 5-year SCHIP reauthorization for coverage of low-income children, an expansion of child health care insurance coverage through tax fairness, and a health care Federalism initiative, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “More Children, More Choices Act of 2007”.

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

Sec. 1. Short title; table of contents.

TITLE I—SCHIP REAUTHORIZATION

- Sec. 101. Requiring outreach and coverage before expansion of eligibility.
 Sec. 102. Application of citizenship documentation requirements; increased Federal matching rate for citizenship documentation enforcement under Medicaid and SCHIP.
 Sec. 103. Limitations on eligibility based on substantial net assets.
 Sec. 104. Clarification of State authorities.
 Sec. 105. Easing administrative barriers to State cooperation with employer-sponsored insurance coverage.
 Sec. 106. Improving beneficiary choice in SCHIP.
 Sec. 107. Allotment distribution formula.
 Sec. 108. Five-year reauthorization.
 Sec. 109. Enhancing the programmatic focus on children and pregnant women.
 Sec. 110. Grants for outreach and enrollment.

TITLE II—CHILD HEALTH INSURANCE COVERAGE THROUGH TAX FAIRNESS

- Sec. 201. Expansion of child health care insurance coverage through tax fairness.

TITLE III—STATE HEALTH REFORM PROJECTS

- Sec. 301. State health reform projects.

TITLE IV—SENSE OF THE SENATE

- Sec. 401. Sense of the Senate.

1 **TITLE I—SCHIP**
 2 **REAUTHORIZATION**
 3 **SEC. 101. REQUIRING OUTREACH AND COVERAGE BEFORE**
 4 **EXPANSION OF ELIGIBILITY.**

5 (a) STATE PLAN REQUIRED TO SPECIFY HOW IT
 6 WILL ACHIEVE COVERAGE FOR 90 PERCENT OF TAR-
 7 GETED LOW-INCOME CHILDREN.—

8 (1) IN GENERAL.—Section 2102(a) of the So-
 9 cial Security Act (42 U.S.C. 1397bb(a)) is amend-
 10 ed—

11 (A) in paragraph (6), by striking “and” at
 12 the end;

1 (B) in paragraph (7), by striking the pe-
2 riod at the end and inserting “; and”; and

3 (C) by adding at the end the following new
4 paragraph:

5 “(8) how the eligibility and benefits provided
6 for under the plan for each fiscal year (beginning
7 with fiscal year 2009) will allow for the State’s an-
8 nual funding allotment to cover at least 90 percent
9 of the eligible targeted low-income children in the
10 State.”.

11 (2) EFFECTIVE DATE.—The amendments made
12 by paragraph (1) shall apply to State child health
13 plans for fiscal years beginning with fiscal year
14 2009.

15 (b) LIMITATION ON PROGRAM EXPANSIONS UNTIL
16 LOWEST INCOME ELIGIBLE INDIVIDUALS ENROLLED.—
17 Section 2105(c) of such Act (42 U.S.C. 1397dd(c)) is
18 amended by adding at the end the following new para-
19 graph:

20 “(8) LIMITATION ON INCREASED COVERAGE OF
21 HIGHER INCOME CHILDREN.—For child health as-
22 sistance furnished in a fiscal year beginning with fis-
23 cal year 2008:

24 “(A) NO PAYMENT FOR CHILDREN WITH
25 FAMILY INCOME ABOVE 250 PERCENT OF POV-

1 ERTY LINE.—Payment shall not be made under
 2 this section for child health assistance for a tar-
 3 geted low-income child in a family the income
 4 of which exceeds 250 percent of the poverty line
 5 applicable to a family of the size involved.

6 “(B) SPECIAL RULES FOR PAYMENT FOR
 7 CHILDREN WITH FAMILY INCOME ABOVE 200
 8 PERCENT OF POVERTY LINE.—In the case of
 9 child health assistance for a targeted low-in-
 10 come child in a family the income of which ex-
 11 ceeds 200 percent (but does not exceed 250
 12 percent) of the poverty line applicable to a fam-
 13 ily of the size involved no payment shall be
 14 made under this section for such assistance un-
 15 less the State demonstrates to the satisfaction
 16 of the Secretary that—

17 “(i) the State has met the 90 percent
 18 retrospective coverage test specified in sub-
 19 paragraph (C)(i) for the previous fiscal
 20 year; and

21 “(ii) the State will meet the 90 per-
 22 cent prospective coverage test specified in
 23 subparagraph (C)(ii) for the fiscal year.

24 “(C) 90 PERCENT COVERAGE TESTS.—

1 “(i) RETROSPECTIVE TEST.—The 90
2 percent retrospective coverage test speci-
3 fied in this clause is, for a State for a fis-
4 cal year, that on average during the fiscal
5 year, the State has enrolled under this title
6 or title XIX at least 90 percent of the indi-
7 viduals residing in the State who—

8 “(I) are children under 19 years
9 of age (or are pregnant women) and
10 are eligible for medical assistance
11 under title XIX; or

12 “(II) are targeted low-income
13 children whose family income does not
14 exceed 200 percent of the poverty line
15 and who are eligible for child health
16 assistance under this title.

17 “(ii) PROSPECTIVE TEST.—The 90
18 percent prospective test specified in this
19 clause is, for a State for a fiscal year, that
20 on average during the fiscal year, the State
21 will enroll under this title or title XIX at
22 least 90 percent of the individuals residing
23 in the State who—

24 “(I) are children under 19 years
25 of age (or are pregnant women) and

1 are eligible for medical assistance
2 under title XIX; or

3 “(II) are targeted low-income
4 children whose family income does not
5 exceed such percent of the poverty
6 line (in excess of 200 percent) as the
7 State elects consistent with this para-
8 graph and who are eligible for child
9 health assistance under this title.

10 “(D) GRANDFATHER.—Subparagraphs (A)
11 and (B) shall not apply to the provision of child
12 health assistance—

13 “(i) to a targeted low-income child
14 who is enrolled for child health assistance
15 under this title as of September 30, 2007;

16 “(ii) to a pregnant woman who is en-
17 rolled for assistance under this title as of
18 September 30, 2007, through the comple-
19 tion of the post-partum period following
20 completion of her pregnancy; and

21 “(iii) for items and services furnished
22 before October 1, 2008, to an individual
23 who is not a targeted low-income child and
24 who is enrolled for assistance under this
25 title as of September 30, 2007.

1 “(E) TREATMENT OF PREGNANT
 2 WOMEN.—In this paragraph and sections
 3 2102(a)(8) and 2104(a)(2), the term ‘targeted
 4 low-income child’ includes an individual under
 5 age 19, including the period from conception to
 6 birth, who is eligible for child health assistance
 7 under this title by virtue of the definition of the
 8 term ‘child’ under section 457.10 of title 42,
 9 Code of Federal Regulations.”.

10 (c) STANDARDIZATION OF INCOME DETERMINA-
 11 TIONS.—

12 (1) IN GENERAL.—Section 2110(d) of such Act
 13 (42 U.S.C. 1397jj) is amended by adding at the end
 14 the following new subsection:

15 “(d) STANDARDIZATION OF INCOME DETERMINA-
 16 TIONS.—In determining family income under this title (in-
 17 cluding in the case of a State child health plan that pro-
 18 vides health benefits coverage in the manner described in
 19 section 2101(a)(2)), a State shall base such determination
 20 on gross income (including amounts that would be in-
 21 cluded in gross income if they were not exempt from in-
 22 come taxation) and may only take into consideration such
 23 income disregards as the Secretary shall develop.”.

24 (2) EFFECTIVE DATE.—(A) Subject to subpara-
 25 graph (B), the amendment made by paragraph (1)

1 shall apply to determinations (and redeterminations)
2 of income made on or after April 1, 2008.

3 (B) In the case of a State child health plan
4 under title XXI of the Social Security Act which the
5 Secretary of Health and Human Services determines
6 requires State legislation (other than legislation ap-
7 propriating funds) in order for the plan to meet the
8 additional requirement imposed by the amendment
9 made by paragraph (1), the State child health plan
10 shall not be regarded as failing to comply with the
11 requirements of such title solely on the basis of its
12 failure to meet this additional requirement before
13 the first day of the first calendar quarter beginning
14 after the close of the first regular session of the
15 State legislature that begins after the date of the en-
16 actment of this Act. For purposes of the previous
17 sentence, in the case of a State that has a 2-year
18 legislative session, each year of such session shall be
19 deemed to be a separate regular session of the State
20 legislature.

1 **SEC. 102. APPLICATION OF CITIZENSHIP DOCUMENTATION**
 2 **REQUIREMENTS; INCREASED FEDERAL**
 3 **MATCHING RATE FOR CITIZENSHIP DOCU-**
 4 **MENTATION ENFORCEMENT UNDER MED-**
 5 **ICAID AND SCHIP.**

6 (a) APPLICATION OF REQUIREMENTS.—

7 (1) IN GENERAL.—Section 2105(c) of the So-
 8 cial Security Act (42 U.S.C. 1397dd(c)), as amended
 9 by section 101(b), is amended by adding at the end
 10 the following new paragraph:

11 “(9) APPLICATION OF CITIZENSHIP DOCU-
 12 MENTATION REQUIREMENTS.—

13 “(A) IN GENERAL.—Subject to subpara-
 14 graph (B), no payment may be made under this
 15 section to a State with respect to amounts ex-
 16 pended for child health assistance for an indi-
 17 vidual who declares under section
 18 1137(d)(1)(A) to be a citizen or national of the
 19 United States for purposes of establishing eligi-
 20 bility for benefits under this title, unless the re-
 21 quirement of section 1903(x) is met.

22 “(B) TREATMENT OF PREGNANT
 23 WOMEN.—For purposes of applying subpara-
 24 graph (A) in the case of a pregnant woman who
 25 qualifies for child health assistance by virtue of
 26 the application of section 457.10 of title 42,

1 Code of Federal Regulations, the requirement
2 of such section shall be deemed to be satisfied
3 by the presentation of documentation of per-
4 sonal identity described in section
5 274A(b)(1)(D) of the Immigration and Nation-
6 ality Act or any other documentation of per-
7 sonal identity of such other type as the Sec-
8 retary finds, by regulation, provides a reliable
9 means of identification.”.

10 (2) EFFECTIVE DATE.—The amendment made
11 by paragraph (1) shall apply to eligibility determina-
12 tions and redeterminations made on or after April 1,
13 2008.

14 (b) TEMPORARY INCREASE IN FEDERAL MATCHING
15 RATE FOR ADMINISTRATIVE COSTS UNDER MEDICAID
16 AND SCHIP.—

17 (1) MEDICAID.—

18 (A) IN GENERAL.—With respect to admin-
19 istrative costs incurred on or after July 1,
20 2006, and before October 1, 2008, in imple-
21 menting the amendments made by section 6036
22 of the Deficit Reduction Act of 2005 (Public
23 Law 109–171), 75 percent shall be substituted
24 for 50 per centum in section 1903(a)(7) of the
25 Social Security Act (42 U.S.C. 1396b(a)(7)).

1 (B) RETROACTIVE ADJUSTMENT.—The
2 Secretary of Health and Human Services shall
3 take such steps as may be necessary to provide
4 for the adjustment of payments under section
5 1903(a) of the Social Security Act (42 U.S.C.
6 1396b(a)) to take into account the application
7 of subparagraph (A) for periods before the date
8 of the enactment of this Act.

