

# Calendar No. 288

110TH CONGRESS  
1ST SESSION

# S. 1893

To amend title XXI of the Social Security Act to reauthorize the State Children's Health Insurance Program, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 27 (legislative day, JULY 26), 2007

Mr. BAUCUS, from the Committee on Finance, reported the following original bill; which was read twice and placed on the calendar

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## A BILL

To amend title XXI of the Social Security Act to reauthorize the State Children's Health Insurance Program, 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; AMENDMENTS TO SOCIAL SECUR-**  
4 **ITY ACT; REFERENCES; TABLE OF CON-**  
5 **TENTS.**

6 (a) SHORT TITLE.—This Act may be cited as the  
7 “Children's Health Insurance Program Reauthorization  
8 Act of 2007”.

1 (b) AMENDMENTS TO SOCIAL SECURITY ACT.—Ex-  
 2 cept as otherwise specifically provided, whenever in this  
 3 Act an amendment is expressed in terms of an amendment  
 4 to or repeal of a section or other provision, the reference  
 5 shall be considered to be made to that section or other  
 6 provision of the Social Security Act.

7 (c) REFERENCES TO MEDICAID; CHIP; SEC-  
 8 RETARY.—In this Act:

9 (1) CHIP.—The term “CHIP” means the  
 10 State Children’s Health Insurance Program estab-  
 11 lished under title XXI of the Social Security Act (42  
 12 U.S.C. 1397aa et seq.).

13 (2) MEDICAID.—The term “Medicaid” means  
 14 the program for medical assistance established under  
 15 title XIX of the Social Security Act (42 U.S.C. 1396  
 16 et seq.).

17 (3) SECRETARY.—The term “Secretary” means  
 18 the Secretary of Health and Human Services.

19 (d) TABLE OF CONTENTS.—The table of contents for  
 20 this Act is as follows:

Sec. 1. Short title; amendments to Social Security Act; references; table of con-  
 tents.

#### TITLE I—FINANCING OF CHIP

Sec. 101. Extension of CHIP.

Sec. 102. Allotments for the 50 States and the District of Columbia.

Sec. 103. One-time appropriation.

Sec. 104. Improving funding for the territories under CHIP and Medicaid.

Sec. 105. Incentive bonuses for States.

Sec. 106. Phase-out of coverage for nonpregnant childless adults under CHIP;  
 conditions for coverage of parents.

- Sec. 107. State option to cover low-income pregnant women under CHIP through a State plan amendment.
- Sec. 108. CHIP Contingency fund.
- Sec. 109. Two-year availability of allotments; expenditures counted against oldest allotments.
- Sec. 110. Limitation on matching rate for States that propose to cover children with effective family income that exceeds 300 percent of the poverty line.
- Sec. 111. Option for qualifying States to receive the enhanced portion of the CHIP matching rate for Medicaid coverage of certain children.

#### TITLE II—OUTREACH AND ENROLLMENT

- Sec. 201. Grants for outreach and enrollment.
- Sec. 202. Increased outreach and enrollment of Indians.
- Sec. 203. Demonstration project to permit States to rely on findings by an Express Lane agency to determine components of a child's eligibility for Medicaid or CHIP.
- Sec. 204. Authorization of certain information disclosures to simplify health coverage determinations.

#### TITLE III—REDUCING BARRIERS TO ENROLLMENT

- Sec. 301. Verification of declaration of citizenship or nationality for purposes of eligibility for Medicaid and CHIP.
- Sec. 302. Reducing administrative barriers to enrollment.

#### TITLE IV—REDUCING BARRIERS TO PROVIDING PREMIUM ASSISTANCE

##### Subtitle A—Additional State Option for Providing Premium Assistance

- Sec. 401. Additional State option for providing premium assistance.
- Sec. 402. Outreach, education, and enrollment assistance.

##### Subtitle B—Coordinating Premium Assistance With Private Coverage

- Sec. 411. Special enrollment period under group health plans in case of termination of Medicaid or CHIP coverage or eligibility for assistance in purchase of employment-based coverage; coordination of coverage.

#### TITLE V—STRENGTHENING QUALITY OF CARE AND HEALTH OUTCOMES OF CHILDREN

- Sec. 501. Child health quality improvement activities for children enrolled in Medicaid or CHIP.
- Sec. 502. Improved information regarding access to coverage under CHIP.
- Sec. 503. Application of certain managed care quality safeguards to CHIP.

#### TITLE VI—MISCELLANEOUS

- Sec. 601. Technical correction regarding current State authority under Medicaid.
- Sec. 602. Payment error rate measurement (“PERM”).
- Sec. 603. Elimination of counting Medicaid child presumptive eligibility costs against title XXI allotment.
- Sec. 604. Improving data collection.

- Sec. 605. Deficit Reduction Act technical corrections.  
 Sec. 606. Elimination of confusing program references.  
 Sec. 607. Mental health parity in CHIP plans.  
 Sec. 608. Dental health grants.  
 Sec. 609. Application of prospective payment system for services provided by  
 Federally-qualified health centers and rural health clinics.

#### TITLE VII—REVENUE PROVISIONS

- Sec. 701. Increase in excise tax rate on tobacco products.  
 Sec. 702. Administrative improvements.  
 Sec. 703. Time for payment of corporate estimated taxes.

#### TITLE VIII—EFFECTIVE DATE

- Sec. 801. Effective date.

## 1     **TITLE I—FINANCING OF CHIP**

### 2     **SEC. 101. EXTENSION OF CHIP.**

3           Section 2104(a) (42 U.S.C. 1397dd(a)) is amended—

4                   (1) in paragraph (9), by striking “and” at the  
 5           end;

6                   (2) in paragraph (10), by striking the period at  
 7           the end and inserting a semicolon; and

8                   (3) by adding at the end the following new  
 9           paragraphs:

10                   “(11) for fiscal year 2008, \$9,125,000,000;

11                   “(12) for fiscal year 2009, \$10,675,000,000;

12                   “(13) for fiscal year 2010, \$11,850,000,000;

13                   “(14) for fiscal year 2011, \$13,750,000,000;

14           and

15                   “(15) for fiscal year 2012, for purposes of mak-  
 16           ing 2 semi-annual allotments—

1           “(A) \$1,750,000,000 for the period begin-  
2           ning on October 1, 2011, and ending on March  
3           31, 2012, and

4           “(B) \$1,750,000,000 for the period begin-  
5           ning on April 1, 2012, and ending on Sep-  
6           tember 30, 2012.”.

7 **SEC. 102. ALLOTMENTS FOR THE 50 STATES AND THE DIS-**  
8 **TRICT OF COLUMBIA.**

9           (a) IN GENERAL.—Section 2104 (42 U.S.C. 1397dd)  
10 is amended by adding at the end the following new sub-  
11 section:

12           “(i) DETERMINATION OF ALLOTMENTS FOR THE 50  
13 STATES AND THE DISTRICT OF COLUMBIA FOR FISCAL  
14 YEARS 2008 THROUGH 2012.—

15           “(1) COMPUTATION OF ALLOTMENT.—

16           “(A) IN GENERAL.—Subject to the suc-  
17 ceeding paragraphs of this subsection, the Sec-  
18 retary shall for each of fiscal years 2008  
19 through 2012 allot to each subsection (b) State  
20 from the available national allotment an  
21 amount equal to 110 percent of—

22           “(i) in the case of fiscal year 2008,  
23           the highest of the amounts determined  
24           under paragraph (2);

1           “(ii) in the case of each of fiscal years  
2           2009 through 2011, the Federal share of  
3           the expenditures determined under sub-  
4           paragraph (B) for the fiscal year; and

5           “(iii) beginning with fiscal year 2012,  
6           subject to subparagraph (E), each semi-an-  
7           nual allotment determined under subpara-  
8           graph (D).

9           “(B) PROJECTED STATE EXPENDITURES  
10          FOR THE FISCAL YEAR.—For purposes of sub-  
11          paragraphs (A)(ii) and (D), the expenditures  
12          determined under this subparagraph for a fiscal  
13          year are the projected expenditures under the  
14          State child health plan for the fiscal year (as  
15          certified by the State and submitted to the Sec-  
16          retary by not later than August 31 of the pre-  
17          ceding fiscal year).

18          “(C) AVAILABLE NATIONAL ALLOT-  
19          MENT.—For purposes of this subsection, the  
20          term ‘available national allotment’ means, with  
21          respect to any fiscal year, the amount available  
22          for allotment under subsection (a) for the fiscal  
23          year, reduced by the amount of the allotments  
24          made for the fiscal year under subsection (c).  
25          Subject to paragraph (3)(B), the available na-

1            tional allotment with respect to the amount  
2            available under subsection (a)(15)(A) for fiscal  
3            year 2012 shall be increased by the amount of  
4            the appropriation for the period beginning on  
5            October 1 and ending on March 31 of such fis-  
6            cal year under section 103 of the Children’s  
7            Health Insurance Program Reauthorization Act  
8            of 2007.

9            “(D) SEMI-ANNUAL ALLOTMENTS.—For  
10           purposes of subparagraph (A)(iii), the semi-an-  
11           nual allotments determined under this para-  
12           graph with respect to a fiscal year are as fol-  
13           lows:

14                    “(i) For the period beginning on Oc-  
15                    tober 1 and ending on March 31 of the fis-  
16                    cal year, the Federal share of the portion  
17                    of the expenditures determined under sub-  
18                    paragraph (B) for the fiscal year which are  
19                    allocable to such period.

20                    “(ii) For the period beginning on  
21                    April 1 and ending on September 30 of the  
22                    fiscal year, the Federal share of the por-  
23                    tion of the expenditures determined under  
24                    subparagraph (B) for the fiscal year which  
25                    are allocable to such period.

1           “(E) AVAILABILITY.—Each semi-annual  
2 allotment made under subparagraph (A)(iii)  
3 shall remain available for expenditure under  
4 this title for periods after the period specified  
5 in subparagraph (D) for purposes of deter-  
6 mining the allotment in the same manner as  
7 the allotment would have been available for ex-  
8 penditure if made for an entire fiscal year.

9           “(2) SPECIAL RULE FOR FISCAL YEAR 2008.—

10           “(A) IN GENERAL.—For purposes of para-  
11 graph (1)(A)(i), the amounts determined under  
12 this paragraph for fiscal year 2008 are as fol-  
13 lows:

14           “(i) The total Federal payments to  
15 the State under this title for fiscal year  
16 2007, multiplied by the annual adjustment  
17 determined under subparagraph (B) for  
18 fiscal year 2008.

19           “(ii) The Federal share of the amount  
20 allotted to the State for fiscal year 2007  
21 under subsection (b), multiplied by the an-  
22 nual adjustment determined under sub-  
23 paragraph (B) for fiscal year 2008.

24           “(iii) Only in the case of—



1           “(I) a State that received a pay-  
2           ment, redistribution, or allotment  
3           under any of paragraphs (1), (2), or  
4           (4) of subsection (h), the amount of  
5           the projected total Federal payments  
6           to the State under this title for fiscal  
7           year 2007, as determined on the basis  
8           of the November 2006 estimates cer-  
9           tified by the State to the Secretary;

10           “(II) a State whose projected  
11           total Federal payments to the State  
12           under this title for fiscal year 2007,  
13           as determined on the basis of the May  
14           2006 estimates certified by the State  
15           to the Secretary, were at least  
16           \$95,000,000 but not more than  
17           \$96,000,000 higher than the projected  
18           total Federal payments to the State  
19           under this title for fiscal year 2007 on  
20           the basis of the November 2006 esti-  
21           mates, the amount of the projected  
22           total Federal payments to the State  
23           under this title for fiscal year 2007 on  
24           the basis of the May 2006 estimates;  
25           or

1           “(III) a State whose projected  
2           total Federal payments under this  
3           title for fiscal year 2007, as deter-  
4           mined on the basis of the November  
5           2006 estimates certified by the State  
6           to the Secretary, exceeded all amounts  
7           available to the State for expenditure  
8           for fiscal year 2007 (including any  
9           amounts paid, allotted, or redistrib-  
10          uted to the State in prior fiscal  
11          years), the amount of the projected  
12          total Federal payments to the State  
13          under this title for fiscal year 2007,  
14          as determined on the basis of the No-  
15          vember 2006 estimates certified by  
16          the State to the Secretary,  
17          multiplied by the annual adjustment deter-  
18          mined under subparagraph (B) for fiscal  
19          year 2008.

20           “(iv) The projected total Federal pay-  
21          ments to the State under this title for fis-  
22          cal year 2008, as determined on the basis  
23          of the August 2007 projections certified by  
24          the State to the Secretary by not later  
25          than September 30, 2007.

1           “(B) ANNUAL ADJUSTMENT FOR HEALTH  
2 CARE COST GROWTH AND CHILD POPULATION  
3 GROWTH.—The annual adjustment determined  
4 under this subparagraph for a fiscal year with  
5 respect to a State is equal to the product of the  
6 amounts determined under clauses (i) and (ii):

7           “(i) PER CAPITA HEALTH CARE  
8 GROWTH.—1 plus the percentage increase  
9 (if any) in the projected nominal per capita  
10 amount of National Health Expenditures  
11 for the calendar year that begins during  
12 the fiscal year involved over the preceding  
13 calendar year, as most recently published  
14 by the Secretary.

15           “(ii) CHILD POPULATION GROWTH.—  
16 1.01 plus the percentage change in the  
17 population of children under 19 years of  
18 age in the State from July 1 of the fiscal  
19 year preceding the fiscal year involved to  
20 July 1 of the fiscal year involved, as deter-  
21 mined by the Secretary based on the most  
22 timely and accurate published estimates of  
23 the Bureau of the Census.

24           “(C) DEFINITION.—For purposes of sub-  
25 paragraph (B), the term ‘fiscal year involved’

1 means the fiscal year for which an allotment  
2 under this subsection is being determined.

3 “(D) PRORATION RULE.—If, after the ap-  
4 plication of this paragraph without regard to  
5 this subparagraph, the sum of the State allot-  
6 ments determined under this paragraph for fis-  
7 cal year 2008 exceeds the available national al-  
8 lotment for fiscal year 2008, the Secretary shall  
9 reduce each such allotment on a proportional  
10 basis.

11 “(3) ALTERNATIVE ALLOTMENTS FOR FISCAL  
12 YEARS 2009 THROUGH 2012.—

13 “(A) IN GENERAL.—If the sum of the  
14 State allotments determined under paragraph  
15 (1)(A)(ii) for any of fiscal years 2009 through  
16 2011 exceeds the available national allotment  
17 for the fiscal year, the Secretary shall allot to  
18 each subsection (b) State from the available na-  
19 tional allotment for the fiscal year an amount  
20 equal to the product of—

21 “(i) the available national allotment  
22 for the fiscal year; and

23 “(ii) the percentage equal to the sum  
24 of the State allotment factors for the fiscal

1 year determined under paragraph (4) with  
2 respect to the State.

3 “(B) SPECIAL RULES BEGINNING IN FIS-  
4 CAL YEAR 2012.—Beginning in fiscal year  
5 2012—

6 “(i) this paragraph shall be applied  
7 separately with respect to each of the peri-  
8 ods described in clauses (i) and (ii) of  
9 paragraph (1)(D) and the available na-  
10 tional allotment for each such period shall  
11 be the amount appropriated for such pe-  
12 riod (rather than the amount appropriated  
13 for the entire fiscal year), reduced by the  
14 amount of the allotments made for the fis-  
15 cal year under subsection (c) for each such  
16 period, and

17 “(ii) if—

18 “(I) the sum of the State allot-  
19 ments determined under paragraph  
20 (1)(A)(iii) for either such period ex-  
21 ceeds the amount of such available  
22 national allotment for such period, the  
23 Secretary shall make the allotment for  
24 each State for such period in the

1 same manner as under subparagraph  
2 (A), and

3 “(II) the amount of such avail-  
4 able national allotment for either such  
5 period exceeds the sum of the State  
6 allotments determined under para-  
7 graph (1)(A)(iii) for such period, the  
8 Secretary shall increase the allotment  
9 for each State for such period by the  
10 amount that bears the same ratio to  
11 such excess as the State’s allotment  
12 determined under paragraph  
13 (1)(A)(iii) for such period (without re-  
14 gard to this subparagraph) bears to  
15 the sum of such allotments for all  
16 States.

17 “(4) WEIGHTED FACTORS.—

18 “(A) FACTORS DESCRIBED.—For purposes  
19 of paragraph (3), the factors described in this  
20 subparagraph are the following:

21 “(i) PROJECTED STATE EXPENDI-  
22 TURES FOR THE FISCAL YEAR.—The ratio  
23 of the projected expenditures under the  
24 State child health plan for the fiscal year  
25 (as certified by the State to the Secretary

1 by not later than August 31 of the pre-  
2 ceding fiscal year) to the sum of the pro-  
3 jected expenditures under all such plans  
4 for all subsection (b) States for the fiscal  
5 year, multiplied by the applicable percent-  
6 age weight assigned under subparagraph  
7 (B).

8 “(ii) NUMBER OF LOW-INCOME CHIL-  
9 DREN IN THE STATE.—The ratio of the  
10 number of low-income children in the  
11 State, as determined on the basis of the  
12 most timely and accurate published esti-  
13 mates of the Bureau of the Census, to the  
14 sum of the number of low-income children  
15 so determined for all subsection (b) States  
16 for such fiscal year, multiplied by the ap-  
17 plicable percentage weight assigned under  
18 subparagraph (B).

19 “(iii) PROJECTED STATE EXPENDI-  
20 TURES FOR THE PRECEDING FISCAL  
21 YEAR.—The ratio of the projected expendi-  
22 tures under the State child health plan for  
23 the preceding fiscal year (as determined on  
24 the basis of the projections certified by the  
25 State to the Secretary for November of the

1 fiscal year), to the sum of the projected ex-  
2 penditures under all such plans for all sub-  
3 section (b) States for such preceding fiscal  
4 year (as so determined), multiplied by the  
5 applicable percentage weight assigned  
6 under subparagraph (B).

7 “(iv) ACTUAL STATE EXPENDITURES  
8 FOR THE SECOND PRECEDING FISCAL  
9 YEAR.—The ratio of the actual expendi-  
10 tures under the State child health plan for  
11 the second preceding fiscal year, as deter-  
12 mined by the Secretary on the basis of ex-  
13 penditure data reported by States on CMS  
14 Form 64 or CMS Form 21, to such sum  
15 of the actual expenditures under all such  
16 plans for all subsection (b) States for such  
17 second preceding fiscal year, multiplied by  
18 the applicable percentage weight assigned  
19 under subparagraph (B).

20 “(B) ASSIGNMENT OF WEIGHTS.—For  
21 each of fiscal years 2009 through 2012, the ap-  
22 plicable weights assigned under this subpara-  
23 graph are the following:



1           “(i) With respect to the factor de-  
2           scribed in subparagraph (A)(i), a weight of  
3           75 percent for each such fiscal year.

4           “(ii) With respect to the factor de-  
5           scribed in subparagraph (A)(ii), a weight  
6           of 12½ percent for each such fiscal year.

7           “(iii) With respect to the factor de-  
8           scribed in subparagraph (A)(iii), a weight  
9           of 7½ percent for each such fiscal year.

10           “(iv) With respect to the factor de-  
11           scribed in subparagraph (A)(iv), a weight  
12           of 5 percent for each such fiscal year.

13           “(5) DEMONSTRATION OF NEED FOR IN-  
14           CREASED ALLOTMENT BASED ON PROJECTED STATE  
15           EXPENDITURES EXCEEDING 10 PERCENT OF THE  
16           PRECEDING FISCAL YEAR ALLOTMENT.—

17           “(A) IN GENERAL.—If the projected ex-  
18           penditures under the State child health plan de-  
19           scribed in paragraph (1)(B) for any of fiscal  
20           years 2009 through 2012 are at least 10 per-  
21           cent more than the allotment determined for  
22           the State for the preceding fiscal year (deter-  
23           mined without regard to paragraph (2)(D) or  
24           paragraph (3)), and, during the preceding fiscal  
25           year, the State did not receive approval for a

1 State plan amendment or waiver to expand cov-  
2 erage under the State child health plan or did  
3 not receive a CHIP contingency fund payment  
4 under subsection (k)—

5 “(i) the State shall submit to the Sec-  
6 retary, by not later than August 31 of the  
7 preceding fiscal year, information relating  
8 to the factors that contributed to the need  
9 for the increase in the State’s allotment for  
10 the fiscal year, as well as any other addi-  
11 tional information that the Secretary may  
12 require for the State to demonstrate the  
13 need for the increase in the State’s allot-  
14 ment for the fiscal year;

15 “(ii) the Secretary shall—

16 “(I) review the information sub-  
17 mitted under clause (i);

18 “(II) notify the State in writing  
19 within 60 days after receipt of the in-  
20 formation that—

21 “(aa) the projected expendi-  
22 tures under the State child  
23 health plan are approved or dis-  
24 approved (and if disapproved, the  
25 reasons for disapproval); or

1                   “(bb) specified additional in-  
2                   formation is needed; and

3                   “(III) if the Secretary dis-  
4                   approved the projected expenditures  
5                   or determined additional information  
6                   is needed, provide the State with a  
7                   reasonable opportunity to submit ad-  
8                   ditional information to demonstrate  
9                   the need for the increase in the  
10                  State’s allotment for the fiscal year.

11                  “(B) PROVISIONAL AND FINAL ALLOT-  
12                  MENT.—In the case of a State described in sub-  
13                  paragraph (A) for which the Secretary has not  
14                  determined by September 30 of a fiscal year  
15                  whether the State has demonstrated the need  
16                  for the increase in the State’s allotment for the  
17                  succeeding fiscal year, the Secretary shall pro-  
18                  vide the State with a provisional allotment for  
19                  the fiscal year equal to 110 percent of the allot-  
20                  ment determined for the State under this sub-  
21                  section for the preceding fiscal year (determined  
22                  without regard to paragraph (2)(D) or para-  
23                  graph (3)), and may, not later than November  
24                  30 of the fiscal year, adjust the State’s allot-  
25                  ment (and the allotments of other subsection

1 (b) States), as necessary (and, if applicable,  
2 subject to paragraph (3)), on the basis of infor-  
3 mation submitted by the State in accordance  
4 with subparagraph (A).

5 “(6) SPECIAL RULES.—

6 “(A) DEADLINE AND DATA FOR DETER-  
7 MINING FISCAL YEAR 2008 ALLOTMENTS.—In  
8 computing the amounts under paragraph (2)(A)  
9 and subsection (c)(5)(A) that determine the al-  
10 lotments to subsection (b) States and territories  
11 for fiscal year 2008, the Secretary shall use the  
12 most recent data available to the Secretary be-  
13 fore the start of that fiscal year. The Secretary  
14 may adjust such amounts and allotments, as  
15 necessary, on the basis of the expenditure data  
16 for the prior year reported by States on CMS  
17 Form 64 or CMS Form 21 not later than No-  
18 vember 30, 2007, but in no case shall the Sec-  
19 retary adjust the allotments provided under  
20 paragraph (2)(A) or subsection (c)(5)(A) for  
21 fiscal year 2008 after December 31, 2007.

22 “(B) INCLUSION OF CERTAIN EXPENDI-  
23 TURES.—

24 “(i) PROJECTED EXPENDITURES OF  
25 QUALIFYING STATES.—Payments made or

1 projected to be made to a qualifying State  
2 described in paragraph (2) of section  
3 2105(g) for expenditures described in  
4 paragraph (1)(B)(ii) or (4)(B) of that sec-  
5 tion shall be included for purposes of de-  
6 termining the projected expenditures de-  
7 scribed in paragraph (1)(B) with respect to  
8 the allotments determined for each of fiscal  
9 years 2009 through 2012 and for purposes  
10 of determining the amounts described in  
11 clauses (i) and (iv) of paragraph (2)(A)  
12 with respect to the allotments determined  
13 for fiscal year 2008.

14 “(ii) PROJECTED EXPENDITURES  
15 UNDER BLOCK GRANT SET-ASIDES FOR  
16 NONPREGNANT CHILDLESS ADULTS AND  
17 PARENTS.—Payments projected to be made  
18 to a State under subsection (a) or (b) of  
19 section 2111 shall be included for purposes  
20 of determining the projected expenditures  
21 described in paragraph (1)(B) with respect  
22 to the allotments determined for each of  
23 fiscal years 2009 through 2012 (to the ex-  
24 tent such payments are permitted under  
25 such section), including for purposes of al-

1                   locating such expenditures for purposes of  
2                   clauses (i) and (ii) of paragraph (1)(D).

3                   “(7) SUBSECTION (b) STATE.—In this para-  
4                   graph, the term ‘subsection (b) State’ means 1 of  
5                   the 50 States or the District of Columbia.”.

6                   (b) CONFORMING AMENDMENTS.—Section 2104 (42  
7 U.S.C. 1397dd) is amended—

8                   (1) in subsection (a), by striking “subsection  
9                   (d)” and inserting “subsections (d), (h), and (i)”;

10                  (2) in subsection (b)(1), by striking “subsection  
11                  (d)” and inserting “subsections (d), (h), and (i)”;  
12                  and

13                  (3) in subsection (c)(1), by striking “subsection  
14                  (d)” and inserting “subsections (d), (h), and (i)”.

15 **SEC. 103. ONE-TIME APPROPRIATION.**

16                  There is appropriated to the Secretary, out of any  
17 money in the Treasury not otherwise appropriated,  
18 \$12,500,000,000 to accompany the allotment made for the  
19 period beginning on October 1, 2011, and ending on  
20 March 31, 2012, under section 2104(a)(15)(A) of the So-  
21 cial Security Act (42 U.S.C. 1397dd(a)(15)(A)) (as added  
22 by section 101), to remain available until expended. Such  
23 amount shall be used to provide allotments to States under  
24 subsections (c)(5) and (i) of section 2104 of the Social  
25 Security Act (42 U.S.C. 1397dd) for the first 6 months

1 of fiscal year 2012 in the same manner as allotments are  
2 provided under subsection (a)(15)(A) of such section and  
3 subject to the same terms and conditions as apply to the  
4 allotments provided from such subsection (a)(15)(A).

5 **SEC. 104. IMPROVING FUNDING FOR THE TERRITORIES**  
6 **UNDER CHIP AND MEDICAID.**

7 (a) UPDATE OF CHIP ALLOTMENTS.—Section  
8 2104(c) (42 U.S.C. 1397dd(c)) is amended—

9 (1) in paragraph (1), by inserting “and para-  
10 graphs (5) and (6)” after “and (i)”; and

11 (2) by adding at the end the following new  
12 paragraphs:

13 “(5) ANNUAL ALLOTMENTS FOR TERRITORIES  
14 BEGINNING WITH FISCAL YEAR 2008.—Of the total  
15 allotment amount appropriated under subsection (a)  
16 for a fiscal year beginning with fiscal year 2008, the  
17 Secretary shall allot to each of the commonwealths  
18 and territories described in paragraph (3) the fol-  
19 lowing:

20 “(A) FISCAL YEAR 2008.—For fiscal year  
21 2008, the highest amount of Federal payments  
22 to the commonwealth or territory under this  
23 title for any fiscal year occurring during the pe-  
24 riod of fiscal years 1998 through 2007, multi-  
25 plied by the annual adjustment determined

1 under subsection (i)(2)(B) for fiscal year 2008,  
2 except that clause (ii) thereof shall be applied  
3 by substituting ‘the United States’ for ‘the  
4 State’.

5 “(B) FISCAL YEARS 2009 THROUGH 2012.—

6 “(i) IN GENERAL.—For each of fiscal  
7 years 2009 through 2012, except as pro-  
8 vided in clause (ii), the amount determined  
9 under this paragraph for the preceding fis-  
10 cal year multiplied by the annual adjust-  
11 ment determined under subsection  
12 (i)(2)(B) for the fiscal year, except that  
13 clause (ii) thereof shall be applied by sub-  
14 stituting ‘the United States’ for ‘the  
15 State’.

16 “(ii) SPECIAL RULE FOR FISCAL YEAR  
17 2012.—In the case of fiscal year 2012—

18 “(I) 89 percent of the amount al-  
19 located to the commonwealth or terri-  
20 tory for such fiscal year (without re-  
21 gard to this subclause) shall be allo-  
22 cated for the period beginning on Oc-  
23 tober 1, 2011, and ending on March  
24 31, 2012, and



1                   “(II) 11 percent of such amount  
2                   shall be allocated for the period begin-  
3                   ning on April 1, 2012, and ending on  
4                   September 30, 2012.”.

5           (b) REMOVAL OF FEDERAL MATCHING PAYMENTS  
6 FOR DATA REPORTING SYSTEMS FROM THE OVERALL  
7 LIMIT ON PAYMENTS TO TERRITORIES UNDER TITLE  
8 XIX.—Section 1108(g) (42 U.S.C. 1308(g)) is amended  
9 by adding at the end the following new paragraph:

10           “(4) EXCLUSION OF CERTAIN EXPENDITURES  
11 FROM PAYMENT LIMITS.—With respect to fiscal  
12 years beginning with fiscal year 2008, if Puerto  
13 Rico, the Virgin Islands, Guam, the Northern Mar-  
14 iana Islands, or American Samoa qualify for a pay-  
15 ment under subparagraph (A)(i), (B), or (F) of sec-  
16 tion 1903(a)(3) for a calendar quarter of such fiscal  
17 year, the payment shall not be taken into account in  
18 applying subsection (f) (as increased in accordance  
19 with paragraphs (1), (2), and (3) of this subsection)  
20 to such commonwealth or territory for such fiscal  
21 year.”.

22           (c) GAO STUDY AND REPORT.—Not later than Sep-  
23 tember 30, 2009, the Comptroller General of the United  
24 States shall submit a report to the appropriate committees  
25 of Congress regarding Federal funding under Medicaid

1 and CHIP for Puerto Rico, the United States Virgin Is-  
2 lands, Guam, American Samoa, and the Northern Mar-  
3 iana Islands. The report shall include the following:

4 (1) An analysis of all relevant factors with re-  
5 spect to—

6 (A) eligible Medicaid and CHIP popu-  
7 lations in such commonwealths and territories;

8 (B) historical and projected spending needs  
9 of such commonwealths and territories and the  
10 ability of capped funding streams to respond to  
11 those spending needs;

12 (C) the extent to which Federal poverty  
13 guidelines are used by such commonwealths and  
14 territories to determine Medicaid and CHIP eli-  
15 gibility; and

16 (D) the extent to which such common-  
17 wealths and territories participate in data col-  
18 lection and reporting related to Medicaid and  
19 CHIP, including an analysis of territory partici-  
20 pation in the Current Population Survey versus  
21 the American Community Survey.

22 (2) Recommendations for improving Federal  
23 funding under Medicaid and CHIP for such com-  
24 monwealths and territories.

1 **SEC. 105. INCENTIVE BONUSES FOR STATES.**

2 (a) IN GENERAL.—Section 2104 (42 U.S.C.  
3 1397dd), as amended by section 102, is amended by add-  
4 ing at the end the following new subsection:

5 “(j) INCENTIVE BONUSES.—

6 “(1) ESTABLISHMENT OF INCENTIVE POOL  
7 FROM UNOBLIGATED NATIONAL ALLOTMENT AND  
8 UNEXPENDED STATE ALLOTMENTS.—

9 “(A) IN GENERAL.—There is hereby estab-  
10 lished in the Treasury of the United States a  
11 fund which shall be known as the ‘CHIP Incen-  
12 tive Bonuses Pool’ (in this subsection referred  
13 to as the ‘Incentive Pool’). Amounts in the In-  
14 centive Pool are authorized to be appropriated  
15 for payments under this subsection and shall  
16 remain available until expended.

17 “(B) DEPOSITS THROUGH INITIAL APPRO-  
18 PRIATION AND TRANSFERS OF FUNDS.—

19 “(i) INITIAL APPROPRIATION.—There  
20 is appropriated to the Incentive Pool, out  
21 of any money in the Treasury not other-  
22 wise appropriated, \$3,000,000,000 for fis-  
23 cal year 2008.

