

107TH CONGRESS  
1ST SESSION

# S. 827

To amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2001.

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IN THE SENATE OF THE UNITED STATES

MAY 3, 2001

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

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## A BILL

To amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2001.

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

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

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “MediKids Health Insurance Act of 2002”.

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

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

Sec. 2. Benefits for all children born after 2002.

“TITLE XXII—MEDIKIDS PROGRAM

“Sec. 2201. Eligibility.

“Sec. 2202. Benefits.

“Sec. 2203. Premiums.

“Sec. 2204. MediKids Trust Fund.

“Sec. 2205. Oversight and accountability.

“Sec. 2206. Addition of care coordination services.

“Sec. 2207. Administration and miscellaneous.

Sec. 3. MediKids premium.

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

Sec. 5. Report on long-term revenues.

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

2 (1) More than 11 million American children are  
3 uninsured.

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

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

17 (4) As all segments of our society continue to  
18 become more and more transient, with many  
19 changes in employment over the working lifetime of  
20 parents, the need for a reliable safety net of health  
21 insurance which follows children across State lines,

1 already a major problem for the children of migrant  
2 and seasonal farmworkers, will become a major con-  
3 cern for all families in the United States.

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

10 (6) The problem of insuring 100 percent of all  
11 American children could be gradually solved by auto-  
12 matically enrolling all children born after December  
13 31, 2002, in a program modeled after Medicare (and  
14 to be known as "MediKids"), and allowing those  
15 children to be transferred into other equivalent or  
16 better insurance programs, including either private  
17 insurance, SCHIP, or Medicaid, if they are eligible  
18 to do so, but maintaining the child's default enroll-  
19 ment in MediKids for any times when the child's ac-  
20 cess to other sources of insurance is lost.

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

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

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

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

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

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

24 (12) Over time 100 percent of American chil-  
25 dren will always have basic health insurance, and we

1 can therefore expect a healthier, more equitable, and  
 2 more productive society.

3 **SEC. 2. BENEFITS FOR ALL CHILDREN BORN AFTER 2002.**

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

6 “TITLE XXII—MEDIKIDS PROGRAM

7 “SEC. 2201. ELIGIBILITY.

8 “(a) ELIGIBILITY OF INDIVIDUALS BORN AFTER DE-  
 9 CEMBER 31, 2002; ALL CHILDREN UNDER 23 YEARS OF  
 10 AGE IN SIXTH YEAR.—An individual who meets the fol-  
 11 lowing requirements with respect to a month is eligible to  
 12 enroll under this title with respect to such month:

13 “(1) AGE.—

14 “(A) FIRST YEAR.—During the first year  
 15 in which this title is effective, the individual has  
 16 not attained 6 years of age.

17 “(B) SECOND YEAR.—During the second  
 18 year in which this title is effective, the indi-  
 19 vidual has not attained 11 years of age.

20 “(C) THIRD YEAR.—During the third year  
 21 in which this title is effective, the individual has  
 22 not attained 16 years of age.

23 “(D) FOURTH YEAR.—During the fourth  
 24 year in which this title is effective, the indi-  
 25 vidual has not attained 21 years of age.

1                   “(E) FIFTH AND SUBSEQUENT YEARS.—

2                   During the fifth year in which this title is effec-  
3                   tive and each subsequent year, the individual  
4                   has not attained 23 years of age.

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

8                   “(b) ENROLLMENT PROCESS.—An individual may  
9                   enroll in the program established under this title only in  
10                  such manner and form as may be prescribed by regula-  
11                  tions, and only during an enrollment period prescribed by  
12                  the Secretary consistent with the provisions of this section.  
13                  Such regulations shall provide a process under which—

14                  “(1) individuals who are born in the United  
15                  States after December 31, 2002, are deemed to be  
16                  enrolled at the time of birth and a parent or guard-  
17                  ian of such an individual is permitted to pre-enroll  
18                  in the month prior to the expected month of birth;

19                  “(2) individuals who are born outside the  
20                  United States after such date and who become eligi-  
21                  ble to enroll by virtue of immigration into (or an ad-  
22                  justment of immigration status in) the United  
23                  States are deemed enrolled at the time of entry or  
24                  adjustment of status;

1           “(3) eligible individuals may otherwise be en-  
 2           rolled at such other times and manner as the Sec-  
 3           retary shall specify, including the use of outstationed  
 4           eligibility sites as described in section  
 5           1902(a)(55)(A) and the use of presumptive eligi-  
 6           bility provisions like those described in section  
 7           1920A; and

8           “(4) at the time of automatic enrollment of a  
 9           child, the Secretary provides for issuance to a parent  
 10          or custodian of the individual a card evidencing cov-  
 11          erage under this title and for a description of such  
 12          coverage.