9 (2) SCHIP.—With respect to administrative
10 costs incurred on or after April 1, 2008, and before
11 October 1, 2008 in implementing the amendment
12 made by subsection (a)(1), the enhanced FMAP ap-
13 plied under section 2105(a)(1)(D)(iv) of the Social
14 Security Act (42 U.S.C. 1397d(a)(1)(D)(iv)) shall
15 not be less than 75 percent.

16 **SEC. 103. LIMITATIONS ON ELIGIBILITY BASED ON SUB-**
17 **STANTIAL NET ASSETS.**

18 (a) IN GENERAL.—Section 2110(b) of the Social Se-
19 curity Act (42 U.S.C. 1397jj(b)) is amended—

20 (1) in paragraph (1), by striking “paragraph
21 (2)” and inserting “paragraphs (2) and (5)”; and

22 (2) by adding at the end the following new
23 paragraph:

24 “(5) DISQUALIFICATION FOR INDIVIDUALS IN
25 FAMILIES WITH SUBSTANTIAL NET ASSETS.—An in-

1 dividual in a family is not eligible for child health
2 assistance under this title if the individual’s family
3 has net assets (including the equity interest in any
4 home) that exceeds \$500,000 or unless there is pro-
5 vided a document (in such a form and manner as
6 the Secretary shall specify) signed under penalty of
7 perjury by an applicant for child health assistance
8 on behalf of the individual that the net assets of the
9 individual’s family (including the equity interest in
10 the any home) does not exceed \$500,000. The Sec-
11 retary may increase the dollar amount specified in
12 the previous sentence from year to year beginning
13 with 2013 based on the percentage increase in the
14 consumer price index for all urban consumers (all
15 items; United States city average), rounded to the
16 nearest \$1,000.”.

17 (b) **EFFECTIVE DATE.**—The amendments made by
18 subsection (a) shall apply to eligibility determinations and
19 redeterminations made on or after April 1, 2008.

20 **SEC. 104. CLARIFICATION OF STATE AUTHORITIES.**

21 Section 2102 of the Social Security Act (42 U.S.C.
22 1397bb) is amended by adding at the end the following
23 new subsection:

24 “(d) **CLARIFICATION OF STATE AUTHORITIES.**—
25 Nothing in this title shall be construed as preventing a

1 State, under its child health plan, from doing any of the
2 following:

3 “(1) USE OF WAITING PERIODS TO PREVENT
4 CROWD OUT.—From using waiting periods and other
5 tools to prevent crowding out private-sector insur-
6 ance coverage.

7 “(2) USE OF PRIVATE PROVIDERS AND
8 PLANS.—From cooperating or contracting with pri-
9 vate sector providers and plans in order to provide
10 care to targeted low-income children.

11 “(3) USE OF STATE FUNDS FOR INELIGIBLE
12 INDIVIDUALS.—From providing medical benefits for
13 individuals who are not targeted low-income children
14 with State funds.”.

15 **SEC. 105. EASING ADMINISTRATIVE BARRIERS TO STATE**
16 **COOPERATION WITH EMPLOYER-SPONSORED**
17 **INSURANCE COVERAGE.**

18 (a) REQUIRING SOME COVERAGE FOR EMPLOYER-
19 SPONSORED INSURANCE.—

20 (1) IN GENERAL.—Section 2102(a) of the So-
21 cial Security Act (42 U.S.C. 1397b(a)), as amended
22 by section 101(a), is amended—

23 (A) in paragraph (7), by striking “and” at
24 the end;

1 (B) in paragraph (8), by striking the pe-
2 riod at the end and inserting “; and”; and

3 (C) by adding at the end the following new
4 paragraph:

5 “(9) effective for plan years beginning on or
6 after October 1, 2008, how the plan will provide for
7 child health assistance with respect to targeted low-
8 income children covered under a group health
9 plan.”.

10 (2) EFFECTIVE DATE.—The amendment made
11 by paragraph (1) shall apply beginning with fiscal
12 year 2009.

13 (b) FEDERAL FINANCIAL PARTICIPATION FOR EM-
14 PLOYER-SPONSORED INSURANCE.—Section 2105 of such
15 Act (42 U.S.C. 1397d) is amended—

16 (1) in subsection (a)(1)(C), by inserting before
17 the semicolon at the end the following: “and, subject
18 to paragraph (3)(C), in the form of payment of the
19 premiums for coverage under a group health plan
20 that includes coverage of targeted low-income chil-
21 dren and benefits supplemental to such coverage”;
22 and

23 (2) paragraph (3) of subsection (c) is amended
24 to read as follows:

1 “(3) PURCHASE OF EMPLOYER-SPONSORED IN-
2 SURANCE.—

3 “(A) IN GENERAL.—Payment may be
4 made to a State under subsection (a)(1)(C),
5 subject to the provisions of this paragraph, for
6 the purchase of family coverage under a group
7 health plan that includes coverage of targeted
8 low-income children unless such coverage would
9 otherwise substitute for coverage that would be
10 provided to such children but for the purchase
11 of family coverage.

12 “(B) WAIVER OF CERTAIN PROVISIONS.—
13 With respect to coverage described in subpara-
14 graph (A)—

15 “(i) notwithstanding section 2102, no
16 minimum benefits requirement (other than
17 those otherwise applicable with respect to
18 services referred to in section 2102(a)(7))
19 under this title shall apply; and

20 “(ii) no limitation on beneficiary cost-
21 sharing otherwise applicable under this
22 title or title XIX shall apply.

23 “(C) REQUIRED PROVISION OF SUPPLE-
24 MENTAL BENEFITS.—If the coverage described
25 in subparagraph (A) does not provide coverage

1 for the services referred to in section
2 2102(a)(7), the State child health plan shall
3 provide coverage of such services as supple-
4 mental benefits.

5 “(D) LIMITATION ON FFP.—The amount
6 of the payment under paragraph (1)(C) for cov-
7 erage described in subparagraph (A) (and sup-
8 plemental benefits under subparagraph (C) for
9 individuals so covered) during a fiscal year may
10 not exceed the product of—

11 “(i) the national per capita expendi-
12 ture under this title (taking into account
13 both Federal and State expenditures) for
14 the previous fiscal year (as determined by
15 the Secretary using the best available
16 data);

17 “(ii) the enhanced FMAP for the
18 State and fiscal year involved; and

19 “(iii) the number of targeted low-in-
20 come children for whom such coverage is
21 provided.

22 “(E) VOLUNTARY ENROLLMENT.—A State
23 child health plan—

24 “(i) may not require a targeted low-
25 income child to enroll in coverage described

1 in subparagraph (A) in order to obtain
2 child health assistance under this title;

3 “(ii) before providing such child
4 health assistance for such coverage of a
5 child, shall make available (which may be
6 through an Internet website or other
7 means) to the parent or guardian of the
8 child information on the coverage available
9 under this title, including benefits and
10 cost-sharing; and

11 “(iii) shall provide at least one oppor-
12 tunity per fiscal year for beneficiaries to
13 switch coverage under this title from cov-
14 erage described in subparagraph (A) to the
15 coverage that is otherwise made available
16 under this title.

17 “(F) INFORMATION ON COVERAGE OP-
18 TIONS.—A State child health plan shall—

19 “(i) describe how the State will notify
20 potential beneficiaries of coverage de-
21 scribed in subparagraph (A);

22 “(ii) provide such notification in writ-
23 ing at least during the initial application
24 for enrollment under this title and during
25 redeterminations of eligibility if the indi-

1 vidual was enrolled before October 1, 2008;
2 and

3 “(iii) post a description of these cov-
4 erage options on any official website that
5 may be established by the State in connec-
6 tion with the plan.

7 “(G) SEMIANNUAL VERIFICATION OF COV-
8 ERAGE.—If coverage described in subparagraph
9 (A) is provided under a group health plan with
10 respect to a targeted low-income child, the
11 State child health plan shall provide for the col-
12 lection, at least once every six months, of proof
13 from the plan that the child is enrolled in such
14 coverage.

15 “(H) RULE OF CONSTRUCTION.—Nothing
16 in this section is to be construed to prohibit a
17 State from—

18 “(i) offering wrap around benefits in
19 order for a group health plan to meet any
20 State-established minimum benefit require-
21 ments;

22 “(ii) establishing a cost-effectiveness
23 test to qualify for coverage under such a
24 plan;

1 “(iii) establishing limits on beneficiary
2 cost-sharing under such a plan;

3 “(iv) paying all or part of a bene-
4 ficiary’s cost-sharing requirements under
5 such a plan;

6 “(v) paying less than the full cost of
7 the employee’s share of the premium under
8 such a plan, including prorating the cost of
9 the premium to pay for only what the
10 State determines is the portion of the pre-
11 mium that covers targeted low-income chil-
12 dren;

13 “(vi) using State funds to pay for
14 benefits above the Federal upper limit es-
15 tablished under subparagraph (C);

16 “(vii) allowing beneficiaries enrolled in
17 group health plans from changing plans to
18 another coverage option available under
19 this title at any time; or

20 “(viii) providing any guidance or in-
21 formation it deems appropriate in order to
22 help beneficiaries make an informed deci-
23 sion regarding the option to enroll in cov-
24 erage described in subparagraph (A).

1 “(I) GROUP HEALTH PLAN DEFINED.—In
 2 this paragraph, the term ‘group health plan’
 3 has the meaning given such term in section
 4 2791(a)(1) of the Public Health Service Act (42
 5 U.S.C. 300gg–91(a)(1)).”.

6 **SEC. 106. IMPROVING BENEFICIARY CHOICE IN SCHIP.**

7 (a) REQUIRING OFFERING OF ALTERNATIVE COV-
 8 ERAGE OPTIONS.—Section 2102 of the Social Security Act
 9 (42 U.S.C. 1397b), as amended by sections 101(a), 104,
 10 and 105(a), is amended—

11 (1) in subsection (a)—

12 (A) in paragraph (8), by striking “and” at
 13 the end;

14 (B) in paragraph (9), by striking the pe-
 15 riod at the end and inserting “; and”; and

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

18 “(10) effective for plan years beginning on or
 19 after October 1, 2008, how the plan will provide for
 20 child health assistance with respect to targeted low-
 21 income children through alternative coverage options
 22 in accordance with subsection (e).”; and

23 (2) by adding at the end the following new sub-
 24 section:

25 “(e) ALTERNATIVE COVERAGE OPTIONS.—

1 “(1) IN GENERAL.—Effective October 1, 2008,
2 a State child health plan shall provide for the offer-
3 ing of any qualified alternative coverage that a
4 qualified entity seeks to offer to targeted low-income
5 children through the plan in the State.