24 “(ii) TRANSFERS.—Notwithstanding  
25 any other provision of law, the following  
26 amounts are hereby appropriated or trans-

1           ferred to, deposited in, and made available  
2           for expenditure from the Incentive Pool on  
3           the following dates:

4                   “(I) UNEXPENDED FISCAL YEAR  
5                   2006 AND 2007 ALLOTMENTS.—On De-  
6                   cember 31, 2007, the sum for all  
7                   States of the excess (if any) for each  
8                   State of—

9                           “(aa) the aggregate allot-  
10                           ments provided for the State  
11                           under subsection (b) or (c) for  
12                           fiscal years 2006 and 2007 that  
13                           are not expended by September  
14                           30, 2007, over

15                           “(bb) an amount equal to 50  
16                           percent of the allotment provided  
17                           for the State under subsection (c)  
18                           or (i) for fiscal year 2008 (as de-  
19                           termined in accordance with sub-  
20                           section (i)(6)).

21                   “(II) UNOBLIGATED NATIONAL  
22                   ALLOTMENT.—

23                           “(aa) FISCAL YEARS 2008  
24                           THROUGH 2011.—On December  
25                           31 of fiscal year 2008, and on

1 December 31 of each succeeding  
2 fiscal year through fiscal year  
3 2011, the portion, if any, of the  
4 amount appropriated under sub-  
5 section (a) for such fiscal year  
6 that is unobligated for allotment  
7 to a State under subsection (c) or  
8 (i) for such fiscal year or set  
9 aside under subsection (a)(3) or  
10 (b)(2) of section 2111 for such  
11 fiscal year.

12 “(bb) FIRST HALF OF FIS-  
13 CAL YEAR 2012.—On December  
14 31 of fiscal year 2012, the por-  
15 tion, if any, of the sum of the  
16 amounts appropriated under sub-  
17 section (a)(15)(A) and under sec-  
18 tion 103 of the Children’s Health  
19 Insurance Program Reauthoriza-  
20 tion Act of 2007 for the period  
21 beginning on October 1, 2011,  
22 and ending on March 31, 2012,  
23 that is unobligated for allotment  
24 to a State under subsection (c) or  
25 (i) for such fiscal year or set

1           aside under subsection (b)(2) of  
2           section 2111 for such fiscal year.

3           “(cc) SECOND HALF OF FIS-  
4           CAL YEAR 2012.—On June 30 of  
5           fiscal year 2012, the portion, if  
6           any, of the amount appropriated  
7           under subsection (a)(15)(B) for  
8           the period beginning on April 1,  
9           2012, and ending on September  
10          30, 2012, that is unobligated for  
11          allotment to a State under sub-  
12          section (c) or (i) for such fiscal  
13          year or set aside under sub-  
14          section (b)(2) of section 2111 for  
15          such fiscal year.

16          “(III) PERCENTAGE OF STATE  
17          ALLOTMENTS THAT ARE UNEX-  
18          PENDED BY THE END OF THE FIRST  
19          YEAR OF AVAILABILITY BEGINNING  
20          WITH THE FISCAL YEAR 2009 ALLOT-  
21          MENTS.—On October 1 of each of fis-  
22          cal years 2009 through 2012, the sum  
23          for all States for such fiscal year (the  
24          ‘current fiscal year’) of the excess (if  
25          any) for each State of—

1           “(aa) the allotment made for  
2           the State under subsection (b),  
3           (c), or (i) for the fiscal year pre-  
4           ceding the current fiscal year (re-  
5           duced by any amounts set aside  
6           under section 2111(a)(3)) that is  
7           not expended by the end of such  
8           preceding fiscal year, over

9           “(bb) an amount equal to  
10          the applicable percentage (for the  
11          fiscal year) of the allotment made  
12          for the State under subsection  
13          (b), (c), or (i) (as so reduced) for  
14          such preceding fiscal year.

15          For purposes of item (bb), the appli-  
16          cable percentage is 20 percent for fis-  
17          cal year 2009, and 10 percent for  
18          each of fiscal years 2010, 2011, and  
19          2012.

20                 “(IV) REMAINDER OF STATE AL-  
21                 LOTMENTS THAT ARE UNEXPENDED  
22                 BY THE END OF THE PERIOD OF  
23                 AVAILABILITY BEGINNING WITH THE  
24                 FISCAL YEAR 2006 ALLOTMENTS.—On  
25                 October 1 of each of fiscal years 2009

1 through 2012, the total amount of al-  
2 lotments made to States under sub-  
3 section (b), (c), or (i) for the second  
4 preceding fiscal year (third preceding  
5 fiscal year in the case of the fiscal  
6 year 2006 allotments) and remaining  
7 after the application of subclause (III)  
8 that are not expended by September  
9 30 of the preceding fiscal year.

10 “(V) UNEXPENDED TRANSI-  
11 TIONAL COVERAGE BLOCK GRANT FOR  
12 NONPREGNANT CHILDLESS ADULTS.—  
13 On October 1, 2009, any amounts set  
14 aside under section 2111(a)(3) that  
15 are not expended by September 30,  
16 2009.

17 “(VI) EXCESS CHIP CONTIN-  
18 GENCY FUNDS.—

19 “(aa) AMOUNTS IN EXCESS  
20 OF THE AGGREGATE CAP.—On  
21 October 1 of each of fiscal years  
22 2010 through 2012, any amount  
23 in excess of the aggregate cap  
24 applicable to the CHIP Contin-



1 agency Fund for the fiscal year  
2 under subsection (k)(2)(B).

3 “(bb) UNEXPENDED CHIP  
4 CONTINGENCY FUND PAY-  
5 MENTS.—On October 1 of each  
6 of fiscal years 2010 through  
7 2012, any portion of a CHIP  
8 Contingency Fund payment made  
9 to a State that remains unex-  
10 pended at the end of the period  
11 for which the payment is avail-  
12 able for expenditure under sub-  
13 section (e)(3).

14 “(VII) EXTENSION OF AVAIL-  
15 ABILITY FOR PORTION OF UNEX-  
16 PENDED STATE ALLOTMENTS.—The  
17 portion of the allotment made to a  
18 State for a fiscal year that is not  
19 transferred to the Incentive Pool  
20 under subclause (I) or (III) shall re-  
21 main available for expenditure by the  
22 State only during the fiscal year in  
23 which such transfer occurs, in accord-  
24 ance with subclause (IV) and sub-  
25 section (e)(4).

1           “(C) INVESTMENT OF FUND.—The Sec-  
2           retary of the Treasury shall invest, in interest  
3           bearing securities of the United States, such  
4           currently available portions of the Incentive  
5           Pool as are not immediately required for pay-  
6           ments from the Pool. The income derived from  
7           these investments constitutes a part of the In-  
8           centive Pool.

9           “(2) PAYMENTS TO STATES INCREASING EN-  
10          ROLLMENT.—

11           “(A) IN GENERAL.—Subject to paragraph  
12           (3)(D), with respect to each of fiscal years  
13           2009 through 2012, the Secretary shall make  
14           payments to States from the Incentive Pool de-  
15           termined under subparagraph (B).

16           “(B) DETERMINATION OF PAYMENTS.—If,  
17           for any coverage period ending in a fiscal year  
18           ending after September 30, 2008, the average  
19           monthly enrollment of children in the State  
20           plan under title XIX exceeds the baseline  
21           monthly average for such period, the payment  
22           made for the fiscal year shall be equal to the  
23           applicable amount determined under subpara-  
24           graph (C).

1           “(C) APPLICABLE AMOUNT.—For purposes  
2 of subparagraph (B), the applicable amount is  
3 the product determined in accordance with the  
4 following:

5           “(i) If such excess with respect to the  
6 number of individuals who are enrolled in  
7 the State plan under title XIX does not ex-  
8 ceed 2 percent, the product of \$75 and the  
9 number of such individuals included in  
10 such excess.

11           “(ii) If such excess with respect to the  
12 number of individuals who are enrolled in  
13 the State plan under title XIX exceeds 2,  
14 but does not exceed 5 percent, the product  
15 of \$300 and the number of such individ-  
16 uals included in such excess, less the  
17 amount of such excess calculated in clause  
18 (i).

19           “(iii) If such excess with respect to  
20 the number of individuals who are enrolled  
21 in the State plan under title XIX exceeds  
22 5 percent, the product of \$625 and the  
23 number of such individuals included in  
24 such excess, less the sum of the amount of

1           such excess calculated in clauses (i) and  
2           (ii).

3           “(D) INDEXING OF DOLLAR AMOUNTS.—

4           For each coverage period ending in a fiscal year  
5           ending after September 30, 2009, the dollar  
6           amounts specified in subparagraph (C) shall be  
7           increased by the percentage increase (if any) in  
8           the projected nominal per capita amount of Na-  
9           tional Health Expenditures for the calendar  
10          year beginning on January 1 of the coverage  
11          period over the preceding coverage period, as  
12          most recently published by the Secretary before  
13          the beginning of the coverage period involved.

14          “(3) RULES RELATING TO ENROLLMENT IN-  
15          CREASES.—For purposes of paragraph (2)(B)—

16                 “(A) BASELINE MONTHLY AVERAGE.—Ex-  
17                 cept as provided in subparagraph (C), the base-  
18                 line monthly average for any fiscal year for a  
19                 State is equal to—

20                         “(i) the baseline monthly average for  
21                         the preceding fiscal year; multiplied by

22                                 “(ii) the sum of 1 plus the sum of—

23   “(I) 0.01; and

24   “(II) the percentage increase in  
25   the population of low-income children

1 in the State from the preceding fiscal  
2 year to the fiscal year involved, as de-  
3 termined by the Secretary based on  
4 the most timely and accurate pub-  
5 lished estimates of the Bureau of the  
6 Census before the beginning of the  
7 fiscal year involved.

8 “(B) COVERAGE PERIOD.—Except as pro-  
9 vided in subparagraph (C), the coverage period  
10 for any fiscal year consists of the last 2 quar-  
11 ters of the preceding fiscal year and the first 2  
12 quarters of the fiscal year.

13 “(C) SPECIAL RULES FOR FISCAL YEAR  
14 2009.—With respect to fiscal year 2009—

15 “(i) the coverage period for that fiscal  
16 year shall be based on the first 2 quarters  
17 of fiscal year 2009; and

18 “(ii) the baseline monthly average  
19 shall be—

20 “(I) the average monthly enroll-  
21 ment of low-income children enrolled  
22 in the State’s plan under title XIX for  
23 the first 2 quarters of fiscal year 2007  
24 (as determined over a 6-month period  
25 on the basis of the most recent infor-

1 mation reported through the Medicaid  
2 Statistical Information System  
3 (MSIS)); multiplied by

4 “(II) the sum of 1 plus the sum  
5 of—

6 “(aa) 0.02; and

7 “(bb) the percentage in-  
8 crease in the population of low-  
9 income children in the State from  
10 fiscal year 2007 to fiscal year  
11 2009, as determined by the Sec-  
12 retary based on the most timely  
13 and accurate published estimates  
14 of the Bureau of the Census be-  
15 fore the beginning of the fiscal  
16 year involved.

17 “(D) ADDITIONAL REQUIREMENT FOR ELI-  
18 GIBILITY FOR PAYMENT.—For purposes of sub-  
19 paragraphs (B) and (C), the average monthly  
20 enrollment shall be determined without regard  
21 to children who do not meet the income eligi-  
22 bility criteria in effect on July 19, 2007, for en-  
23 rollment under the State plan under title XIX  
24 or under a waiver of such plan.

1           “(4) TIME OF PAYMENT.—Payments under  
2 paragraph (2) for any fiscal year shall be made dur-  
3 ing the last quarter of such year.

4           “(5) USE OF PAYMENTS.—Payments made to a  
5 State from the Incentive Pool shall be used for any  
6 purpose that the State determines is likely to reduce  
7 the percentage of low-income children in the State  
8 without health insurance.

9           “(6) PRORATION RULE.—If the amount avail-  
10 able for payment from the Incentive Pool is less  
11 than the total amount of payments to be made for  
12 such fiscal year, the Secretary shall reduce the pay-  
13 ments described in paragraph (2) on a proportional  
14 basis.

15           “(7) REFERENCES.—With respect to a State  
16 plan under title XIX, any references to a child in  
17 this subsection shall include a reference to any indi-  
18 vidual provided medical assistance under the plan  
19 who has not attained age 19 (or, if a State has so  
20 elected under such State plan, age 20 or 21).”.

21           (b) REDISTRIBUTION OF UNEXPENDED FISCAL  
22 YEAR 2005 ALLOTMENTS.—Notwithstanding section  
23 2104(f) of the Social Security Act (42 U.S.C. 1397dd(f)),  
24 with respect to fiscal year 2008, the Secretary shall pro-  
25 vide for a redistribution under such section from the allot-

1 ments for fiscal year 2005 under subsection (b) and (c)  
2 of such section that are not expended by the end of fiscal  
3 year 2007, to each State described in clause (iii) of section  
4 2104(i)(2)(A) of the Social Security Act, as added by sec-  
5 tion 102(a), of an amount that bears the same ratio to  
6 such unexpended fiscal year 2005 allotments as the ratio  
7 of the fiscal year 2007 allotment determined for each such  
8 State under subsection (b) of section 2104 of such Act  
9 for fiscal year 2007 (without regard to any amounts paid,  
10 allotted, or redistributed to the State under section 2104  
11 for any preceding fiscal year) bears to the total amount  
12 of the fiscal year 2007 allotments for all such States (as  
13 so determined).

14 (c) CONFORMING AMENDMENT ELIMINATING RULES  
15 FOR REDISTRIBUTION OF UNEXPENDED ALLOTMENTS  
16 FOR FISCAL YEARS AFTER 2005.—Effective January 1,  
17 2008, section 2104(f) (42 U.S.C. 1397dd(f)) is amended  
18 to read as follows:

19 “(f) UNALLOCATED PORTION OF NATIONAL ALLOT-  
20 MENT AND UNUSED ALLOTMENTS.—For provisions relat-  
21 ing to the distribution of portions of the unallocated na-  
22 tional allotment under subsection (a) for fiscal years be-  
23 ginning with fiscal year 2008, and unexpended allotments  
24 for fiscal years beginning with fiscal year 2006, see sub-  
25 section (j).”.



1 (d) ADDITIONAL FUNDING FOR THE SECRETARY TO  
2 IMPROVE TIMELINESS OF DATA REPORTING AND ANAL-  
3 YSIS FOR PURPOSES OF DETERMINING ENROLLMENT IN-  
4 CREASES UNDER MEDICAID AND CHIP.—

5 (1) APPROPRIATION.—There is appropriated,  
6 out of any money in the Treasury not otherwise ap-  
7 propriated, \$5,000,000 to the Secretary for fiscal  
8 year 2008 for the purpose of improving the timeli-  
9 ness of the data reported and analyzed from the  
10 Medicaid Statistical Information System (MSIS) for  
11 purposes of carrying out section 2104(j)(2)(B) of  
12 the Social Security Act (as added by subsection (a))  
13 and to provide guidance to States with respect to  
14 any new reporting requirements related to such im-  
15 provements. Amounts appropriated under this para-  
16 graph shall remain available until expended.

17 (2) REQUIREMENTS.—The improvements made  
18 by the Secretary under paragraph (1) shall be de-  
19 signed and implemented (including with respect to  
20 any necessary guidance for States) so that, begin-  
21 ning no later than October 1, 2008, data regarding  
22 the enrollment of low-income children (as defined in  
23 section 2110(c)(4) of the Social Security Act (42  
24 U.S.C. 1397jj(c)(4)) of a State enrolled in the State  
25 plan under Medicaid or the State child health plan

1 under CHIP with respect to a fiscal year shall be  
 2 collected and analyzed by the Secretary within 6  
 3 months of submission.

4 **SEC. 106. PHASE-OUT OF COVERAGE FOR NONPREGNANT**  
 5 **CHILDLESS ADULTS UNDER CHIP; CONDI-**  
 6 **TIONS FOR COVERAGE OF PARENTS.**

7 (a) PHASE-OUT RULES.—

8 (1) IN GENERAL.—Title XXI (42 U.S.C.  
 9 1397aa et seq.) is amended by adding at the end the  
 10 following new section:

11 **“SEC. 2111. PHASE-OUT OF COVERAGE FOR NONPREGNANT**  
 12 **CHILDLESS ADULTS; CONDITIONS FOR COV-**  
 13 **ERAGE OF PARENTS.**

14 **“(a) TERMINATION OF COVERAGE FOR NONPREG-**  
 15 **NANT CHILDLESS ADULTS.—**

16 **“(1) NO NEW CHIP WAIVERS; AUTOMATIC EX-**  
 17 **TENSIONS AT STATE OPTION THROUGH FISCAL YEAR**  
 18 **2008.—Notwithstanding section 1115 or any other**  
 19 **provision of this title, except as provided in this sub-**  
 20 **section—**

21 **“(A) the Secretary shall not on or after the**  
 22 **date of the enactment of the Children’s Health**  
 23 **Insurance Program Reauthorization Act of**  
 24 **2007, approve or renew a waiver, experimental,**  
 25 **pilot, or demonstration project that would allow**

1 funds made available under this title to be used  
2 to provide child health assistance or other  
3 health benefits coverage to a nonpregnant child-  
4 less adult; and

5 “(B) notwithstanding the terms and condi-  
6 tions of an applicable existing waiver, the provi-  
7 sions of paragraphs (2) and (3) shall apply for  
8 purposes of any fiscal year beginning on or  
9 after October 1, 2008, in determining the pe-  
10 riod to which the waiver applies, the individuals  
11 eligible to be covered by the waiver, and the  
12 amount of the Federal payment under this title.

13 “(2) TERMINATION OF CHIP COVERAGE UNDER  
14 APPLICABLE EXISTING WAIVERS AT THE END OF  
15 FISCAL YEAR 2008.—

16 “(A) IN GENERAL.—No funds shall be  
17 available under this title for child health assist-  
18 ance or other health benefits coverage that is  
19 provided to a nonpregnant childless adult under  
20 an applicable existing waiver after September  
21 30, 2008.

22 “(B) EXTENSION UPON STATE RE-  
23 QUEST.—If an applicable existing waiver de-  
24 scribed in subparagraph (A) would otherwise  
25 expire before October 1, 2008, and the State

1 requests an extension of such waiver, the Sec-  
2 retary shall grant such an extension, but only  
3 through September 30, 2008.

4 “(C) APPLICATION OF ENHANCED FMAP.—  
5 The enhanced FMAP determined under section  
6 2105(b) shall apply to expenditures under an  
7 applicable existing waiver for the provision of  
8 child health assistance or other health benefits  
9 coverage to a nonpregnant childless adult dur-  
10 ing fiscal year 2008.

11 “(3) OPTIONAL 1-YEAR TRANSITIONAL COV-  
12 ERAGE BLOCK GRANT FUNDED FROM STATE ALLOT-  
13 MENT.—Subject to paragraph (4)(B), each State for  
14 which coverage under an applicable existing waiver  
15 is terminated under paragraph (2)(A) may elect to  
16 provide nonpregnant childless adults who were pro-  
17 vided child health assistance or health benefits cov-  
18 erage under the applicable existing waiver at any  
19 time during fiscal year 2008 with such assistance or  
20 coverage during fiscal year 2009, as if the authority  
21 to provide such assistance or coverage under an ap-  
22 plicable existing waiver was extended through that  
23 fiscal year, but subject to the following terms and  
24 conditions:

1           “(A) BLOCK GRANT SET ASIDE FROM  
2 STATE ALLOTMENT.—The Secretary shall set  
3 aside for the State an amount equal to the Fed-  
4 eral share of the State’s projected expenditures  
5 under the applicable existing waiver for pro-  
6 viding child health assistance or health benefits  
7 coverage to all nonpregnant childless adults  
8 under such waiver for fiscal year 2008 (as cer-  
9 tified by the State and submitted to the Sec-  
10 retary by not later than August 31, 2008, and  
11 without regard to whether any such individual  
12 lost coverage during fiscal year 2008 and was  
13 later provided child health assistance or other  
14 health benefits coverage under the waiver in  
15 that fiscal year), increased by the annual ad-  
16 justment for fiscal year 2009 determined under  
17 section 2104(i)(2)(B)(i). The Secretary may ad-  
18 just the amount set aside under the preceding  
19 sentence, as necessary, on the basis of the ex-  
20 penditure data for fiscal year 2008 reported by  
21 States on CMS Form 64 or CMS Form 21 not  
22 later than November 30, 2008, but in no case  
23 shall the Secretary adjust such amount after  
24 December 31, 2008.

1           “(B) NO COVERAGE FOR NONPREGNANT  
2 CHILDLESS ADULTS WHO WERE NOT COVERED  
3 DURING FISCAL YEAR 2008.—

4           “(i) FMAP APPLIED TO EXPENDI-  
5 TURES.—The Secretary shall pay the State  
6 for each quarter of fiscal year 2009, from  
7 the amount set aside under subparagraph  
8 (A), an amount equal to the Federal med-  
9 ical assistance percentage (as determined  
10 under section 1905(b) without regard to  
11 clause (4) of such section) of expenditures  
12 in the quarter for providing child health  
13 assistance or other health benefits coverage  
14 to a nonpregnant childless adult but only  
15 if such adult was enrolled in the State pro-  
16 gram under this title during fiscal year  
17 2008 (without regard to whether the indi-  
18 vidual lost coverage during fiscal year  
19 2008 and was reenrolled in that fiscal year  
20 or in fiscal year 2009).

21           “(ii) FEDERAL PAYMENTS LIMITED  
22 TO AMOUNT OF BLOCK GRANT SET-  
23 ASIDE.—No payments shall be made to a  
24 State for expenditures described in this  
25 subparagraph after the total amount set

1           aside under subparagraph (A) for fiscal  
2           year 2009 has been paid to the State.

3           “(4) STATE OPTION TO APPLY FOR MEDICAID  
4           WAIVER TO CONTINUE COVERAGE FOR NONPREG-  
5           NANT CHILDLESS ADULTS.—

6           “(A) IN GENERAL.—Each State for which  
7           coverage under an applicable existing waiver is  
8           terminated under paragraph (2)(A) may sub-  
9           mit, not later than June 30, 2009, an applica-  
10          tion to the Secretary for a waiver under section  
11          1115 of the State plan under title XIX to pro-  
12          vide medical assistance to a nonpregnant child-  
13          less adult whose coverage is so terminated (in  
14          this subsection referred to as a ‘Medicaid non-  
15          pregnant childless adults waiver’).

16          “(B) DEADLINE FOR APPROVAL.—The  
17          Secretary shall make a decision to approve or  
18          deny an application for a Medicaid nonpregnant  
19          childless adults waiver submitted under sub-  
20          paragraph (A) within 90 days of the date of the  
21          submission of the application. If no decision has  
22          been made by the Secretary as of September  
23          30, 2009, on the application of a State for a  
24          Medicaid nonpregnant childless adults waiver  
25          that was submitted to the Secretary by June

1           30, 2009, the application shall be deemed ap-  
2           proved.

3           “(C) STANDARD FOR BUDGET NEU-  
4           TRALITY.—The budget neutrality requirement  
5           applicable with respect to expenditures for med-  
6           ical assistance under a Medicaid nonpregnant  
7           childless adults waiver shall—

8                   “(i) in the case of fiscal year 2010,  
9                   allow expenditures for medical assistance  
10                  under title XIX for all such adults to not  
11                  exceed the total amount of payments made  
12                  to the State under paragraph (3)(B) for  
13                  fiscal year 2009, increased by the percent-  
14                  age increase (if any) in the projected nomi-  
15                  nal per capita amount of National Health  
16                  Expenditures for calendar year 2010 over  
17                  calendar year 2009, as most recently pub-  
18                  lished by the Secretary; and

19                   “(ii) in the case of any succeeding fis-  
20                   cal year, allow such expenditures to not ex-  
21                   ceed the amount in effect under this sub-  
22                   paragraph for the preceding fiscal year, in-  
23                   creased by the percentage increase (if any)  
24                   in the projected nominal per capita amount  
25                   of National Health Expenditures for the



1           calendar year that begins during the fiscal  
2           year involved over the preceding calendar  
3           year, as most recently published by the  
4           Secretary.

5           “(b) RULES AND CONDITIONS FOR COVERAGE OF  
6 PARENTS OF TARGETED LOW-INCOME CHILDREN.—

7           “(1) TWO-YEAR TRANSITION PERIOD; AUTO-  
8           MATIC EXTENSION AT STATE OPTION THROUGH FIS-  
9           CAL YEAR 2009.—

10           “(A) NO NEW CHIP WAIVERS.—Notwith-  
11           standing section 1115 or any other provision of  
12           this title, except as provided in this sub-  
13           section—

14           “(i) the Secretary shall not on or after  
15           the date of the enactment of the Children’s  
16           Health Insurance Program Reauthoriza-  
17           tion Act of 2007 approve or renew a waiv-  
18           er, experimental, pilot, or demonstration  
19           project that would allow funds made avail-  
20           able under this title to be used to provide  
21           child health assistance or other health ben-  
22           efits coverage to a parent of a targeted  
23           low-income child; and

24           “(ii) notwithstanding the terms and  
25           conditions of an applicable existing waiver,

1           the provisions of paragraphs (2) and (3)  
2           shall apply for purposes of any fiscal year  
3           beginning on or after October 1, 2009, in  
4           determining the period to which the waiver  
5           applies, the individuals eligible to be cov-  
6           ered by the waiver, and the amount of the  
7           Federal payment under this title.

8           “(B) EXTENSION UPON STATE RE-  
9           QUEST.—If an applicable existing waiver de-  
10          scribed in subparagraph (A) would otherwise  
11          expire before October 1, 2009, and the State  
12          requests an extension of such waiver, the Sec-  
13          retary shall grant such an extension, but only,  
14          subject to paragraph (2)(A), through Sep-  
15          tember 30, 2009.

16          “(C) APPLICATION OF ENHANCED FMAP.—  
17          The enhanced FMAP determined under section  
18          2105(b) shall apply to expenditures under an  
19          applicable existing waiver for the provision of  
20          child health assistance or other health benefits  
21          coverage to a parent of a targeted low-income  
22          child during fiscal years 2008 and 2009.

23          “(2) RULES FOR FISCAL YEARS 2010 THROUGH  
24          2012.—

1           “(A) PAYMENTS FOR COVERAGE LIMITED  
2 TO BLOCK GRANT FUNDED FROM STATE ALLOT-  
3 MENT.—Any State that provides child health  
4 assistance or health benefits coverage under an  
5 applicable existing waiver for a parent of a tar-  
6 geted low-income child may elect to continue to  
7 provide such assistance or coverage through fis-  
8 cal year 2010, 2011, or 2012, subject to the  
9 same terms and conditions that applied under  
10 the applicable existing waiver, unless otherwise  
11 modified in subparagraph (B).

12           “(B) TERMS AND CONDITIONS.—

13           “(i) BLOCK GRANT SET ASIDE FROM  
14 STATE ALLOTMENT.—If the State makes  
15 an election under subparagraph (A), the  
16 Secretary shall set aside for the State for  
17 each such fiscal year an amount equal to  
18 the Federal share of 110 percent of the  
19 State’s projected expenditures under the  
20 applicable existing waiver for providing  
21 child health assistance or health benefits  
22 coverage to all parents of targeted low-in-  
23 come children enrolled under such waiver  
24 for the fiscal year (as certified by the State  
25 and submitted to the Secretary by not

1 later than August 31 of the preceding fis-  
2 cal year). In the case of fiscal year 2012,  
3 the set aside for any State shall be com-  
4 puted separately for each period described  
5 in clauses (i) and (ii) of subsection  
6 (i))(1)(D) and any increase or reduction in  
7 the allotment for either such period under  
8 subsection (i)(3)(B)(ii) shall be allocated  
9 on a pro rata basis to such set aside.

10 “(ii) PAYMENTS FROM BLOCK  
11 GRANT.—The Secretary shall pay the State  
12 from the amount set aside under clause (i)  
13 for the fiscal year, an amount for each  
14 quarter of such fiscal year equal to the ap-  
15 plicable percentage determined under  
16 clause (iii) or (iv) for expenditures in the  
17 quarter for providing child health assist-  
18 ance or other health benefits coverage to a  
19 parent of a targeted low-income child.

20 “(iii) ENHANCED FMAP ONLY IN FIS-  
21 CAL YEAR 2010 FOR STATES WITH SIGNIFI-  
22 CANT CHILD OUTREACH OR THAT ACHIEVE  
23 CHILD COVERAGE BENCHMARKS; FMAP  
24 FOR ANY OTHER STATES.—For purposes  
25 of clause (ii), the applicable percentage for

1 any quarter of fiscal year 2010 is equal  
2 to—

3 “(I) the enhanced FMAP deter-  
4 mined under section 2105(b) in the  
5 case of a State that meets the out-  
6 reach or coverage benchmarks de-  
7 scribed in any of subparagraphs (A),  
8 (B), or (C) of paragraph (3) for fiscal  
9 year 2009; or

10 “(II) the Federal medical assist-  
11 ance percentage (as determined under  
12 section 1905(b) without regard to  
13 clause (4) of such section) in the case  
14 of any other State.

15 “(iv) AMOUNT OF FEDERAL MATCH-  
16 ING PAYMENT IN 2011 OR 2012.—For pur-  
17 poses of clause (ii), the applicable percent-  
18 age for any quarter of fiscal year 2011 or  
19 2012 is equal to—

20 “(I) the REMAP percentage if  
21 the State met either of the coverage  
22 benchmarks described in subpara-  
23 graph (B) or (C) of paragraph (3) for  
24 the preceding fiscal year; or

1                   “(II) the Federal medical assist-  
2                   ance percentage (as so determined) in  
3                   the case of any State to which sub-  
4                   clause (I) does not apply.

5                   For purposes of subclause (I), the REMAP  
6                   percentage is the percentage which is the  
7                   sum of such Federal medical assistance  
8                   percentage and a number of percentage  
9                   points equal to one-half of the difference  
10                  between such Federal medical assistance  
11                  percentage and such enhanced FMAP.

12                  “(v) NO FEDERAL PAYMENTS OTHER  
13                  THAN FROM BLOCK GRANT SET ASIDE.—  
14                  No payments shall be made to a State for  
15                  expenditures described in clause (ii) after  
16                  the total amount set aside under clause (i)  
17                  for a fiscal year has been paid to the  
18                  State.

19                  “(vi) NO INCREASE IN INCOME ELIGI-  
20                  BILITY LEVEL FOR PARENTS.—No pay-  
21                  ments shall be made to a State from the  
22                  amount set aside under clause (i) for a fis-  
23                  cal year for expenditures for providing  
24                  child health assistance or health benefits  
25                  coverage to a parent of a targeted low-in-

1           come child whose family income exceeds  
2           the income eligibility level applied under  
3           the applicable existing waiver to parents of  
4           targeted low-income children on the date of  
5           enactment of the Children’s Health Insur-  
6           ance Program Reauthorization Act of  
7           2007.

8           “(3) OUTREACH OR COVERAGE BENCH-  
9           MARKS.—For purposes of paragraph (2), the out-  
10          reach or coverage benchmarks described in this  
11          paragraph are as follows:

12           “(A) SIGNIFICANT CHILD OUTREACH CAM-  
13          PAIGN.—The State—

14           “(i) was awarded a grant under sec-  
15          tion 2113 for fiscal year 2009;

16           “(ii) implemented 1 or more of the  
17          process measures described in section  
18          2104(j)(3)(A)(i) for such fiscal year; or

19           “(iii) has submitted a specific plan for  
20          outreach for such fiscal year.

21           “(B) HIGH-PERFORMING STATE.—The  
22          State, on the basis of the most timely and accu-  
23          rate published estimates of the Bureau of the  
24          Census, ranks in the lowest  $\frac{1}{3}$  of States in

1 terms of the State’s percentage of low-income  
2 children without health insurance.

3 “(C) STATE INCREASING ENROLLMENT OF  
4 LOW-INCOME CHILDREN.—The State qualified  
5 for a payment from the Incentive Fund under  
6 paragraph (2)(C) of section 2104(j) for the  
7 most recent coverage period applicable under  
8 such section.

9 “(4) RULES OF CONSTRUCTION.—Nothing in  
10 this subsection shall be construed as prohibiting a  
11 State from submitting an application to the Sec-  
12 retary for a waiver under section 1115 of the State  
13 plan under title XIX to provide medical assistance to  
14 a parent of a targeted low-income child that was  
15 provided child health assistance or health benefits  
16 coverage under an applicable existing waiver.