13       The provisions of section 1837(h) apply with respect to  
 14       enrollment under this title in the same manner as they  
 15       apply to enrollment under part B of title XVIII.

16       “(c) DATE COVERAGE BEGINS.—

17           “(1) IN GENERAL.—The period during which  
 18           an individual is entitled to benefits under this title  
 19           shall begin as follows, but in no case earlier than  
 20           January 1, 2003:

21           “(A) In the case of an individual who is  
 22           enrolled under paragraph (1) or (2) of sub-  
 23           section (b), the date of birth or date of obtain-  
 24           ing appropriate citizenship or immigration sta-  
 25           tus, as the case may be.

1           “(B) In the case of an another individual  
 2           who enrolls (including pre-enrolls) before the  
 3           month in which the individual satisfies eligi-  
 4           bility for enrollment under subsection (a), the  
 5           first day of such month of eligibility.

6           “(C) In the case of an another individual  
 7           who enrolls during or after the month in which  
 8           the individual first satisfies eligibility for enroll-  
 9           ment under such subsection, the first day of the  
 10          following month.

11          “(2) AUTHORITY TO PROVIDE FOR PARTIAL  
 12          MONTHS OF COVERAGE.—Under regulations, the  
 13          Secretary may, in the Secretary’s discretion, provide  
 14          for coverage periods that include portions of a  
 15          month in order to avoid lapses of coverage.

16          “(3) LIMITATION ON PAYMENTS.—No payments  
 17          may be made under this title with respect to the ex-  
 18          penses of an individual enrolled under this title un-  
 19          less such expenses were incurred by such individual  
 20          during a period which, with respect to the individual,  
 21          is a coverage period under this section.

22          “(d) EXPIRATION OF ELIGIBILITY.—An individual’s  
 23          coverage period under this part shall continue until the  
 24          individual’s enrollment has been terminated because the  
 25          individual no longer meets the requirements of subsection



1 (a) (whether because of age or change in immigration sta-  
 2 tus).

3 “(e) ENTITLEMENT TO MEDIKIDS BENEFITS FOR  
 4 ENROLLED INDIVIDUALS.—An individual enrolled under  
 5 this section is entitled to the benefits described in section  
 6 2202.

7 “(f) LOW-INCOME INFORMATION.—At the time of en-  
 8 rollment of a child under this title, the Secretary shall  
 9 make an inquiry as to whether or not the family income  
 10 of the family that includes the child is less than 150 per-  
 11 cent of the poverty line for a family of the size involved.  
 12 If the family income is below such level, the Secretary shall  
 13 encode in the identification card issued in connection with  
 14 eligibility under this title a code indicating such fact. The  
 15 Secretary also shall provide for a toll-free telephone line  
 16 at which providers can verify whether or not such a child  
 17 is in a family the income of which is below such level.

18 “(g) CONSTRUCTION.—Nothing in this title shall be  
 19 construed as requiring (or preventing) an individual who  
 20 is enrolled under this section from seeking medical assist-  
 21 ance under a State medicaid plan under title XIX or child  
 22 health assistance under a State child health plan under  
 23 title XXI.

1   **“SEC. 2202. BENEFITS.**

2       “(a) SECRETARIAL SPECIFICATION OF BENEFIT  
3 PACKAGE.—

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

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

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

19          “(4) INPUT.—The Secretary shall seek the  
20 input of the pediatric community in specifying and  
21 updating such benefits.

22          “(5) LIMITATION ON UPDATING.—In no case  
23 shall updating of benefits under this subsection re-  
24 sult in a failure to provide benefits required under  
25 subsection (b).

26       “(b) INCLUSION OF CERTAIN BENEFITS.—

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

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

14          “(3) INCLUSION OF PRESCRIPTION DRUGS.—  
15      Such benefits also shall include (as specified by the  
16      Secretary) prescription drugs and biologicals.

17          “(4) COST-SHARING.—

18               “(A) IN GENERAL.—Subject to subpara-  
19      graph (B), such benefits also shall include the  
20      cost-sharing (in the form of deductibles, coin-  
21      surance, and copayments) applicable under title  
22      XVIII with respect to comparable items and  
23      services, except that no cost-sharing shall be  
24      imposed with respect to early and periodic

1 screening and diagnostic services included  
2 under paragraph (2).

3 “(B) NO COST-SHARING FOR LOWEST IN-  
4 COME CHILDREN.—Such benefits shall not in-  
5 clude any cost-sharing for children in families  
6 the income of which (as determined for pur-  
7 poses of section 1905(p)) does not exceed 150  
8 percent of the official income poverty line (re-  
9 ferred to in such section) applicable to a family  
10 of the size involved.