6 “(2) APPLICATION OF UNIFORM FINANCIAL
7 LIMITATION FOR ALL ALTERNATIVE COVERAGE OP-
8 TIONS.—With respect to all qualified alternative cov-
9 erage offered in a State, the State child health plan
10 shall establish a uniform dollar limitation on the per
11 capita monthly amount that will be paid by the
12 State to the qualified entity with respect to such
13 coverage provided to a targeted low-income child.
14 Such limitation may not be less than 90 percent of
15 the per capita monthly payment made for coverage
16 offered under the State child health plan that is not
17 in the form of an alternative coverage option. Noth-
18 ing in this paragraph shall be construed—

19 “(A) as requiring a State to provide for
20 the full payment of premiums for qualified al-
21 ternative coverage;

22 “(B) as preventing a State from charging
23 additional premiums to cover the difference be-
24 tween the cost of qualified alternative coverage
25 and the amount of such payment limitation;

1 “(C) as preventing a State from using its
2 own funds to provide a dollar limitation that ex-
3 ceeds the Federal financial participation as lim-
4 ited under section 2105(c)(10).

5 “(3) QUALIFIED ALTERNATIVE COVERAGE DE-
6 FINED.—In this section, the term ‘qualified alter-
7 native coverage’ means health insurance coverage
8 that—

9 “(A) meets the coverage requirements of
10 section 2103 (other than cost-sharing require-
11 ments of such section); and

12 “(B) is offered by a qualified insurer, and
13 not directly by the State.

14 “(4) QUALIFIED INSURER DEFINED.—In this
15 section, the term ‘qualified insurer’ means, with re-
16 spect to a State, an entity that is licensed to offer
17 health insurance coverage in the State.”.

18 (b) FEDERAL FINANCIAL PARTICIPATION FOR
19 QUALIFIED ALTERNATIVE COVERAGE.—Section 2105 of
20 such Act (42 U.S.C. 1397d) is amended—

21 (1) in subsection (a)(1)(C), as amended by sec-
22 tion 105(b), by inserting before the semicolon at the
23 end the following: “and, subject to paragraph
24 (8)(C), in the form of payment of the premiums for
25 coverage for qualified alternative coverage”; and

1 (2) in subsection (c), as amended by sections
2 101(b) and 102(a)(1), by adding at the end the fol-
3 lowing new paragraph:

4 “(10) PURCHASE OF QUALIFIED ALTERNATIVE
5 COVERAGE.—

6 “(A) IN GENERAL.—Payment may be
7 made to a State under subsection (a)(1)(C),
8 subject to the provisions of this paragraph, for
9 the purchase of qualified alternative coverage.

10 “(B) WAIVER OF CERTAIN PROVISIONS.—
11 With respect to coverage described in subpara-
12 graph (A), no limitation on beneficiary cost-
13 sharing otherwise applicable under this title or
14 title XIX shall apply.

15 “(C) LIMITATION ON FFP.—The amount of
16 the payment under paragraph (1)(C) for cov-
17 erage described in subparagraph (A) during a
18 fiscal year in the aggregate for all such cov-
19 erage in the State may not exceed the product
20 of—

21 “(i) the national per capita expendi-
22 ture under this title (taking into account
23 both Federal and State expenditures) for
24 the previous fiscal year (as determined by

1 the Secretary using the best available
2 data);

3 “(ii) the enhanced FMAP for the
4 State and fiscal year involved; and

5 “(iii) the number of targeted low-in-
6 come children for whom such coverage is
7 provided.

8 “(D) VOLUNTARY ENROLLMENT.—A State
9 child health plan—

10 “(i) may not require a targeted low-
11 income child to enroll in coverage described
12 in subparagraph (A) in order to obtain
13 child health assistance under this title;

14 “(ii) before providing such child
15 health assistance for such coverage of a
16 child, shall make available (which may be
17 through an Internet website or other
18 means) to the parent or guardian of the
19 child information on the coverage available
20 under this title, including benefits and
21 cost-sharing; and

22 “(iii) shall provide at least one oppor-
23 tunity per fiscal year for beneficiaries to
24 switch coverage under this title from cov-
25 erage described in subparagraph (A) to the

1 coverage that is otherwise made available
2 under this title.

3 “(E) INFORMATION ON COVERAGE OP-
4 TIONS.—A State child health plan shall—

5 “(i) describe how the State will notify
6 potential beneficiaries of coverage de-
7 scribed in subparagraph (A);

8 “(ii) provide such notification in writ-
9 ing at least during the initial application
10 for enrollment under this title and during
11 redeterminations of eligibility if the indi-
12 vidual was enrolled before October 1, 2008;
13 and

14 “(iii) post a description of these cov-
15 erage options on any official website that
16 may be established by the State in connec-
17 tion with the plan.

18 “(F) RULE OF CONSTRUCTION.—Nothing
19 in this section is to be construed to prohibit a
20 State from—

21 “(i) establishing limits on beneficiary
22 cost-sharing under such alternative cov-
23 erage;

1 “(ii) paying all or part of a bene-
2 ficiary’s cost-sharing requirements under
3 such coverage;

4 “(iii) paying less than the full cost of
5 a child’s share of the premium under such
6 coverage, insofar as the premium for such
7 coverage exceeds the limitation established
8 by the State under subparagraph (C);

9 “(iv) using State funds to pay for
10 benefits above the Federal upper limit es-
11 tablished under subparagraph (C); or

12 “(v) providing any guidance or infor-
13 mation it deems appropriate in order to
14 help beneficiaries make an informed deci-
15 sion regarding the option to enroll in cov-
16 erage described in subparagraph (A).”.

17 **SEC. 107. ALLOTMENT DISTRIBUTION FORMULA.**

18 (a) ALLOTMENTS TO 50 STATES AND THE DISTRICT
19 OF COLUMBIA.—

20 (1) IN GENERAL.—Section 2104(b) of the So-
21 cial Security Act (42 U.S.C. 1397dd(b)) is amend-
22 ed—

23 (A) in paragraph (1), by striking “the
24 same proportion” and all that follows and in-
25 serting “the product of the number of SCHIP

1 targeted children, as determined under para-
2 graph (2) for the second preceding fiscal year,
3 the State and Federal per capita SCHIP ex-
4 penditures for the second preceding fiscal year,
5 as determined under such paragraph, and the
6 enhanced FMAP for the State for the second
7 preceding fiscal year.”;

8 (B) by amending paragraph (2) to read as
9 follows:

10 “(2) NUMBER OF SCHIP TARGETED CHILDREN
11 AND PREGNANT WOMEN AND NATIONAL PER CAPITA
12 SCHIP EXPENDITURES.—

13 “(A) IN GENERAL.—By not later than
14 September 30 of each year (beginning with
15 2007), the Secretary (in consultation with the
16 Director of the Bureau of the Census and using
17 the best available data for the fiscal year ending
18 in the previous year) shall determine and pub-
19 lish in the Federal Register—

20 “(i) the average number of low-income
21 targeted children (described in subpara-
22 graph (B)) for any month during such pre-
23 ceding fiscal year; and

24 “(ii) the combined State and Federal
25 per capita SCHIP expenditures (described

1 in subparagraph (C)) for such preceding
2 fiscal year.

3 “(B) LOW-INCOME SCHIP TARGETED CHIL-
4 DREN.—Low-income targeted children described
5 in this subparagraph with respect to a sub-
6 section (b) State are children (including preg-
7 nant women described in section 2105(c)(8)(E))
8 residing in the State who are not covered under
9 a group health plan or health insurance cov-
10 erage (as defined for purposes of section
11 2110(b)(1)(C)) and whose family income—

12 “(i) exceeds the lesser of—

13 “(I) the Medicaid applicable in-
14 come level (as defined in section
15 2110(b)(4)); or

16 “(II) 150 percent of the poverty
17 line; but

18 “(ii) does not 200 percent of the pov-
19 erty line.

20 “(C) STATE AND FEDERAL PER CAPITA
21 SCHIP EXPENDITURES.—The State and Federal
22 per capita SCHIP expenditures for a fiscal year
23 is equal to—

24 “(i) the aggregate Federal and State
25 expenditures made that are attributable to

1 allotments under this title for subsection
2 (b) States for the fiscal year; divided by
3 “(ii) the average total number of tar-
4 geted low-income children (including preg-
5 nant women described in section
6 2105(c)(8)(E)) for whom health assistance
7 was made available from such allotments
8 for such fiscal year.”; and
9 (C) by striking paragraphs (3) and (4) and
10 inserting the following:

11 “(3) SUBSECTION (B) STATE DEFINED.—In this
12 subsection, the term ‘subsection (b) State’ means
13 one of the 50 States or the District of Columbia.

14 “(4) PROPORTIONAL REDUCTION IF TOTAL AL-
15 LOTMENTS EXCEED AMOUNT AVAILABLE.—If the
16 Secretary estimates that the total of the allotments
17 under this subsection for a fiscal year (in combina-
18 tion with allotments made under subsection (c)) will
19 exceed the aggregate amount available for allotments
20 for such fiscal year under subsection (a), the Sec-
21 retary shall reduce the amount of each allotment
22 under this subsection in a pro-rata manner so that
23 such total does not exceed the aggregate amount
24 available for allotments.”.

1 (2) EFFECTIVE DATE.—The amendment made
2 by paragraph (1) shall apply to allotments for fiscal
3 years beginning with fiscal year 2008.

4 (b) NO REDISTRIBUTION OF UNUSED ALLOT-
5 MENTS.—

6 (1) IN GENERAL.—Section 2104(f) of such Act
7 (42 U.S.C. 1397dd) is amended to read as follows:

8 “(f) NO REDISTRIBUTION OF UNUSED ALLOT-
9 MENTS.—There shall be no redistribution of allotments
10 from States that are not expended within the period of
11 availability under subsection (e).”.

12 (2) EFFECTIVE DATE.—The amendment made
13 by paragraph (1) shall apply to allotments for fiscal
14 years beginning with fiscal year 2005.

15 **SEC. 108. FIVE-YEAR REAUTHORIZATION.**

16 (a) IN GENERAL.—Section 2104(a) of the Social Se-
17 curity Act (42 U.S.C. 1397dd(a)) is amended—

18 (1) by striking “and” at the end of paragraph
19 (9);

20 (2) by striking the period at the end of para-
21 graph (10) and inserting a semicolon; and

22 (3) by adding at the end the following new
23 paragraphs:

24 “(11) for fiscal year 2008, \$7,000,000,000;

25 “(12) for fiscal year 2009, \$7,000,000,000;

1 “(13) for fiscal year 2010, \$7,000,000,000;
2 “(14) for fiscal year 2011, \$7,500,000,000; and
3 “(15) for fiscal year 2012, \$8,000,000,000.”.

4 (b) CONTINUATION OF ADDITIONAL ALLOTMENTS TO
5 TERRITORIES.—Section 2104(c)(4)(B) of the Social Secu-
6 rity Act (42 U.S.C. 1397dd(c)(4)(B)) is amended by strik-
7 ing “fiscal year 2007” and inserting “each of fiscal years
8 2007 through 2012”.

9 (c) APPLICATION TO OTHER SCHIP FUNDING FOR
10 FISCAL YEAR 2008.—Notwithstanding any other provi-
11 sion of law, if funds are appropriated under any law (other
12 than this Act) to provide allotments to States under title
13 XXI of the Social Security Act for all (or any portion)
14 of fiscal year 2008—

15 (1) any amounts that are so appropriated that
16 are not so allotted and obligated before the date of
17 the enactment of this Act are rescinded; and

18 (2) any amount provided for such title XXI al-
19 lotments to a State under this Act (and the amend-
20 ments made by this Act) for such fiscal year shall
21 be reduced by the amount of such appropriations so
22 allotted and obligated before such date.