17 “(c) APPLICABLE EXISTING WAIVER.—For purposes  
18 of this section—

19 “(1) IN GENERAL.—The term ‘applicable exist-  
20 ing waiver’ means a waiver, experimental, pilot, or  
21 demonstration project under section 1115, grand-  
22 fathered under section 6102(c)(3) of the Deficit Re-  
23 duction Act of 2005, or otherwise conducted under  
24 authority that—



1           “(A) would allow funds made available  
2 under this title to be used to provide child  
3 health assistance or other health benefits cov-  
4 erage to—

5                   “(i) a parent of a targeted low-income  
6 child;

7                   “(ii) a nonpregnant childless adult; or

8                   “(iii) individuals described in both  
9 clauses (i) and (ii); and

10           “(B) was in effect during fiscal year 2007.

11           “(2) DEFINITIONS.—

12                   “(A) PARENT.—The term ‘parent’ includes  
13 a caretaker relative (as such term is used in  
14 carrying out section 1931) and a legal guard-  
15 ian.

16                   “(B) NONPREGNANT CHILDLESS ADULT.—  
17 The term ‘nonpregnant childless adult’ has the  
18 meaning given such term by section 2107(f).”.

19           “(2) CONFORMING AMENDMENTS.—

20                   (A) Section 2107(f) (42 U.S.C. 1397gg(f))  
21 is amended—

22                           (i) by striking “, the Secretary” and  
23 inserting “:

24                           “(1) The Secretary”;

1 (ii) in the first sentence, by inserting  
2 “or a parent (as defined in section  
3 2111(c)(2)(A)), who is not pregnant, of a  
4 targeted low-income child” before the pe-  
5 riod;

6 (iii) by striking the second sentence;

7 and

8 (iv) by adding at the end the following  
9 new paragraph:

10 “(2) The Secretary may not approve, extend,  
11 renew, or amend a waiver, experimental, pilot, or  
12 demonstration project with respect to a State after  
13 the date of enactment of the Children’s Health In-  
14 surance Program Reauthorization Act of 2007 that  
15 would waive or modify the requirements of section  
16 2111.”.

17 (B) Section 6102(c) of the Deficit Reduc-  
18 tion Act of 2005 (Public Law 109–171; 120  
19 Stat. 131) is amended by striking “Nothing”  
20 and inserting “Subject to section 2111 of the  
21 Social Security Act, as added by section  
22 106(a)(1) of the Children’s Health Insurance  
23 Program Reauthorization Act of 2007, noth-  
24 ing”.

25 (b) GAO STUDY AND REPORT.—

1 (1) IN GENERAL.—The Comptroller General of  
 2 the United States shall conduct a study of wheth-  
 3 er—

4 (A) the coverage of a parent, a caretaker  
 5 relative (as such term is used in carrying out  
 6 section 1931), or a legal guardian of a targeted  
 7 low-income child under a State health plan  
 8 under title XXI of the Social Security Act in-  
 9 creases the enrollment of, or the quality of care  
 10 for, children, and

11 (B) such parents, relatives, and legal  
 12 guardians who enroll in such a plan are more  
 13 likely to enroll their children in such a plan or  
 14 in a State plan under title XIX of such Act.

15 (2) REPORT.—Not later than 2 years after the  
 16 date of the enactment of this Act, the Comptroller  
 17 General shall report the results of the study to the  
 18 appropriate committees of Congress, including rec-  
 19 ommendations (if any) for changes in legislation.

20 **SEC. 107. STATE OPTION TO COVER LOW-INCOME PREG-**  
 21 **NANT WOMEN UNDER CHIP THROUGH A**  
 22 **STATE PLAN AMENDMENT.**

23 (a) IN GENERAL.—Title XXI (42 U.S.C. 1397aa et  
 24 seq.), as amended by section 106(a), is amended by adding  
 25 at the end the following new section:

1 **“SEC. 2112. OPTIONAL COVERAGE OF TARGETED LOW-IN-**  
2 **COME PREGNANT WOMEN THROUGH A STATE**  
3 **PLAN AMENDMENT.**

4 “(a) IN GENERAL.—Subject to the succeeding provi-  
5 sions of this section, a State may elect through an amend-  
6 ment to its State child health plan under section 2102 to  
7 provide pregnancy-related assistance under such plan for  
8 targeted low-income pregnant women.

9 “(b) CONDITIONS.—A State may only elect the option  
10 under subsection (a) if the following conditions are satis-  
11 fied:

12 “(1) MEDICAID INCOME ELIGIBILITY LEVEL  
13 FOR PREGNANT WOMEN OF AT LEAST 185 PERCENT  
14 OF POVERTY.—The State has established an income  
15 eligibility level for pregnant women under subsection  
16 (a)(10)(A)(i)(III), (a)(10)(A)(i)(IV), or (l)(1)(A) of  
17 section 1902 that is at least 185 percent of the in-  
18 come official poverty line.

19 “(2) NO CHIP INCOME ELIGIBILITY LEVEL FOR  
20 PREGNANT WOMEN LOWER THAN THE STATE’S MED-  
21 ICAID LEVEL.—The State does not apply an effective  
22 income level for pregnant women under the State  
23 plan amendment that is lower than the effective in-  
24 come level (expressed as a percent of the poverty line  
25 and considering applicable income disregards) speci-  
26 fied under subsection (a)(10)(A)(i)(III),

1 (a)(10)(A)(i)(IV), or (l)(1)(A) of section 1902, on  
2 the date of enactment of this paragraph to be eligi-  
3 ble for medical assistance as a pregnant woman.

4 “(3) NO COVERAGE FOR HIGHER INCOME PREG-  
5 NANT WOMEN WITHOUT COVERING LOWER INCOME  
6 PREGNANT WOMEN.—The State does not provide  
7 coverage for pregnant women with higher family in-  
8 come without covering pregnant women with a lower  
9 family income.

10 “(4) APPLICATION OF REQUIREMENTS FOR  
11 COVERAGE OF TARGETED LOW-INCOME CHILDREN.—  
12 The State provides pregnancy-related assistance for  
13 targeted low-income pregnant women in the same  
14 manner, and subject to the same requirements, as  
15 the State provides child health assistance for tar-  
16 geted low-income children under the State child  
17 health plan, and in addition to providing child health  
18 assistance for such women.

19 “(5) NO PREEXISTING CONDITION EXCLUSION  
20 OR WAITING PERIOD.—The State does not apply any  
21 exclusion of benefits for pregnancy-related assistance  
22 based on any preexisting condition or any waiting  
23 period (including any waiting period imposed to  
24 carry out section 2102(b)(3)(C)) for receipt of such  
25 assistance.

1           “(6) APPLICATION OF COST-SHARING PROTEC-  
2           TION.—The State provides pregnancy-related assist-  
3           ance to a targeted low-income woman consistent  
4           with the cost-sharing protections under section  
5           2103(e) and applies the limitation on total annual  
6           aggregate cost sharing imposed under paragraph  
7           (3)(B) of such section to the family of such a  
8           woman.

9           “(c) OPTION TO PROVIDE PRESUMPTIVE ELIGI-  
10          BILITY.—A State that elects the option under subsection  
11          (a) and satisfies the conditions described in subsection (b)  
12          may elect to apply section 1920 (relating to presumptive  
13          eligibility for pregnant women) to the State child health  
14          plan in the same manner as such section applies to the  
15          State plan under title XIX.

16          “(d) DEFINITIONS.—For purposes of this section:

17                 “(1) PREGNANCY-RELATED ASSISTANCE.—The  
18                 term ‘pregnancy-related assistance’ has the meaning  
19                 given the term ‘child health assistance’ in section  
20                 2110(a) and includes any medical assistance that  
21                 the State would provide for a pregnant woman  
22                 under the State plan under title XIX during preg-  
23                 nancy and the period described in paragraph (2)(A).

1           “(2) TARGETED LOW-INCOME PREGNANT  
2 WOMAN.—The term ‘targeted low-income pregnant  
3 woman’ means a woman—

4           “(A) during pregnancy and through the  
5 end of the month in which the 60-day period  
6 (beginning on the last day of her pregnancy)  
7 ends;

8           “(B) whose family income does not exceed  
9 the income eligibility level established under the  
10 State child health plan under this title for a  
11 targeted low-income child; and

12           “(C) who satisfies the requirements of  
13 paragraphs (1)(A), (1)(C), (2), and (3) of sec-  
14 tion 2110(b) in the same manner as a child ap-  
15 plying for child health assistance would have to  
16 satisfy such requirements.

17       “(e) AUTOMATIC ENROLLMENT FOR CHILDREN  
18 BORN TO WOMEN RECEIVING PREGNANCY-RELATED AS-  
19 SISTANCE.—If a child is born to a targeted low-income  
20 pregnant woman who was receiving pregnancy-related as-  
21 sistance under this section on the date of the child’s birth,  
22 the child shall be deemed to have applied for child health  
23 assistance under the State child health plan and to have  
24 been found eligible for such assistance under such plan  
25 or to have applied for medical assistance under title XIX

1 and to have been found eligible for such assistance under  
2 such title, as appropriate, on the date of such birth and  
3 to remain eligible for such assistance until the child at-  
4 tains 1 year of age. During the period in which a child  
5 is deemed under the preceding sentence to be eligible for  
6 child health or medical assistance, the child health or med-  
7 ical assistance eligibility identification number of the  
8 mother shall also serve as the identification number of the  
9 child, and all claims shall be submitted and paid under  
10 such number (unless the State issues a separate identifica-  
11 tion number for the child before such period expires).

12 “(f) STATES PROVIDING ASSISTANCE THROUGH  
13 OTHER OPTIONS.—

14 “(1) CONTINUATION OF OTHER OPTIONS FOR  
15 PROVIDING ASSISTANCE.—The option to provide as-  
16 sistance in accordance with the preceding sub-  
17 sections of this section shall not limit any other op-  
18 tion for a State to provide—

19 “(A) child health assistance through the  
20 application of sections 457.10, 457.350(b)(2),  
21 457.622(c)(5), and 457.626(a)(3) of title 42,  
22 Code of Federal Regulations (as in effect after  
23 the final rule adopted by the Secretary and set  
24 forth at 67 Fed. Reg. 61956–61974 (October 2,  
25 2002)), or



1           “(B) pregnancy-related services through  
2           the application of any waiver authority (as in  
3           effect on June 1, 2007).

4           “(2) CLARIFICATION OF AUTHORITY TO PRO-  
5           VIDE POSTPARTUM SERVICES.—Any State that pro-  
6           vides child health assistance under any authority de-  
7           scribed in paragraph (1) may continue to provide  
8           such assistance, as well as postpartum services,  
9           through the end of the month in which the 60-day  
10          period (beginning on the last day of the pregnancy)  
11          ends, in the same manner as such assistance and  
12          postpartum services would be provided if provided  
13          under the State plan under title XIX, but only if the  
14          mother would otherwise satisfy the eligibility re-  
15          quirements that apply under the State child health  
16          plan (other than with respect to age) during such  
17          period.

18          “(3) NO INFERENCE.—Nothing in this sub-  
19          section shall be construed—

20                 “(A) to infer congressional intent regard-  
21                 ing the legality or illegality of the content of the  
22                 sections specified in paragraph (1)(A); or

23                 “(B) to modify the authority to provide  
24                 pregnancy-related services under a waiver speci-  
25                 fied in paragraph (1)(B).”.

1 (b) ADDITIONAL CONFORMING AMENDMENTS.—

2 (1) NO COST SHARING FOR PREGNANCY-RE-  
3 LATED BENEFITS.—Section 2103(e)(2) (42 U.S.C.  
4 1397cc(e)(2)) is amended—

5 (A) in the heading, by inserting “OR PREG-  
6 NANCY-RELATED ASSISTANCE” after “PREVEN-  
7 TIVE SERVICES”; and

8 (B) by inserting before the period at the  
9 end the following: “or for pregnancy-related as-  
10 sistance”.

11 (2) NO WAITING PERIOD.—Section  
12 2102(b)(1)(B) (42 U.S.C. 1397bb(b)(1)(B)) is  
13 amended—

14 (A) in clause (i), by striking “, and” at the  
15 end and inserting a semicolon;

16 (B) in clause (ii), by striking the period at  
17 the end and inserting “; and”; and

18 (C) by adding at the end the following new  
19 clause:

20 “(iii) may not apply a waiting period  
21 (including a waiting period to carry out  
22 paragraph (3)(C)) in the case of a targeted  
23 low-income pregnant woman provided preg-  
24 nancy-related assistance under section  
25 2112.”.

1 **SEC. 108. CHIP CONTINGENCY FUND.**

2 Section 2104 (42 U.S.C. 1397dd), as amended by  
3 section 105, is amended by adding at the end the following  
4 new subsection:

5 “(k) CHIP CONTINGENCY FUND.—

6 “(1) ESTABLISHMENT.—There is hereby estab-  
7 lished in the Treasury of the United States a fund  
8 which shall be known as the ‘CHIP Contingency  
9 Fund’ (in this subsection referred to as the ‘Fund’).  
10 Amounts in the Fund are authorized to be appro-  
11 priated for payments under this subsection.

12 “(2) DEPOSITS INTO FUND.—

13 “(A) INITIAL AND SUBSEQUENT APPRO-  
14 PRIATIONS.—Subject to subparagraphs (B) and  
15 (E), out of any money in the Treasury of the  
16 United States not otherwise appropriated, there  
17 are appropriated to the Fund—

18 “(i) for fiscal year 2009, an amount  
19 equal to 12.5 percent of the available na-  
20 tional allotment under subsection (i)(1)(C)  
21 for the fiscal year; and

22 “(ii) for each of fiscal years 2010  
23 through 2012, such sums as are necessary  
24 for making payments to eligible States for  
25 such fiscal year, but not in excess of the

1           aggregate cap described in subparagraph  
2           (B).

3           “(B) AGGREGATE CAP.—Subject to sub-  
4           paragraph (E), the total amount available for  
5           payment from the Fund for each of fiscal years  
6           2009 through 2012 (taking into account depos-  
7           its made under subparagraph (C)), shall not ex-  
8           ceed 12.5 percent of the available national allot-  
9           ment under subsection (i)(1)(C) for the fiscal  
10          year.

11          “(C) INVESTMENT OF FUND.—The Sec-  
12          retary of the Treasury shall invest, in interest  
13          bearing securities of the United States, such  
14          currently available portions of the Fund as are  
15          not immediately required for payments from the  
16          Fund. The income derived from these invest-  
17          ments constitutes a part of the Fund.

18          “(D) TRANSFER OF EXCESS FUNDS TO  
19          THE INCENTIVE FUND.—The Secretary of the  
20          Treasury shall transfer to, and deposit in, the  
21          CHIP Incentive Bonuses Pool established under  
22          subsection (j) any amounts in excess of the ag-  
23          gregate cap described in subparagraph (B) for  
24          a fiscal year.

1           “(E) SPECIAL RULES FOR AMOUNTS SET  
2 ASIDE FOR PARENTS AND CHILDLess  
3 ADULTS.—For purposes of subparagraphs (A)  
4 and (B)—

5           “(i) the available national allotment  
6 under subsection (i)(1)(C) shall be reduced  
7 by any amount set aside under section  
8 2111(a)(3) for block grant payments for  
9 transitional coverage for childless adults;  
10 and

11           “(ii) the Secretary shall establish a  
12 separate account in the Fund for the por-  
13 tion of any amount appropriated to the  
14 Fund for any fiscal year which is allocable  
15 to the portion of the available national al-  
16 lotment under subsection (i)(1)(C) which is  
17 set aside for the fiscal year under section  
18 2111(b)(2)(B)(i) for coverage of parents of  
19 low-income children.

20           The Secretary shall include in the account es-  
21 tablished under clause (ii) any income derived  
22 under subparagraph (C) which is allocable to  
23 amounts in such account.

24           “(3) CHIP CONTINGENCY FUND PAYMENTS.—

25           “(A) PAYMENTS.—

1           “(i) IN GENERAL.—Subject to clauses  
2           (ii) and (iii) and the succeeding subpara-  
3           graphs of this paragraph, the Secretary  
4           shall pay from the Fund to a State that is  
5           an eligible State for a month of a fiscal  
6           year a CHIP contingency fund payment  
7           equal to the Federal share of the shortfall  
8           determined under subparagraph (D). In  
9           the case of an eligible State under sub-  
10          paragraph (D)(i), the Secretary shall not  
11          make the payment under this subpara-  
12          graph until the State makes, and submits  
13          to the Secretary, a projection of the  
14          amount of the shortfall.

15           “(ii) SEPARATE DETERMINATIONS OF  
16          SHORTFALLS.—The Secretary shall sepa-  
17          rately compute the shortfall under sub-  
18          paragraph (D) for expenditures for eligible  
19          individuals other than nonpregnant child-  
20          less adults and parents with respect to  
21          whom amounts are set aside under section  
22          2111, for expenditures for such childless  
23          adults, and for expenditures for such par-  
24          ents.

25           “(iii) PAYMENTS.—

1                   “(I) NONPREGNANT CHILDLESS  
2 ADULTS.—No payments shall be made  
3 from the Fund for nonpregnant child-  
4 less adults with respect to whom  
5 amounts are set aside under section  
6 2111(a)(3).

7                   “(II) PARENTS.—Any payments  
8 with respect to any shortfall for par-  
9 ents who are paid from amounts set  
10 aside under section 2111(b)(2)(B)(i)  
11 shall be made only from the account  
12 established under paragraph (2)(E)(ii)  
13 and not from any other amounts in  
14 the Fund. No other payments may be  
15 made from such account.

16                   “(iv) SPECIAL RULES.—Subpara-  
17 graphs (B) and (C) shall be applied sepa-  
18 rately with respect to shortfalls described  
19 in clause (ii).

20                   “(B) USE OF FUNDS.—Amounts paid to  
21 an eligible State from the Fund shall be used  
22 only to eliminate the Federal share of a short-  
23 fall in the State’s allotment under subsection (i)  
24 for a fiscal year.

1           “(C) PRORATION RULE.—If the amounts  
2 available for payment from the Fund for a fis-  
3 cal year are less than the total amount of pay-  
4 ments determined under subparagraph (A) for  
5 the fiscal year, the amount to be paid under  
6 such subparagraph to each eligible State shall  
7 be reduced proportionally.

8           “(D) ELIGIBLE STATE.—

9           “(i) IN GENERAL.—A State is an eli-  
10 gible State for a month if the State is a  
11 subsection (b) State (as defined in sub-  
12 section (i)(7)), the State requests access to  
13 the Fund for the month, and it is de-  
14 scribed in clause (ii) or (iii).

15           “(ii) SHORTFALL OF FEDERAL ALLOT-  
16 MENT FUNDING OF NOT MORE THAN 5  
17 PERCENT.—The Secretary estimates, on  
18 the basis of the most recent data available  
19 to the Secretary or requested from the  
20 State by the Secretary, that the State’s al-  
21 lotment for the fiscal year is at least 95  
22 percent, but less than 100 percent, of the  
23 projected expenditures under the State  
24 child health plan for the State for the fis-  
25 cal year determined under subsection (i)



1 (without regard to incentive bonuses or  
2 payments for which the State is eligible for  
3 under subsection (j)(2) for the fiscal year).

4 “(iii) SHORTFALL OF FEDERAL AL-  
5 LOTMENT FUNDING OF MORE THAN 5 PER-  
6 CENT CAUSED BY SPECIFIC EVENTS.—The  
7 Secretary estimates, on the basis of the  
8 most recent data available to the Secretary  
9 or requested from the State by the Sec-  
10 retary, that the State’s allotment for the  
11 fiscal year is less than 95 percent of the  
12 projected expenditures under the State  
13 child health plan for the State for the fis-  
14 cal year determined under subsection (i)  
15 (without regard to incentive bonuses or  
16 payments for which the State is eligible for  
17 under subsection (j)(2) for the fiscal year)  
18 and that such shortfall is attributable to 1  
19 or more of the following events:

20 “(I) STAFFORD ACT OR PUBLIC  
21 HEALTH EMERGENCY.—The State  
22 has—

23 “(aa) 1 or more parishes or  
24 counties for which a major dis-  
25 aster has been declared in ac-

1 cordance with section 401 of the  
2 Robert T. Stafford Disaster Re-  
3 lief and Emergency Assistance  
4 Act (42 U.S.C. 5170) and which  
5 the President has determined  
6 warrants individual and public  
7 assistance from the Federal Gov-  
8 ernment under such Act; or

9 “(bb) a public health emer-  
10 gency declared by the Secretary  
11 under section 319 of the Public  
12 Health Service Act.

13 “(II) STATE ECONOMIC DOWN-  
14 TURN.—The State unemployment rate  
15 is at least 5.5 percent during any 13-  
16 consecutive week period during the  
17 fiscal year and such rate is at least  
18 120 percent of the State unemploy-  
19 ment rate for the same period as aver-  
20 aged over the last 3 fiscal years.

21 “(III) EVENT RESULTING IN  
22 RISE IN PERCENTAGE OF LOW-INCOME  
23 CHILDREN WITHOUT HEALTH INSUR-  
24 ANCE.—The State experienced a re-  
25 cent event that resulted in an increase

1 in the percentage of low-income chil-  
2 dren in the State without health in-  
3 surance (as determined on the basis of  
4 the most timely and accurate pub-  
5 lished estimates of the Bureau of the  
6 Census) that was outside the control  
7 of the State and warrants granting  
8 the State access to the Fund (as de-  
9 termined by the Secretary).

10 “(E) PAYMENTS MADE TO ALL ELIGIBLE  
11 STATES ON A MONTHLY BASIS; AUTHORITY FOR  
12 PRO RATA PAYMENTS.—The Secretary shall  
13 make monthly payments from the Fund to all  
14 States that are determined to be eligible States  
15 with respect to a month. If the sum of the pay-  
16 ments to be made from the Fund for a month  
17 exceed the amount in the Fund, the Secretary  
18 shall reduce each such payment on a propor-  
19 tional basis.

20 “(F) PAYMENTS LIMITED TO FISCAL YEAR  
21 OF ELIGIBILITY DETERMINATION UNLESS NEW  
22 ELIGIBILITY BASIS DETERMINED.—No State  
23 shall receive a CHIP contingency fund payment  
24 under this section for a month beginning after  
25 September 30 of the fiscal year in which the

1 State is determined to be an eligible State  
2 under this subsection, except that in the case of  
3 an event described in subclause (I) or (III) of  
4 subparagraph (D)(iii) that occurred after July  
5 1 of the fiscal year, any such payment with re-  
6 spect to such event shall remain available until  
7 September 30 of the subsequent fiscal year.  
8 Nothing in the preceding sentence shall be con-  
9 strued as prohibiting a State from being deter-  
10 mined to be an eligible State under this sub-  
11 section for any fiscal year occurring after a fis-  
12 cal year in which such a determination is made.

13 “(G) EXEMPTION FROM DETERMINATION  
14 OF PERCENTAGE OF ALLOTMENT RETAINED  
15 AFTER FIRST YEAR OF AVAILABILITY.—In no  
16 event shall payments made to a State under  
17 this subsection be treated as part of the allot-  
18 ment determined for a State for a fiscal year  
19 under subsection (i) for purposes of subsection  
20 (j)(1)(B)(ii)(III).

21 “(H) APPLICATION OF ALLOTMENT RE-  
22 PORTING RULES.—Rules applicable to States  
23 for purposes of receiving payments from an al-  
24 lotment determined under subsection (c) or (i)  
25 shall apply in the same manner to an eligible

1 State for purposes of receiving a CHIP contin-  
2 gency fund payment under this subsection.

3 “(4) ANNUAL REPORTS.—The Secretary shall  
4 annually report to the Congress on the amounts in  
5 the Fund, the specific events that caused States to  
6 apply for payments from the Fund, and the pay-  
7 ments made from the Fund.”.

8 **SEC. 109. TWO-YEAR AVAILABILITY OF ALLOTMENTS; EX-**  
9 **PENDITURES COUNTED AGAINST OLDEST AL-**  
10 **LOTMENTS.**

11 Section 2104(e) (42 U.S.C. 1397dd(e)) is amended  
12 to read as follows:

13 “(e) AVAILABILITY OF AMOUNTS ALLOTTED.—

14 “(1) IN GENERAL.—Except as provided in sub-  
15 section (j)(1)(B)(ii)(III), amounts allotted to a State  
16 pursuant to this section—

17 “(A) for each of fiscal years 1998 through  
18 2006, shall remain available for expenditure by  
19 the State through the end of the second suc-  
20 ceeding fiscal year; and

21 “(B) for each of fiscal years 2007 through  
22 2012, shall remain available for expenditure by  
23 the State only through the end of the suc-  
24 ceeding fiscal year for which such amounts are  
25 allotted.

1           “(2) INCENTIVE BONUSES.—Incentive bonuses  
2           paid to a State under subsection (j)(2) for a fiscal  
3           year shall remain available for expenditure by the  
4           State without limitation.

5           “(3) CHIP CONTINGENCY FUND PAYMENTS.—  
6           Except as provided in paragraph (3)(F) of sub-  
7           section (k), CHIP Contingency Fund payments  
8           made to a State under such subsection for a month  
9           of a fiscal year shall remain available for expendi-  
10          ture by the State through the end of the fiscal year.

11          “(4) RULE FOR COUNTING EXPENDITURES  
12          AGAINST CHIP CONTINGENCY FUND PAYMENTS, FIS-  
13          CAL YEAR ALLOTMENTS, AND INCENTIVE BO-  
14          NUSES.—

15                 “(A) IN GENERAL.—Expenditures under  
16                 the State child health plan made on or after  
17                 October 1, 2007, shall be counted against—

18                         “(i) first, any CHIP Contingency  
19                         Fund payment made to the State under  
20                         subsection (k) for the earliest month of the  
21                         earliest fiscal year for which the payment  
22                         remains available for expenditure; and

23                         “(ii) second, amounts allotted to the  
24                         State for the earliest fiscal year for which  
25                         amounts remain available for expenditure.

1           “(B) INCENTIVE BONUSES.—A State may  
2           elect, but is not required, to count expenditures  
3           under the State child health plan against any  
4           incentive bonuses paid to the State under sub-  
5           section (j)(2) for a fiscal year.

6           “(C) BLOCK GRANT SET-ASIDES.—Expend-  
7           itures for coverage of—

8                   “(i) nonpregnant childless adults for  
9                   fiscal year 2009 shall be counted only  
10                  against the amount set aside for such cov-  
11                  erage under section 2111(a)(3); and

12                   “(ii) parents of targeted low-income  
13                   children for each of fiscal years 2010  
14                   through 2012, shall be counted only  
15                   against the amount set aside for such cov-  
16                   erage under section 2111(b)(2)(B)(i).”.

17 **SEC. 110. LIMITATION ON MATCHING RATE FOR STATES**  
18 **THAT PROPOSE TO COVER CHILDREN WITH**  
19 **EFFECTIVE FAMILY INCOME THAT EXCEEDS**  
20 **300 PERCENT OF THE POVERTY LINE.**

21           (a) FMAP APPLIED TO EXPENDITURES.—Section  
22 2105(c) (42 U.S.C. 1397ee(c)) is amended by adding at  
23 the end the following new paragraph:

24                   “(8) LIMITATION ON MATCHING RATE FOR EX-  
25                   PENDITURES FOR CHILD HEALTH ASSISTANCE PRO-

1       VIDED TO CHILDREN WHOSE EFFECTIVE FAMILY IN-  
2       COME EXCEEDS 300 PERCENT OF THE POVERTY  
3       LINE.—

4               “(A) FMAP APPLIED TO EXPENDI-  
5       TURES.—Except as provided in subparagraph  
6       (B), for fiscal years beginning with fiscal year  
7       2008, the Federal medical assistance percent-  
8       age (as determined under section 1905(b) with-  
9       out regard to clause (4) of such section) shall  
10      be substituted for the enhanced FMAP under  
11      subsection (a)(1) with respect to any expendi-  
12      tures for providing child health assistance or  
13      health benefits coverage for a targeted low-in-  
14      come child whose effective family income would  
15      exceed 300 percent of the poverty line but for  
16      the application of a general exclusion of a block  
17      of income that is not determined by type of ex-  
18      pense or type of income.

19              “(B) EXCEPTION.—Subparagraph (A)  
20      shall not apply to any State that, on the date  
21      of enactment of the Children’s Health Insur-  
22      ance Program Reauthorization Act of 2007, has  
23      an approved State plan amendment or waiver to  
24      provide, or has enacted a State law to submit  
25      a State plan amendment to provide, expendi-



1           tures described in such subparagraph under the  
2           State child health plan.”.

3           (b) CONFORMING AMENDMENT.—Section 2105(a)(1)  
4   ( 42 U.S.C. 1397dd(a)(1)) is amended, in the matter pre-  
5   ceding subparagraph (A), by inserting “or subsection  
6   (c)(8)” after “subparagraph (B)”.

7   **SEC. 111. OPTION FOR QUALIFYING STATES TO RECEIVE**  
8                   **THE ENHANCED PORTION OF THE CHIP**  
9                   **MATCHING RATE FOR MEDICAID COVERAGE**  
10                  **OF CERTAIN CHILDREN.**

11           Section 2105(g) (42 U.S.C. 1397ee(g)) is amended—

12           (1) in paragraph (1)(A), by inserting “subject  
13           to paragraph (4),” after “Notwithstanding any other  
14           provision of law,”; and

15           (2) by adding at the end the following new  
16           paragraph:

17           “(4) OPTION FOR ALLOTMENTS FOR FISCAL  
18           YEARS 2008 THROUGH 2012.—

19           “(A) PAYMENT OF ENHANCED PORTION OF  
20           MATCHING RATE FOR CERTAIN EXPENDI-  
21           TURES.—In the case of expenditures described  
22           in subparagraph (B), a qualifying State (as de-  
23           fined in paragraph (2)) may elect to be paid  
24           from the State’s allotment made under section  
25           2104 for any of fiscal years 2008 through 2012

1 (insofar as the allotment is available to the  
2 State under subsections (e) and (i) of such sec-  
3 tion) an amount each quarter equal to the addi-  
4 tional amount that would have been paid to the  
5 State under title XIX with respect to such ex-  
6 penditures if the enhanced FMAP (as deter-  
7 mined under subsection (b)) had been sub-  
8 stituted for the Federal medical assistance per-  
9 centage (as defined in section 1905(b)).

10 “(B) EXPENDITURES DESCRIBED.—For  
11 purposes of subparagraph (A), the expenditures  
12 described in this subparagraph are expenditures  
13 made after the date of the enactment of this  
14 paragraph and during the period in which funds  
15 are available to the qualifying State for use  
16 under subparagraph (A), for the provision of  
17 medical assistance to individuals residing in the  
18 State who are eligible for medical assistance  
19 under the State plan under title XIX or under  
20 a waiver of such plan and who have not at-  
21 tained age 19 (or, if a State has so elected  
22 under the State plan under title XIX, age 20  
23 or 21), and whose family income equals or ex-  
24 ceeds 133 percent of the poverty line but does

1 not exceed the Medicaid applicable income  
2 level.”.

3 **TITLE II—OUTREACH AND**  
4 **ENROLLMENT**

5 **SEC. 201. GRANTS FOR OUTREACH AND ENROLLMENT.**

6 (a) GRANTS.—Title XXI (42 U.S.C. 1397aa et seq.),  
7 as amended by section 107, is amended by adding at the  
8 end the following:

9 **“SEC. 2113. GRANTS TO IMPROVE OUTREACH AND ENROLL-**  
10 **MENT.**

11 “(a) OUTREACH AND ENROLLMENT GRANTS; NA-  
12 TIONAL CAMPAIGN.—

13 “(1) IN GENERAL.—From the amounts appro-  
14 priated under subsection (g), subject to paragraph  
15 (2), the Secretary shall award grants to eligible enti-  
16 ties during the period of fiscal years 2008 through  
17 2012 to conduct outreach and enrollment efforts  
18 that are designed to increase the enrollment and  
19 participation of eligible children under this title and  
20 title XIX.