11 “(C) REFUNDABLE CREDIT FOR COST-  
12 SHARING FOR OTHER LOW-INCOME CHIL-  
13 DREN.—For a refundable credit for cost-shar-  
14 ing in the case of children in certain families,  
15 see section 35 of the Internal Revenue Code of  
16 1986.

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

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

4       “(e) ENROLLMENT IN HEALTH PLANS.—The Sec-  
 5       retary shall provide for the offering of benefits under this  
 6       title through enrollment in a health benefit plan that  
 7       meets the same (or similar) requirements as the require-  
 8       ments that apply to Medicare+Choice plans under part  
 9       C of title XVIII. In the case of individuals enrolled under  
 10      this title in such a plan, the Medicare+Choice capitation  
 11      rate described in section 1853(c) shall be adjusted in an  
 12      appropriate manner to reflect differences between the pop-  
 13      ulation served under this title and the population under  
 14      title XVIII.

15   **“SEC. 2203. PREMIUMS.**

16       “(a) AMOUNT OF MONTHLY PREMIUMS.—

17           “(1) IN GENERAL.—The Secretary shall, during  
 18       September of each year (beginning with 2002), es-  
 19       tablish a monthly MediKids premium. Subject to  
 20       paragraph (2), the monthly MediKids premium for  
 21       a year is equal to  $\frac{1}{12}$  of the annual premium rate  
 22       computed under subsection (b).

23           “(2) ELIMINATION OF MONTHLY PREMIUM FOR  
 24       DEMONSTRATION OF EQUIVALENT COVERAGE (IN-  
 25       CLUDING COVERAGE UNDER LOW-INCOME PRO-

1 GRAMS).—The amount of the monthly premium im-  
 2 posed under this section for an individual for a  
 3 month shall be zero in the case of an individual who  
 4 demonstrates to the satisfaction of the Secretary  
 5 that the individual has basic health insurance cov-  
 6 erage for that month. For purposes of the previous  
 7 sentence enrollment in a medicaid plan under title  
 8 XIX, a State child health insurance plan under title  
 9 XXI, or under the medicare program under title  
 10 XVIII is deemed to constitute basic health insurance  
 11 coverage described in such sentence.

12 “(b) ANNUAL PREMIUM.—

13 “(1) NATIONAL, PER CAPITA AVERAGE.—The  
 14 Secretary shall estimate the average, annual per  
 15 capita amount that would be payable under this title  
 16 with respect to individuals residing in the United  
 17 States who meet the requirement of section  
 18 2201(a)(1) as if all such individuals were eligible for  
 19 (and enrolled) under this title during the entire year  
 20 (and assuming that section 1862(b)(2)(A)(i) did not  
 21 apply).

22 “(2) ANNUAL PREMIUM.—Subject to subsection  
 23 (d), the annual premium under this subsection for  
 24 months in a year is equal to 25 percent of the aver-

1 age, annual per capita amount estimated under  
2 paragraph (1) for the year.

3 “(c) PAYMENT OF MONTHLY PREMIUM.—

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

11 “(2) COLLECTION THROUGH TAX RETURN.—  
12 For provisions providing for the payment of monthly  
13 premiums under this subsection, see section 59B of  
14 the Internal Revenue Code of 1986.

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

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

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

2 “(a) ESTABLISHMENT OF TRUST FUND.—

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

12 “(2) PREMIUMS.—Premiums collected under  
13 section 2203 shall be transferred to the Trust Fund.

14 “(b) INCORPORATION OF PROVISIONS.—

15 “(1) IN GENERAL.—Subject to paragraph (2),  
16 subsections (b) through (i) of section 1841 shall  
17 apply with respect to the Trust Fund and this title  
18 in the same manner as they apply with respect to  
19 the Federal Supplementary Medical Insurance Trust  
20 Fund and part B, respectively.

21 “(2) MISCELLANEOUS REFERENCES.—In apply-  
22 ing provisions of section 1841 under paragraph  
23 (1)—

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



1           “(B) any reference in section 1841(h) to  
 2           section 1840(d) and in section 1841(i) to sec-  
 3           tions 1840(b)(1) and 1842(g) are deemed ref-  
 4           erences to comparable authority exercised under  
 5           this title;

6           “(C) payments may be made under section  
 7           1841(g) to the Trust Funds under sections  
 8           1817 and 1841 as reimbursement to such funds  
 9           for payments they made for benefits provided  
 10          under this title; and

11          “(D) the Board of Trustees of the  
 12          MediKids Trust Fund shall be the same as the  
 13          Board of Trustees of the Federal Supple-  
 14          mentary Medical Insurance Trust Fund.