1 **SEC. 109. ENHANCING THE PROGRAMMATIC FOCUS ON**
2 **CHILDREN AND PREGNANT WOMEN.**

3 (a) **IN GENERAL.**—Section 2107(f) of the Social Se-
4 curity Act (42 U.S.C. 1397gg(f)) is amended by striking
5 “childless”.

6 (b) **EFFECTIVE DATE.**—The amendment made by
7 subsection (a) shall take effect on the date of the enact-
8 ment of this Act but shall not apply to projects, including
9 extensions, amendments, or renewals to such projects, that
10 are in effect or have been approved on the date of the
11 enactment of this Act.

12 **SEC. 110. GRANTS FOR OUTREACH AND ENROLLMENT.**

13 (a) **GRANTS.**—Title XXI of the Social Security Act
14 (42 U.S.C. 1397aa et seq.) is amended by adding at the
15 end the following:

16 **“SEC. 2111. GRANTS TO IMPROVE OUTREACH AND ENROLL-**
17 **MENT.**

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

20 “(1) **IN GENERAL.**—From the amounts appro-
21 priated for a fiscal year under subsection (f), subject
22 to paragraph (2), the Secretary shall award grants
23 to eligible entities to conduct outreach and enroll-
24 ment efforts that are designed to increase the enroll-
25 ment and participation of eligible children under this
26 title and title XIX.

1 “(2) 10 PERCENT SET ASIDE FOR NATIONAL
2 ENROLLMENT CAMPAIGN.—An amount equal to 10
3 percent of such amounts for the fiscal year shall be
4 used by the Secretary for expenditures during the
5 fiscal year to carry out a national enrollment cam-
6 paign in accordance with subsection (g).

7 “(b) AWARD OF GRANTS.—

8 “(1) PRIORITY FOR AWARDING.—

9 “(A) IN GENERAL.—In awarding grants
10 under subsection (a), the Secretary shall give
11 priority to eligible entities that—

12 “(i) propose to target geographic
13 areas with high rates of—

14 “(I) eligible but unenrolled chil-
15 dren, including such children who re-
16 side in rural areas; or

17 “(II) racial and ethnic minorities
18 and health disparity populations, in-
19 cluding those proposals that address
20 cultural and linguistic barriers to en-
21 rollment; and

22 “(ii) submit the most demonstrable
23 evidence required under paragraphs (1)
24 and (2) of subsection (c).

1 “(B) 10 PERCENT SET ASIDE FOR OUT-
2 REACH TO INDIAN CHILDREN.—An amount
3 equal to 10 percent of the funds appropriated
4 under subsection (f) for a fiscal year shall be
5 used by the Secretary to award grants to In-
6 dian Health Service providers and urban Indian
7 organizations receiving funds under title V of
8 the Indian Health Care Improvement Act (25
9 U.S.C. 1651 et seq.) for outreach to, and en-
10 rollment of, children who are Indians.

11 “(2) 2-YEAR AVAILABILITY.—A grant awarded
12 under this section for a fiscal year shall remain
13 available for expenditure through the end of the suc-
14 ceeding fiscal year.

15 “(c) APPLICATION.—An eligible entity that desires to
16 receive a grant under subsection (a) shall submit an appli-
17 cation to the Secretary in such form and manner, and con-
18 taining such information, as the Secretary may decide.
19 Such application shall include—

20 “(1) evidence demonstrating that the entity in-
21 cludes members who have access to, and credibility
22 with, ethnic or low-income populations in the com-
23 munities in which activities funded under the grant
24 are to be conducted;

1 “(2) evidence demonstrating that the entity has
2 the ability to address barriers to enrollment, such as
3 lack of awareness of eligibility, stigma concerns and
4 punitive fears associated with receipt of benefits,
5 and other cultural barriers to applying for and re-
6 ceiving child health assistance or medical assistance;

7 “(3) specific quality or outcomes performance
8 measures to evaluate the effectiveness of activities
9 funded by a grant awarded under this section; and

10 “(4) an assurance that the eligible entity
11 shall—

12 “(A) conduct an assessment of the effec-
13 tiveness of such activities against the perform-
14 ance measures;

15 “(B) cooperate with the collection and re-
16 porting of enrollment data and other informa-
17 tion in order for the Secretary to conduct such
18 assessments; and

19 “(C) in the case of an eligible entity that
20 is not the State, provide the State with enroll-
21 ment data and other information as necessary
22 for the State to make necessary projections of
23 eligible children and pregnant women.

24 “(d) SUPPLEMENT, NOT SUPPLANT.—Federal funds
25 awarded under this section shall be used to supplement,

1 not supplant, non-Federal funds that are otherwise avail-
2 able for activities funded under this section.

3 “(e) DEFINITIONS.—In this section:

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

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

8 “(B) A local government.

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

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

16 “(E) A State, national, local, or commu-
17 nity-based public or nonprofit private organiza-
18 tion.

19 “(F) A faith-based organization or con-
20 sortia, to the extent that a grant awarded to
21 such an entity is consistent with the require-
22 ments of section 1955 of the Public Health
23 Service Act (42 U.S.C. 300x-65) relating to a
24 grant award to non-governmental entities.

25 “(G) An elementary or secondary school.

1 “(H) A national, local, or community-based
2 public or nonprofit private organization, includ-
3 ing organizations that use community health
4 workers or community-based doula programs.

5 “(2) FEDERAL HEALTH SAFETY NET ORGANI-
6 ZATION.—The term ‘Federal health safety net orga-
7 nization’ means—

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

10 “(B) a hospital defined as a dispro-
11 portionate share hospital for purposes of section
12 1923;

13 “(C) a covered entity described in section
14 340B(a)(4) of the Public Health Service Act
15 (42 U.S.C. 256b(a)(4)); and

16 “(D) any other entity or consortium that
17 serves children under a federally-funded pro-
18 gram, including the special supplemental nutri-
19 tion program for women, infants, and children
20 (WIC) established under section 17 of the Child
21 Nutrition Act of 1966 (42 U.S.C. 1786), the
22 head start and early head start programs under
23 the Head Start Act (42 U.S.C. 9801 et seq.),
24 the school lunch program established under the

1 Richard B. Russell National School Lunch Act,
2 and an elementary or secondary school.

3 “(3) INDIANS; INDIAN TRIBE; TRIBAL ORGANI-
4 ZATION; URBAN INDIAN ORGANIZATION.—The terms
5 ‘Indian’, ‘Indian tribe’, ‘tribal organization’, and
6 ‘urban Indian organization’ have the meanings given
7 such terms in section 4 of the Indian Health Care
8 Improvement Act (25 U.S.C. 1603).

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

13 “(A) by serving as a liaison between com-
14 munities and health care agencies;

15 “(B) by providing guidance and social as-
16 sistance to community residents;

17 “(C) by enhancing community residents’
18 ability to effectively communicate with health
19 care providers;

20 “(D) by providing culturally and linguis-
21 tically appropriate health or nutrition edu-
22 cation;

23 “(E) by advocating for individual and com-
24 munity health or nutrition needs; and

1 “(F) by providing referral and followup
2 services.

3 “(f) APPROPRIATION.—

4 “(1) IN GENERAL.—There is appropriated, out
5 of any money in the Treasury not otherwise appro-
6 priated, for the purpose of awarding grants under
7 this section \$100,000,000 for each of fiscal years
8 2008 through 2012.

9 “(2) GRANTS IN ADDITION TO OTHER AMOUNTS
10 PAID.—Amounts appropriated and paid under the
11 authority of this section shall be in addition to
12 amounts appropriated under section 2104 and paid
13 to States in accordance with section 2105, including
14 with respect to expenditures for outreach activities
15 in accordance with subsections (a)(1)(D)(iii) and
16 (c)(2)(C) of that section.

17 “(g) NATIONAL ENROLLMENT CAMPAIGN.—From
18 the amounts made available under subsection (a)(2) for
19 a fiscal year, the Secretary shall develop and implement
20 a national enrollment campaign to improve the enrollment
21 of underserved child populations in the programs estab-
22 lished under this title and title XIX. Such campaign may
23 include—

24 “(1) the establishment of partnerships with the
25 Secretary of Education and the Secretary of Agri-

1 culture to develop national campaigns to link the eli-
2 gibility and enrollment systems for the assistance
3 programs each Secretary administers that often
4 serve the same children;

5 “(2) the integration of information about the
6 programs established under this title and title XIX
7 in public health awareness campaigns administered
8 by the Secretary;

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

12 “(4) the establishment of joint public awareness
13 outreach initiatives with the Secretary of Education
14 and the Secretary of Labor regarding the impor-
15 tance of health insurance to building strong commu-
16 nities and the economy;

17 “(5) the development of special outreach mate-
18 rials for Native Americans or for individuals with
19 limited English proficiency; and

20 “(6) such other outreach initiatives as the Sec-
21 retary determines would increase public awareness of
22 the programs under this title and title XIX.”.

23 (b) NONAPPLICATION OF ADMINISTRATIVE EXPENDI-
24 TURES CAP.—Section 2105(c)(2) of the Social Security

1 Act (42 U.S.C. 1397ee(c)(2)) is amended by adding at the
2 end the following:

3 “(C) NONAPPLICATION TO EXPENDITURES
4 FOR OUTREACH AND ENROLLMENT.—The limi-
5 tation under subparagraph (A) shall not apply
6 with respect to expenditures for outreach activi-
7 ties under section 2102(c)(1), or for enrollment
8 activities, for children eligible for child health
9 assistance under the State child health plan or
10 medical assistance under the State plan under
11 title XIX.”.

12 **TITLE II—CHILD HEALTH INSUR-**
13 **ANCE COVERAGE THROUGH**
14 **TAX FAIRNESS**

15 **SEC. 201. EXPANSION OF CHILD HEALTH CARE INSURANCE**
16 **COVERAGE THROUGH TAX FAIRNESS.**

17 (a) IN GENERAL.—Subpart C of part IV of sub-
18 chapter A of chapter 1 of the Internal Revenue Code of
19 1986 (relating to refundable credits) is amended by redес-
20 ignating section 36 as section 37 and by inserting after
21 section 35 the following new section:

22 **“SEC. 36. CHILD HEALTH INSURANCE COSTS.**

23 “(a) IN GENERAL.—In the case of an eligible tax-
24 payer, there shall be allowed as a credit against the tax
25 imposed by this subtitle an amount equal to the amount

1 paid by the taxpayer during the taxable year for qualified
2 health insurance for any dependent child of such taxpayer.

3 “(b) LIMITATIONS.—

4 “(1) IN GENERAL.—The amount allowed as a
5 credit under subsection (a) to an eligible taxpayer
6 for the taxable year shall not exceed the sum of the
7 monthly limitations for coverage months during such
8 taxable year for the individual referred to in sub-
9 section (a) for whom such taxpayer paid during the
10 taxable year any amount for coverage under quali-
11 fied health insurance.

12 “(2) MONTHLY LIMITATION.—The monthly lim-
13 itation for an individual for each coverage month of
14 such individual during the taxable year is the
15 amount equal to $\frac{1}{12}$ th of \$1,400.