21 “(2) TEN PERCENT SET ASIDE FOR NATIONAL  
22 ENROLLMENT CAMPAIGN.—An amount equal to 10  
23 percent of such amounts shall be used by the Sec-  
24 retary for expenditures during such period to carry

1 out a national enrollment campaign in accordance  
2 with subsection (h).

3 “(b) PRIORITY FOR AWARD OF GRANTS.—

4 “(1) IN GENERAL.—In awarding grants under  
5 subsection (a), the Secretary shall give priority to el-  
6 igible entities that—

7 “(A) propose to target geographic areas  
8 with high rates of—

9 “(i) eligible but unenrolled children,  
10 including such children who reside in rural  
11 areas; or

12 “(ii) racial and ethnic minorities and  
13 health disparity populations, including  
14 those proposals that address cultural and  
15 linguistic barriers to enrollment; and

16 “(B) submit the most demonstrable evi-  
17 dence required under paragraphs (1) and (2) of  
18 subsection (c).

19 “(2) TEN PERCENT SET ASIDE FOR OUTREACH  
20 TO INDIAN CHILDREN.—An amount equal to 10 per-  
21 cent of the funds appropriated under subsection (g)  
22 shall be used by the Secretary to award grants to  
23 Indian Health Service providers and urban Indian  
24 organizations receiving funds under title V of the In-  
25 dian Health Care Improvement Act (25 U.S.C. 1651

1 et seq.) for outreach to, and enrollment of, children  
2 who are Indians.

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

8 “(1) evidence demonstrating that the entity in-  
9 cludes members who have access to, and credibility  
10 with, ethnic or low-income populations in the com-  
11 munities in which activities funded under the grant  
12 are to be conducted;

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

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

22 “(4) an assurance that the eligible entity  
23 shall—

1           “(A) conduct an assessment of the effec-  
2           tiveness of such activities against the perform-  
3           ance measures;

4           “(B) cooperate with the collection and re-  
5           porting of enrollment data and other informa-  
6           tion in order for the Secretary to conduct such  
7           assessments; and

8           “(C) in the case of an eligible entity that  
9           is not the State, provide the State with enroll-  
10          ment data and other information as necessary  
11          for the State to make necessary projections of  
12          eligible children and pregnant women.

13          “(d) DISSEMINATION OF ENROLLMENT DATA AND  
14          INFORMATION DETERMINED FROM EFFECTIVENESS AS-  
15          SESSMENTS; ANNUAL REPORT.—The Secretary shall—

16               “(1) make publicly available the enrollment  
17          data and information collected and reported in ac-  
18          cordance with subsection (c)(4)(B); and

19               “(2) submit an annual report to Congress on  
20          the outreach and enrollment activities conducted  
21          with funds appropriated under this section.

22          “(e) MAINTENANCE OF EFFORT FOR STATES  
23          AWARDED GRANTS; NO STATE MATCH REQUIRED.—In  
24          the case of a State that is awarded a grant under this  
25          section—

1           “(1) the State share of funds expended for out-  
2 reach and enrollment activities under the State child  
3 health plan shall not be less than the State share of  
4 such funds expended in the fiscal year preceding the  
5 first fiscal year for which the grant is awarded; and

6           “(2) no State matching funds shall be required  
7 for the State to receive a grant under this section.

8           “(f) DEFINITIONS.—In this section:

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

11           “(A) A State with an approved child health  
12 plan under this title.

13           “(B) A local government.

14           “(C) An Indian tribe or tribal consortium,  
15 a tribal organization, an urban Indian organiza-  
16 tion receiving funds under title V of the Indian  
17 Health Care Improvement Act (25 U.S.C. 1651  
18 et seq.), or an Indian Health Service provider.

19           “(D) A Federal health safety net organiza-  
20 tion.

21           “(E) A national, State, local, or commu-  
22 nity-based public or nonprofit private organiza-  
23 tion, including organizations that use commu-  
24 nity health workers or community-based doula  
25 programs.

1           “(F) A faith-based organization or con-  
2           sortia, to the extent that a grant awarded to  
3           such an entity is consistent with the require-  
4           ments of section 1955 of the Public Health  
5           Service Act (42 U.S.C. 300x-65) relating to a  
6           grant award to nongovernmental entities.

7           “(G) An elementary or secondary school.

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

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

13           “(B) a hospital defined as a dispropor-  
14           tionate share hospital for purposes of section  
15           1923;

16           “(C) a covered entity described in section  
17           340B(a)(4) of the Public Health Service Act  
18           (42 U.S.C. 256b(a)(4)); and

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



1 under the Head Start Act (42 U.S.C. 9801 et  
2 seq.), the school lunch program established  
3 under the Richard B. Russell National School  
4 Lunch Act, and an elementary or secondary  
5 school.

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

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

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

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

20 “(C) by enhancing community residents’  
21 ability to effectively communicate with health  
22 care providers;

23 “(D) by providing culturally and linguis-  
24 tically appropriate health or nutrition edu-  
25 cation;

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

3                   “(F) by providing referral and followup  
4                   services.

5           “(g) APPROPRIATION.—There is appropriated, out of  
6 any money in the Treasury not otherwise appropriated,  
7 \$100,000,000 for the period of fiscal years 2008 through  
8 2012, to remain available until expended, for the purpose  
9 of awarding grants under this section. Amounts appro-  
10 priated and paid under the authority of this section shall  
11 be in addition to amounts appropriated under section  
12 2104 and paid to States in accordance with section 2105,  
13 including with respect to expenditures for outreach activi-  
14 ties in accordance with subsections (a)(1)(D)(iii) and  
15 (c)(2)(C) of that section.

16           “(h) NATIONAL ENROLLMENT CAMPAIGN.—From  
17 the amounts made available under subsection (a)(2), the  
18 Secretary shall develop and implement a national enroll-  
19 ment campaign to improve the enrollment of underserved  
20 child populations in the programs established under this  
21 title and title XIX. Such campaign may include—

22                   “(1) the establishment of partnerships with the  
23                   Secretary of Education and the Secretary of Agri-  
24                   culture to develop national campaigns to link the eli-  
25                   gibility and enrollment systems for the assistance

1 programs each Secretary administers that often  
2 serve the same children;

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

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

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

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

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

21 (b) ENHANCED ADMINISTRATIVE FUNDING FOR  
22 TRANSLATION OR INTERPRETATION SERVICES UNDER  
23 CHIP.—Section 2105(a)(1) (42 U.S.C. 1397ee(a)(1)), as  
24 amended by section 603, is amended—

1           (1) in the matter preceding subparagraph (A),  
 2           by inserting “(or, in the case of expenditures de-  
 3           scribed in subparagraph (D)(iv), the higher of 75  
 4           percent or the sum of the enhanced FMAP plus 5  
 5           percentage points)” after “enhanced FMAP”; and

6           (2) in subparagraph (D)—

7           (A) in clause (iii), by striking “and” at the  
 8           end;

9           (B) by redesignating clause (iv) as clause  
 10          (v); and

11          (C) by inserting after clause (iii) the fol-  
 12          lowing new clause:

13                   “(iv) for translation or interpretation  
 14                   services in connection with the enrollment  
 15                   and use of services under this title by indi-  
 16                   viduals for whom English is not their pri-  
 17                   mary language (as found necessary by the  
 18                   Secretary for the proper and efficient ad-  
 19                   ministration of the State plan); and”.

20          (c) NONAPPLICATION OF ADMINISTRATIVE EXPENDI-  
 21          TURES CAP.—Section 2105(c)(2) (42 U.S.C.  
 22          1397ee(c)(2)) is amended by adding at the end the fol-  
 23          lowing:

24                   “(C) NONAPPLICATION TO CERTAIN EX-  
 25                   PENDITURES.—The limitation under subpara-

1 graph (A) shall not apply with respect to the  
2 following expenditures:

3 “(i) EXPENDITURES FUNDED UNDER  
4 SECTION 2113.—Expenditures for outreach  
5 and enrollment activities funded under a  
6 grant awarded to the State under section  
7 2113.”.

8 **SEC. 202. INCREASED OUTREACH AND ENROLLMENT OF IN-**  
9 **DIANS.**

10 (a) IN GENERAL.—Section 1139 (42 U.S.C. 1320b–  
11 9) is amended to read as follows:

12 **“SEC. 1139. IMPROVED ACCESS TO, AND DELIVERY OF,**  
13 **HEALTH CARE FOR INDIANS UNDER TITLES**  
14 **XIX AND XXI.**

15 “(a) AGREEMENTS WITH STATES FOR MEDICAID  
16 AND CHIP OUTREACH ON OR NEAR RESERVATIONS TO  
17 INCREASE THE ENROLLMENT OF INDIANS IN THOSE  
18 PROGRAMS.—

19 “(1) IN GENERAL.—In order to improve the ac-  
20 cess of Indians residing on or near a reservation to  
21 obtain benefits under the Medicaid and State chil-  
22 dren’s health insurance programs established under  
23 titles XIX and XXI, the Secretary shall encourage  
24 the State to take steps to provide for enrollment on  
25 or near the reservation. Such steps may include out-

1 reach efforts such as the outstationing of eligibility  
2 workers, entering into agreements with the Indian  
3 Health Service, Indian Tribes, Tribal Organizations,  
4 and Urban Indian Organizations to provide out-  
5 reach, education regarding eligibility and benefits,  
6 enrollment, and translation services when such serv-  
7 ices are appropriate.

8 “(2) CONSTRUCTION.—Nothing in paragraph  
9 (1) shall be construed as affecting arrangements en-  
10 tered into between States and the Indian Health  
11 Service, Indian Tribes, Tribal Organizations, or  
12 Urban Indian Organizations for such Service,  
13 Tribes, or Organizations to conduct administrative  
14 activities under such titles.

15 “(b) REQUIREMENT TO FACILITATE COOPERA-  
16 TION.—The Secretary, acting through the Centers for  
17 Medicare & Medicaid Services, shall take such steps as are  
18 necessary to facilitate cooperation with, and agreements  
19 between, States and the Indian Health Service, Indian  
20 Tribes, Tribal Organizations, or Urban Indian Organiza-  
21 tions with respect to the provision of health care items  
22 and services to Indians under the programs established  
23 under title XIX or XXI.

24 “(c) DEFINITION OF INDIAN; INDIAN TRIBE; INDIAN  
25 HEALTH PROGRAM; TRIBAL ORGANIZATION; URBAN IN-

1 DIAN ORGANIZATION.—In this section, the terms ‘Indian’,  
 2 ‘Indian Tribe’, ‘Indian Health Program’, ‘Tribal Organi-  
 3 zation’, and ‘Urban Indian Organization’ have the mean-  
 4 ings given those terms in section 4 of the Indian Health  
 5 Care Improvement Act.”.

6 (b) NONAPPLICATION OF 10 PERCENT LIMIT ON  
 7 OUTREACH AND CERTAIN OTHER EXPENDITURES.—Sec-  
 8 tion 2105(c)(2)(C) (42 U.S.C. 1397ee(c)(2)(C)), as added  
 9 by section 201(c), is amended by adding at the end the  
 10 following new clause:

11 “(ii) EXPENDITURES TO INCREASE  
 12 OUTREACH TO, AND THE ENROLLMENT OF,  
 13 INDIAN CHILDREN UNDER THIS TITLE AND  
 14 TITLE XIX.—Expenditures for outreach ac-  
 15 tivities to families of Indian children likely  
 16 to be eligible for child health assistance  
 17 under the plan or medical assistance under  
 18 the State plan under title XIX (or under  
 19 a waiver of such plan), to inform such  
 20 families of the availability of, and to assist  
 21 them in enrolling their children in, such  
 22 plans, including such activities conducted  
 23 under grants, contracts, or agreements en-  
 24 tered into under section 1139(a).”.

1 **SEC. 203. DEMONSTRATION PROGRAM TO PERMIT STATES**  
2 **TO RELY ON FINDINGS BY AN EXPRESS LANE**  
3 **AGENCY TO DETERMINE COMPONENTS OF A**  
4 **CHILD'S ELIGIBILITY FOR MEDICAID OR**  
5 **CHIP.**

6 (a) REQUIREMENT TO CONDUCT DEMONSTRATION  
7 PROGRAM.—

8 (1) IN GENERAL.—The Secretary shall establish  
9 a 3-year demonstration program under which up to  
10 10 States shall be authorized to rely on a finding  
11 made within the preceding 12 months by an Express  
12 Lane agency to determine whether a child has met  
13 1 or more of the eligibility requirements, such as in-  
14 come, assets or resources, citizenship status, or  
15 other criteria, necessary to determine the child's ini-  
16 tial eligibility, eligibility redetermination, or renewal  
17 of eligibility, for medical assistance under the State  
18 Medicaid plan or child health assistance under the  
19 State CHIP plan. A State selected to participate in  
20 the demonstration program—

21 (A) shall not be required to direct a child  
22 (or a child's family) to submit information or  
23 documentation previously submitted by the  
24 child or family to an Express Lane agency that  
25 the State relies on for its Medicaid or CHIP eli-  
26 gibility determination; and



1 (B) may rely on information from an Ex-  
2 press Lane agency when evaluating a child's eli-  
3 gibility for medical assistance under the State  
4 Medicaid plan or child health assistance under  
5 the State CHIP plan without a separate, inde-  
6 pendent confirmation of the information at the  
7 time of enrollment, redetermination, or renewal.

8 (2) PAYMENTS TO STATES.—From the amount  
9 appropriated under paragraph (1) of subsection (f),  
10 after the application of paragraph (2) of that sub-  
11 section, the Secretary shall pay the States selected  
12 to participate in the demonstration program such  
13 sums as the Secretary shall determine for expendi-  
14 tures made by the State for systems upgrades and  
15 implementation of the demonstration program. In no  
16 event shall a payment be made to a State from the  
17 amount appropriated under subsection (f) for any  
18 expenditures incurred for providing medical assist-  
19 ance or child health assistance to a child enrolled in  
20 the State Medicaid plan or the State CHIP plan  
21 through reliance on a finding made by an Express  
22 Lane agency.

23 (b) REQUIREMENTS; OPTIONS FOR APPLICATION.—

24 (1) STATE REQUIREMENTS.—A State selected  
25 to participate in the demonstration program estab-

1 lished under this section may rely on a finding of an  
2 Express Lane agency only if the following conditions  
3 are met:

4 (A) REQUIREMENT TO DETERMINE ELIGI-  
5 BILITY USING REGULAR PROCEDURES IF CHILD  
6 IS FIRST FOUND INELIGIBLE.—If reliance on a  
7 finding from an Express Lane agency results in  
8 a child not being found eligible for the State  
9 Medicaid plan or the State CHIP plan, the  
10 State would be required to determine eligibility  
11 under such plan using its regular procedures.

12 (B) NOTICE.—The State shall inform the  
13 families (especially those whose children are en-  
14 rolled in the State CHIP plan) that they may  
15 qualify for lower premium payments or more  
16 comprehensive health coverage under the State  
17 Medicaid plan if the family's income were di-  
18 rectly evaluated for an eligibility determination  
19 by the State Medicaid agency, and that, at the  
20 family's option, the family may seek an eligi-  
21 bility determination by the State Medicaid  
22 agency.

23 (C) COMPLIANCE WITH DEPARTMENT OF  
24 HOMELAND SECURITY PROCEDURES.—The  
25 State may rely on an Express Lane agency

1 finding that a child is a qualified alien as long  
 2 as the Express Lane agency complies with guid-  
 3 ance and regulatory procedures issued by the  
 4 Secretary of Homeland Security for eligibility  
 5 determinations of qualified aliens (as defined in  
 6 subsections (b) and (c) of section 431 of the  
 7 Personal Responsibility and Work Opportunity  
 8 Reconciliation Act of 1996 (8 U.S.C. 1641)).

9 (D) VERIFICATION OF CITIZENSHIP OR NA-  
 10 TIONALITY STATUS.—The State shall satisfy  
 11 the requirements of section 1902(a)(46)(B) or  
 12 2105(c)(9) of the Social Security Act, as appli-  
 13 cable (and as added by section 301 of this Act)  
 14 for verifications of citizenship or nationality sta-  
 15 tus.

16 (E) CODING; APPLICATION TO ENROLL-  
 17 MENT ERROR RATES.—

18 (i) IN GENERAL.—The State agrees  
 19 to—

20 (I) assign such codes as the Sec-  
 21 retary shall require to the children  
 22 who are enrolled in the State Med-  
 23 icaid plan or the State CHIP plan  
 24 through reliance on a finding made by  
 25 an Express Lane agency for the dura-

1 tion of the State's participation in the  
2 demonstration program;

3 (II) annually provide the Sec-  
4 retary with a statistically valid sample  
5 (that is approved by Secretary) of the  
6 children enrolled in such plans  
7 through reliance on such a finding by  
8 conducting a full Medicaid eligibility  
9 review of the children identified for  
10 such sample for purposes of deter-  
11 mining an eligibility error rate with  
12 respect to the enrollment of such chil-  
13 dren;

14 (III) submit the error rate deter-  
15 mined under subclause (II) to the  
16 Secretary;

17 (IV) if such error rate exceeds 3  
18 percent for either of the first 2 fiscal  
19 years in which the State participates  
20 in the demonstration program, dem-  
21 onstrate to the satisfaction of the Sec-  
22 retary the specific corrective actions  
23 implemented by the State to improve  
24 upon such error rate; and

1 (V) if such error rate exceeds 3  
2 percent for any fiscal year in which  
3 the State participates in the dem-  
4 onstration program, a reduction in the  
5 amount otherwise payable to the State  
6 under section 1903(a) of the Social  
7 Security Act (42 Secretary 1396b(a))  
8 for quarters for that fiscal year, equal  
9 to the total amount of erroneous ex-  
10 cess payments determined for the fis-  
11 cal year only with respect to the chil-  
12 dren included in the sample for the  
13 fiscal year that are in excess of a 3  
14 percent error rate with respect to such  
15 children.

16 (ii) NO PUNITIVE ACTION BASED ON  
17 ERROR RATE.—The Secretary shall not  
18 apply the error rate derived from the sam-  
19 ple under clause (i) to the entire popu-  
20 lation of children enrolled in the State  
21 Medicaid plan or the State CHIP plan  
22 through reliance on a finding made by an  
23 Express Lane agency, or to the population  
24 of children enrolled in such plans on the  
25 basis of the State's regular procedures for

1 determining eligibility, or penalize the  
2 State on the basis of such error rate in any  
3 manner other than the reduction of pay-  
4 ments provided for under clause (i)(V).

5 (iii) RULE OF CONSTRUCTION.—Noth-  
6 ing in this section shall be construed as re-  
7 lieving a State that participates in the  
8 demonstration program established under  
9 this section from being subject to a penalty  
10 under section 1903(u) of the Social Secu-  
11 rity Act (42 U.S.C. 1396b(u)) for pay-  
12 ments made under the State Medicaid plan  
13 with respect to ineligible individuals and  
14 families that are determined to exceed the  
15 error rate permitted under that section (as  
16 determined without regard to the error  
17 rate determined under clause (i)(II)).

18 (2) STATE OPTIONS FOR APPLICATION.—A  
19 State selected to participate in the demonstration  
20 program may elect to apply any of the following:

21 (A) SATISFACTION OF CHIP SCREEN AND  
22 ENROLL REQUIREMENTS.—If the State relies on  
23 a finding of an Express Lane agency for pur-  
24 poses of determining eligibility under the State  
25 CHIP plan, the State may meet the screen and

1 enroll requirements imposed under subpara-  
2 graphs (A) and (B) of section 2102(b)(3) of the  
3 Social Security Act (42 U.S.C. 1397bb(b)(3))  
4 by using any of the following:

5 (i) Establishing a threshold percent-  
6 age of the poverty line that is 30 percent-  
7 age points (or such other higher number of  
8 percentage points) as the State determines  
9 reflects the income methodologies of the  
10 program administered by the Express Lane  
11 Agency and the State Medicaid plan.

12 (ii) Providing that a child satisfies all  
13 income requirements for eligibility under  
14 the State Medicaid plan.

15 (iii) Providing that a child has a fam-  
16 ily income that exceeds the Medicaid appli-  
17 cable income level.

18 (B) PRESUMPTIVE ELIGIBILITY.—The  
19 State may provide for presumptive eligibility  
20 under the State CHIP plan for a child who,  
21 based on an eligibility determination of an in-  
22 come finding from an Express Lane agency,  
23 would qualify for child health assistance under  
24 the State CHIP plan. During the period of pre-  
25 sumptive eligibility, the State may determine

1 the child's eligibility for child health assistance  
2 under the State CHIP plan based on telephone  
3 contact with family members, access to data  
4 available in electronic or paper format, or other  
5 means that minimize to the maximum extent  
6 feasible the burden on the family.

7 (C) AUTOMATIC ENROLLMENT.—

8 (i) IN GENERAL.—The State may ini-  
9 tiate and determine eligibility for medical  
10 assistance under the State Medicaid plan  
11 or for child health assistance under the  
12 State CHIP plan without a program appli-  
13 cation from, or on behalf of, the child  
14 based on data obtained from sources other  
15 than the child (or the child's family), but  
16 a child can only be automatically enrolled  
17 in the State Medicaid plan or the State  
18 CHIP plan if the child or the family af-  
19 firmatively consents to being enrolled  
20 through affirmation and signature on an  
21 Express Lane agency application.

22 (ii) INFORMATION REQUIREMENT.—A  
23 State that elects the option under clause  
24 (i) shall have procedures in place to inform  
25 the child or the child's family of the serv-



1           ices that will be covered under the State  
 2           Medicaid plan or the State CHIP plan (as  
 3           applicable), appropriate methods for using  
 4           such services, premium or other cost shar-  
 5           ing charges (if any) that apply, medical  
 6           support obligations created by the enroll-  
 7           ment (if applicable), and the actions the  
 8           child or the child’s family must take to  
 9           maintain enrollment and renew coverage.

10           (iii) OPTION TO WAIVE SIGNA-  
 11           TURES.—The State may waive any signa-  
 12           ture requirements for enrollment for a  
 13           child who consents to, or on whose behalf  
 14           consent is provided for, enrollment in the  
 15           State Medicaid plan or the State CHIP  
 16           plan.

17           (3) SIGNATURE REQUIREMENTS.—In the case  
 18           of a State selected to participate in the demonstra-  
 19           tion program—

20           (A) no signature under penalty of perjury  
 21           shall be required on an application form for  
 22           medical assistance under the State Medicaid  
 23           plan or child health assistance under the State  
 24           CHIP plan to attest to any element of the ap-  
 25           plication for which eligibility is based on infor-

1           mation received from an Express Lane agency  
2           or a source other than an applicant; and

3           (B) any signature requirement for deter-  
4           mination of an application for medical assist-  
5           ance under the State Medicaid plan or child  
6           health assistance under the State CHIP plan  
7           may be satisfied through an electronic signa-  
8           ture.

9           (4) RULES OF CONSTRUCTION.—Nothing in  
10          this subsection shall be construed to—

11           (A) relieve a State of the obligation under  
12           section 1902(a)(5) of the Social Security Act  
13           (42 U.S.C. 1396a(a)(5)) to determine eligibility  
14           for medical assistance under the State Medicaid  
15           plan; or

16           (B) prohibit any State options otherwise  
17           permitted under Federal law (without regard to  
18           this paragraph or the demonstration program  
19           established under this section) that are in-  
20           tended to increase the enrollment of eligible  
21           children for medical assistance under the State  
22           Medicaid plan or child health assistance under  
23           the State CHIP plan, including options related  
24           to outreach, enrollment, applications, or the de-  
25           termination or redetermination of eligibility.

1 (c) LIMITED WAIVER OF OTHER APPLICABLE RE-  
2 QUIREMENTS.—

3 (1) SOCIAL SECURITY ACT.—The Secretary  
4 shall waive only such requirements of the Social Se-  
5 curity Act as the Secretary determines are necessary  
6 to carry out the demonstration program established  
7 under this section.

8 (2) AUTHORIZATION FOR PARTICIPATING  
9 STATES TO RECEIVE CERTAIN DATA DIRECTLY REL-  
10 EVANT TO DETERMINING ELIGIBILITY AND CORRECT  
11 AMOUNT OF ASSISTANCE.—For provisions relating to  
12 the authority of States participating in the dem-  
13 onstration program to receive certain data directly,  
14 see section 204(c).

15 (d) EVALUATION AND REPORT.—

16 (1) EVALUATION.—The Secretary shall con-  
17 duct, by grant, contract, or interagency agreement,  
18 a comprehensive, independent evaluation of the dem-  
19 onstration program established under this section.  
20 Such evaluation shall include an analysis of the ef-  
21 fectiveness of the program, and shall include—

22 (A) obtaining a statistically valid sample of  
23 the children who were enrolled in the State  
24 Medicaid plan or the State CHIP plan through  
25 reliance on a finding made by an Express Lane

1 agency and determining the percentage of chil-  
2 dren who were erroneously enrolled in such  
3 plans;

4 (B) determining whether enrolling children  
5 in such plans through reliance on a finding  
6 made by an Express Lane agency improves the  
7 ability of a State to identify and enroll low-in-  
8 come, uninsured children who are eligible but  
9 not enrolled in such plans;

10 (C) evaluating the administrative costs or  
11 savings related to identifying and enrolling chil-  
12 dren in such plans through reliance on such  
13 findings, and the extent to which such costs dif-  
14 fer from the costs that the State otherwise  
15 would have incurred to identify and enroll low-  
16 income, uninsured children who are eligible but  
17 not enrolled in such plans; and

18 (D) any recommendations for legislative or  
19 administrative changes that would improve the  
20 effectiveness of enrolling children in such plans  
21 through reliance on such findings.

22 (2) REPORT TO CONGRESS.—Not later than  
23 September 30, 2012, the Secretary shall submit a  
24 report to Congress on the results of the evaluation

1 of the demonstration program established under this  
2 section.

3 (e) DEFINITIONS.—In this section:

4 (1) CHILD; CHILDREN.—With respect to a  
5 State selected to participate in the demonstration  
6 program established under this section, the terms  
7 “child” and “children” have the meanings given  
8 such terms for purposes of the State plans under ti-  
9 tles XIX and XXI of the Social Security Act.

10 (2) EXPRESS LANE AGENCY.—

11 (A) IN GENERAL.—The term “Express  
12 Lane agency” means a public agency that—

13 (i) is determined by the State Med-  
14 icaid agency or the State CHIP agency (as  
15 applicable) to be capable of making the de-  
16 terminations of 1 or more eligibility re-  
17 quirements described in subsection (a)(1);

18 (ii) is identified in the State Medicaid  
19 plan or the State CHIP plan; and

20 (iii) notifies the child’s family—

21 (I) of the information which shall  
22 be disclosed in accordance with this  
23 section;

24 (II) that the information dis-  
25 closed will be used solely for purposes

1 of determining eligibility for medical  
2 assistance under the State Medicaid  
3 plan or for child health assistance  
4 under the State CHIP plan; and

5 (III) that the family may elect to  
6 not have the information disclosed for  
7 such purposes; and

8 (iv) enters into, or is subject to, an  
9 interagency agreement to limit the disclo-  
10 sure and use of the information disclosed.

11 (B) INCLUSION OF SPECIFIC PUBLIC AGEN-  
12 CIES.—Such term includes the following:

13 (i) A public agency that determines  
14 eligibility for assistance under any of the  
15 following:

16 (I) The temporary assistance for  
17 needy families program funded under  
18 part A of title IV of the Social Secu-  
19 rity Act (42 U.S.C. 601 et seq.).

20 (II) A State program funded  
21 under part D of title IV of such Act  
22 (42 U.S.C. 651 et seq.).

23 (III) The State Medicaid plan.

24 (IV) The State CHIP plan.

1 (V) The Food Stamp Act of 1977  
2 (7 U.S.C. 2011 et seq.).

3 (VI) The Head Start Act (42  
4 U.S.C. 9801 et seq.).

5 (VII) The Richard B. Russell  
6 National School Lunch Act (42  
7 U.S.C. 1751 et seq.).

8 (VIII) The Child Nutrition Act of  
9 1966 (42 U.S.C. 1771 et seq.).

10 (IX) The Child Care and Devel-  
11 opment Block Grant Act of 1990 (42  
12 U.S.C. 9858 et seq.).

13 (X) The Stewart B. McKinney  
14 Homeless Assistance Act (42 U.S.C.  
15 11301 et seq.).

16 (XI) The United States Housing  
17 Act of 1937 (42 U.S.C. 1437 et seq.).

18 (XII) The Native American  
19 Housing Assistance and Self-Deter-  
20 mination Act of 1996 (25 U.S.C.  
21 4101 et seq.).

22 (ii) A State-specified governmental  
23 agency that has fiscal liability or legal re-  
24 sponsibility for the accuracy of the eligi-

1 bility determination findings relied on by  
2 the State.

3 (iii) A public agency that is subject to  
4 an interagency agreement limiting the dis-  
5 closure and use of the information dis-  
6 closed for purposes of determining eligi-  
7 bility under the State Medicaid plan or the  
8 State CHIP plan.

9 (C) EXCLUSIONS.—Such term does not in-  
10 clude an agency that determines eligibility for a  
11 program established under the Social Services  
12 Block Grant established under title XX of the  
13 Social Security Act (42 U.S.C. 1397 et seq.) or  
14 a private, for-profit organization.

15 (D) RULES OF CONSTRUCTION.—Nothing  
16 in this paragraph shall be construed as—

17 (i) affecting the authority of a State  
18 Medicaid agency to enter into contracts  
19 with nonprofit and for-profit agencies to  
20 administer the Medicaid application pro-  
21 cess;

22 (ii) exempting a State Medicaid agen-  
23 cy from complying with the requirements  
24 of section 1902(a)(4) of the Social Security  
25 Act (relating to merit-based personnel



1 standards for employees of the State Med-  
2 icaid agency and safeguards against con-  
3 flicts of interest); or

4 (iii) authorizing a State Medicaid  
5 agency that participates in the demonstra-  
6 tion program established under this section  
7 to use the Express Lane option to avoid  
8 complying with such requirements for pur-  
9 poses of making eligibility determinations  
10 under the State Medicaid plan.

11 (3) MEDICAID APPLICABLE INCOME LEVEL.—

12 With respect to a State, the term “Medicaid applica-  
13 ble income level” has the meaning given that term  
14 for purposes of such State under section 2110(b)(4)  
15 of the Social Security Act (42 U.S.C. 1397jj(4)).

16 (4) POVERTY LINE.—The term “poverty line”

17 has the meaning given that term in section  
18 2110(c)(5) of the Social Security Act (42 U.S.C.  
19 1397jj(c)(5)).

20 (5) STATE.—The term “State” means 1 of the

21 50 States or the District of Columbia.

22 (6) STATE CHIP AGENCY.—The term “State

23 CHIP agency” means the State agency responsible  
24 for administering the State CHIP plan.

1           (7) STATE CHIP PLAN.—The term “State  
2           CHIP plan” means the State child health plan es-  
3           tablished under title XXI of the Social Security Act  
4           (42 U.S.C. 1397aa et seq.), and includes any waiver  
5           of such plan.

6           (8) STATE MEDICAID AGENCY.—The term  
7           “State Medicaid agency” means the State agency re-  
8           sponsible for administering the State Medicaid plan.

9           (9) STATE MEDICAID PLAN.—The term “State  
10          Medicaid plan” means the State plan established  
11          under title XIX of the Social Security Act (42  
12          U.S.C. 1396 et seq.), and includes any waiver of  
13          such plan.

14          (f) APPROPRIATION.—

15               (1) OPERATIONAL FUNDS.—Out of any funds  
16               in the Treasury not otherwise appropriated, there is  
17               appropriated to the Secretary to carry out the dem-  
18               onstration program established under this section,  
19               \$49,000,000 for the period of fiscal years 2008  
20               through 2012.

21               (2) EVALUATION FUNDS.—\$5,000,000 of the  
22               funds appropriated under paragraph (1) shall be  
23               used to conduct the evaluation required under sub-  
24               section (d).

1           (3) BUDGET AUTHORITY.—Paragraph (1) con-  
2           stitutes budget authority in advance of appropria-  
3           tions Act and represents the obligation of the Fed-  
4           eral Government to provide for the payment to  
5           States selected to participate in the demonstration  
6           program established under this section of the  
7           amounts provided under such paragraph (after the  
8           application of paragraph (2)).