16 “(3) COVERAGE MONTH.—For purposes of this
17 subsection—

18 “(A) IN GENERAL.—The term ‘coverage
19 month’ means, with respect to an individual,
20 any month if—

21 “(i) as of the first day of such month
22 such individual is covered by qualified
23 health insurance, and

1 “(ii) the premium for coverage under
2 such insurance for such month is paid by
3 an eligible taxpayer.

4 “(B) MEDICARE AND MEDICAID.—Such
5 term shall not include any month with respect
6 to an individual if, as of the first day of such
7 month, such individual—

8 “(i) is entitled to any benefits under
9 title XVIII of the Social Security Act, or

10 “(ii) is a participant in the program
11 under title XIX or XXI of such Act.

12 “(C) CERTAIN OTHER COVERAGE.—Such
13 term shall not include any month during a tax-
14 able year with respect to an individual if, at any
15 time during such year, any benefit is provided
16 to such individual under chapter 89 of title 5,
17 United States Code.

18 “(D) INSUFFICIENT PRESENCE IN UNITED
19 STATES.—Such term shall not include any
20 month during a taxable year with respect to an
21 individual if such individual is present in the
22 United States on fewer than 183 days during
23 such year (determined in accordance with sec-
24 tion 7701(b)(7)).

1 “(4) INDEXING.—For each taxable year begin-
2 ning after December 31, 2008, the dollar amount in
3 paragraph (2) (as adjusted for the preceding taxable
4 year by reason of this paragraph) shall be increased
5 or decreased by the percentage change in the aver-
6 age cost of private health insurance for family cov-
7 erage for such taxable year as compared to such pre-
8 ceding taxable year as computed by the Office of the
9 Actuary of the Centers for Medicare and Medicaid
10 Services, rounded to the nearest whole dollar
11 amount.

12 “(c) QUALIFIED HEALTH INSURANCE.—For pur-
13 poses of this section—

14 “(1) IN GENERAL.—The term ‘qualified health
15 insurance’ means insurance which constitutes med-
16 ical care as defined in section 213(d) without regard
17 to—

18 “(A) paragraph (1)(C) thereof, and

19 “(B) so much of paragraph (1)(D) thereof
20 as relates to qualified long-term care insurance
21 contracts.

22 “(2) EXCLUSION OF CERTAIN OTHER CON-
23 TRACTS.—Such term shall not include insurance if a
24 substantial portion of its benefits are excepted bene-
25 fits (as defined in section 9832(c)).

1 “(d) ELIGIBLE TAXPAYER; DEPENDENT; CHILD.—

2 For purposes of this section—

3 “(1) ELIGIBLE TAXPAYER.—The term ‘eligible
4 taxpayer’ means any taxpayer whose income exceeds
5 200 percent but not 300 percent of the poverty level
6 applicable to a family of the size involved, as deter-
7 mined in accordance with criteria established by the
8 Director of the Office of Management and Budget.

9 “(2) DEPENDENT.—The term ‘dependent’ has
10 the meaning given such term by section 152. An in-
11 dividual to whom section 152(e) applies shall be
12 treated as a dependent of the custodial parent for a
13 coverage month unless the custodial and noncusto-
14 dial parent provide otherwise.

15 “(3) CHILD.—The term ‘child’ means a quali-
16 fying child (as defined in section 152(e).

17 “(e) SPECIAL RULES.—

18 “(1) COORDINATION WITH MEDICAL DEDUC-
19 TION, ETC.—Any amount paid by an eligible tax-
20 payer for insurance to which subsection (a) applies
21 shall not be taken into account in computing the
22 amount allowable to such taxpayer as a credit under
23 section 35, as a deduction under section 213(a) or
24 162(l), or as an exclusion from gross income under
25 section 106 or 125.

1 “(2) DENIAL OF CREDIT TO DEPENDENTS.—No
2 credit shall be allowed under this section to any indi-
3 vidual with respect to whom a deduction under sec-
4 tion 151 is allowable to another taxpayer for a tax-
5 able year beginning in the calendar year in which
6 such individual’s taxable year begins.

7 “(3) MARRIED COUPLES MUST FILE JOINT RE-
8 TURN.—

9 “(A) IN GENERAL.—If an eligible taxpayer
10 is married at the close of the taxable year, the
11 credit shall be allowed under subsection (a) only
12 if the taxpayer and his spouse file a joint return
13 for the taxable year.

14 “(B) MARITAL STATUS; CERTAIN MARRIED
15 INDIVIDUALS LIVING APART.—Rules similar to
16 the rules of paragraphs (3) and (4) of section
17 21(e) shall apply for purposes of this para-
18 graph.

19 “(4) VERIFICATION OF COVERAGE, ETC.—No
20 credit shall be allowed under this section with re-
21 spect to any individual unless such individual’s cov-
22 erage (and such related information as the Secretary
23 may require) is verified in such manner as the Sec-
24 retary may prescribe.

1 “(5) INSURANCE WHICH COVERS OTHER INDI-
2 VIDUALS; TREATMENT OF PAYMENTS.—Rules similar
3 to the rules of paragraphs (7) and (8) of section
4 35(g) shall apply for purposes of this section.

5 “(6) ELECTION NOT TO CLAIM CREDIT.—This
6 section shall not apply to an eligible taxpayer for
7 any taxable year if such taxpayer elects to have this
8 section not apply for such taxable year.

9 “(f) COORDINATION WITH ADVANCE PAYMENTS.—
10 With respect to any taxable year, the amount which would
11 (but for this subsection) be allowed as a credit to an eligi-
12 ble taxpayer under subsection (a) shall be reduced (but
13 not below zero) by the aggregate amount paid on behalf
14 of such taxpayer under section 7527A for months begin-
15 ning in such taxable year.”.

16 (b) INFORMATION REPORTING.—

17 (1) IN GENERAL.—Subpart B of part III of
18 subchapter A of chapter 61 of the Internal Revenue
19 Code of 1986 (relating to information concerning
20 transactions with other persons) is amended by in-
21 serting after section 6050V the following new sec-
22 tion:

1 **“SEC. 6050W. RETURNS RELATING TO PAYMENTS FOR**
2 **QUALIFIED HEALTH INSURANCE.**

3 “(a) IN GENERAL.—Any person who, in connection
4 with a trade or business conducted by such person, re-
5 ceives payments during any calendar year from any indi-
6 vidual for coverage of such individual or any other indi-
7 vidual under qualified health insurance (as defined in sec-
8 tion 36(c)), shall make the return described in subsection
9 (b) (at such time as the Secretary may by regulations pre-
10 scribe) with respect to each individual from whom such
11 payments were received.

12 “(b) FORM AND MANNER OF RETURNS.—A return
13 is described in this subsection if such return—

14 “(1) is in such form as the Secretary may pre-
15 scribe, and

16 “(2) contains—

17 “(A) the name, address, and TIN of the
18 individual from whom payments described in
19 subsection (a) were received,

20 “(B) the name, address, and TIN of each
21 individual who was provided by such person
22 with coverage under qualified health insurance
23 (as so defined) by reason of such payments and
24 the period of such coverage, and

25 “(C) such other information as the Sec-
26 retary may reasonably prescribe.

1 “(c) STATEMENTS TO BE FURNISHED TO INDIVID-
2 UALS WITH RESPECT TO WHOM INFORMATION IS RE-
3 QUIRED.—Every person required to make a return under
4 subsection (a) shall furnish to each individual whose name
5 is required under subsection (b)(2)(A) to be set forth in
6 such return a written statement showing—

7 “(1) the name and address of the person re-
8 quired to make such return and the phone number
9 of the information contact for such person,

10 “(2) the aggregate amount of payments de-
11 scribed in subsection (a) received by the person re-
12 quired to make such return from the individual to
13 whom the statement is required to be furnished, and

14 “(3) the information required under subsection
15 (b)(2)(B) with respect to such payments.

16 The written statement required under the preceding sen-
17 tence shall be furnished on or before January 31 of the
18 year following the calendar year for which the return
19 under subsection (a) is required to be made.

20 “(d) RETURNS WHICH WOULD BE REQUIRED TO BE
21 MADE BY 2 OR MORE PERSONS.—Except to the extent
22 provided in regulations prescribed by the Secretary, in the
23 case of any amount received by any person on behalf of
24 another person, only the person first receiving such

1 amount shall be required to make the return under sub-
2 section (a).”.

3 (2) ASSESSABLE PENALTIES.—

4 (A) Subparagraph (B) of section
5 6724(d)(1) of such Code (relating to defini-
6 tions) is amended by redesignating clauses (xv)
7 through (xx) as clauses (xvi) through (xxi), re-
8 spectively, and by inserting after clause (xi) the
9 following new clause:

10 “(xv) section 6050W (relating to re-
11 turns relating to payments for qualified
12 health insurance),”.

13 (B) Paragraph (2) of section 6724(d) of
14 such Code is amended by striking the period at
15 the end of subparagraph (CC) and inserting “,
16 or” and by adding at the end the following new
17 subparagraph:

18 “(DD) section 6050W(c) (relating to re-
19 turns relating to payments for qualified health
20 insurance).”.

21 (3) CLERICAL AMENDMENT.—The table of sec-
22 tions for subpart B of part III of subchapter A of
23 chapter 61 of such Code is amended by inserting
24 after the item relating to section 6050V the fol-
25 lowing new item:

“Sec. 6050W. Returns relating to payments for qualified health insurance.”.

1 (c) ADVANCE PAYMENT OF CREDIT FOR PUR-
 2 CHASERS OF QUALIFIED HEALTH INSURANCE.—

3 (1) IN GENERAL.—Chapter 77 of the Internal
 4 Revenue Code of 1986 (relating to miscellaneous
 5 provisions) is amended by adding at the end the fol-
 6 lowing new section:

7 **“SEC. 7529. ADVANCE PAYMENT OF HEALTH INSURANCE**
 8 **CREDIT FOR PURCHASERS OF QUALIFIED**
 9 **HEALTH INSURANCE.**

10 “(a) GENERAL RULE.—In the case of an eligible indi-
 11 vidual, the Secretary shall make payments to the provider
 12 of such individual’s qualified health insurance equal to
 13 such individual’s qualified health insurance credit advance
 14 amount with respect to such provider.

15 “(b) ELIGIBLE INDIVIDUAL.—For purposes of this
 16 section, the term ‘eligible individual’ means any indi-
 17 vidual—

18 “(1) who purchases qualified health insurance
 19 (as defined in section 36(c)), and

20 “(2) for whom a qualified health insurance
 21 credit eligibility certificate is in effect.

22 “(c) QUALIFIED HEALTH INSURANCE CREDIT ELIGI-
 23 BILITY CERTIFICATE.—For purposes of this section, a
 24 qualified health insurance credit eligibility certificate is a

1 statement furnished by an individual to the Secretary
2 which—

3 “(1) certifies that the individual will be eligible
4 to receive the credit provided by section 36 for the
5 taxable year,

6 “(2) estimates the amount of such credit for
7 such taxable year, and

8 “(3) provides such other information as the
9 Secretary may require for purposes of this section.

10 “(d) QUALIFIED HEALTH INSURANCE CREDIT AD-
11 VANCE AMOUNT.—For purposes of this section, the term
12 ‘qualified health insurance credit advance amount’ means,
13 with respect to any provider of qualified health insurance,
14 the Secretary’s estimate of the amount of credit allowable
15 under section 36 to the individual for the taxable year
16 which is attributable to the insurance provided to the indi-
17 vidual by such provider.

18 “(e) REGULATIONS.—The Secretary shall prescribe
19 such regulations as may be necessary to carry out the pur-
20 poses of this section.”.

21 (2) CLERICAL AMENDMENT.—The table of sec-
22 tions for chapter 77 of such Code is amended by
23 adding at the end the following new item:

“Sec. 7529. Advance payment of health insurance credit for purchasers of
qualified health insurance.”.

24 (d) CONFORMING AMENDMENTS.—

1 (1) Paragraph (2) of section 1324(b) of title
2 31, United States Code, is amended by inserting be-
3 fore the period “, or from section 36 of such Code”.

4 (2) The table of sections for subpart C of part
5 IV of subchapter A of chapter 1 of the Internal Rev-
6 enue Code of 1986 is amended by striking the last
7 item and inserting the following new items:

“Sec. 36. Health insurance costs.

“Sec. 37. Overpayments of tax.”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2007.

11 **TITLE III—STATE HEALTH** 12 **REFORM PROJECTS**

13 **SEC. 301. STATE HEALTH REFORM PROJECTS.**

14 (a) PURPOSE; ESTABLISHMENT OF STATE HEALTH
15 CARE EXPANSION AND IMPROVEMENT PROGRAM.—The
16 purposes of the programs approved under this section
17 shall include, but not be limited to—

18 (1) achieving the goals of increased health cov-
19 erage and access;

20 (2) ensuring that patients receive high-quality,
21 appropriate health care;

22 (3) improving the efficiency of health care
23 spending; and

1 (4) testing alternative reforms, such as building
2 on the public or private health systems, or creating
3 new systems, to achieve the objectives of this Act.

4 (b) APPLICATIONS BY STATES, LOCAL GOVERN-
5 MENTS, AND TRIBES.—

6 (1) ENTITIES THAT MAY APPLY.—

7 (A) IN GENERAL.—A State, in consultation
8 with local governments, Indian tribes, and In-
9 dian organizations involved in the provision of
10 health care, may apply for a State health care
11 expansion and improvement program for the
12 entire State (or for regions of the State) under
13 paragraph (2).

14 (B) REGIONAL GROUPS.—A regional entity
15 consisting of more than one State may apply
16 for a multi-State health care expansion and im-
17 provement program for the entire region in-
18 volved under paragraph (2).

19 (C) DEFINITION.—In this Act, the term
20 “State” means the 50 States, the District of
21 Columbia, and the Commonwealth of Puerto
22 Rico. Such term shall include a regional entity
23 described in subparagraph (B).

24 (2) SUBMISSION OF APPLICATION.—In accord-
25 ance with this section, each State desiring to imple-

1 ment a State health care expansion and improve-
2 ment program may submit an application to the
3 State Health Innovation Commission under sub-
4 section (c) (referred to in this section as the “Com-
5 mission”) for approval.

6 (3) LOCAL GOVERNMENT APPLICATIONS.—

7 (A) IN GENERAL.—Where a State declines
8 to submit an application under this section, a
9 unit of local government of such State, or a
10 consortium of such units of local governments,
11 may submit an application directly to the Com-
12 mission for programs or projects under this
13 subsection. Such an application shall be subject
14 to the requirements of this section.

15 (B) OTHER APPLICATIONS.—Subject to
16 such additional guidelines as the Secretary may
17 prescribe, a unit of local government, Indian
18 tribe, or Indian health organization may submit
19 an application under this section, whether or
20 not the State submits such an application, if
21 such unit of local government can demonstrate
22 unique demographic needs or a significant pop-
23 ulation size that warrants a substate program
24 under this subsection.

25 (c) STATE HEALTH INNOVATION COMMISSION.—

1 (1) IN GENERAL.—Within 90 days after the
2 date of the enactment of this Act, the Secretary
3 shall establish a State Health Innovation Commis-
4 sion that shall—

5 (A) be comprised of—

6 (i) the Secretary;

7 (ii) four State governors to be ap-
8 pointed by the National Governors Associa-
9 tion on a bipartisan basis;

10 (iii) two members of a State legisla-
11 ture to be appointed by the National Con-
12 ference of State Legislators on a bipartisan
13 basis;

14 (iv) two county officials to be ap-
15 pointed by the National Association of
16 Counties on a bipartisan basis;

17 (v) two mayors to be appointed by the
18 United States Conference of Mayors and
19 the National League of Cities on a joint
20 and bipartisan basis;

21 (vi) two individuals to be appointed by
22 the Speaker of the House of Representa-
23 tives;

1 (vii) two individuals to be appointed
2 by the minority leader of the House of
3 Representatives;

4 (viii) two individuals to be appointed
5 by the majority leader of the Senate;

6 (ix) two individuals to be appointed by
7 the minority leader of the Senate; and

8 (x) two individuals who are members
9 of federally-recognized Indian tribes to be
10 appointed on a bipartisan basis by the Na-
11 tional Congress of American Indians;

12 (B) upon approval of $\frac{2}{3}$ of the members of
13 the Commission, provide the States with a vari-
14 ety of reform options for their applications,
15 such as tax credit approaches, expansions of
16 public programs such as medicaid and the State
17 Children's Health Insurance Program, the cre-
18 ation of purchasing pooling arrangements simi-
19 lar to the Federal Employees Health Benefits
20 Program, individual market purchasing options,
21 single risk pool or single payer systems, health
22 savings accounts, a combination of the options
23 described in this clause, or other alternatives
24 determined appropriate by the Commission, in-

1 including options suggested by States, Indian
2 tribes, or the public;

3 (C) establish, in collaboration with a quali-
4 fied and independent organization such as the
5 Institute of Medicine, minimum performance
6 measures and goals with respect to coverage,
7 quality, and cost of State programs, as de-
8 scribed under subsection (d)(1);

9 (D) conduct a thorough review of the grant
10 application from a State and carry on a dia-
11 logue with all State applicants concerning pos-
12 sible modifications and adjustments;

13 (E) submit the recommendations and legis-
14 lative proposal described in subsection
15 (d)(4)(B);

16 (F) be responsible for monitoring the sta-
17 tus and progress achieved under program or
18 projects granted under this section;

19 (G) report to the public concerning
20 progress made by States with respect to the
21 performance measures and goals established
22 under this Act, the periodic progress of the
23 State relative to its State performance meas-
24 ures and goals, and the State program applica-

1 tion procedures, by region and State jurisdic-
2 tion;

3 (H) promote information exchange between
4 States and the Federal Government; and

5 (I) be responsible for making recommenda-
6 tions to the Secretary and the Congress, using
7 equivalency or minimum standards, for mini-
8 mizing the negative effect of State program on
9 national employer groups, provider organiza-
10 tions, and insurers because of differing State
11 requirements under the programs.

12 (2) PERIOD OF APPOINTMENT; REPRESENTA-
13 TION REQUIREMENTS; VACANCIES.—Members shall
14 be appointed for a term of 5 years. In appointing
15 such members under paragraph (1)(A), the des-
16 ignated appointing individuals shall ensure the rep-
17 resentation of urban and rural areas and an appro-
18 priate geographic distribution of such members. Any
19 vacancy in the Commission shall not affect its pow-
20 ers, but shall be filled in the same manner as the
21 original appointment.

22 (3) CHAIRPERSON, MEETINGS.—

23 (A) CHAIRPERSON.—The Commission shall
24 select a Chairperson from among its members.

1 (B) QUORUM.—A majority of the members
2 of the Commission shall constitute a quorum,
3 but a lesser number of members may hold hear-
4 ings.

5 (C) MEETINGS.—Not later than 30 days
6 after the date on which all members of the
7 Commission have been appointed, the Commis-
8 sion shall hold its first meeting. The Commis-
9 sion shall meet at the call of the Chairperson.

10 (4) POWERS OF THE COMMISSION.—

11 (A) NEGOTIATIONS WITH STATES.—The
12 Commission may conduct detailed discussions
13 and negotiations with States submitting appli-
14 cations under this section, either individually or
15 in groups, to facilitate a final set of rec-
16 ommendations for purposes of subsection
17 (d)(4)(B). Such negotiations shall include con-
18 sultations with Indian tribes, and be conducted
19 in a public forum.

20 (B) HEARINGS.—The Commission may
21 hold such hearings, sit and act at such times
22 and places, take such testimony, and receive
23 such evidence as the Commission considers ad-
24 visable to carry out the purposes of this sub-
25 section.

1 (C) MEETINGS.—In addition to other
2 meetings the Commission may hold, the Com-
3 mission shall hold an annual meeting with the
4 participating States under this section for the
5 purpose of having States report progress to-
6 ward the purposes in subsection (a)(1) and for
7 an exchange of information.

8 (D) INFORMATION.—The Commission may
9 secure directly from any Federal department or
10 agency such information as the Commission
11 considers necessary to carry out the provisions
12 of this subsection. Upon request of the Chair-
13 person of the Commission, the head of such de-
14 partment or agency shall furnish such informa-
15 tion to the Commission if the head of the de-
16 partment or agency involved determines it ap-
17 propriate.

18 (E) POSTAL SERVICES.—The Commission
19 may use the United States mails in the same
20 manner and under the same conditions as other
21 departments and agencies of the Federal Gov-
22 ernment.

23 (5) PERSONNEL MATTERS.—

24 (A) COMPENSATION.—Each member of the
25 Commission who is not an officer or employee

1 of the Federal Government or of a State or
2 local government shall be compensated at a rate
3 equal to the daily equivalent of the annual rate
4 of basic pay prescribed for level IV of the Exec-
5 utive Schedule under section 5315 of title 5,
6 United States Code, for each day (including
7 travel time) during which such member is en-
8 gaged in the performance of the duties of the
9 Commission. All members of the Commission
10 who are officers or employees of the United
11 States shall serve without compensation in addi-
12 tion to that received for their services as offi-
13 cers or employees of the United States.

14 (B) TRAVEL EXPENSES.—The members of
15 the Commission shall be allowed travel ex-
16 penses, including per diem in lieu of subsist-
17 ence, at rates authorized for employees of agen-
18 cies under subchapter I of chapter 57 of title 5,
19 United States Code, while away from their
20 homes or regular places of business in the per-
21 formance of services for the Commission.

22 (C) STAFF.—The Chairperson of the Com-
23 mission may, without regard to the civil service
24 laws and regulations, appoint and terminate an
25 executive director and such other additional

1 personnel as may be necessary to enable the
2 Commission to perform its duties. The employ-
3 ment of an executive director shall be subject to
4 confirmation by the Commission.

5 (D) DETAIL OF GOVERNMENT EMPLOY-
6 EES.—Any Federal Government employee may
7 be detailed to the Commission without reim-
8 bursement, and such detail shall be without
9 interruption or loss of civil service status or
10 privilege.

11 (E) TEMPORARY AND INTERMITTENT
12 SERVICES.—The Chairperson of the Commis-
13 sion may procure temporary and intermittent
14 services under section 3109(b) of title 5, United
15 States Code, at rates for individuals which do
16 not exceed the daily equivalent of the annual
17 rate of basic pay prescribed for level V of the
18 Executive Schedule under section 5316 of such
19 title.