9   **SEC. 204. AUTHORIZATION OF CERTAIN INFORMATION DIS-**  
10                   **CLOSURES TO SIMPLIFY HEALTH COVERAGE**  
11                   **DETERMINATIONS.**

12           (a) AUTHORIZATION OF INFORMATION DISCLO-  
13   SURE.—Title XIX (42 U.S.C. 1396 et seq.) is amended—

14           (1) by redesignating section 1939 as section  
15           1940; and

16           (2) by inserting after section 1938 the following  
17           new section:

18   “AUTHORIZATION TO RECEIVE PERTINENT INFORMATION

19   “SEC. 1939. (a) IN GENERAL.—Notwithstanding any  
20   other provision of law, a Federal or State agency or pri-  
21   vate entity in possession of the sources of data directly  
22   relevant to eligibility determinations under this title (in-  
23   cluding eligibility files, information described in paragraph  
24   (2) or (3) of section 1137(a), vital records information  
25   about births in any State, and information described in  
26   sections 453(i) and 1902(a)(25)(I)) is authorized to con-

1 convey such data or information to the State agency admin-  
2 istering the State plan under this title, but only if such  
3 conveyance meets the requirements of subsection (b).

4 “(b) REQUIREMENTS FOR CONVEYANCE.—Data or  
5 information may be conveyed pursuant to this section only  
6 if the following requirements are met:

7 “(1) The child whose circumstances are de-  
8 scribed in the data or information (or such child’s  
9 parent, guardian, caretaker relative, or authorized  
10 representative) has either provided advance consent  
11 to disclosure or has not objected to disclosure after  
12 receiving advance notice of disclosure and a reason-  
13 able opportunity to object.

14 “(2) Such data or information are used solely  
15 for the purposes of—

16 “(A) identifying children who are eligible  
17 or potentially eligible for medical assistance  
18 under this title and enrolling (or attempting to  
19 enroll) such children in the State plan; and

20 “(B) verifying the eligibility of children for  
21 medical assistance under the State plan.

22 “(3) An interagency or other agreement, con-  
23 sistent with standards developed by the Secretary—

24 “(A) prevents the unauthorized use, dislo-  
25 sure, or modification of such data and other-

1 wise meets applicable Federal requirements for  
2 safeguarding privacy and data security; and

3 “(B) requires the State agency admin-  
4 istering the State plan to use the data and in-  
5 formation obtained under this section to seek to  
6 enroll children in the plan.

7 “(c) CRIMINAL PENALTY.—A person described in  
8 subsection (a) who publishes, divulges, discloses, or makes  
9 known in any manner, or to any extent, not authorized  
10 by Federal law, any information obtained under this sec-  
11 tion shall be fined not more than \$1,000 or imprisoned  
12 not more than 1 year, or both, for each such unauthorized  
13 activity.

14 “(d) RULE OF CONSTRUCTION.—The limitations and  
15 requirements that apply to disclosure pursuant to this sec-  
16 tion shall not be construed to prohibit the conveyance or  
17 disclosure of data or information otherwise permitted  
18 under Federal law (without regard to this section).”.

19 (b) CONFORMING AMENDMENT TO TITLE XXI.—  
20 Section 2107(e)(1) (42 U.S.C. 1397gg(e)(1)) is amended  
21 by adding at the end the following new subparagraph:

22 “(E) Section 1939 (relating to authoriza-  
23 tion to receive data directly relevant to eligi-  
24 bility determinations).”.

1           (c) AUTHORIZATION FOR STATES PARTICIPATING IN  
2 THE EXPRESS LANE DEMONSTRATION PROGRAM TO RE-  
3 CEIVE CERTAIN DATA DIRECTLY RELEVANT TO DETER-  
4 MINING ELIGIBILITY AND CORRECT AMOUNT OF ASSIST-  
5 ANCE.—Only in the case of a State selected to participate  
6 in the Express Lane demonstration program established  
7 under section 203, the Secretary shall enter into such  
8 agreements as are necessary to permit such a State to re-  
9 ceive data directly relevant to eligibility determinations  
10 and determining the correct amount of benefits under the  
11 State CHIP plan or the State Medicaid plan (as such  
12 terms are defined in paragraphs (7) and (9) section  
13 203(e)) from the following:

14           (1) The National Directory of New Hires estab-  
15 lished under section 453(i) of the Social Security  
16 Act (42 U.S.C. 653(i)).

17           (2) The National Income Data collected by the  
18 Commissioner of Social Security from information  
19 described in subparagraphs (A) and (B) of section  
20 6103(l)(7) of the Internal Revenue Code of 1986, in  
21 accordance with the requirements of that section.

22           (3) Data regarding enrollment in insurance that  
23 may help to facilitate outreach and enrollment under  
24 the State Medicaid plan, the State CHIP plan, and  
25 such other programs as the Secretary may specify.

1 **TITLE III—REDUCING BARRIERS**  
2 **TO ENROLLMENT**

3 **SEC. 301. VERIFICATION OF DECLARATION OF CITIZENSHIP**  
4 **OR NATIONALITY FOR PURPOSES OF ELIGI-**  
5 **BILITY FOR MEDICAID AND CHIP.**

6 (a) STATE OPTION TO VERIFY DECLARATION OF  
7 CITIZENSHIP OR NATIONALITY FOR PURPOSES OF ELIGI-  
8 BILITY FOR MEDICAID THROUGH VERIFICATION OF  
9 NAME AND SOCIAL SECURITY NUMBER.—

10 (1) ALTERNATIVE TO DOCUMENTATION RE-  
11 QUIREMENT.—

12 (A) IN GENERAL.—Section 1902 (42  
13 U.S.C. 1396a) is amended—

14 (i) in subsection (a)(46)—

15 (I) by inserting “(A)” after  
16 “(46)”;

17 (II) by adding “and” after the  
18 semicolon; and

19 (III) by adding at the end the  
20 following new subparagraph:

21 “(B) provide, with respect to an individual de-  
22 claring to be a citizen or national of the United  
23 States for purposes of establishing eligibility under  
24 this title, that the State shall satisfy the require-  
25 ments of—

1 “(i) section 1903(x); or

2 “(ii) subsection (dd);” and

3 (ii) by adding at the end the following

4 new subsection:

5 “(dd)(1) For purposes of section 1902(a)(46)(B)(ii),  
6 the requirements of this subsection with respect to an indi-  
7 vidual declaring to be a citizen or national of the United  
8 States for purposes of establishing eligibility under this  
9 title, are, in lieu of requiring the individual to present sat-  
10 isfactory documentary evidence of citizenship or nation-  
11 ality under section 1903(x) (if the individual is not de-  
12 scribed in paragraph (2) of that section), as follows:

13 “(A) The State submits the name and social se-  
14 curity number of the individual to the Commissioner  
15 of Social Security as part of the plan established  
16 under paragraph (2).

17 “(B) If the State receives notice from the Com-  
18 missioner of Social Security that the name or social  
19 security number of the individual is invalid, the  
20 State—

21 “(i) notifies the individual of such fact;

22 “(ii) provides the individual with an oppor-  
23 tunity to cure the invalid determination with  
24 the Commissioner of Social Security, followed  
25 by a period of 90 days from the date on which



1 the notice required under clause (i) is received  
2 by the individual to present satisfactory docu-  
3 mentary evidence of citizenship or nationality  
4 (as defined in section 1903(x)(3)); and

5 “(iii) disenrolls the individual from the  
6 State plan under this title within 30 days after  
7 the end of such 90-day period if no such docu-  
8 mentary evidence is presented.

9 “(2)(A) Each State electing to satisfy the require-  
10 ments of this subsection for purposes of section  
11 1902(a)(46)(B) shall establish a program under which the  
12 State submits each month to the Commissioner of Social  
13 Security for verification the name and social security num-  
14 ber of each individual enrolled in the State plan under this  
15 title that month who has attained the age of 1 before the  
16 date of the enrollment.

17 “(B) In establishing the State program under this  
18 paragraph, the State may enter into an agreement with  
19 the Commissioner of Social Security to provide for the  
20 electronic submission and verification of the name and so-  
21 cial security number of an individual before the individual  
22 is enrolled in the State plan.

23 “(3)(A) The State agency implementing the plan ap-  
24 proved under this title shall, at such times and in such  
25 form as the Secretary may specify, provide information on

1 the percentage each month that the invalid names and  
2 numbers submitted bears to the total submitted for  
3 verification.

4 “(B) If, for any fiscal year, the average monthly per-  
5 centage determined under subparagraph (A) is greater  
6 than 7 percent—

7 “(i) the State shall develop and adopt a correc-  
8 tive plan to review its procedures for verifying the  
9 identities of individuals seeking to enroll in the State  
10 plan under this title and to identify and implement  
11 changes in such procedures to improve their accu-  
12 racy; and

13 “(ii) pay to the Secretary an amount equal to  
14 the amount which bears the same ratio to the total  
15 payments under the State plan for the fiscal year for  
16 providing medical assistance to individuals who pro-  
17 vided invalid information as the number of individ-  
18 uals with invalid information in excess of 7 percent  
19 of such total submitted bears to the total number of  
20 individuals with invalid information.

21 “(C) The Secretary may waive, in certain limited  
22 cases, all or part of the payment under subparagraph  
23 (B)(ii) if the State is unable to reach the allowable error  
24 rate despite a good faith effort by such State.

1       “(D) This paragraph shall not apply to a State for  
2 a fiscal year if there is an agreement described in para-  
3 graph (2)(B) in effect as of the close of the fiscal year.

4       “(4) Nothing in this subsection shall affect the rights  
5 of any individual under this title to appeal any  
6 disenrollment from a State plan.”.

7               (B) COSTS OF IMPLEMENTING AND MAIN-  
8               TAINING SYSTEM.—Section 1903(a)(3) (42  
9               U.S.C. 1396b(a)(3)) is amended—

10                   (i) by striking “plus” at the end of  
11                   subparagraph (E) and inserting “and”,  
12                   and

13                   (ii) by adding at the end the following  
14                   new subparagraph:

15                   “(F)(i) 90 percent of the sums expended  
16                   during the quarter as are attributable to the de-  
17                   sign, development, or installation of such  
18                   mechanized verification and information re-  
19                   trieval systems as the Secretary determines are  
20                   necessary to implement section 1902(dd) (in-  
21                   cluding a system described in paragraph (2)(B)  
22                   thereof), and

23                   “(ii) 75 percent of the sums expended dur-  
24                   ing the quarter as are attributable to the oper-

1           ation of systems to which clause (i) applies,  
2           plus”.

3           (2) LIMITATION ON WAIVER AUTHORITY.—Not-  
4           withstanding any provision of section 1115 of the  
5           Social Security Act (42 U.S.C. 1315), or any other  
6           provision of law, the Secretary may not waive the re-  
7           quirements of section 1902(a)(46)(B) of such Act  
8           (42 U.S.C. 1396a(a)(46)(B)) with respect to a  
9           State.

10          (3) CONFORMING AMENDMENTS.—Section 1903  
11          (42 U.S.C. 1396b) is amended—

12                 (A) in subsection (i)(22), by striking “sub-  
13                 section (x)” and inserting “section  
14                 1902(a)(46)(B)”;

15                 (B) in subsection (x)(1), by striking “sub-  
16                 section (i)(22)” and inserting “section  
17                 1902(a)(46)(B)(i)”.

18          (b) CLARIFICATION OF REQUIREMENTS RELATING  
19          TO PRESENTATION OF SATISFACTORY DOCUMENTARY  
20          EVIDENCE OF CITIZENSHIP OR NATIONALITY.—

21                 (1) ACCEPTANCE OF DOCUMENTARY EVIDENCE  
22                 ISSUED BY A FEDERALLY RECOGNIZED INDIAN  
23                 TRIBE.—Section 1903(x)(3)(B) (42 U.S.C.  
24                 1396b(x)(3)(B)) is amended—

1 (A) by redesignating clause (v) as clause  
2 (vi); and

3 (B) by inserting after clause (iv), the fol-  
4 lowing new clause:

5 “(v)(I) Except as provided in subclause (II), a  
6 document issued by a federally recognized Indian  
7 tribe evidencing membership or enrollment in, or af-  
8 filiation with, such tribe (such as a tribal enrollment  
9 card or certificate of degree of Indian blood).

10 “(II) With respect to those federally recognized  
11 Indian tribes located within States having an inter-  
12 national border whose membership includes individ-  
13 uals who are not citizens of the United States, the  
14 Secretary shall, after consulting with such tribes,  
15 issue regulations authorizing the presentation of  
16 such other forms of documentation (including tribal  
17 documentation, if appropriate) that the Secretary  
18 determines to be satisfactory documentary evidence  
19 of citizenship or nationality for purposes of satis-  
20 fying the requirement of this subsection.”.

21 (2) REQUIREMENT TO PROVIDE REASONABLE  
22 OPPORTUNITY TO PRESENT SATISFACTORY DOCU-  
23 MENTARY EVIDENCE.—Section 1903(x) (42 U.S.C.  
24 1396b(x)) is amended by adding at the end the fol-  
25 lowing new paragraph:

1       “(4) In the case of an individual declaring to be a  
2 citizen or national of the United States with respect to  
3 whom a State requires the presentation of satisfactory  
4 documentary evidence of citizenship or nationality under  
5 section 1902(a)(46)(B)(i), the individual shall be provided  
6 at least the reasonable opportunity to present satisfactory  
7 documentary evidence of citizenship or nationality under  
8 this subsection as is provided under clauses (i) and (ii)  
9 of section 1137(d)(4)(A) to an individual for the submittal  
10 to the State of evidence indicating a satisfactory immigra-  
11 tion status.”.

12               (3) CHILDREN BORN IN THE UNITED STATES  
13 TO MOTHERS ELIGIBLE FOR MEDICAID.—

14               (A) CLARIFICATION OF RULES.—Section  
15 1903(x) (42 U.S.C. 1396b(x)), as amended by  
16 paragraph (2), is amended—

17                       (i) in paragraph (2)—

18                               (I) in subparagraph (C), by strik-  
19 ing “or” at the end;

20                               (II) by redesignating subpara-  
21 graph (D) as subparagraph (E); and

22                               (III) by inserting after subpara-  
23 graph (C) the following new subpara-  
24 graph:

1           “(D) pursuant to the application of section  
2           1902(e)(4) (and, in the case of an individual who is  
3           eligible for medical assistance on such basis, the in-  
4           dividual shall be deemed to have provided satisfac-  
5           tory documentary evidence of citizenship or nation-  
6           ality and shall not be required to provide further  
7           documentary evidence on any date that occurs dur-  
8           ing or after the period in which the individual is eli-  
9           gible for medical assistance on such basis); or”;

10                                   (ii) by adding at the end the following  
11                                   new paragraph:

12           “(5) Nothing in subparagraph (A) or (B) of section  
13           1902(a)(46), the preceding paragraphs of this subsection,  
14           or the Deficit Reduction Act of 2005, including section  
15           6036 of such Act, shall be construed as changing the re-  
16           quirement of section 1902(e)(4) that a child born in the  
17           United States to an alien mother for whom medical assist-  
18           ance for the delivery of such child is available as treatment  
19           of an emergency medical condition pursuant to subsection  
20           (v) shall be deemed eligible for medical assistance during  
21           the first year of such child’s life.”.

22                                   (B) STATE REQUIREMENT TO ISSUE SEPA-  
23           RATE IDENTIFICATION NUMBER.—Section  
24           1902(e)(4) (42 U.S.C. 1396a(e)(4)) is amended  
25           by adding at the end the following new sen-

1           tence: “Notwithstanding the preceding sentence,  
2           in the case of a child who is born in the United  
3           States to an alien mother for whom medical as-  
4           sistance for the delivery of the child is made  
5           available pursuant to section 1903(v), the State  
6           immediately shall issue a separate identification  
7           number for the child upon notification by the  
8           facility at which such delivery occurred of the  
9           child’s birth.”.

10           (4)     TECHNICAL     AMENDMENTS.—Section  
11           1903(x)(2) (42 U.S.C. 1396b(x)) is amended—

12                   (A) in subparagraph (B)—

13                           (i) by realigning the left margin of the  
14                           matter preceding clause (i) 2 ems to the  
15                           left; and

16                           (ii) by realigning the left margins of  
17                           clauses (i) and (ii), respectively, 2 ems to  
18                           the left; and

19                   (B) in subparagraph (C)—

20                           (i) by realigning the left margin of the  
21                           matter preceding clause (i) 2 ems to the  
22                           left; and

23                           (ii) by realigning the left margins of  
24                           clauses (i) and (ii), respectively, 2 ems to  
25                           the left.



1           (c) APPLICATION OF DOCUMENTATION SYSTEM TO  
2 CHIP.—

3           (1) IN GENERAL.—Section 2105(c) (42 U.S.C.  
4 1397ee(c)), as amended by section 110(a), is amend-  
5 ed by adding at the end the following new para-  
6 graph:

7           “(9) CITIZENSHIP DOCUMENTATION REQUIRE-  
8 MENTS.—

9           “(A) IN GENERAL.—No payment may be  
10 made under this section with respect to an indi-  
11 vidual who has, or is, declared to be a citizen  
12 or national of the United States for purposes of  
13 establishing eligibility under this title unless the  
14 State meets the requirements of section  
15 1902(a)(46)(B) with respect to the individual.

16           “(B) ENHANCED PAYMENTS.—Notwith-  
17 standing subsection (b), the enhanced FMAP  
18 with respect to payments under subsection (a)  
19 for expenditures described in clause (i) or (ii) of  
20 section 1903(a)(3)(F) necessary to comply with  
21 subparagraph (A) shall in no event be less than  
22 90 percent and 75 percent, respectively.”.

23           (2) NONAPPLICATION OF ADMINISTRATIVE EX-  
24 PENDITURES CAP.—Section 2105(c)(2)(C) (42  
25 U.S.C. 1397ee(c)(2)(C)), as amended by section

1 202(b), is amended by adding at the end the fol-  
2 lowing:

3 “(iii) EXPENDITURES TO COMPLY  
4 WITH CITIZENSHIP OR NATIONALITY  
5 VERIFICATION REQUIREMENTS.—Expendi-  
6 tures necessary for the State to comply  
7 with paragraph (9)(A).”.

8 (d) EFFECTIVE DATE.—

9 (1) IN GENERAL.—The amendments made by  
10 this section shall take effect on October 1, 2008.

11 (2) RESTORATION OF ELIGIBILITY.—In the  
12 case of an individual who, during the period that  
13 began on July 1, 2006, and ends on October 1,  
14 2008, was determined to be ineligible for medical as-  
15 sistance under a State Medicaid plan, including any  
16 waiver of such plan, solely as a result of the applica-  
17 tion of subsections (i)(22) and (x) of section 1903  
18 of the Social Security Act (as in effect during such  
19 period), but who would have been determined eligible  
20 for such assistance if such subsections, as amended  
21 by subsection (b), had applied to the individual, a  
22 State may deem the individual to be eligible for such  
23 assistance as of the date that the individual was de-  
24 termined to be ineligible for such medical assistance  
25 on such basis.

1           (3) SPECIAL TRANSITION RULE FOR INDIANS.—  
 2           During the period that begins on July 1, 2006, and  
 3           ends on the effective date of final regulations issued  
 4           under subclause (II) of section 1903(x)(3)(B)(v) of  
 5           the Social Security Act (42 U.S.C.  
 6           1396b(x)(3)(B)(v)) (as added by subsection  
 7           (b)(1)(B)), an individual who is a member of a fed-  
 8           erally-recognized Indian tribe described in subclause  
 9           (II) of that section who presents a document de-  
 10          scribed in subclause (I) of such section that is issued  
 11          by such Indian tribe, shall be deemed to have pre-  
 12          sented satisfactory evidence of citizenship or nation-  
 13          ality for purposes of satisfying the requirement of  
 14          subsection (x) of section 1903 of such Act.

15 **SEC. 302. REDUCING ADMINISTRATIVE BARRIERS TO EN-**  
 16 **ROLLMENT.**

17           Section 2102(b) (42 U.S.C. 1397bb(b)) is amended—

18           (1) by redesignating paragraph (4) as para-  
 19           graph (5); and

20           (2) by inserting after paragraph (3) the fol-  
 21           lowing new paragraph:

22           “(4) REDUCTION OF ADMINISTRATIVE BAR-  
 23           RIERS TO ENROLLMENT.—

24           “(A) IN GENERAL.—Subject to subpara-  
 25           graph (B), the plan shall include a description

1 of the procedures used to reduce administrative  
2 barriers to the enrollment of children and preg-  
3 nant women who are eligible for medical assist-  
4 ance under title XIX or for child health assist-  
5 ance or health benefits coverage under this title.  
6 Such procedures shall be established and re-  
7 vised as often as the State determines appro-  
8 priate to take into account the most recent in-  
9 formation available to the State identifying  
10 such barriers.

11 “(B) DEEMED COMPLIANCE IF JOINT AP-  
12 PPLICATION AND RENEWAL PROCESS THAT PER-  
13 MITS APPLICATION OTHER THAN IN PERSON.—  
14 A State shall be deemed to comply with sub-  
15 paragraph (A) if the State’s application and re-  
16 newal forms and supplemental forms (if any)  
17 and information verification process is the same  
18 for purposes of establishing and renewing eligi-  
19 bility for children and pregnant women for  
20 medical assistance under title XIX and child  
21 health assistance under this title, and such  
22 process does not require an application to be  
23 made in person or a face-to-face interview.”

1 **TITLE IV—REDUCING BARRIERS**  
 2 **TO PROVIDING PREMIUM AS-**  
 3 **SISTANCE**

4 **Subtitle A—Additional State Op-**  
 5 **tion for Providing Premium As-**  
 6 **sistance**

7 **SEC. 401. ADDITIONAL STATE OPTION FOR PROVIDING**  
 8 **PREMIUM ASSISTANCE.**

9 (a) IN GENERAL.—Section 2105(c) (42 U.S.C.  
 10 1397ee(c)), as amended by section 301(c), is amended by  
 11 adding at the end the following:

12 “(10) STATE OPTION TO OFFER PREMIUM AS-  
 13 SISTANCE.—

14 “(A) IN GENERAL.—Subject to the suc-  
 15 ceeding provisions of this paragraph, a State  
 16 may elect to offer a premium assistance subsidy  
 17 (as defined in subparagraph (C)) for qualified  
 18 employer-sponsored coverage (as defined in sub-  
 19 paragraph (B)) to all targeted low-income chil-  
 20 dren who are eligible for child health assistance  
 21 under the plan and have access to such cov-  
 22 erage in accordance with the requirements of  
 23 this paragraph.

24 “(B) QUALIFIED EMPLOYER-SPONSORED  
 25 COVERAGE.—

1           “(i) IN GENERAL.—Subject to clauses  
2           (ii) and (iii), in this paragraph, the term  
3           ‘qualified employer-sponsored coverage’  
4           means a group health plan or health insur-  
5           ance coverage offered through an em-  
6           ployer—

7                   “(I) that qualifies as creditable  
8                   coverage as a group health plan under  
9                   section 2701(c)(1) of the Public  
10                  Health Service Act;

11                  “(II) for which the employer con-  
12                  tribution toward any premium for  
13                  such coverage is at least 40 percent;  
14                  and

15                  “(III) to all individuals in a man-  
16                  ner that would be considered a non-  
17                  discriminatory eligibility classification  
18                  for purposes of paragraph (3)(A)(ii)  
19                  of section 105(h) of the Internal Rev-  
20                  enue Code of 1986 (but determined  
21                  without regard to clause (i) of sub-  
22                  paragraph (B) of such paragraph).

23           “(ii) EXCEPTION.—Such term does  
24           not include coverage consisting of—

1           “(I) benefits provided under a  
2 health flexible spending arrangement  
3 (as defined in section 106(c)(2) of the  
4 Internal Revenue Code of 1986); or

5           “(II) a high deductible health  
6 plan (as defined in section 223(c)(2)  
7 of such Code) purchased in conjunc-  
8 tion with a health savings account (as  
9 defined under section 223(d) of such  
10 Code).

11           “(iii) COST-EFFECTIVENESS ALTER-  
12 NATIVE TO REQUIRED EMPLOYER CON-  
13 TRIBUTION.—A group health plan or  
14 health insurance coverage offered through  
15 an employer that would be considered  
16 qualified employer-sponsored coverage but  
17 for the application of clause (i)(II) may be  
18 deemed to satisfy the requirement of such  
19 clause if either of the following applies:

20           “(I) APPLICATION OF CHILD-  
21 BASED OR FAMILY-BASED TEST.—The  
22 State establishes to the satisfaction of  
23 the Secretary that the cost of such  
24 coverage is less than the expenditures  
25 that the State would have made to en-

1 roll the child or the family (as appli-  
2 cable) in the State child health plan.

3 “(II) AGGREGATE PROGRAM  
4 OPERATIONAL COSTS DO NOT EXCEED  
5 THE COST OF PROVIDING COVERAGE  
6 UNDER THE STATE CHILD HEALTH  
7 PLAN.—If subclause (I) does not  
8 apply, the State establishes to the sat-  
9 isfaction of the Secretary that the ag-  
10 gregate amount of expenditures by the  
11 State for the purchase of all such cov-  
12 erage for targeted low-income children  
13 under the State child health plan (in-  
14 cluding administrative expenditures)  
15 does not exceed the aggregate amount  
16 of expenditures that the State would  
17 have made for providing coverage  
18 under the State child health plan for  
19 all such children.

20 “(C) PREMIUM ASSISTANCE SUBSIDY.—

21 “(i) IN GENERAL.—In this paragraph,  
22 the term ‘premium assistance subsidy’  
23 means, with respect to a targeted low-in-  
24 come child, the amount equal to the dif-  
25 ference between the employee contribution



1 required for enrollment only of the em-  
2 ployee under qualified employer-sponsored  
3 coverage and the employee contribution re-  
4 quired for enrollment of the employee and  
5 the child in such coverage, less any appli-  
6 cable premium cost-sharing applied under  
7 the State child health plan (subject to the  
8 limitations imposed under section 2103(e),  
9 including the requirement to count the  
10 total amount of the employee contribution  
11 required for enrollment of the employee  
12 and the child in such coverage toward the  
13 annual aggregate cost-sharing limit applied  
14 under paragraph (3)(B) of such section).

15 “(ii) STATE PAYMENT OPTION.—A  
16 State may provide a premium assistance  
17 subsidy either as reimbursement to an em-  
18 ployee for out-of-pocket expenditures or,  
19 subject to clause (iii), directly to the em-  
20 ployee’s employer.

21 “(iii) EMPLOYER OPT-OUT.—An em-  
22 ployer may notify a State that it elects to  
23 opt-out of being directly paid a premium  
24 assistance subsidy on behalf of an em-  
25 ployee. In the event of such a notification,

1 an employer shall withhold the total  
2 amount of the employee contribution re-  
3 quired for enrollment of the employee and  
4 the child in the qualified employer-spon-  
5 sored coverage and the State shall pay the  
6 premium assistance subsidy directly to the  
7 employee.

8 “(iv) TREATMENT AS CHILD HEALTH  
9 ASSISTANCE.—Expenditures for the provi-  
10 sion of premium assistance subsidies shall  
11 be considered child health assistance de-  
12 scribed in paragraph (1)(C) of subsection  
13 (a) for purposes of making payments  
14 under that subsection.

15 “(D) APPLICATION OF SECONDARY PAYOR  
16 RULES.—The State shall be a secondary payor  
17 for any items or services provided under the  
18 qualified employer-sponsored coverage for which  
19 the State provides child health assistance under  
20 the State child health plan.

21 “(E) REQUIREMENT TO PROVIDE SUPPLE-  
22 MENTAL COVERAGE FOR BENEFITS AND COST-  
23 SHARING PROTECTION PROVIDED UNDER THE  
24 STATE CHILD HEALTH PLAN.—

1           “(i) IN GENERAL.—Notwithstanding  
2           section 2110(b)(1)(C), the State shall pro-  
3           vide for each targeted low-income child en-  
4           rolled in qualified employer-sponsored cov-  
5           erage, supplemental coverage consisting  
6           of—

7                       “(I) items or services that are  
8                       not covered, or are only partially cov-  
9                       ered, under the qualified employ-  
10                      sponsored coverage; and

11                     “(II) cost-sharing protection con-  
12                     sistent with section 2103(e).

13           “(ii) RECORD KEEPING REQUIRE-  
14           MENTS.—For purposes of carrying out  
15           clause (i), a State may elect to directly pay  
16           out-of-pocket expenditures for cost-sharing  
17           imposed under the qualified employer-spon-  
18           sored coverage and collect or not collect all  
19           or any portion of such expenditures from  
20           the parent of the child.

21           “(F) APPLICATION OF WAITING PERIOD  
22           IMPOSED UNDER THE STATE.—Any waiting pe-  
23           riod imposed under the State child health plan  
24           prior to the provision of child health assistance  
25           to a targeted low-income child under the State

1 plan shall apply to the same extent to the provi-  
2 sion of a premium assistance subsidy for the  
3 child under this paragraph.

4 “(G) OPT-OUT PERMITTED FOR ANY  
5 MONTH.—A State shall establish a process for  
6 permitting the parent of a targeted low-income  
7 child receiving a premium assistance subsidy to  
8 disenroll the child from the qualified employer-  
9 sponsored coverage and enroll the child in, and  
10 receive child health assistance under, the State  
11 child health plan, effective on the first day of  
12 any month for which the child is eligible for  
13 such assistance and in a manner that ensures  
14 continuity of coverage for the child.

15 “(H) APPLICATION TO PARENTS.—If a  
16 State provides child health assistance or health  
17 benefits coverage to parents of a targeted low-  
18 income child in accordance with section  
19 2111(b), the State may elect to offer a pre-  
20 mium assistance subsidy to a parent of a tar-  
21 geted low-income child who is eligible for such  
22 a subsidy under this paragraph in the same  
23 manner as the State offers such a subsidy for  
24 the enrollment of the child in qualified em-  
25 ployer-sponsored coverage, except that—

1           “(i) the amount of the premium as-  
2           sistance subsidy shall be increased to take  
3           into account the cost of the enrollment of  
4           the parent in the qualified employer-spon-  
5           sored coverage or, at the option of the  
6           State if the State determines it cost-effec-  
7           tive, the cost of the enrollment of the  
8           child’s family in such coverage; and

9           “(ii) any reference in this paragraph  
10          to a child is deemed to include a reference  
11          to the parent or, if applicable under clause  
12          (i), the family of the child.

13          “(I) ADDITIONAL STATE OPTION FOR PRO-  
14          VIDING PREMIUM ASSISTANCE.—

15          “(i) IN GENERAL.—A State may es-  
16          tablish an employer-family premium assist-  
17          ance purchasing pool for employers with  
18          less than 250 employees who have at least  
19          1 employee who is a pregnant woman eligi-  
20          ble for assistance under the State child  
21          health plan (including through the applica-  
22          tion of an option described in section  
23          2112(f)) or a member of a family with at  
24          least 1 targeted low-income child and to  
25          provide a premium assistance subsidy

1 under this paragraph for enrollment in  
2 coverage made available through such pool.

3 “(ii) ACCESS TO CHOICE OF COV-  
4 ERAGE.—A State that elects the option  
5 under clause (i) shall identify and offer ac-  
6 cess to not less than 2 private health plans  
7 that are health benefits coverage that is  
8 equivalent to the benefits coverage in a  
9 benchmark benefit package described in  
10 section 2103(b) or benchmark-equivalent  
11 coverage that meets the requirements of  
12 section 2103(a)(2) for employees described  
13 in clause (i).

14 “(J) NO EFFECT ON PREVIOUSLY AP-  
15 PROVED PREMIUM ASSISTANCE PROGRAMS.—  
16 Nothing in this paragraph shall be construed as  
17 limiting the authority of a State to offer pre-  
18 mium assistance under section 1906, a waiver  
19 described in paragraph (2)(B) or (3), a waiver  
20 approved under section 1115, or other authority  
21 in effect prior to the date of enactment of the  
22 Children’s Health Insurance Program Reau-  
23 thorization Act of 2007.