20 (6) FUNDING.—For the purpose of carrying out
21 this subsection, there are authorized to be appro-
22 priated \$3,000,000 for fiscal year 2007 and each fis-
23 cal year thereafter.

24 (d) REQUIREMENTS FOR PROGRAMS.—

1 (1) STATE PLAN.—A State that seeks to receive
2 a grant under subsection (f) to operate a program
3 under this section shall prepare and submit to the
4 Commission, as part of the application under sub-
5 section (b), a State health care plan that shall have
6 as its goal improvements in coverage, quality and
7 costs. To achieve such goal, the State plan shall
8 comply with the following:

9 (A) COVERAGE.—With respect to coverage,
10 the State plan shall—

11 (i) provide and describe the manner in
12 which the State will ensure that an in-
13 creased number of individuals residing
14 within the State will have expanded access
15 to health care coverage with a specific 5-
16 year target for reduction in the number of
17 uninsured individuals through either pri-
18 vate or public program expansion, or both,
19 in accordance with the options established
20 by the Commission;

21 (ii) describe the number and percent-
22 age of current uninsured individuals who
23 will achieve coverage under the State
24 health program;

1 (iii) describe the minimum benefits
2 package that will be provided to all classes
3 of beneficiaries under the State health pro-
4 gram;

5 (iv) identify Federal, State, or local
6 and private programs that currently pro-
7 vide health care services in the State and
8 describe how such programs could be co-
9 ordinated with the State health program,
10 to the extent practicable; and

11 (v) provide for improvements in the
12 availability of appropriate health care serv-
13 ices that will increase access to care in
14 urban, rural, and frontier areas of the
15 State with medically underserved popu-
16 lations or where there is an inadequate
17 supply of health care providers.

18 (B) QUALITY.—With respect to quality,
19 the State plan shall—

20 (i) provide a plan to improve health
21 care quality in the State, including increas-
22 ing effectiveness, efficiency, timeliness, pa-
23 tient focused, equity while reducing health
24 disparities, and medical errors; and

1 (ii) contain appropriate results-based
2 quality indicators established by the Com-
3 mission that will be addressed by the State
4 as well as State-specific quality indicators.

5 (C) COSTS.—With respect to costs, the
6 State plan shall—

7 (i) provide that the State will develop
8 and implement systems to improve the effi-
9 ciency of health care, including a specific
10 5-year target for reducing administrative
11 costs (including paperwork burdens);

12 (ii) describe the public and private
13 sector financing to be provided for the
14 State health program;

15 (iii) estimate the amount of Federal,
16 State, and local expenditures, as well as,
17 the costs to business and individuals under
18 the State health program;

19 (iv) describe how the State plan will
20 ensure the financial solvency of the State
21 health program; and

22 (v) provide that the State will prepare
23 and submit to the Secretary and the Com-
24 mission such reports as the Secretary or

1 Commission may require to carry out pro-
2 gram evaluations.

3 (D) HEALTH INFORMATION TECH-
4 NOLOGY.—With respect to health information
5 technology, the State plan shall provide method-
6 ology for the appropriate use of health informa-
7 tion technology to improve infrastructure, such
8 as improving the availability of evidence-based
9 medical and outcomes data to providers and pa-
10 tients, as well as other health information (such
11 as electronic health records, electronic billing,
12 and electronic prescribing).

13 (2) TECHNICAL ASSISTANCE.—The Secretary
14 shall, if requested, provide technical assistance to
15 States to assist such States in developing applica-
16 tions and plans under this section, including tech-
17 nical assistance by private sector entities if deter-
18 mined appropriate by the Commission.

19 (3) INITIAL REVIEW.—With respect to a State
20 application for a grant under subsection (b), the
21 Secretary and the Commission shall complete an ini-
22 tial review of such State application within 60 days
23 of the receipt of such application, analyze the scope
24 of the proposal, and determine whether additional
25 information is needed from the State. The Commis-

1 sion shall advise the State within such period of the
2 need to submit additional information.

3 (4) FINAL DETERMINATION.—

4 (A) IN GENERAL.—Not later than 90 days
5 after completion of the initial review under
6 paragraph (3), the Commission shall determine
7 whether to submit a State proposal to Congress
8 for approval.

9 (B) VOTING.—

10 (i) IN GENERAL.—The determination
11 to submit a State proposal to Congress
12 under subparagraph (A) shall be approved
13 by $\frac{2}{3}$ of the members of the Commission
14 who are eligible to participate in such de-
15 termination subject to clause (ii).

16 (ii) ELIGIBILITY.—A member of the
17 Commission shall not participate in a de-
18 termination under subparagraph (A) if—

19 (I) in the case of a member who
20 is a Governor, such determination re-
21 lates to the State of which the mem-
22 ber is the Governor; or

23 (II) in the case of member not
24 described in subclause (I), such deter-
25 mination relates to the geographic

1 area of a State of which such member
2 serves as a State or local official.

3 (C) SUBMISSION.—Not later than 90 days
4 prior to October 1 of each fiscal year, the Com-
5 mission shall submit to Congress a list, in the
6 form of a legislative proposal, of the State ap-
7 plications that the Commission recommends for
8 approval under this section.

9 (D) APPROVAL.—With respect to a fiscal
10 year, a State proposal that has been rec-
11 ommended under subparagraph (B) shall be
12 deemed to be approved, and subject to the
13 availability of appropriations, Federal funds
14 shall be provided to such program, unless a
15 joint resolution has been enacted disapproving
16 such proposal as provided for in subsection (e).
17 Nothing in the preceding sentence shall be con-
18 strued to include the approval of State pro-
19 posals that involve waivers or modifications in
20 applicable Federal law.

21 (5) PROGRAM OR PROJECT PERIOD.—A State
22 program or project may be approved for a period of
23 5 years and may be extended for subsequent 5-year
24 periods upon approval by the Commission and the
25 Secretary, based upon achievement of targets, except

1 that a shorter period may be requested by a State
2 and granted by the Secretary.

3 (e) EXPEDITED CONGRESSIONAL CONSIDERATION.—

4 (1) INTRODUCTION AND COMMITTEE CONSIDER-
5 ATION.—

6 (A) INTRODUCTION.—The legislative pro-
7 posal submitted pursuant to subsection
8 (d)(4)(B) shall be in the form of a joint resolu-
9 tion (in this subsection referred to as the “reso-
10 lution”). Such resolution shall be introduced in
11 the House of Representatives by the Speaker,
12 and in the Senate, by the majority leader, im-
13 mediately upon receipt of the language and
14 shall be referred to the appropriate committee
15 of Congress. If the resolution is not introduced
16 in accordance with the preceding sentence, the
17 resolution may be introduced in either House of
18 Congress by any member thereof.

19 (B) COMMITTEE CONSIDERATION.—A reso-
20 lution introduced in the House of Representa-
21 tives shall be referred to the Committee on
22 Ways and Means of the House of Representa-
23 tives. A resolution introduced in the Senate
24 shall be referred to the Committee on Finance
25 of the Senate. Not later than 15 calendar days

1 after the introduction of the resolution, the
2 committee of Congress to which the resolution
3 was referred shall report the resolution or a
4 committee amendment thereto. If the committee
5 has not reported such resolution (or an iden-
6 tical resolution) at the end of 15 calendar days
7 after its introduction or at the end of the first
8 day after there has been reported to the House
9 involved a resolution, whichever is earlier, such
10 committee shall be deemed to be discharged
11 from further consideration of such reform bill
12 and such reform bill shall be placed on the ap-
13 propriate calendar of the House involved.

14 (2) EXPEDITED PROCEDURE.—

15 (A) CONSIDERATION.—Not later than 5
16 days after the date on which a committee has
17 been discharged from consideration of a resolu-
18 tion, the Speaker of the House of Representa-
19 tives, or the Speaker's designee, or the majority
20 leader of the Senate, or the leader's designee,
21 shall move to proceed to the consideration of
22 the committee amendment to the resolution,
23 and if there is no such amendment, to the reso-
24 lution. It shall also be in order for any member
25 of the House of Representatives or the Senate,

1 respectively, to move to proceed to the consider-
2 ation of the resolution at any time after the
3 conclusion of such 5-day period. All points of
4 order against the resolution (and against con-
5 sideration of the resolution) are waived. A mo-
6 tion to proceed to the consideration of the reso-
7 lution is highly privileged in the House of Rep-
8 resentatives and is privileged in the Senate and
9 is not debatable. The motion is not subject to
10 amendment, to a motion to postpone consider-
11 ation of the resolution, or to a motion to pro-
12 ceed to the consideration of other business. A
13 motion to reconsider the vote by which the mo-
14 tion to proceed is agreed to or not agreed to
15 shall not be in order. If the motion to proceed
16 is agreed to, the House of Representatives or
17 the Senate, as the case may be, shall imme-
18 diately proceed to consideration of the resolu-
19 tion without intervening motion, order, or other
20 business, and the resolution shall remain the
21 unfinished business of the House of Represent-
22 atives or the Senate, as the case may be, until
23 disposed of.

24 (B) CONSIDERATION BY OTHER HOUSE.—

25 If, before the passage by one House of the reso-

1 lution that was introduced in such House, such
2 House receives from the other House a resolu-
3 tion as passed by such other House—

4 (i) the resolution of the other House
5 shall not be referred to a committee and
6 may only be considered for final passage in
7 the House that receives it under clause
8 (iii);

9 (ii) the procedure in the House in re-
10 ceipt of the resolution of the other House,
11 with respect to the resolution that was in-
12 troduced in the House in receipt of the res-
13 olution of the other House, shall be the
14 same as if no resolution had been received
15 from the other House; and

16 (iii) notwithstanding clause (ii), the
17 vote on final passage shall be on the re-
18 form bill of the other House.

19 Upon disposition of a resolution that is received
20 by one House from the other House, it shall no
21 longer be in order to consider the resolution bill
22 that was introduced in the receiving House.

23 (C) CONSIDERATION IN CONFERENCE.—

24 Immediately upon a final passage of the resolu-
25 tion that results in a disagreement between the

1 two Houses of Congress with respect to the res-
2 olution, conferees shall be appointed and a con-
3 ference convened. Not later than 10 days after
4 the date on which conferees are appointed, the
5 conferees shall file a report with the House of
6 Representatives and the Senate resolving the
7 differences between the Houses on the resolu-
8 tion. Notwithstanding any other rule of the
9 House of Representatives or the Senate, it shall
10 be in order to immediately consider a report of
11 a committee of conference on the resolution
12 filed in accordance with this subclause. Debate
13 in the House of Representatives and the Senate
14 on the conference report shall be limited to 10
15 hours, equally divided and controlled by the
16 Speaker of the House of Representatives and
17 the minority leader of the House of Representa-
18 tives or their designees and the majority and
19 minority leaders of the Senate or their des-
20 ignees. A vote on final passage of the con-
21 ference report shall occur immediately at the
22 conclusion or yielding back of all time for de-
23 bate on the conference report.