24 “(K) NOTICE OF AVAILABILITY.—If a  
25 State elects to provide premium assistance sub-

1 subsidies in accordance with this paragraph, the  
2 State shall—

3 “(i) include on any application or en-  
4 rollment form for child health assistance a  
5 notice of the availability of premium assist-  
6 ance subsidies for the enrollment of tar-  
7 geted low-income children in qualified em-  
8 ployer-sponsored coverage;

9 “(ii) provide, as part of the applica-  
10 tion and enrollment process under the  
11 State child health plan, information de-  
12 scribing the availability of such subsidies  
13 and how to elect to obtain such a subsidy;  
14 and

15 “(iii) establish such other procedures  
16 as the State determines necessary to en-  
17 sure that parents are fully informed of the  
18 choices for receiving child health assistance  
19 under the State child health plan or  
20 through the receipt of premium assistance  
21 subsidies.

22 “(L) APPLICATION TO QUALIFIED EM-  
23 PLOYER-SPONSORED BENCHMARK COVERAGE.—

24 If a group health plan or health insurance cov-  
25 erage offered through an employer is certified

1 by an actuary as health benefits coverage that  
2 is equivalent to the benefits coverage in a  
3 benchmark benefit package described in section  
4 2103(b) or benchmark-equivalent coverage that  
5 meets the requirements of section 2103(a)(2),  
6 the State may provide premium assistance sub-  
7 sidies for enrollment of targeted low-income  
8 children in such group health plan or health in-  
9 surance coverage in the same manner as such  
10 subsidies are provided under this paragraph for  
11 enrollment in qualified employer-sponsored cov-  
12 erage, but without regard to the requirement to  
13 provide supplemental coverage for benefits and  
14 cost-sharing protection provided under the  
15 State child health plan under subparagraph  
16 (E).”.

17 (b) APPLICATION TO MEDICAID.—Section 1906 (42  
18 U.S.C. 1396e) is amended by inserting after subsection  
19 (c) the following:

20 “(d) A State may elect to offer a premium assistance  
21 subsidy (as defined in section 2105(c)(10)(C)) for quali-  
22 fied employer-sponsored coverage (as defined in section  
23 2105(c)(10)(B)) to a child who is eligible for medical as-  
24 sistance under the State plan under this title, to the par-  
25 ent of such a child, and to a pregnant woman, in the same



1 manner as such a subsidy for such coverage may be of-  
 2 fered under a State child health plan under title XXI in  
 3 accordance with section 2105(c)(10) (except that subpara-  
 4 graph (E)(i)(II) of such section shall be applied by sub-  
 5 stituting ‘1916 or, if applicable, 1916A’ for ‘2103(e)’.”.

6 (c) GAO STUDY AND REPORT.—Not later than Janu-  
 7 ary 1, 2009, the Comptroller General of the United States  
 8 shall study cost and coverage issues relating to any State  
 9 premium assistance programs for which Federal matching  
 10 payments are made under title XIX or XXI of the Social  
 11 Security Act, including under waiver authority, and shall  
 12 submit a report to the appropriate committees of Congress  
 13 on the results of such study.

14 **SEC. 402. OUTREACH, EDUCATION, AND ENROLLMENT AS-**  
 15 **SISTANCE.**

16 (a) REQUIREMENT TO INCLUDE DESCRIPTION OF  
 17 OUTREACH, EDUCATION, AND ENROLLMENT EFFORTS  
 18 RELATED TO PREMIUM ASSISTANCE SUBSIDIES IN STATE  
 19 CHILD HEALTH PLAN.—Section 2102(c) (42 U.S.C.  
 20 1397bb(c)) is amended by adding at the end the following  
 21 new paragraph:

22 “(3) PREMIUM ASSISTANCE SUBSIDIES.—Out-  
 23 reach, education, and enrollment assistance for fami-  
 24 lies of children likely to be eligible for premium as-  
 25 sistance subsidies under the State child health plan

1 in accordance with paragraphs (2)(B), (3), or (10)  
2 of section 2105(c), or a waiver approved under sec-  
3 tion 1115, to inform such families of the availability  
4 of, and to assist them in enrolling their children in,  
5 such subsidies, and for employers likely to provide  
6 coverage that is eligible for such subsidies, including  
7 the specific, significant resources the State intends  
8 to apply to educate employers about the availability  
9 of premium assistance subsidies under the State  
10 child health plan.”.

11 (b) NONAPPLICATION OF 10 PERCENT LIMIT ON  
12 OUTREACH AND CERTAIN OTHER EXPENDITURES.—Sec-  
13 tion 2105(c)(2)(C) (42 U.S.C. 1397ee(c)(2)(C)), as  
14 amended by section 301(c)(2), is amended by adding at  
15 the end the following new clause:

16 “(iv) EXPENDITURES FOR OUTREACH  
17 TO INCREASE THE ENROLLMENT OF CHIL-  
18 DREN UNDER THIS TITLE AND TITLE XIX  
19 THROUGH PREMIUM ASSISTANCE SUB-  
20 SIDIES.—Expenditures for outreach activi-  
21 ties to families of children likely to be eligi-  
22 ble for premium assistance subsidies in ac-  
23 cordance with paragraphs (2)(B), (3), or  
24 (10), or a waiver approved under section  
25 1115, to inform such families of the avail-

1 ability of, and to assist them in enrolling  
 2 their children in, such subsidies, and to  
 3 employers likely to provide qualified em-  
 4 ployer-sponsored coverage (as defined in  
 5 subparagraph (B) of such paragraph).”.

6 **Subtitle B—Coordinating Premium**  
 7 **Assistance With Private Coverage**

8 **SEC. 411. SPECIAL ENROLLMENT PERIOD UNDER GROUP**  
 9 **HEALTH PLANS IN CASE OF TERMINATION OF**  
 10 **MEDICAID OR CHIP COVERAGE OR ELIGI-**  
 11 **BILITY FOR ASSISTANCE IN PURCHASE OF**  
 12 **EMPLOYMENT-BASED COVERAGE; COORDINA-**  
 13 **TION OF COVERAGE.**

14 (a) AMENDMENTS TO INTERNAL REVENUE CODE OF  
 15 1986.—Section 9801(f) of the Internal Revenue Code of  
 16 1986 (relating to special enrollment periods) is amended  
 17 by adding at the end the following new paragraph:

18 “(3) SPECIAL RULES RELATING TO MEDICAID  
 19 AND CHIP.—

20 “(A) IN GENERAL.—A group health plan  
 21 shall permit an employee who is eligible, but  
 22 not enrolled, for coverage under the terms of  
 23 the plan (or a dependent of such an employee  
 24 if the dependent is eligible, but not enrolled, for  
 25 coverage under such terms) to enroll for cov-

1           erage under the terms of the plan if either of  
2           the following conditions is met:

3                   “(i) TERMINATION OF MEDICAID OR  
4                   CHIP COVERAGE.—The employee or de-  
5                   pendent is covered under a Medicaid plan  
6                   under title XIX of the Social Security Act  
7                   or under a State child health plan under  
8                   title XXI of such Act and coverage of the  
9                   employee or dependent under such a plan  
10                  is terminated as a result of loss of eligi-  
11                  bility for such coverage and the employee  
12                  requests coverage under the group health  
13                  plan not later than 60 days after the date  
14                  of termination of such coverage.

15                  “(ii) ELIGIBILITY FOR EMPLOYMENT  
16                  ASSISTANCE UNDER MEDICAID OR CHIP.—  
17                  The employee or dependent becomes eligi-  
18                  ble for assistance, with respect to coverage  
19                  under the group health plan under such  
20                  Medicaid plan or State child health plan  
21                  (including under any waiver or demonstra-  
22                  tion project conducted under or in relation  
23                  to such a plan), if the employee requests  
24                  coverage under the group health plan not  
25                  later than 60 days after the date the em-

1           employee or dependent is determined to be el-  
2           igible for such assistance.

3           “(B) EMPLOYEE OUTREACH AND DISCLO-  
4           SURE.—

5           “(i) OUTREACH TO EMPLOYEES RE-  
6           GARDING AVAILABILITY OF MEDICAID AND  
7           CHIP COVERAGE.—

8           “(I) IN GENERAL.—Each em-  
9           ployer that maintains a group health  
10          plan in a State that provides medical  
11          assistance under a State Medicaid  
12          plan under title XIX of the Social Se-  
13          curity Act, or child health assistance  
14          under a State child health plan under  
15          title XXI of such Act, in the form of  
16          premium assistance for the purchase  
17          of coverage under a group health  
18          plan, shall provide to each employee a  
19          written notice informing the employee  
20          of potential opportunities then cur-  
21          rently available in the State in which  
22          the employee resides for premium as-  
23          sistance under such plans for health  
24          coverage of the employee or the em-  
25          ployee’s dependents. For purposes of

1 compliance with this clause, the em-  
2 ployer may use any State-specific  
3 model notice issued by the Secretary  
4 of Labor or the Secretary of Health  
5 and Human Services in accordance  
6 with section 701(f)(3)(B) of the Em-  
7 ployee Retirement Income Security  
8 Act of 1974 (29 U.S.C.  
9 1181(f)(3)(B)).

10 “(II) OPTION TO PROVIDE CON-  
11 CURRENT WITH PROVISION OF SUM-  
12 MARY PLAN DESCRIPTION.—An em-  
13 ployer may provide the model notice  
14 applicable to the State in which an  
15 employee resides concurrent with the  
16 furnishing of the summary plan de-  
17 scription as provided in section 104(b)  
18 of the Employee Retirement Income  
19 Security Act of 1974 (29 U.S.C.  
20 1024).

21 “(ii) DISCLOSURE ABOUT GROUP  
22 HEALTH PLAN BENEFITS TO STATES FOR  
23 MEDICAID AND CHIP ELIGIBLE INDIVID-  
24 UALS.—In the case of a participant or ben-  
25 efiary of a group health plan who is cov-

1           ered under a Medicaid plan of a State  
2           under title XIX of the Social Security Act  
3           or under a State child health plan under  
4           title XXI of such Act, the plan adminis-  
5           trator of the group health plan shall dis-  
6           close to the State, upon request, informa-  
7           tion about the benefits available under the  
8           group health plan in sufficient specificity,  
9           as determined under regulations of the  
10          Secretary of Health and Human Services  
11          in consultation with the Secretary that re-  
12          quire use of the model coverage coordina-  
13          tion disclosure form developed under sec-  
14          tion 411(b)(2)(C) of the Children’s Health  
15          Insurance Program Reauthorization Act of  
16          2007, so as to permit the State to make a  
17          determination (under paragraph (2)(B),  
18          (3), or (10) of section 2105(c) of the So-  
19          cial Security Act or otherwise) concerning  
20          the cost-effectiveness of the State pro-  
21          viding medical or child health assistance  
22          through premium assistance for the pur-  
23          chase of coverage under such group health  
24          plan and in order for the State to provide  
25          supplemental benefits required under para-

1 graph (10)(E) of such section or other au-  
2 thority.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) AMENDMENTS TO EMPLOYEE RETIREMENT  
5 INCOME SECURITY ACT.—

6 (A) IN GENERAL.—Section 701(f) of the  
7 Employee Retirement Income Security Act of  
8 1974 (29 U.S.C. 1181(f)) is amended by adding  
9 at the end the following new paragraph:

10 “(3) SPECIAL RULES FOR APPLICATION IN CASE  
11 OF MEDICAID AND CHIP.—

12 “(A) IN GENERAL.—A group health plan,  
13 and a health insurance issuer offering group  
14 health insurance coverage in connection with a  
15 group health plan, shall permit an employee  
16 who is eligible, but not enrolled, for coverage  
17 under the terms of the plan (or a dependent of  
18 such an employee if the dependent is eligible,  
19 but not enrolled, for coverage under such  
20 terms) to enroll for coverage under the terms of  
21 the plan if either of the following conditions is  
22 met:

23 “(i) TERMINATION OF MEDICAID OR  
24 CHIP COVERAGE.—The employee or de-  
25 pendent is covered under a Medicaid plan



1 under title XIX of the Social Security Act  
2 or under a State child health plan under  
3 title XXI of such Act and coverage of the  
4 employee or dependent under such a plan  
5 is terminated as a result of loss of eligi-  
6 bility for such coverage and the employee  
7 requests coverage under the group health  
8 plan (or health insurance coverage) not  
9 later than 60 days after the date of termi-  
10 nation of such coverage.

11 “(ii) ELIGIBILITY FOR EMPLOYMENT  
12 ASSISTANCE UNDER MEDICAID OR CHIP.—  
13 The employee or dependent becomes eligi-  
14 ble for assistance, with respect to coverage  
15 under the group health plan or health in-  
16 surance coverage, under such Medicaid  
17 plan or State child health plan (including  
18 under any waiver or demonstration project  
19 conducted under or in relation to such a  
20 plan), if the employee requests coverage  
21 under the group health plan or health in-  
22 surance coverage not later than 60 days  
23 after the date the employee or dependent is  
24 determined to be eligible for such assist-  
25 ance.”.

1                   “(B) COORDINATION WITH MEDICAID AND  
2                   CHIP.—

3                   “(i) OUTREACH TO EMPLOYEES RE-  
4                   GARDING AVAILABILITY OF MEDICAID AND  
5                   CHIP COVERAGE.—

6                   “(I) IN GENERAL.—Each em-  
7                   ployer that maintains a group health  
8                   plan in a State that provides medical  
9                   assistance under a State Medicaid  
10                  plan under title XIX of the Social Se-  
11                  curity Act, or child health assistance  
12                  under a State child health plan under  
13                  title XXI of such Act, in the form of  
14                  premium assistance for the purchase  
15                  of coverage under a group health  
16                  plan, shall provide to each employee a  
17                  written notice informing the employee  
18                  of potential opportunities then cur-  
19                  rently available in the State in which  
20                  the employee resides for premium as-  
21                  sistance under such plans for health  
22                  coverage of the employee or the em-  
23                  ployee’s dependents.

24                  “(II) MODEL NOTICE.—Not later  
25                  than 1 year after the date of enact-



1 MARY PLAN DESCRIPTION.—An em-  
2 ployer may provide the model notice  
3 applicable to the State in which an  
4 employee resides concurrent with the  
5 furnishing of the summary plan de-  
6 scription as provided in section  
7 104(b).

8 “(ii) DISCLOSURE ABOUT GROUP  
9 HEALTH PLAN BENEFITS TO STATES FOR  
10 MEDICAID AND CHIP ELIGIBLE INDIVID-  
11 UALS.—In the case of a participant or ben-  
12 efiary of a group health plan who is cov-  
13 ered under a Medicaid plan of a State  
14 under title XIX of the Social Security Act  
15 or under a State child health plan under  
16 title XXI of such Act, the plan adminis-  
17 trator of the group health plan shall dis-  
18 close to the State, upon request, informa-  
19 tion about the benefits available under the  
20 group health plan in sufficient specificity,  
21 as determined under regulations of the  
22 Secretary of Health and Human Services  
23 in consultation with the Secretary that re-  
24 quire use of the model coverage coordina-  
25 tion disclosure form developed under sec-

1           tion 411(b)(2)(C) of the Children’s Health  
2           Insurance Program Reauthorization Act of  
3           2007, so as to permit the State to make a  
4           determination (under paragraph (2)(B),  
5           (3), or (10) of section 2105(c) of the So-  
6           cial Security Act or otherwise) concerning  
7           the cost-effectiveness of the State pro-  
8           viding medical or child health assistance  
9           through premium assistance for the pur-  
10          chase of coverage under such group health  
11          plan and in order for the State to provide  
12          supplemental benefits required under para-  
13          graph (10)(E) of such section or other au-  
14          thority.”.

15           (B) CONFORMING AMENDMENT.—Section  
16          102(b) of the Employee Retirement Income Se-  
17          curity Act of 1974 (29 U.S.C. 1022(b)) is  
18          amended—

19                   (i) by striking “and the remedies”  
20                   and inserting “, the remedies”; and

21                   (ii) by inserting before the period the  
22                   following: “, and if the employer so elects  
23                   for purposes of complying with section  
24                   701(f)(3)(B)(i), the model notice applicable

1 to the State in which the participants and  
2 beneficiaries reside”.

3 (C) WORKING GROUP TO DEVELOP MODEL  
4 COVERAGE COORDINATION DISCLOSURE  
5 FORM.—

6 (i) MEDICAID, CHIP, AND EMPLOYER-  
7 SPONSORED COVERAGE COORDINATION  
8 WORKING GROUP.—

9 (I) IN GENERAL.—Not later than  
10 60 days after the date of enactment of  
11 this Act, the Secretary of Health and  
12 Human Services and the Secretary of  
13 Labor shall jointly establish a Med-  
14 icaid, CHIP, and Employer-Sponsored  
15 Coverage Coordination Working  
16 Group (in this subparagraph referred  
17 to as the “Working Group”). The  
18 purpose of the Working Group shall  
19 be to develop the model coverage co-  
20 ordination disclosure form described  
21 in subclause (II) and to identify the  
22 impediments to the effective coordina-  
23 tion of coverage available to families  
24 that include employees of employers  
25 that maintain group health plans and

1 members who are eligible for medical  
2 assistance under title XIX of the So-  
3 cial Security Act or child health as-  
4 sistance or other health benefits cov-  
5 erage under title XXI of such Act.

6 (II) MODEL COVERAGE COORDI-  
7 NATION DISCLOSURE FORM DE-  
8 SCRIBED.—The model form described  
9 in this subclause is a form for plan  
10 administrators of group health plans  
11 to complete for purposes of permitting  
12 a State to determine the availability  
13 and cost-effectiveness of the coverage  
14 available under such plans to employ-  
15 ees who have family members who are  
16 eligible for premium assistance offered  
17 under a State plan under title XIX or  
18 XXI of such Act and to allow for co-  
19 ordination of coverage for enrollees of  
20 such plans. Such form shall provide  
21 the following information in addition  
22 to such other information as the  
23 Working Group determines appro-  
24 priate:

1           (aa) A determination of  
2 whether the employee is eligible  
3 for coverage under the group  
4 health plan.

5           (bb) The name and contract  
6 information of the plan adminis-  
7 trator of the group health plan.

8           (cc) The benefits offered  
9 under the plan.

10           (dd) The premiums and  
11 cost-sharing required under the  
12 plan.

13           (ee) Any other information  
14 relevant to coverage under the  
15 plan.

16           (ii) MEMBERSHIP.—The Working  
17 Group shall consist of not more than 30  
18 members and shall be composed of rep-  
19 resentatives of—

20                   (I) the Department of Labor;

21                   (II) the Department of Health  
22 and Human Services;

23                   (III) State directors of the Med-  
24 icaid program under title XIX of the  
25 Social Security Act;



1 (IV) State directors of the State  
2 Children's Health Insurance Program  
3 under title XXI of the Social Security  
4 Act;

5 (V) employers, including owners  
6 of small businesses and their trade or  
7 industry representatives and certified  
8 human resource and payroll profes-  
9 sionals;

10 (VI) plan administrators and  
11 plan sponsors of group health plans  
12 (as defined in section 607(1) of the  
13 Employee Retirement Income Security  
14 Act of 1974); and

15 (VII) children and other bene-  
16 ficiaries of medical assistance under  
17 title XIX of the Social Security Act or  
18 child health assistance or other health  
19 benefits coverage under title XXI of  
20 such Act.

21 (iii) COMPENSATION.—The members  
22 of the Working Group shall serve without  
23 compensation.

24 (iv) ADMINISTRATIVE SUPPORT.—The  
25 Department of Health and Human Serv-

1           ices and the Department of Labor shall  
2           jointly provide appropriate administrative  
3           support to the Working Group, including  
4           technical assistance. The Working Group  
5           may use the services and facilities of either  
6           such Department, with or without reim-  
7           bursement, as jointly determined by such  
8           Departments.

9                   (v) REPORT.—

10                   (I) REPORT BY WORKING GROUP  
11                   TO THE SECRETARIES.—Not later  
12                   than 18 months after the date of the  
13                   enactment of this Act, the Working  
14                   Group shall submit to the Secretary of  
15                   Labor and the Secretary of Health  
16                   and Human Services the model form  
17                   described in clause (i)(II) along with a  
18                   report containing recommendations  
19                   for appropriate measures to address  
20                   the impediments to the effective co-  
21                   ordination of coverage between group  
22                   health plans and the State plans  
23                   under titles XIX and XXI of the So-  
24                   cial Security Act.

1 (II) REPORT BY SECRETARIES TO  
2 THE CONGRESS.—Not later than 2  
3 months after receipt of the report  
4 pursuant to subclause (I), the Secre-  
5 taries shall jointly submit a report to  
6 each House of the Congress regarding  
7 the recommendations contained in the  
8 report under such subclause.

9 (vi) TERMINATION.—The Working  
10 Group shall terminate 30 days after the  
11 date of the issuance of its report under  
12 clause (v).

13 (D) EFFECTIVE DATES.—The Secretary of  
14 Labor and the Secretary of Health and Human  
15 Services shall develop the initial model notices  
16 under section 701(f)(3)(B)(i)(II) of the Em-  
17 ployee Retirement Income Security Act of 1974,  
18 and the Secretary of Labor shall provide such  
19 notices to employers, not later than the date  
20 that is 1 year after the date of enactment of  
21 this Act, and each employer shall provide the  
22 initial annual notices to such employer's em-  
23 ployees beginning with the first plan year that  
24 begins after the date on which such initial  
25 model notices are first issued. The model cov-

1 erage coordination disclosure form developed  
2 under subparagraph (C) shall apply with re-  
3 spect to requests made by States beginning  
4 with the first plan year that begins after the  
5 date on which such model coverage coordination  
6 disclosure form is first issued.

7 (E) ENFORCEMENT.—Section 502 of the  
8 Employee Retirement Income Security Act of  
9 1974 (29 U.S.C. 1132) is amended—

10 (i) in subsection (a)(6), by striking  
11 “or (8)” and inserting “(8), or (9)”; and

12 (ii) in subsection (c), by redesignating  
13 paragraph (9) as paragraph (10), and by  
14 inserting after paragraph (8) the following:

15 “(9)(A) The Secretary may assess a civil penalty  
16 against any employer of up to \$100 a day from the date  
17 of the employer’s failure to meet the notice requirement  
18 of section 701(f)(3)(B)(i)(I). For purposes of this sub-  
19 paragraph, each violation with respect to any single em-  
20 ployee shall be treated as a separate violation.

21 “(B) The Secretary may assess a civil penalty against  
22 any plan administrator of up to \$100 a day from the date  
23 of the plan administrator’s failure to timely provide to any  
24 State the information required to be disclosed under sec-  
25 tion 701(f)(3)(B)(ii). For purposes of this subparagraph,

1 each violation with respect to any single participant or  
 2 beneficiary shall be treated as a separate violation.”.

3 **TITLE V—STRENGTHENING**  
 4 **QUALITY OF CARE AND**  
 5 **HEALTH OUTCOMES OF CHIL-**  
 6 **DREN**

7 **SEC. 501. CHILD HEALTH QUALITY IMPROVEMENT ACTIVI-**  
 8 **TIES FOR CHILDREN ENROLLED IN MED-**  
 9 **ICAID OR CHIP.**

10 (a) DEVELOPMENT OF CHILD HEALTH QUALITY  
 11 MEASURES FOR CHILDREN ENROLLED IN MEDICAID OR  
 12 CHIP.—Title XI (42 U.S.C. 1301 et seq.) is amended by  
 13 inserting after section 1139 the following new section:

14 **“SEC. 1139A. CHILD HEALTH QUALITY MEASURES.**

15 “(a) DEVELOPMENT OF AN INITIAL CORE SET OF  
 16 HEALTH CARE QUALITY MEASURES FOR CHILDREN EN-  
 17 ROLLED IN MEDICAID OR CHIP.—

18 “(1) IN GENERAL.—Not later than January 1,  
 19 2009, the Secretary shall identify and publish for  
 20 general comment an initial, recommended core set of  
 21 child health quality measures for use by State pro-  
 22 grams administered under titles XIX and XXI,  
 23 health insurance issuers and managed care entities  
 24 that enter into contracts with such programs, and

1 providers of items and services under such pro-  
2 grams.

3 “(2) IDENTIFICATION OF INITIAL CORE MEAS-  
4 URES.—In consultation with the individuals and en-  
5 tities described in subsection (b)(3), the Secretary  
6 shall identify existing quality of care measures for  
7 children that are in use under public and privately  
8 sponsored health care coverage arrangements, or  
9 that are part of reporting systems that measure both  
10 the presence and duration of health insurance cov-  
11 erage over time.

12 “(3) RECOMMENDATIONS AND DISSEMINA-  
13 TION.—Based on such existing and identified meas-  
14 ures, the Secretary shall publish an initial core set  
15 of child health quality measures that includes (but  
16 is not limited to) the following:

17 “(A) The duration of children’s health in-  
18 surance coverage over a 12-month time period.

19 “(B) The availability of a full range of—

20 “(i) preventive services, treatments,  
21 and services for acute conditions, including  
22 services to promote healthy birth and pre-  
23 vent and treat premature birth; and

24 “(ii) treatments to correct or amelio-  
25 rate the effects of chronic physical and

1           mental conditions in infants, young chil-  
2           dren, school-age children, and adolescents.

3           “(C) The availability of care in a range of  
4           ambulatory and inpatient health care settings  
5           in which such care is furnished.

6           “(D) The types of measures that, taken to-  
7           gether, can be used to estimate the overall na-  
8           tional quality of health care for children and to  
9           perform comparative analyses of pediatric  
10          health care quality and racial, ethnic, and socio-  
11          economic disparities in child health and health  
12          care for children.

13          “(4) ENCOURAGE VOLUNTARY AND STANDARD-  
14          IZED REPORTING.—Not later than 2 years after the  
15          date of enactment of the Children’s Health Insur-  
16          ance Program Reauthorization Act of 2007, the Sec-  
17          retary, in consultation with States, shall develop a  
18          standardized format for reporting information and  
19          procedures and approaches that encourage States to  
20          use the initial core measurement set to voluntarily  
21          report information regarding the quality of pediatric  
22          health care under titles XIX and XXI.

23          “(5) ADOPTION OF BEST PRACTICES IN IMPLE-  
24          MENTING QUALITY PROGRAMS.—The Secretary shall  
25          disseminate information to States regarding best

1 practices among States with respect to measuring  
2 and reporting on the quality of health care for chil-  
3 dren, and shall facilitate the adoption of such best  
4 practices. In developing best practices approaches,  
5 the Secretary shall give particular attention to State  
6 measurement techniques that ensure the timeliness  
7 and accuracy of provider reporting, encourage pro-  
8 vider reporting compliance, encourage successful  
9 quality improvement strategies, and improve effi-  
10 ciency in data collection using health information  
11 technology.

12 “(6) REPORTS TO CONGRESS.—Not later than  
13 January 1, 2010, and every 3 years thereafter, the  
14 Secretary shall report to Congress on—

15 “(A) the status of the Secretary’s efforts  
16 to improve—

17 “(i) quality related to the duration  
18 and stability of health insurance coverage  
19 for children under titles XIX and XXI;

20 “(ii) the quality of children’s health  
21 care under such titles, including preventive  
22 health services, health care for acute condi-  
23 tions, chronic health care, and health serv-  
24 ices to ameliorate the effects of physical  
25 and mental conditions and to aid in growth



1 and development of infants, young chil-  
2 dren, school-age children, and adolescents  
3 with special health care needs; and

4 “(iii) the quality of children’s health  
5 care under such titles across the domains  
6 of quality, including clinical quality, health  
7 care safety, family experience with health  
8 care, health care in the most integrated  
9 setting, and elimination of racial, ethnic,  
10 and socioeconomic disparities in health and  
11 health care;

12 “(B) the status of voluntary reporting by  
13 States under titles XIX and XXI, utilizing the  
14 initial core quality measurement set; and

15 “(C) any recommendations for legislative  
16 changes needed to improve the quality of care  
17 provided to children under titles XIX and XXI,  
18 including recommendations for quality reporting  
19 by States.

20 “(7) TECHNICAL ASSISTANCE.—The Secretary  
21 shall provide technical assistance to States to assist  
22 them in adopting and utilizing core child health  
23 quality measures in administering the State plans  
24 under titles XIX and XXI.

1           “(8) DEFINITION OF CORE SET.—In this sec-  
2           tion, the term ‘core set’ means a group of valid, reli-  
3           able, and evidence-based quality measures that,  
4           taken together—

5                   “(A) provide information regarding the  
6                   quality of health coverage and health care for  
7                   children;

8                   “(B) address the needs of children  
9                   throughout the developmental age span; and

10                   “(C) allow purchasers, families, and health  
11                   care providers to understand the quality of care  
12                   in relation to the preventive needs of children,  
13                   treatments aimed at managing and resolving  
14                   acute conditions, and diagnostic and treatment  
15                   services whose purpose is to correct or amelio-  
16                   rate physical, mental, or developmental condi-  
17                   tions that could, if untreated or poorly treated,  
18                   become chronic.

19           “(b) ADVANCING AND IMPROVING PEDIATRIC QUAL-  
20           ITY MEASURES.—

21                   “(1) ESTABLISHMENT OF PEDIATRIC QUALITY  
22                   MEASURES PROGRAM.—Not later than January 1,  
23                   2010, the Secretary shall establish a pediatric qual-  
24                   ity measures program to—

1           “(A) improve and strengthen the initial  
2 core child health care quality measures estab-  
3 lished by the Secretary under subsection (a);

4           “(B) expand on existing pediatric quality  
5 measures used by public and private health care  
6 purchasers and advance the development of  
7 such new and emerging quality measures; and

8           “(C) increase the portfolio of evidence-  
9 based, consensus pediatric quality measures  
10 available to public and private purchasers of  
11 children’s health care services, providers, and  
12 consumers.

13           “(2) EVIDENCE-BASED MEASURES.—The meas-  
14 ures developed under the pediatric quality measures  
15 program shall, at a minimum, be—

16           “(A) evidence-based and, where appro-  
17 priate, risk adjusted;

18           “(B) designed to identify and eliminate ra-  
19 cial and ethnic disparities in child health and  
20 the provision of health care;

21           “(C) designed to ensure that the data re-  
22 quired for such measures is collected and re-  
23 ported in a standard format that permits com-  
24 parison of quality and data at a State, plan,  
25 and provider level;

1           “(D) periodically updated; and

2           “(E) responsive to the child health needs,  
3 services, and domains of health care quality de-  
4 scribed in clauses (i), (ii), and (iii) of subsection  
5 (a)(6)(A).

6           “(3) PROCESS FOR PEDIATRIC QUALITY MEAS-  
7 URES PROGRAM.—In identifying gaps in existing pe-  
8 diatric quality measures and establishing priorities  
9 for development and advancement of such measures,  
10 the Secretary shall consult with—

11           “(A) States;

12           “(B) pediatricians, children’s hospitals,  
13 and other primary and specialized pediatric  
14 health care professionals (including members of  
15 the allied health professions) who specialize in  
16 the care and treatment of children, particularly  
17 children with special physical, mental, and de-  
18 velopmental health care needs;

19           “(C) dental professionals, including pedi-  
20 atric dental professionals;

21           “(D) health care providers that furnish  
22 primary health care to children and families  
23 who live in urban and rural medically under-  
24 served communities or who are members of dis-

1 tinct population sub-groups at heightened risk  
2 for poor health outcomes;

3 “(E) national organizations representing  
4 consumers and purchasers of children’s health  
5 care;

6 “(F) national organizations and individuals  
7 with expertise in pediatric health quality meas-  
8 urement; and

9 “(G) voluntary consensus standards setting  
10 organizations and other organizations involved  
11 in the advancement of evidence-based measures  
12 of health care.

13 “(4) DEVELOPING, VALIDATING, AND TESTING  
14 A PORTFOLIO OF PEDIATRIC QUALITY MEASURES.—  
15 As part of the program to advance pediatric quality  
16 measures, the Secretary shall—

17 “(A) award grants and contracts for the  
18 development, testing, and validation of new,  
19 emerging, and innovative evidence-based meas-  
20 ures for children’s health care services across  
21 the domains of quality described in clauses  
22 (i),(ii), and (iii) of subsection (a)(6)(A); and

23 “(B) award grants and contracts for—

1           “(i) the development of consensus on  
2           evidence-based measures for children’s  
3           health care services;

4           “(ii) the dissemination of such meas-  
5           ures to public and private purchasers of  
6           health care for children; and

7           “(iii) the updating of such measures  
8           as necessary.