1 (3) RULES OF THE SENATE AND HOUSE OF
2 REPRESENTATIVES.—This subsection is enacted by
3 Congress—

4 (A) as an exercise of the rulemaking power
5 of the Senate and House of Representatives, re-
6 spectively, and is deemed to be part of the rules
7 of each House, respectively, but applicable only
8 with respect to the procedure to be followed in
9 that House in the case of a resolution, and it
10 supersedes other rules only to the extent that it
11 is inconsistent with such rules; and

12 (B) with full recognition of the constitu-
13 tional right of either House to change the rules
14 (so far as they relate to the procedure of that
15 House) at any time, in the same manner, and
16 to the same extent as in the case of any other
17 rule of that House.

18 (4) LIMITATION.—The amount of Federal
19 funds provided with respect to any State proposal
20 that is deemed approved under subsection (d)(3)
21 shall not exceed the cost provided for such proposals
22 within the concurrent resolution on the budget as
23 enacted by Congress for the fiscal year involved.

24 (f) FUNDING.—

1 (1) IN GENERAL.—The Secretary shall provide
2 a grant to a State that has an application approved
3 under subsection (b) to enable such State to carry
4 out an innovative State health program in the State.

5 (2) AMOUNT OF GRANT.—The amount of a
6 grant provided to a State under paragraph (1) shall
7 be determined based upon the recommendations of
8 the Commission, subject to the amount appropriated
9 under subsection (k).

10 (3) PERFORMANCE-BASED FUNDING ALLOCA-
11 TION AND PRIORITIZATION.—In awarding grants
12 under paragraph (1), the Secretary shall—

13 (A) fund a diversity of approaches as pro-
14 vided for by the Commission in subsection
15 (c)(1)(B);

16 (B) give priority to those State programs
17 that the Commission determines have the great-
18 est opportunity to succeed in providing ex-
19 panded health insurance coverage and in pro-
20 viding children, youth, and other vulnerable
21 populations with improved access to health care
22 items and services; and

23 (C) link allocations to the State to the
24 meeting of the goals and performance measures
25 relating to health care coverage, quality, and

1 health care costs established under this Act
2 through the State project application process.

3 (4) MAINTENANCE OF EFFORT.—A State, in
4 utilizing the proceeds of a grant received under
5 paragraph (1), shall maintain the expenditures of
6 the State for health care coverage purposes for the
7 support of direct health care delivery at a level equal
8 to not less than the level of such expenditures main-
9 tained by the State for the fiscal year preceding the
10 fiscal year for which the grant is received.

11 (5) REPORT.—At the end of the 5-year period
12 beginning on the date on which the Secretary
13 awards the first grant under paragraph (1), the
14 State Health Innovation Advisory Commission estab-
15 lished under subsection (c) shall prepare and submit
16 to the appropriate committees of Congress, a report
17 on the progress made by States receiving grants
18 under paragraph (1) in meeting the goals of ex-
19 panded coverage, improved quality, and cost contain-
20 ment through performance measures established
21 during the 5-year period of the grant. Such report
22 shall contain the recommendation of the Commission
23 concerning any future action that Congress should
24 take concerning health care reform, including wheth-

1 er or not to extend the program established under
2 this subsection.

3 (g) MONITORING AND EVALUATION.—

4 (1) ANNUAL REPORTS AND PARTICIPATION BY
5 STATES.—Each State that has received a program
6 approval shall—

7 (A) submit to the Commission an annual
8 report based on the period representing the re-
9 spective State’s fiscal year, detailing compliance
10 with the requirements established by the Com-
11 mission and the Secretary in the approval and
12 in this section; and

13 (B) participate in the annual meeting
14 under subsection (c)(4)(B).

15 (2) EVALUATIONS BY COMMISSION.—The Com-
16 mission, in consultation with a qualified and inde-
17 pendent organization such as the Institute of Medi-
18 cine, shall prepare and submit to the Committee on
19 Finance and the Committee on Health, Education,
20 Labor, and Pensions of the Senate and the Com-
21 mittee on Energy and Commerce, the Committee on
22 Education and Labor, and the Committee on Ways
23 and Means of the House of Representatives annual
24 reports that shall contain—

1 (A) a description of the effects of the re-
2 forms undertaken in States receiving approvals
3 under this section;

4 (B) a description of the recommendations
5 of the Commission and actions taken based on
6 these recommendations;

7 (C) an evaluation of the effectiveness of
8 such reforms in—

9 (i) expanding health care coverage for
10 State residents;

11 (ii) improving the quality of health
12 care provided in the States; and

13 (iii) reducing or containing health
14 care costs in the States;

15 (D) recommendations regarding the advis-
16 ability of increasing Federal financial assistance
17 for State ongoing or future health program ini-
18 tiatives, including the amount and source of
19 such assistance; and

20 (E) as required by the Commission or the
21 Secretary under subsection (f)(5), a periodic,
22 independent evaluation of the program.

23 (h) NONCOMPLIANCE.—

24 (1) CORRECTIVE ACTION PLANS.—If a State is
25 not in compliance with a requirement of this section,

1 the Secretary shall develop a corrective action plan
2 for such State.

3 (2) TERMINATION.—For good cause and in con-
4 sultation with the Commission, the Secretary may
5 revoke any program granted under this section.
6 Such decisions shall be subject to a petition for re-
7 consideration and appeal pursuant to regulations es-
8 tablished by the Secretary.

9 (i) RELATIONSHIP TO FEDERAL PROGRAMS.—

10 (1) IN GENERAL.—Nothing in this Act, or in
11 section 1115 of the Social Security Act (42 U.S.C.
12 1315) shall be construed as authorizing the Sec-
13 retary, the Commission, a State, or any other person
14 or entity to alter or affect in any way the provisions
15 of title XIX of such Act (42 U.S.C. 1396 et seq.)
16 or the regulations implementing such title.

17 (2) MAINTENANCE OF EFFORT.—No payment
18 may be made under this section if the State adopts
19 criteria for benefits, income, and resource standards
20 and methodologies for purposes of determining an
21 individual's eligibility for medical assistance under
22 the State plan under title XIX that are more restric-
23 tive than those applied as of the date of enactment
24 of this Act.

25 (j) MISCELLANEOUS PROVISIONS.—

1 (1) APPLICATION OF CERTAIN REQUIRE-
2 MENTS.—

3 (A) RESTRICTION ON APPLICATION OF
4 PREEXISTING CONDITION EXCLUSIONS.—

5 (i) IN GENERAL.—Subject to subpara-
6 graph (B), a State shall not permit the im-
7 position of any preexisting condition exclu-
8 sion for covered benefits under a program
9 or project under this section.

10 (ii) GROUP HEALTH PLANS AND
11 GROUP HEALTH INSURANCE COVERAGE.—

12 If the State program or project provides
13 for benefits through payment for, or a con-
14 tract with, a group health plan or group
15 health insurance coverage, the program or
16 project may permit the imposition of a pre-
17 existing condition exclusion but only inso-
18 far and to the extent that such exclusion is
19 permitted under the applicable provisions
20 of part 7 of subtitle B of title I of the Em-
21 ployee Retirement Income Security Act of
22 1974 and title XXVII of the Public Health
23 Service Act.

24 (B) COMPLIANCE WITH OTHER REQUIRE-
25 MENTS.—Coverage offered under the program

1 or project shall comply with the requirements of
2 subpart 2 of part A of title XXVII of the Public
3 Health Service Act insofar as such require-
4 ments apply with respect to a health insurance
5 issuer that offers group health insurance cov-
6 erage.

7 (2) PREVENTION OF DUPLICATIVE PAY-
8 MENTS.—

9 (A) OTHER HEALTH PLANS.—No payment
10 shall be made to a State under this section for
11 expenditures for health assistance provided for
12 an individual to the extent that a private in-
13 surer (as defined by the Secretary by regulation
14 and including a group health plan (as defined
15 in section 607(1) of the Employee Retirement
16 Income Security Act of 1974), a service benefit
17 plan, and a health maintenance organization)
18 would have been obligated to provide such as-
19 sistance but for a provision of its insurance con-
20 tract which has the effect of limiting or exclud-
21 ing such obligation because the individual is eli-
22 gible for or is provided health assistance under
23 the plan.

24 (B) OTHER FEDERAL GOVERNMENTAL
25 PROGRAMS.—Except as provided in any other

1 provision of law, no payment shall be made to
2 a State under this section for expenditures for
3 health assistance provided for an individual to
4 the extent that payment has been made or can
5 reasonably be expected to be made promptly (as
6 determined in accordance with regulations)
7 under any other federally operated or financed
8 health care insurance program, other than an
9 insurance program operated or financed by the
10 Indian Health Service, as identified by the Sec-
11 retary. For purposes of this paragraph, rules
12 similar to the rules for overpayments under sec-
13 tion 1903(d)(2) of the Social Security Act shall
14 apply.

15 (3) APPLICATION OF CERTAIN GENERAL PROVI-
16 SIONS.—The following sections of the Social Security
17 Act shall apply to States under this section in the
18 same manner as they apply to a State under such
19 title XIX:

20 (A) TITLE xix PROVISIONS.—

21 (i) Section 1902(a)(4)(C) (relating to
22 conflict of interest standards).

23 (ii) Paragraphs (2), (16), and (17) of
24 section 1903(i) (relating to limitations on
25 payment).

1 (iii) Section 1903(w) (relating to limi-
2 tations on provider taxes and donations).

3 (iv) Section 1920A (relating to pre-
4 sumptive eligibility for children).

5 (B) TITLE xi PROVISIONS.—

6 (i) Section 1116 (relating to adminis-
7 trative and judicial review), but only inso-
8 far as consistent with this title.

9 (ii) Section 1124 (relating to disclo-
10 sure of ownership and related informa-
11 tion).

12 (iii) Section 1126 (relating to disclo-
13 sure of information about certain convicted
14 individuals).

15 (iv) Section 1128A (relating to civil
16 monetary penalties).

17 (v) Section 1128B(d) (relating to
18 criminal penalties for certain additional
19 charges).

20 (vi) Section 1132 (relating to periods
21 within which claims must be filed).

22 (4) RELATION TO OTHER LAWS.—

23 (A) HIPAA.—Health benefits coverage
24 provided under a State program or project
25 under this section shall be treated as creditable

1 coverage for purposes of part 7 of subtitle B of
2 title I of the Employee Retirement Income Se-
3 curity Act of 1974, title XXVII of the Public
4 Health Service Act, and subtitle K of the Inter-
5 nal Revenue Code of 1986.

6 (B) ERISA.—Nothing in this section shall
7 be construed as affecting or modifying section
8 514 of the Employee Retirement Income Secu-
9 rity Act of 1974 (29 U.S.C. 1144) with respect
10 to a group health plan (as defined in section
11 2791(a)(1) of the Public Health Service Act (42
12 U.S.C. 300gg–91(a)(1))).

13 (k) AUTHORIZATION OF APPROPRIATIONS.—There is
14 authorized to be appropriated to carry out this section,
15 such sums as may be necessary in each fiscal year.
16 Amounts appropriated for a fiscal year under this sub-
17 section and not expended may be used in subsequent fiscal
18 years to carry out this section.

19 **TITLE IV—SENSE OF THE** 20 **SENATE**

21 **SEC. 401. SENSE OF THE SENATE.**

22 It is the sense of the Senate that any increases in
23 Federal budget outlays resulting from this Act be fully off-
24 set by reductions in Federal budget outlays, and that any

- 1 reductions in Federal revenues resulting from this Act be
- 2 fully offset.

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