9           “(5) REVISING, STRENGTHENING, AND IMPROV-  
10          ING INITIAL CORE MEASURES.—Beginning no later  
11          than January 1, 2012, and annually thereafter, the  
12          Secretary shall publish recommended changes to the  
13          core measures described in subsection (a) that shall  
14          reflect the testing, validation, and consensus process  
15          for the development of pediatric quality measures  
16          described in subsection paragraphs (1) through (4).

17          “(6) DEFINITION OF PEDIATRIC QUALITY  
18          MEASURE.—In this subsection, the term ‘pediatric  
19          quality measure’ means a measurement of clinical  
20          care that is capable of being examined through the  
21          collection and analysis of relevant information, that  
22          is developed in order to assess 1 or more aspects of  
23          pediatric health care quality in various institutional  
24          and ambulatory health care settings, including the  
25          structure of the clinical care system, the process of

1 care, the outcome of care, or patient experiences in  
2 care.

3 “(c) ANNUAL STATE REPORTS REGARDING STATE-  
4 SPECIFIC QUALITY OF CARE MEASURES APPLIED UNDER  
5 MEDICAID OR CHIP.—

6 “(1) ANNUAL STATE REPORTS.—Each State  
7 with a State plan approved under title XIX or a  
8 State child health plan approved under title XXI  
9 shall annually report to the Secretary on the—

10 “(A) State-specific child health quality  
11 measures applied by the States under such  
12 plans, including measures described in subpara-  
13 graphs (A) and (B) of subsection (a)(6); and

14 “(B) State-specific information on the  
15 quality of health care furnished to children  
16 under such plans, including information col-  
17 lected through external quality reviews of man-  
18 aged care organizations under section 1932 of  
19 the Social Security Act (42 U.S.C. 1396u-4)  
20 and benchmark plans under sections 1937 and  
21 2103 of such Act (42 U.S.C. 1396u-7, 1397cc).

22 “(2) PUBLICATION.—Not later than September  
23 30, 2009, and annually thereafter, the Secretary  
24 shall collect, analyze, and make publicly available the  
25 information reported by States under paragraph (1).

1       “(d) DEMONSTRATION PROJECTS FOR IMPROVING  
2 THE QUALITY OF CHILDREN’S HEALTH CARE AND THE  
3 USE OF HEALTH INFORMATION TECHNOLOGY.—

4           “(1) IN GENERAL.—During the period of fiscal  
5 years 2008 through 2012, the Secretary shall award  
6 not more than 10 grants to States and child health  
7 providers to conduct demonstration projects to  
8 evaluate promising ideas for improving the quality of  
9 children’s health care provided under title XIX or  
10 XXI, including projects to—

11           “(A) experiment with, and evaluate the use  
12 of, new measures of the quality of children’s  
13 health care under such titles (including testing  
14 the validity and suitability for reporting of such  
15 measures);

16           “(B) promote the use of health information  
17 technology in care delivery for children under  
18 such titles;

19           “(C) evaluate provider-based models which  
20 improve the delivery of children’s health care  
21 services under such titles, including care man-  
22 agement for children with chronic conditions  
23 and the use of evidence-based approaches to im-  
24 prove the effectiveness, safety, and efficiency of  
25 health care services for children; or



1           “(D) demonstrate the impact of the model  
2           electronic health record format for children de-  
3           veloped and disseminated under subsection (f)  
4           on improving pediatric health, including the ef-  
5           fects of chronic childhood health conditions, and  
6           pediatric health care quality as well as reducing  
7           health care costs.

8           “(2) REQUIREMENTS.—In awarding grants  
9           under this subsection, the Secretary shall ensure  
10          that—

11           “(A) only 1 demonstration project funded  
12          under a grant awarded under this subsection  
13          shall be conducted in a State; and

14           “(B) demonstration projects funded under  
15          grants awarded under this subsection shall be  
16          conducted evenly between States with large  
17          urban areas and States with large rural areas.

18           “(3) AUTHORITY FOR MULTISTATE  
19          PROJECTS.—A demonstration project conducted with  
20          a grant awarded under this subsection may be con-  
21          ducted on a multistate basis, as needed.

22           “(4) FUNDING.—\$20,000,000 of the amount  
23          appropriated under subsection (i) for a fiscal year  
24          shall be used to carry out this subsection.

1       “(e) CHILDHOOD OBESITY DEMONSTRATION  
2 PROJECT.—

3           “(1) AUTHORITY TO CONDUCT DEMONSTRATION.—The Secretary, in consultation with the Administrator of the Centers for Medicare & Medicaid Services, shall conduct a demonstration project to develop a comprehensive and systematic model for reducing childhood obesity by awarding grants to eligible entities to carry out such project. Such model shall—

11           “(A) identify, through self-assessment, behavioral risk factors for obesity among children;

13           “(B) identify, through self-assessment, needed clinical preventive and screening benefits among those children identified as target individuals on the basis of such risk factors;

17           “(C) provide ongoing support to such target individuals and their families to reduce risk factors and promote the appropriate use of preventive and screening benefits; and

21           “(D) be designed to improve health outcomes, satisfaction, quality of life, and appropriate use of items and services for which medical assistance is available under title XIX or

1 child health assistance is available under title  
2 XXI among such target individuals.

3 “(2) ELIGIBILITY ENTITIES.—For purposes of  
4 this subsection, an eligible entity is any of the fol-  
5 lowing:

6 “(A) A city, county, or Indian tribe.

7 “(B) A local or tribal educational agency.

8 “(C) An accredited university, college, or  
9 community college.

10 “(D) A Federally-qualified health center.

11 “(E) A local health department.

12 “(F) A health care provider.

13 “(G) A community-based organization.

14 “(H) Any other entity determined appro-  
15 priate by the Secretary, including a consortia or  
16 partnership of entities described in any of sub-  
17 paragraphs (A) through (G).

18 “(3) USE OF FUNDS.—An eligible entity award-  
19 ed a grant under this subsection shall use the funds  
20 made available under the grant to—

21 “(A) carry out community-based activities  
22 related to reducing childhood obesity, including  
23 by—

24 “(i) forming partnerships with enti-  
25 ties, including schools and other facilities

1 providing recreational services, to establish  
2 programs for after school and weekend  
3 community activities that are designed to  
4 reduce childhood obesity;

5 “(ii) forming partnerships with  
6 daycare facilities to establish programs  
7 that promote healthy eating behaviors and  
8 physical activity; and

9 “(iii) developing and evaluating com-  
10 munity educational activities targeting  
11 good nutrition and promoting healthy eat-  
12 ing behaviors;

13 “(B) carry out age-appropriate school-  
14 based activities that are designed to reduce  
15 childhood obesity, including by—

16 “(i) developing and testing edu-  
17 cational curricula and intervention pro-  
18 grams designed to promote healthy eating  
19 behaviors and habits in youth, which may  
20 include—

21 “(I) after hours physical activity  
22 programs; and

23 “(II) science-based interventions  
24 with multiple components to prevent  
25 eating disorders including nutritional

1 content, understanding and respond-  
2 ing to hunger and satiety, positive  
3 body image development, positive self-  
4 esteem development, and learning life  
5 skills (such as stress management,  
6 communication skills, problemsolving  
7 and decisionmaking skills), as well as  
8 consideration of cultural and develop-  
9 mental issues, and the role of family,  
10 school, and community;

11 “(ii) providing education and training  
12 to educational professionals regarding how  
13 to promote a healthy lifestyle and a  
14 healthy school environment for children;

15 “(iii) planning and implementing a  
16 healthy lifestyle curriculum or program  
17 with an emphasis on healthy eating behav-  
18 iors and physical activity; and

19 “(iv) planning and implementing  
20 healthy lifestyle classes or programs for  
21 parents or guardians, with an emphasis on  
22 healthy eating behaviors and physical ac-  
23 tivity for children;

24 “(C) carry out educational, counseling,  
25 promotional, and training activities through the

1 local health care delivery systems including  
2 by—

3 “(i) promoting healthy eating behav-  
4 iors and physical activity services to treat  
5 or prevent eating disorders, being over-  
6 weight, and obesity;

7 “(ii) providing patient education and  
8 counseling to increase physical activity and  
9 promote healthy eating behaviors;

10 “(iii) training health professionals on  
11 how to identify and treat obese and over-  
12 weight individuals which may include nu-  
13 trition and physical activity counseling;  
14 and

15 “(iv) providing community education  
16 by a health professional on good nutrition  
17 and physical activity to develop a better  
18 understanding of the relationship between  
19 diet, physical activity, and eating disorders,  
20 obesity, or being overweight; and

21 “(D) provide, through qualified health pro-  
22 fessionals, training and supervision for commu-  
23 nity health workers to—

1           “(i) educate families regarding the re-  
2           lationship between nutrition, eating habits,  
3           physical activity, and obesity;

4           “(ii) educate families about effective  
5           strategies to improve nutrition, establish  
6           healthy eating patterns, and establish ap-  
7           propriate levels of physical activity; and

8           “(iii) educate and guide parents re-  
9           garding the ability to model and commu-  
10          nicate positive health behaviors.

11          “(4) PRIORITY.—In awarding grants under  
12          paragraph (1), the Secretary shall give priority to  
13          awarding grants to eligible entities—

14               “(A) that demonstrate that they have pre-  
15               viously applied successfully for funds to carry  
16               out activities that seek to promote individual  
17               and community health and to prevent the inci-  
18               dence of chronic disease and that can cite pub-  
19               lished and peer-reviewed research dem-  
20               onstrating that the activities that the entities  
21               propose to carry out with funds made available  
22               under the grant are effective;

23               “(B) that will carry out programs or ac-  
24               tivities that seek to accomplish a goal or goals

1 set by the State in the Healthy People 2010  
2 plan of the State;

3 “(C) that provide non-Federal contribu-  
4 tions, either in cash or in-kind, to the costs of  
5 funding activities under the grants;

6 “(D) that develop comprehensive plans  
7 that include a strategy for extending program  
8 activities developed under grants in the years  
9 following the fiscal years for which they receive  
10 grants under this subsection;

11 “(E) located in communities that are medi-  
12 cally underserved, as determined by the Sec-  
13 retary;

14 “(F) located in areas in which the average  
15 poverty rate is at least 150 percent or higher of  
16 the average poverty rate in the State involved,  
17 as determined by the Secretary; and

18 “(G) that submit plans that exhibit multi-  
19 sectoral, cooperative conduct that includes the  
20 involvement of a broad range of stakeholders,  
21 including—

22 “(i) community-based organizations;

23 “(ii) local governments;

24 “(iii) local educational agencies;

25 “(iv) the private sector;



1           “(v) State or local departments of  
2 health;

3           “(vi) accredited colleges, universities,  
4 and community colleges;

5           “(vii) health care providers;

6           “(viii) State and local departments of  
7 transportation and city planning; and

8           “(ix) other entities determined appro-  
9 priate by the Secretary.

10           “(5) PROGRAM DESIGN.—

11           “(A) INITIAL DESIGN.—Not later than 1  
12 year after the date of enactment of the Chil-  
13 dren’s Health Insurance Program Reauthoriza-  
14 tion Act of 2007, the Secretary shall design the  
15 demonstration project. The demonstration  
16 should draw upon promising, innovative models  
17 and incentives to reduce behavioral risk factors.  
18 The Administrator of the Centers for Medicare  
19 & Medicaid Services shall consult with the Di-  
20 rector of the Centers for Disease Control and  
21 Prevention, the Director of the Office of Minor-  
22 ity Health, the heads of other agencies in the  
23 Department of Health and Human Services,  
24 and such professional organizations, as the Sec-  
25 retary determines to be appropriate, on the de-

1 sign, conduct, and evaluation of the demonstra-  
2 tion.

3 “(B) NUMBER AND PROJECT AREAS.—Not  
4 later than 2 years after the date of enactment  
5 of the Children’s Health Insurance Program  
6 Reauthorization Act of 2007, the Secretary  
7 shall award 1 grant that is specifically designed  
8 to determine whether programs similar to pro-  
9 grams to be conducted by other grantees under  
10 this subsection should be implemented with re-  
11 spect to the general population of children who  
12 are eligible for child health assistance under  
13 State child health plans under title XXI in  
14 order to reduce the incidence of childhood obe-  
15 sity among such population.

16 “(6) REPORT TO CONGRESS.—Not later than 3  
17 years after the date the Secretary implements the  
18 demonstration project under this subsection, the  
19 Secretary shall submit to Congress a report that de-  
20 scribes the project, evaluates the effectiveness and  
21 cost effectiveness of the project, evaluates the bene-  
22 ficiary satisfaction under the project, and includes  
23 any such other information as the Secretary deter-  
24 mines to be appropriate.

25 “(7) DEFINITIONS.—In this subsection:

1           “(A) FEDERALLY-QUALIFIED HEALTH  
2 CENTER.—The term ‘Federally-qualified health  
3 center’ has the meaning given that term in sec-  
4 tion 1905(l)(2)(B).

5           “(B) INDIAN TRIBE.—The term ‘Indian  
6 tribe’ has the meaning given that term in sec-  
7 tion 4 of the Indian Health Care Improvement  
8 Act (25 U.S.C. 1603).

9           “(C) SELF-ASSESSMENT.—The term ‘self-  
10 assessment’ means a form that—

11                   “(i) includes questions regarding—

12                           “(I) behavioral risk factors;

13                           “(II) needed preventive and  
14 screening services; and

15                           “(III) target individuals’ pref-  
16 erences for receiving follow-up infor-  
17 mation;

18                   “(ii) is assessed using such computer  
19 generated assessment programs; and

20                   “(iii) allows for the provision of such  
21 ongoing support to the individual as the  
22 Secretary determines appropriate.

23           “(D) ONGOING SUPPORT.—The term ‘on-  
24 going support’ means—

1           “(i) to provide any target individual  
2           with information, feedback, health coach-  
3           ing, and recommendations regarding—

4                   “(I) the results of a self-assess-  
5                   ment given to the individual;

6                   “(II) behavior modification based  
7                   on the self-assessment; and

8                   “(III) any need for clinical pre-  
9                   ventive and screening services or  
10                  treatment including medical nutrition  
11                  therapy;

12           “(ii) to provide any target individual  
13           with referrals to community resources and  
14           programs available to assist the target in-  
15           dividual in reducing health risks; and

16                   “(iii) to provide the information de-  
17                   scribed in clause (i) to a health care pro-  
18                   vider, if designated by the target individual  
19                   to receive such information.

20           “(8) AUTHORIZATION OF APPROPRIATIONS.—

21           There is authorized to be appropriated to carry out  
22           this subsection, \$25,000,000 for the period of fiscal  
23           years 2008 through 2012.

1       “(f) DEVELOPMENT OF MODEL ELECTRONIC  
2 HEALTH RECORD FORMAT FOR CHILDREN ENROLLED IN  
3 MEDICAID OR CHIP.—

4           “(1) IN GENERAL.—Not later than January 1,  
5 2009, the Secretary shall establish a program to en-  
6 courage the development and dissemination of a  
7 model electronic health record format for children  
8 enrolled in the State plan under title XIX or the  
9 State child health plan under title XXI that is—

10           “(A) subject to State laws, accessible to  
11 parents, caregivers, and other consumers for  
12 the sole purpose of demonstrating compliance  
13 with school or leisure activity requirements,  
14 such as appropriate immunizations or physicals;

15           “(B) designed to allow interoperable ex-  
16 changes that conform with Federal and State  
17 privacy and security requirements;

18           “(C) structured in a manner that permits  
19 parents and caregivers to view and understand  
20 the extent to which the care their children re-  
21 ceive is clinically appropriate and of high qual-  
22 ity; and

23           “(D) capable of being incorporated into,  
24 and otherwise compatible with, other standards  
25 developed for electronic health records.

1           “(2) FUNDING.—\$5,000,000 of the amount ap-  
2           propriated under subsection (i) for a fiscal year shall  
3           be used to carry out this subsection.

4           “(g) STUDY OF PEDIATRIC HEALTH AND HEALTH  
5 CARE QUALITY MEASURES.—

6           “(1) IN GENERAL.—Not later than July 1,  
7           2009, the Institute of Medicine shall study and re-  
8           port to Congress on the extent and quality of efforts  
9           to measure child health status and the quality of  
10          health care for children across the age span and in  
11          relation to preventive care, treatments for acute con-  
12          ditions, and treatments aimed at ameliorating or  
13          correcting physical, mental, and developmental con-  
14          ditions in children. In conducting such study and  
15          preparing such report, the Institute of Medicine  
16          shall—

17                  “(A) consider all of the major national  
18                  population-based reporting systems sponsored  
19                  by the Federal Government that are currently  
20                  in place, including reporting requirements  
21                  under Federal grant programs and national  
22                  population surveys and estimates conducted di-  
23                  rectly by the Federal Government;

24                  “(B) identify the information regarding  
25                  child health and health care quality that each

1 system is designed to capture and generate, the  
2 study and reporting periods covered by each  
3 system, and the extent to which the information  
4 so generated is made widely available through  
5 publication;

6 “(C) identify gaps in knowledge related to  
7 children’s health status, health disparities  
8 among subgroups of children, the effects of so-  
9 cial conditions on children’s health status and  
10 use and effectiveness of health care, and the re-  
11 lationship between child health status and fam-  
12 ily income, family stability and preservation,  
13 and children’s school readiness and educational  
14 achievement and attainment; and

15 “(D) make recommendations regarding im-  
16 proving and strengthening the timeliness, qual-  
17 ity, and public transparency and accessibility of  
18 information about child health and health care  
19 quality.

20 “(2) FUNDING.—Up to \$1,000,000 of the  
21 amount appropriated under subsection (i) for a fis-  
22 cal year shall be used to carry out this subsection.

23 “(h) RULE OF CONSTRUCTION.—Notwithstanding  
24 any other provision in this section, no evidence based qual-  
25 ity measure developed, published, or used as a basis of

1 measurement or reporting under this section may be used  
2 to establish an irrebuttable presumption regarding either  
3 the medical necessity of care or the maximum permissible  
4 coverage for any individual child who is eligible for and  
5 receiving medical assistance under title XIX or child  
6 health assistance under title XXI .

7 “(i) APPROPRIATION.—Out of any funds in the  
8 Treasury not otherwise appropriated, there is appro-  
9 priated for each of fiscal years 2008 through 2012,  
10 \$45,000,000 for the purpose of carrying out this section  
11 (other than subsection (e)). Funds appropriated under  
12 this subsection shall remain available until expended.”.

13 (b) INCREASED MATCHING RATE FOR COLLECTING  
14 AND REPORTING ON CHILD HEALTH MEASURES.—Sec-  
15 tion 1903(a)(3)(A) (42 U.S.C. 1396b(a)(3)(A)), is amend-  
16 ed—

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

18 and

19 (2) by adding at the end the following new  
20 clause:

21 “(iii) an amount equal to the Federal med-  
22 ical assistance percentage (as defined in section  
23 1905(b)) of so much of the sums expended dur-  
24 ing such quarter (as found necessary by the  
25 Secretary for the proper and efficient adminis-



1           tration of the State plan) as are attributable to  
 2           such developments or modifications of systems  
 3           of the type described in clause (i) as are nec-  
 4           essary for the efficient collection and reporting  
 5           on child health measures; and”.

6 **SEC. 502. IMPROVED INFORMATION REGARDING ACCESS**  
 7                                   **TO COVERAGE UNDER CHIP.**

8           (a) INCLUSION OF PROCESS AND ACCESS MEASURES  
 9 IN ANNUAL STATE REPORTS.—Section 2108 (42 U.S.C.  
 10 1397hh) is amended—

11           (1) in subsection (a), in the matter preceding  
 12           paragraph (1), by striking “The State” and insert-  
 13           ing “Subject to subsection (e), the State”; and

14           (2) by adding at the end the following new sub-  
 15           section:

16           “(e) INFORMATION REQUIRED FOR INCLUSION IN  
 17 STATE ANNUAL REPORT.—The State shall include the fol-  
 18           lowing information in the annual report required under  
 19           subsection (a):

20           “(1) Eligibility criteria, enrollment, and reten-  
 21           tion data (including data with respect to continuity  
 22           of coverage or duration of benefits).

23           “(2) Data regarding the extent to which the  
 24           State uses process measures with respect to deter-  
 25           mining the eligibility of children under the State

1 child health plan, including measures such as 12-  
2 month continuous eligibility, self-declaration of in-  
3 come for applications or renewals, or presumptive  
4 eligibility.

5 “(3) Data regarding denials of eligibility and  
6 redeterminations of eligibility.

7 “(4) Data regarding access to primary and spe-  
8 cialty services, access to networks of care, and care  
9 coordination provided under the State child health  
10 plan, using quality care and consumer satisfaction  
11 measures included in the Consumer Assessment of  
12 Healthcare Providers and Systems (CAHPS) survey.

13 “(5) If the State provides child health assist-  
14 ance in the form of premium assistance for the pur-  
15 chase of coverage under a group health plan, data  
16 regarding the provision of such assistance, including  
17 the extent to which employer-sponsored health insur-  
18 ance coverage is available for children eligible for  
19 child health assistance under the State child health  
20 plan, the range of the monthly amount of such as-  
21 sistance provided on behalf of a child or family, the  
22 number of children or families provided such assist-  
23 ance on a monthly basis, the income of the children  
24 or families provided such assistance, the benefits  
25 and cost-sharing protection provided under the State

1 child health plan to supplement the coverage pur-  
2 chased with such premium assistance, the effective  
3 strategies the State engages in to reduce any admin-  
4 istrative barriers to the provision of such assistance,  
5 and, the effects, if any, of the provision of such as-  
6 sistance on preventing the coverage provided under  
7 the State child health plan from substituting for cov-  
8 erage provided under employer-sponsored health in-  
9 surance offered in the State.

10 “(6) To the extent applicable, a description of  
11 any State activities that are designed to reduce the  
12 number of uncovered children in the State, including  
13 through a State health insurance connector program  
14 or support for innovative private health coverage ini-  
15 tiatives.”.

16 (b) GAO STUDY AND REPORT ON ACCESS TO PRI-  
17 MARY AND SPECIALITY SERVICES.—

18 (1) IN GENERAL.—The Comptroller General of  
19 the United States shall conduct a study of children’s  
20 access to primary and specialty services under Med-  
21 icaid and CHIP, including—

22 (A) the extent to which providers are will-  
23 ing to treat children eligible for such programs;

24 (B) information on such children’s access  
25 to networks of care;

1 (C) geographic availability of primary and  
2 specialty services under such programs;

3 (D) the extent to which care coordination  
4 is provided for children's care under Medicaid  
5 and CHIP; and

6 (E) as appropriate, information on the de-  
7 gree of availability of services for children under  
8 such programs.

9 (2) REPORT.—Not later than 2 years after the  
10 date of enactment of this Act, the Comptroller Gen-  
11 eral shall submit a report to the appropriate com-  
12 mittees of Congress on the study conducted under  
13 paragraph (1) that includes recommendations for  
14 such Federal and State legislative and administra-  
15 tive changes as the Comptroller General determines  
16 are necessary to address any barriers to access to  
17 children's care under Medicaid and CHIP that may  
18 exist.

19 **SEC. 503. APPLICATION OF CERTAIN MANAGED CARE**  
20 **QUALITY SAFEGUARDS TO CHIP.**

21 Section 2107(e)(1) (42 U.S.C. 1397gg(e)(1)), as  
22 amended by section 204(b), is amended by redesignating  
23 subparagraph (E) (as added by such section) as subpara-  
24 graph (F) and by inserting after subparagraph (D) the  
25 following new subparagraph:

1           “(E) Subsections (a)(4), (a)(5), (b), (c),  
2           (d), and (e) of section 1932 (relating to require-  
3           ments for managed care).”.

## 4           **TITLE VI—MISCELLANEOUS**

### 5           **SEC. 601. TECHNICAL CORRECTION REGARDING CURRENT** 6           **STATE AUTHORITY UNDER MEDICAID.**

7           (a) IN GENERAL.—Only with respect to expenditures  
8           for medical assistance under a State Medicaid plan, in-  
9           cluding any waiver of such plan, for fiscal years 2007 and  
10          2008, a State may elect, notwithstanding the fourth sen-  
11          tence of subsection (b) of section 1905 of the Social Secu-  
12          rity Act (42 U.S.C. 1396d) or subsection (u) of such sec-  
13          tion—

14                 (1) to cover individuals described in section  
15                 1902(a)(10)(A)(ii)(IX) of the Social Security Act  
16                 and, at its option, to apply less restrictive meth-  
17                 odologies to such individuals under section  
18                 1902(r)(2) of such Act or 1931(b)(2)(C) of such Act  
19                 and thereby receive Federal financial participation  
20                 for medical assistance for such individuals under  
21                 title XIX of the Social Security Act; or

22                 (2) to receive Federal financial participation for  
23                 expenditures for medical assistance under title XIX  
24                 of such Act for children described in paragraph  
25                 (2)(B) or (3) of section 1905(u) of such Act based

1 on the Federal medical assistance percentage, as  
2 otherwise determined based on the first and third  
3 sentences of subsection (b) of section 1905 of the  
4 Social Security Act, rather than on the basis of an  
5 enhanced FMAP (as defined in section 2105(b) of  
6 such Act).

7 (b) REPEAL.—Effective October 1, 2008, subsection  
8 (a) is repealed.

9 (c) HOLD HARMLESS.—No State that elects the op-  
10 tion described in subsection (a) shall be treated as not hav-  
11 ing been authorized to make such election and to receive  
12 Federal financial participation for expenditures for med-  
13 ical assistance described in that subsection for fiscal years  
14 2007 and 2008 as a result of the repeal of the subsection  
15 under subsection (b).

16 **SEC. 602. PAYMENT ERROR RATE MEASUREMENT (“PERM”).**

17 (a) EXPENDITURES RELATED TO COMPLIANCE WITH  
18 REQUIREMENTS.—

19 (1) ENHANCED PAYMENTS.—Section 2105(c)  
20 (42 U.S.C. 1397ee(c)), as amended by section  
21 401(a), is amended by adding at the end the fol-  
22 lowing new paragraph:

23 “(11) ENHANCED PAYMENTS.—Notwith-  
24 standing subsection (b), the enhanced FMAP with  
25 respect to payments under subsection (a) for ex-

1       penditures related to the administration of the pay-  
2       ment error rate measurement (PERM) requirements  
3       applicable to the State child health plan in accord-  
4       ance with the Improper Payments Information Act  
5       of 2002 and parts 431 and 457 of title 42, Code of  
6       Federal Regulations (or any related or successor  
7       guidance or regulations) shall in no event be less  
8       than 90 percent.”.

9               (2) EXCLUSION OF FROM CAP ON ADMINISTRA-  
10       TIVE EXPENDITURES.—Section 2105(c)(2)(C) (42  
11       U.S.C. 1397ee(c)(2)C)), as amended by section  
12       402(b), is amended by adding at the end the fol-  
13       lowing:

14                       “(v) PAYMENT ERROR RATE MEAS-  
15       UREMENT (PERM) EXPENDITURES.—Ex-  
16       penditures related to the administration of  
17       the payment error rate measurement  
18       (PERM) requirements applicable to the  
19       State child health plan in accordance with  
20       the Improper Payments Information Act of  
21       2002 and parts 431 and 457 of title 42,  
22       Code of Federal Regulations (or any re-  
23       lated or successor guidance or regula-  
24       tions).”.

1           (b) FINAL RULE REQUIRED TO BE IN EFFECT FOR  
2 ALL STATES.—Notwithstanding parts 431 and 457 of  
3 title 42, Code of Federal Regulations (as in effect on the  
4 date of enactment of this Act), the Secretary shall not cal-  
5 culate or publish any national or State-specific error rate  
6 based on the application of the payment error rate meas-  
7 urement (in this section referred to as “PERM”) require-  
8 ments to CHIP until after the date that is 6 months after  
9 the date on which a final rule implementing such require-  
10 ments in accordance with the requirements of subsection  
11 (c) is in effect for all States. Any calculation of a national  
12 error rate or a State specific error rate after such final  
13 rule in effect for all States may only be inclusive of errors,  
14 as defined in such final rule or in guidance issued within  
15 a reasonable time frame after the effective date for such  
16 final rule that includes detailed guidance for the specific  
17 methodology for error determinations.

18           (c) REQUIREMENTS FOR FINAL RULE.—For pur-  
19 poses of subsection (b), the requirements of this sub-  
20 section are that the final rule implementing the PERM  
21 requirements shall include—

22                   (1) clearly defined criteria for errors for both  
23 States and providers;

24                   (2) a clearly defined process for appealing error  
25 determinations by review contractors; and



1           (3) clearly defined responsibilities and deadlines  
2           for States in implementing any corrective action  
3           plans.

4           (d) OPTION FOR APPLICATION OF DATA FOR CER-  
5 TAIN STATES UNDER THE INTERIM FINAL RULE.—

6           (1) OPTION FOR STATES IN FIRST APPLICATION  
7           CYCLE.—After the final rule implementing the  
8           PERM requirements in accordance with the require-  
9           ments of subsection (c) is in effect for all States, a  
10          State for which the PERM requirements were first  
11          in effect under an interim final rule for fiscal year  
12          2007 may elect to accept any payment error rate de-  
13          termined in whole or in part for the State on the  
14          basis of data for that fiscal year or may elect to not  
15          have any payment error rate determined on the basis  
16          of such data and, instead, shall be treated as if fiscal  
17          year 2010 were the first fiscal year for which the  
18          PERM requirements apply to the State.

19          (2) OPTION FOR STATES IN SECOND APPLICA-  
20          TION CYCLE.—If such final rule is not in effect for  
21          all States by July 1, 2008, a State for which the  
22          PERM requirements were first in effect under an in-  
23          terim final rule for fiscal year 2008 may elect to ac-  
24          cept any payment error rate determined in whole or  
25          in part for the State on the basis of data for that

1 fiscal year or may elect to not have any payment  
2 error rate determined on the basis of such data and,  
3 instead, shall be treated as if fiscal year 2011 were  
4 the first fiscal year for which the PERM require-  
5 ments apply to the State.

6 (e) HARMONIZATION OF MEQC AND PERM.—

7 (1) REDUCTION OF REDUNDANCIES.—The Sec-  
8 retary shall review the Medicaid Eligibility Quality  
9 Control (in this subsection referred to as the  
10 “MEQC”) requirements with the PERM require-  
11 ments and coordinate consistent implementation of  
12 both sets of requirements, while reducing  
13 redundancies.

14 (2) STATE OPTION TO APPLY PERM DATA.—A  
15 State may elect, for purposes of determining the er-  
16 roneous excess payments for medical assistance ratio  
17 applicable to the State for a fiscal year under section  
18 1903(u) of the Social Security Act (42 U.S.C.  
19 1396b(u)) to substitute data resulting from the ap-  
20 plication of the PERM requirements to the State  
21 after the final rule implementing such requirements  
22 is in effect for all States for data obtained from the  
23 application of the MEQC requirements to the State  
24 with respect to a fiscal year.

1 (f) IDENTIFICATION OF IMPROVED STATE-SPECIFIC  
 2 SAMPLE SIZES.—The Secretary shall establish State-spe-  
 3 cific sample sizes for application of the PERM require-  
 4 ments with respect to State child health plans for fiscal  
 5 years beginning with fiscal year 2009, on the basis of such  
 6 information as the Secretary determines appropriate. In  
 7 establishing such sample sizes, the Secretary shall, to the  
 8 greatest extent practicable—

9 (1) minimize the administrative cost burden on  
 10 States under Medicaid and CHIP; and

11 (2) maintain State flexibility to manage such  
 12 programs.

13 **SEC. 603. ELIMINATION OF COUNTING MEDICAID CHILD**  
 14 **PRESUMPTIVE ELIGIBILITY COSTS AGAINST**  
 15 **TITLE XXI ALLOTMENT.**

16 Section 2105(a)(1) (42 U.S.C. 1397ee(a)(1)) is  
 17 amended—

18 (1) in the matter preceding subparagraph (A),  
 19 by striking “(or, in the case of expenditures de-  
 20 scribed in subparagraph (B), the Federal medical  
 21 assistance percentage (as defined in the first sen-  
 22 tence of section 1905(b))”;

23 (2) by striking subparagraph (B) and inserting  
 24 the following new subparagraph:

25 “(B) [reserved]”.

1 **SEC. 604. IMPROVING DATA COLLECTION.**

2 (a) INCREASED APPROPRIATION.—Section  
3 2109(b)(2) (42 U.S.C. 1397ii(b)(2)) is amended by strik-  
4 ing “\$10,000,000 for fiscal year 2000” and inserting  
5 “\$20,000,000 for fiscal year 2008”.

6 (b) USE OF ADDITIONAL FUNDS.—Section 2109(b)  
7 (42 U.S.C. 1397ii(b)), as amended by subsection (a), is  
8 amended—

9 (1) by redesignating paragraph (2) as para-  
10 graph (4); and

11 (2) by inserting after paragraph (1), the fol-  
12 lowing new paragraphs:

13 “(2) ADDITIONAL REQUIREMENTS.—In addition  
14 to making the adjustments required to produce the  
15 data described in paragraph (1), with respect to  
16 data collection occurring for fiscal years beginning  
17 with fiscal year 2008, in appropriate consultation  
18 with the Secretary of Health and Human Services,  
19 the Secretary of Commerce shall do the following:

20 “(A) Make appropriate adjustments to the  
21 Current Population Survey to develop more ac-  
22 curate State-specific estimates of the number of  
23 children enrolled in health coverage under title  
24 XIX or this title.

25 “(B) Make appropriate adjustments to the  
26 Current Population Survey to improve the sur-

1           vey estimates used to compile the State-specific  
2           and national number of low-income children  
3           without health insurance for purposes of deter-  
4           mining allotments under subsections (c) and (i)  
5           of section 2104 and making payments to States  
6           from the CHIP Incentive Bonuses Pool estab-  
7           lished under subsection (j) of such section, the  
8           CHIP Contingency Fund established under sub-  
9           section (k) of such section, and, to the extent  
10          applicable to a State, from the block grant set  
11          aside under section 2112(b)(2)(A)(i) for each of  
12          fiscal years 2010 through 2012.

13                 “(C) Include health insurance survey infor-  
14                 mation in the American Community Survey re-  
15                 lated to children.

16                 “(D) Assess whether American Community  
17                 Survey estimates, once such survey data are  
18                 first available, produce more reliable estimates  
19                 than the Current Population Survey with re-  
20                 spect to the purposes described in subparagraph  
21                 (B).

22                 “(E) On the basis of the assessment re-  
23                 quired under subparagraph (D), recommend to  
24                 the Secretary of Health and Human Services  
25                 whether American Community Survey estimates

1           should be used in lieu of, or in some combina-  
2           tion with, Current Population Survey estimates  
3           for the purposes described in subparagraph (B).

4           “(F) Continue making the adjustments de-  
5           scribed in the last sentence of paragraph (1)  
6           with respect to expansion of the sample size  
7           used in State sampling units, the number of  
8           sampling units in a State, and using an appro-  
9           priate verification element.

10          “(3) AUTHORITY FOR THE SECRETARY OF  
11          HEALTH AND HUMAN SERVICES TO TRANSITION TO  
12          THE USE OF ALL, OR SOME COMBINATION OF, ACS  
13          ESTIMATES UPON RECOMMENDATION OF THE SEC-  
14          RETARY OF COMMERCE.—If, on the basis of the as-  
15          sessment required under paragraph (2)(D), the Sec-  
16          retary of Commerce recommends to the Secretary of  
17          Health and Human Services that American Commu-  
18          nity Survey estimates should be used in lieu of, or  
19          in some combination with, Current Population Sur-  
20          vey estimates for the purposes described in para-  
21          graph (2)(B), the Secretary of Health and Human  
22          Services may provide for a period during which the  
23          Secretary may transition from carrying out such  
24          purposes through the use of Current Population  
25          Survey estimates to the use of American Community

1 Survey estimates (in lieu of, or in combination with  
2 the Current Population Survey estimates, as rec-  
3 ommended), provided that any such transition is im-  
4 plemented in a manner that is designed to avoid ad-  
5 verse impacts upon States with approved State child  
6 health plans under this title.”.

7 **SEC. 605. DEFICIT REDUCTION ACT TECHNICAL CORREC-**  
8 **TIONS.**

9 (a) DETERMINATION OF MEDICAID PATIENT DAYS  
10 FOR DSH COMPUTATION.—

11 (1) IN GENERAL.—Section 5002 of the Deficit  
12 Reduction Act of 2005 (Public Law 109–171, 120  
13 Stat. 31) is amended by adding at the end the fol-  
14 lowing new subsection:

15 “(c) DETERMINATION OF MEDICAID PATIENT DAYS  
16 FOR DISCHARGES OCCURRING ON OR AFTER THE DATE  
17 OF ENACTMENT OF THIS SUBSECTION.—For discharges  
18 occurring on or after the date of enactment of this sub-  
19 section, in determining under section  
20 1886(d)(5)(F)(vi)(II) of the Social Security Act (42  
21 U.S.C. 1395ww(d)(5)(F)(vi)(II)) the number of the hos-  
22 pital’s patient days for the applicable cost reporting period  
23 which consist of patients who (for such days) were eligible  
24 for medical assistance under a State plan approved under  
25 title XIX, the Secretary shall include patient days of pa-

1 tients who are eligible to receive inpatient hospital benefits  
2 under a demonstration project approved under title XI  
3 and shall not include patient days under such a project  
4 if the patient is not eligible to receive inpatient hospital  
5 benefits under the project.”.

6           (2) CONFORMING AMENDMENT.—The last sen-  
7 tence of section 1886(d)(5)(F)(vi) of the Social Se-  
8 curity Act (42 U.S.C. 1395ww(d)(5)(F)(vi)), as  
9 added by section 5002(a) of the Deficit Reduction  
10 Act of 2005 (Public Law 109–171), is amended by  
11 striking “In determining under subclause (II)” and  
12 inserting “Subject to section 5002(c) of the Deficit  
13 Reduction Act of 2005, in determining under sub-  
14 clause (II)”.

15           (3) EFFECTIVE DATE.—The amendments made  
16 by this subsection shall take effect on the date of en-  
17 actment of this Act.

18           (b) STATE FLEXIBILITY IN BENEFIT PACKAGES.—

19           (1) CLARIFICATION OF REQUIREMENT TO PRO-  
20 VIDE EPSDT SERVICES FOR ALL CHILDREN IN  
21 BENCHMARK BENEFIT PACKAGES.—Section  
22 1937(a)(1) (42 U.S.C. 1396u–7(a)(1)), as inserted  
23 by section 6044(a) of the Deficit Reduction Act of  
24 2005 (Public Law 109–171, 120 Stat. 88), is  
25 amended—



1 (A) in subparagraph (A)—

2 (i) in the matter before clause (i), by  
3 striking “enrollment in coverage that pro-  
4 vides” and inserting “coverage that”;

5 (ii) in clause (i), by inserting “pro-  
6 vides” after “(i)”; and

7 (iii) by striking clause (ii) and insert-  
8 ing the following:

9 “(ii) for any individual described in  
10 section 1905(a)(4)(B) who is eligible under  
11 the State plan in accordance with para-  
12 graphs (10) and (17) of section 1902(a),  
13 consists of the items and services described  
14 in section 1905(a)(4)(B) (relating to early  
15 and periodic screening, diagnostic, and  
16 treatment services defined in section  
17 1905(r)) and provided in accordance with  
18 the requirements of section 1902(a)(43).”;

19 (B) in subparagraph (C)—

20 (i) in the heading, by striking “WRAP-  
21 AROUND” and inserting “ADDITIONAL”;  
22 and

23 (ii) by striking “wrap-around or”; and

24 (C) by adding at the end the following new  
25 subparagraph:

1           “(E) RULE OF CONSTRUCTION.—Nothing  
2           in this paragraph shall be construed as—

3                   “(i) requiring a State to offer all or  
4                   any of the items and services required by  
5                   subparagraph (A)(ii) through an issuer of  
6                   benchmark coverage described in sub-  
7                   section (b)(1) or benchmark equivalent  
8                   coverage described in subsection (b)(2); or

9                   “(ii) preventing a State from offering  
10                  all or any of the items and services re-  
11                  quired by subparagraph (A)(ii) through an  
12                  issuer of benchmark coverage described in  
13                  subsection (b)(1) or benchmark equivalent  
14                  coverage described in subsection (b)(2).”.

15           (2) CORRECTION OF REFERENCE TO CHILDREN  
16           IN FOSTER CARE RECEIVING CHILD WELFARE SERV-  
17           ICES.—Section 1937(a)(2)(B)(viii) (42 U.S.C.  
18           1396u–7(a)(2)(B)(viii), as inserted by section  
19           6044(a) of the Deficit Reduction Act of 2005, is  
20           amended by striking “aid or assistance is made  
21           available under part B of title IV to children in fos-  
22           ter care and individuals” and inserting “child wel-  
23           fare services are made available under part B of title  
24           IV on the basis of being a child in foster care or”.

1           (3) **TRANSPARENCY.**—Section 1937 (42 U.S.C.  
2           1396u–7), as inserted by section 6044(a) of the Def-  
3           icit Reduction Act of 2005, is amended by adding at  
4           the end the following:

5           “(c) **PUBLICATION OF PROVISIONS AFFECTED.**—Not  
6           later than 30 days after the date the Secretary approves  
7           a State plan amendment to provide benchmark benefits  
8           in accordance with subsections (a) and (b), the Secretary  
9           shall publish in the Federal Register and on the Internet  
10          website of the Centers for Medicare & Medicaid Services,  
11          a list of the provisions of this title that the Secretary has  
12          determined do not apply in order to enable the State to  
13          carry out such plan amendment and the reason for each  
14          such determination.”.

15          (4) **EFFECTIVE DATE.**—The amendments made  
16          by this subsection shall take effect as if included in  
17          the amendment made by section 6044(a) of the Def-  
18          icit Reduction Act of 2005.

19 **SEC. 606. ELIMINATION OF CONFUSING PROGRAM REF-**  
20 **ERENCES.**

21          Section 704 of the Medicare, Medicaid, and SCHIP  
22          Balanced Budget Refinement Act of 1999, as enacted into  
23          law by division B of Public Law 106–113 (113 Stat.  
24          1501A–402) is repealed.

1 **SEC. 607. MENTAL HEALTH PARITY IN CHIP PLANS.**

2 (a) ASSURANCE OF PARITY.—Section 2103(c) (42  
3 U.S.C. 1397cc(c)) is amended—

4 (1) by redesignating paragraph (5) as para-  
5 graph (6); and

6 (2) by inserting after paragraph (4), the fol-  
7 lowing:

8 “(5) MENTAL HEALTH SERVICES PARITY.—

9 “(A) IN GENERAL.—In the case of a State  
10 child health plan that provides both medical  
11 and surgical benefits and mental health or sub-  
12 stance abuse benefits, such plan shall ensure  
13 that the financial requirements and treatment  
14 limitations applicable to such mental health or  
15 substance abuse benefits are no more restrictive  
16 than the financial requirements and treatment  
17 limitations applied to substantially all medical  
18 and surgical benefits covered by the plan.

19 “(B) DEEMED COMPLIANCE.—To the ex-  
20 tent that a State child health plan includes cov-  
21 erage with respect to an individual described in  
22 section 1905(a)(4)(B) and covered under the  
23 State plan under section 1902(a)(10)(A) of the  
24 services described in section 1905(a)(4)(B) (re-  
25 lating to early and periodic screening, diag-  
26 nostic, and treatment services defined in section

1           1905(r)) and provided in accordance with sec-  
2           tion 1902(a)(43), such plan shall be deemed to  
3           satisfy the requirements of subparagraph (A).”.

4           (b) CONFORMING AMENDMENTS.—Section 2103 (42  
5 U.S.C. 1397cc) is amended—

6           (1) in subsection (a), in the matter preceding  
7           paragraph (1), by striking “subsection (e)(5)” and  
8           inserting “paragraphs (5) and (6) of subsection (e)”;  
9           and

10          (2) in subsection (c)(2), by striking subpara-  
11          graph (B) and redesignating subparagraphs (C) and  
12          (D) as subparagraphs (B) and (C), respectively.

13 **SEC. 608. DENTAL HEALTH GRANTS.**

14          Title XXI (42 U.S.C. 1397aa et seq.), as amended  
15          by section 201, is amended by adding at the end the fol-  
16          lowing:

17 **“SEC. 2114. DENTAL HEALTH GRANTS.**

18          “(a) AUTHORITY TO AWARD GRANTS.—

19                 “(1) IN GENERAL.—From the amount appro-  
20                 priated under subsection (e), the Secretary shall  
21                 award grants from amounts to eligible States for the  
22                 purpose of carrying out programs and activities that  
23                 are designed to improve the availability of dental  
24                 services and strengthen dental coverage for targeted

1 low-income children enrolled in State child health  
2 plans.

3 “(2) ELIGIBLE STATE.—In this section, the  
4 term ‘eligible State’ means a State with an approved  
5 State child health plan under this title that submits  
6 an application under subsection (b) that is approved  
7 by Secretary.

8 “(b) APPLICATION.—An eligible State that desires to  
9 receive a grant under this paragraph shall submit an ap-  
10 plication to the Secretary in such form and manner, and  
11 containing such information, as the Secretary may re-  
12 quire. Such application shall include—

13 “(1) a detailed description of the programs and  
14 activities proposed to be conducted with funds  
15 awarded under the grant;

16 “(2) quality and outcomes performance meas-  
17 ures to evaluate the effectiveness of such activities;  
18 and

19 “(3) an assurance that the State shall—

20 “(A) conduct an assessment of the effec-  
21 tiveness of such activities against such perform-  
22 ance measures; and

23 “(B) cooperate with the collection and re-  
24 porting of data and other information deter-  
25 mined as a result of conducting such assess-

1           ments to the Secretary, in such form and man-  
2           ner as the Secretary shall require.

3           “(c) MAINTENANCE OF EFFORT FOR STATES  
4 AWARDED GRANTS; NO STATE MATCH REQUIRED.—In  
5 the case of a State that is awarded a grant under this  
6 section—

7           “(1) the State share of funds expended for den-  
8 tal services under the State child health plan shall  
9 not be less than the State share of such funds ex-  
10 pended in the fiscal year preceding the first fiscal  
11 year for which the grant is awarded; and

12           “(2) no State matching funds shall be required  
13 for the State to receive a grant under this section.

14           “(d) ANNUAL REPORT.—The Secretary shall submit  
15 an annual report to the appropriate committees of Con-  
16 gress regarding the grants awarded under this section that  
17 includes—

18           “(1) State specific descriptions of the programs  
19 and activities conducted with funds awarded under  
20 such grants; and

21           “(2) information regarding the assessments re-  
22 quired of States under subsection (b)(3).

23           “(e) APPROPRIATION.—Out of any funds in the  
24 Treasury not otherwise appropriated, there is appro-  
25 priated, \$200,000,000 for the period of fiscal years 2008

1 through 2012, to remain available until expended, for the  
 2 purpose of awarding grants to States under this section.  
 3 Amounts appropriated and paid under the authority of  
 4 this section shall be in addition to amounts appropriated  
 5 under section 2104 and paid to States in accordance with  
 6 section 2105.”.

7 **SEC. 609. APPLICATION OF PROSPECTIVE PAYMENT SYS-**  
 8 **TEM FOR SERVICES PROVIDED BY FEDER-**  
 9 **ALLY-QUALIFIED HEALTH CENTERS AND**  
 10 **RURAL HEALTH CLINICS.**

11 (a) APPLICATION OF PROSPECTIVE PAYMENT SYS-  
 12 TEM.—

13 (1) IN GENERAL.—Section 2107(e)(1) (42  
 14 U.S.C. 1397gg(e)(1)), as amended by sections  
 15 204(b) and 503, is amended by inserting after sub-  
 16 paragraph (A) the following new subparagraph (and  
 17 redesignating the succeeding subparagraphs accord-  
 18 ingly):

19 “(B) Section 1902(bb) (relating to pay-  
 20 ment for services provided by Federally-quali-  
 21 fied health centers and rural health clinics).”.

22 (2) EFFECTIVE DATE.—The amendment made  
 23 by paragraph (1) shall apply to services provided on  
 24 or after October 1, 2008.

25 (b) TRANSITION GRANTS.—



1           (1) APPROPRIATION.—Out of any funds in the  
2 Treasury not otherwise appropriated, there is appro-  
3 priated to the Secretary for fiscal year 2008,  
4 \$5,000,000, to remain available until expended, for  
5 the purpose of awarding grants to States with State  
6 child health plans under CHIP that are operated  
7 separately from the State Medicaid plan under title  
8 XIX of the Social Security Act (including any waiver  
9 of such plan), or in combination with the State Med-  
10 icaid plan, for expenditures related to transitioning  
11 to compliance with the requirement of section  
12 2107(e)(1)(B) of the Social Security Act (as added  
13 by subsection (a)) to apply the prospective payment  
14 system established under section 1902(bb) of the  
15 such Act (42 U.S.C. 1396a(bb)) to services provided  
16 by Federally-qualified health centers and rural  
17 health clinics.

18           (2) MONITORING AND REPORT.—The Secretary  
19 shall monitor the impact of the application of such  
20 prospective payment system on the States described  
21 in paragraph (1) and, not later than October 1,  
22 2010, shall report to Congress on any effect on ac-  
23 cess to benefits, provider payment rates, or scope of  
24 benefits offered by such States as a result of the ap-  
25 plication of such payment system.

1                   **TITLE VII—REVENUE**  
2                   **PROVISIONS**

3 **SEC. 701. INCREASE IN EXCISE TAX RATE ON TOBACCO**  
4                   **PRODUCTS.**

5           (a) CIGARS.—Section 5701(a) of the Internal Rev-  
6 enue Code of 1986 is amended—

7               (1) by striking “\$1.828 cents per thousand  
8 (\$1.594 cents per thousand on cigars removed dur-  
9 ing 2000 or 2001)” in paragraph (1) and inserting  
10 “\$50.00 per thousand”,

11               (2) by striking “20.719 percent (18.063 percent  
12 on cigars removed during 2000 or 2001)” in para-  
13 graph (2) and inserting “53.13 percent”, and

14               (3) by striking “\$48.75 per thousand (\$42.50  
15 per thousand on cigars removed during 2000 or  
16 2001)” in paragraph (2) and inserting “\$10.00 per  
17 cigar”.

18           (b) CIGARETTES.—Section 5701(b) of such Code is  
19 amended—

20               (1) by striking “\$19.50 per thousand (\$17 per  
21 thousand on cigarettes removed during 2000 or  
22 2001)” in paragraph (1) and inserting “\$50.00 per  
23 thousand”, and

24               (2) by striking “\$40.95 per thousand (\$35.70  
25 per thousand on cigarettes removed during 2000 or

1       2001)” in paragraph (2) and inserting “\$104.9999  
2       cents per thousand”.

3       (c) CIGARETTE PAPERS.—Section 5701(c) of such  
4 Code is amended by striking “1.22 cents (1.06 cents on  
5 cigarette papers removed during 2000 or 2001)” and in-  
6 serting “3.13 cents”.

7       (d) CIGARETTE TUBES.—Section 5701(d) of such  
8 Code is amended by striking “2.44 cents (2.13 cents on  
9 cigarette tubes removed during 2000 or 2001)” and in-  
10 serting “6.26 cents”.

11       (e) SMOKELESS TOBACCO.—Section 5701(e) of such  
12 Code is amended—

13             (1) by striking “58.5 cents (51 cents on snuff  
14 removed during 2000 or 2001)” in paragraph (1)  
15 and inserting “\$1.50”, and

16             (2) by striking “19.5 cents (17 cents on chew-  
17 ing tobacco removed during 2000 or 2001)” in para-  
18 graph (2) and inserting “50 cents”.

19       (f) PIPE TOBACCO.—Section 5701(f) of such Code is  
20 amended by striking “\$1.0969 cents (95.67 cents on pipe  
21 tobacco removed during 2000 or 2001)” and inserting  
22 “\$2.8126 cents”.

23       (g) ROLL-YOUR-OWN TOBACCO.—Section 5701(g) of  
24 such Code is amended by striking “\$1.0969 cents (95.67

1 cents on roll-your-own tobacco removed during 2000 or  
2 2001)” and inserting “\$8.8889 cents”.

3 (h) FLOOR STOCKS TAXES.—

4 (1) IMPOSITION OF TAX.—On tobacco products  
5 and cigarette papers and tubes manufactured in or  
6 imported into the United States which are removed  
7 before January 1, 2008, and held on such date for  
8 sale by any person, there is hereby imposed a tax in  
9 an amount equal to the excess of—

10 (A) the tax which would be imposed under  
11 section 5701 of the Internal Revenue Code of  
12 1986 on the article if the article had been re-  
13 moved on such date, over

14 (B) the prior tax (if any) imposed under  
15 section 5701 of such Code on such article.

16 (2) CREDIT AGAINST TAX.—Each person shall  
17 be allowed as a credit against the taxes imposed by  
18 paragraph (1) an amount equal to \$500. Such credit  
19 shall not exceed the amount of taxes imposed by  
20 paragraph (1) on January 1, 2008, for which such  
21 person is liable.

22 (3) LIABILITY FOR TAX AND METHOD OF PAY-  
23 MENT.—

24 (A) LIABILITY FOR TAX.—A person hold-  
25 ing tobacco products, cigarette papers, or ciga-

1           rette tubes on January 1, 2008, to which any  
2           tax imposed by paragraph (1) applies shall be  
3           liable for such tax.

4           (B) METHOD OF PAYMENT.—The tax im-  
5           posed by paragraph (1) shall be paid in such  
6           manner as the Secretary shall prescribe by reg-  
7           ulations.

8           (C) TIME FOR PAYMENT.—The tax im-  
9           posed by paragraph (1) shall be paid on or be-  
10          fore April 1, 2008.

11          (4) ARTICLES IN FOREIGN TRADE ZONES.—  
12          Notwithstanding the Act of June 18, 1934 (com-  
13          monly known as the Foreign Trade Zone Act, 48  
14          Stat. 998, 19 U.S.C. 81a et seq.) or any other provi-  
15          sion of law, any article which is located in a foreign  
16          trade zone on January 1, 2008, shall be subject to  
17          the tax imposed by paragraph (1) if—

18                 (A) internal revenue taxes have been deter-  
19                 mined, or customs duties liquidated, with re-  
20                 spect to such article before such date pursuant  
21                 to a request made under the 1st proviso of sec-  
22                 tion 3(a) of such Act, or

23                 (B) such article is held on such date under  
24                 the supervision of an officer of the United  
25                 States Customs and Border Protection of the

1 Department of Homeland Security pursuant to  
2 the 2d proviso of such section 3(a).

3 (5) DEFINITIONS.—For purposes of this sub-  
4 section—

5 (A) IN GENERAL.—Any term used in this  
6 subsection which is also used in section 5702 of  
7 the Internal Revenue Code of 1986 shall have  
8 the same meaning as such term has in such  
9 section.

10 (B) SECRETARY.—The term “Secretary”  
11 means the Secretary of the Treasury or the  
12 Secretary’s delegate.

13 (6) CONTROLLED GROUPS.—Rules similar to  
14 the rules of section 5061(e)(3) of such Code shall  
15 apply for purposes of this subsection.

16 (7) OTHER LAWS APPLICABLE.—All provisions  
17 of law, including penalties, applicable with respect to  
18 the taxes imposed by section 5701 of such Code  
19 shall, insofar as applicable and not inconsistent with  
20 the provisions of this subsection, apply to the floor  
21 stocks taxes imposed by paragraph (1), to the same  
22 extent as if such taxes were imposed by such section  
23 5701. The Secretary may treat any person who bore  
24 the ultimate burden of the tax imposed by para-

1 graph (1) as the person to whom a credit or refund  
2 under such provisions may be allowed or made.

3 (i) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to articles removed (as defined in  
5 section 5702(j) of the Internal Revenue Code of 1986)  
6 after December 31, 2007.

7 **SEC. 702. ADMINISTRATIVE IMPROVEMENTS.**

8 (a) PERMIT, REPORT, AND RECORD REQUIREMENTS  
9 FOR MANUFACTURERS AND IMPORTERS OF PROCESSED  
10 TOBACCO.—

11 (1) PERMITS.—

12 (A) APPLICATION.—Section 5712 of the  
13 Internal Revenue Code of 1986 is amended by  
14 inserting “or processed tobacco” after “tobacco  
15 products”.

16 (B) ISSUANCE.—Section 5713(a) of such  
17 Code is amended by inserting “or processed to-  
18 bacco” after “tobacco products”.

19 (2) INVENTORIES AND REPORTS.—

20 (A) INVENTORIES.—Section 5721 of such  
21 Code is amended by inserting “, processed to-  
22 bacco,” after “tobacco products”.

23 (B) REPORTS.—Section 5722 of such Code  
24 is amended by inserting “, processed tobacco,”  
25 after “tobacco products”.

1           (3) RECORDS.—Section 5741 of such Code is  
2 amended by inserting “, processed tobacco,” after  
3 “tobacco products”.

4           (4) MANUFACTURER OF PROCESSED TO-  
5 BACCO.—Section 5702 of such Code is amended by  
6 adding at the end the following new subsection:

7           “(p) MANUFACTURER OF PROCESSED TOBACCO.—

8           “(1) IN GENERAL.—The term ‘manufacturer of  
9 processed tobacco’ means any person who processes  
10 any tobacco other than tobacco products.

11           “(2) PROCESSED TOBACCO.—The processing of  
12 tobacco shall not include the farming or growing of  
13 tobacco or the handling of tobacco solely for sale,  
14 shipment, or delivery to a manufacturer of tobacco  
15 products or processed tobacco.”.

16           (5) CONFORMING AMENDMENT.—Section  
17 5702(k) of such Code is amended by inserting “, or  
18 any processed tobacco,” after “nontaxpaid tobacco  
19 products or cigarette papers or tubes”.

20           (6) EFFECTIVE DATE.—The amendments made  
21 by this subsection shall take effect on January 1,  
22 2008.

23           (b) BASIS FOR DENIAL, SUSPENSION, OR REVOCATION OF PERMITS.—  
24



1           (1) DENIAL.—Paragraph (3) of section 5712 of  
2 such Code is amended to read as follows:

3           “(3) such person (including, in the case of a  
4 corporation, any officer, director, or principal stock-  
5 holder and, in the case of a partnership, a part-  
6 ner)—

7           “(A) is, by reason of his business experi-  
8 ence, financial standing, or trade connections or  
9 by reason of previous or current legal pro-  
10 ceedings involving a felony violation of any  
11 other provision of Federal criminal law relating  
12 to tobacco products, cigarette paper, or ciga-  
13 rette tubes, not likely to maintain operations in  
14 compliance with this chapter,

15           “(B) has been convicted of a felony viola-  
16 tion of any provision of Federal or State crimi-  
17 nal law relating to tobacco products, cigarette  
18 paper, or cigarette tubes, or

19           “(C) has failed to disclose any material in-  
20 formation required or made any material false  
21 statement in the application therefor.”.

22           (2) SUSPENSION OR REVOCATION.—Subsection  
23 (b) of section 5713 of such Code is amended to read  
24 as follows:

25           “(b) SUSPENSION OR REVOCATION.—

1           “(1) SHOW CAUSE HEARING.—If the Secretary  
2           has reason to believe that any person holding a per-  
3           mit—

4                   “(A) has not in good faith complied with  
5                   this chapter, or with any other provision of this  
6                   title involving intent to defraud,

7                   “(B) has violated the conditions of such  
8                   permit,

9                   “(C) has failed to disclose any material in-  
10                  formation required or made any material false  
11                  statement in the application for such permit,

12                  “(D) has failed to maintain his premises in  
13                  such manner as to protect the revenue,

14                  “(E) is, by reason of previous or current  
15                  legal proceedings involving a felony violation of  
16                  any other provision of Federal criminal law re-  
17                  lating to tobacco products, cigarette paper, or  
18                  cigarette tubes, not likely to maintain oper-  
19                  ations in compliance with this chapter, or

20                  “(F) has been convicted of a felony viola-  
21                  tion of any provision of Federal or State crimi-  
22                  nal law relating to tobacco products, cigarette  
23                  paper, or cigarette tubes,

1 the Secretary shall issue an order, stating the facts  
2 charged, citing such person to show cause why his  
3 permit should not be suspended or revoked.

4 “(2) ACTION FOLLOWING HEARING.—If, after  
5 hearing, the Secretary finds that such person has  
6 not shown cause why his permit should not be sus-  
7 pended or revoked, such permit shall be suspended  
8 for such period as the Secretary deems proper or  
9 shall be revoked.”.

10 (c) APPLICATION OF INTERNAL REVENUE CODE  
11 STATUTE OF LIMITATIONS FOR ALCOHOL AND TOBACCO  
12 EXCISE TAXES.—Section 514(a) of the Tariff Act of 1930  
13 (19 U.S.C. 1514(a)) is amended by striking “and section  
14 520 (relating to refunds)” and inserting “section 520 (re-  
15 lating to refunds), and section 6501 of the Internal Rev-  
16 enue Code of 1986 (but only with respect to taxes imposed  
17 under chapters 51 and 52 of such Code)”.

18 (d) EXPANSION OF DEFINITION OF ROLL-YOUR-OWN  
19 TOBACCO.—

20 (1) IN GENERAL.—Section 5702(o) of the In-  
21 ternal Revenue Code of 1986 is amended by insert-  
22 ing “or cigars, or for use as wrappers thereof” be-  
23 fore the period at the end.

24 (2) EFFECTIVE DATE.—The amendment made  
25 by this subsection shall apply to articles removed (as

1 defined in section 5702(j) of the Internal Revenue  
2 Code of 1986) after December 31, 2007.

3 (e) TIME OF TAX FOR UNLAWFULLY MANUFAC-  
4 TURED TOBACCO PRODUCTS.—Section 5703(b)(2) of such  
5 Code is amended by adding at the end the following new  
6 subparagraph:

7 “(F) SPECIAL RULE FOR UNLAWFULLY  
8 MANUFACTURED TOBACCO PRODUCTS.—In the  
9 case of any tobacco products, cigarette paper,  
10 or cigarette tubes produced in the United  
11 States at any place other than the premises of  
12 a manufacturer of tobacco products, cigarette  
13 paper, or cigarette tubes that has filed the bond  
14 and obtained the permit required under this  
15 chapter, tax shall be due and payable imme-  
16 diately upon manufacture.”.

17 **SEC. 703. TIME FOR PAYMENT OF CORPORATE ESTIMATED**  
18 **TAXES.**

19 Subparagraph (B) of section 401(1) of the Tax In-  
20 crease Prevention and Reconciliation Act of 2005 is  
21 amended by striking “114.50 percent” and inserting  
22 “113.25 percent”.

**1 TITLE VIII—EFFECTIVE DATE****2 SEC. 801. EFFECTIVE DATE.**

3 (a) IN GENERAL.—Unless otherwise provided in this  
4 Act, subject to subsection (b), the amendments made by  
5 this Act shall take effect on October 1, 2007, and shall  
6 apply to child health assistance and medical assistance  
7 provided on or after that date without regard to whether  
8 or not final regulations to carry out such amendments  
9 have been promulgated by such date.

10 (b) EXCEPTION FOR STATE LEGISLATION.—In the  
11 case of a State plan under title XIX or XXI of the Social  
12 Security Act, which the Secretary determines requires  
13 State legislation in order for the plan to meet the addi-  
14 tional requirements imposed by an amendment made by  
15 this Act, the State plan shall not be regarded as failing  
16 to comply with the requirements of such Act solely on the  
17 basis of its failure to meet these additional requirements  
18 before the first day of the first calendar quarter beginning  
19 after the close of the first regular session of the State leg-  
20 islature that begins after the date of enactment of this  
21 Act. For purposes of the preceding sentence, in the case  
22 of a State that has a 2-year legislative session, each year  
23 of the session shall be considered to be a separate regular  
24 session of the State legislature.

Calendar No. 288

110<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session  
**S. 1893**

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**A BILL**

To amend title XXI of the Social Security Act to reauthorize the State Children's Health Insurance Program, and for other purposes.

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JULY 27 (legislative day, JULY 26), 2007  
Read twice and placed on the calendar