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

16          “(a) THROUGH ANNUAL REPORTS OF TRUSTEES.—  
 17    The Board of Trustees of the MediKids Trust Fund under  
 18    section 2204(b)(1) shall report on an annual basis to Con-  
 19    gress concerning the status of the Trust Fund and the  
 20    need for adjustments in the program under this title to  
 21    maintain financial solvency of the program under this  
 22    title.

23          “(b) PERIODIC GAO REPORTS.—The Comptroller  
 24    General of the United States shall periodically submit to  
 25    Congress reports on the adequacy of the financing of cov-

1 erage provided under this title. The Comptroller General  
 2 shall include in such report such recommendations for ad-  
 3 justments in such financing and coverage as the Comp-  
 4 troller General deems appropriate in order to maintain fi-  
 5 nancial solvency of the program under this title.

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

7 “(a) IN GENERAL.—

8 “(1) PROGRAM AUTHORITY.—The Secretary,  
 9 beginning in 2003, may implement a care coordina-  
 10 tion services program in accordance with the provi-  
 11 sions of this section under which, in appropriate cir-  
 12 cumstances, eligible individuals may elect to have  
 13 health care services covered under this title managed  
 14 and coordinated by a designated care coordinator.

15 “(2) ADMINISTRATION BY CONTRACT.—The  
 16 Secretary may administer the program under this  
 17 section through a contract with an appropriate pro-  
 18 gram administrator.

19 “(3) COVERAGE.—Care coordination services  
 20 furnished in accordance with this section shall be  
 21 treated under this title as if they were included in  
 22 the definition of medical and other health services  
 23 under section 1861(s) and benefits shall be available  
 24 under this title with respect to such services without  
 25 the application of any deductible or coinsurance.

1       “(b) ELIGIBILITY CRITERIA; IDENTIFICATION AND  
2 NOTIFICATION OF ELIGIBLE INDIVIDUALS.—

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

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

18       “(c) ENROLLMENT OF INDIVIDUALS.—

19               “(1) SECRETARY’S DETERMINATION OF ELIGI-  
20 BILITY.—The Secretary shall determine the eligi-  
21 bility for services under this section of individuals  
22 who are enrolled in the program under this section  
23 and who make application for such services in such  
24 form and manner as the Secretary may prescribe.

25               “(2) ENROLLMENT PERIOD.—

1           “(A) EFFECTIVE DATE AND DURATION.—

2           Enrollment of an individual in the program  
 3           under this section shall be effective as of the  
 4           first day of the month following the month in  
 5           which the Secretary approves the individual’s  
 6           application under paragraph (1), shall remain  
 7           in effect for one month (or such longer period  
 8           as the Secretary may specify), and shall be  
 9           automatically renewed for additional periods,  
 10          unless terminated in accordance with such pro-  
 11          cedures as the Secretary shall establish by regu-  
 12          lation. Such procedures shall permit an indi-  
 13          vidual to disenroll for cause at any time and  
 14          without cause at re-enrollment intervals.

15          “(B) LIMITATION ON REENROLLMENT.—

16          The Secretary may establish limits on an indi-  
 17          vidual’s eligibility to reenroll in the program  
 18          under this section if the individual has  
 19          disenrolled from the program more than once  
 20          during a specified time period.

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

24          “(1) BASIC CARE COORDINATION SERVICES.—

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

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

17          “(2) CARE COORDINATION REQUIREMENT.—  
18          Notwithstanding any other provision of this title, the  
19          Secretary may provide that an individual enrolled in  
20          the program under this section may be entitled to  
21          payment under this title for any specified health  
22          care items or services only if the items or services  
23          have been furnished by the care coordinator, or co-  
24          ordinated through the care coordination services pro-  
25          gram. Under such provision, the Secretary shall pre-

1 scribe exceptions for emergency medical services as  
2 described in section 1852(d)(3), and other excep-  
3 tions determined by the Secretary for the delivery of  
4 timely and needed care.

5 “(e) CARE COORDINATORS.—

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

9 “(A) be a health care professional or entity  
10 (which may include physicians, physician group  
11 practices, or other health care professionals or  
12 entities the Secretary may find appropriate)  
13 meeting such conditions as the Secretary may  
14 specify;

15 “(B) have entered into a care coordination  
16 agreement; and

17 “(C) meet such criteria as the Secretary  
18 may establish (which may include experience in  
19 the provision of care coordination or primary  
20 care physician’s services).

21 “(2) AGREEMENT TERM; PAYMENT.—

22 “(A) DURATION AND RENEWAL.—A care  
23 coordination agreement under this subsection  
24 shall be for one year and may be renewed if the  
25 Secretary is satisfied that the care coordinator

1 continues to meet the conditions of participa-  
 2 tion specified in paragraph (1).

3 “(B) PAYMENT FOR SERVICES.—The Sec-  
 4 retary may negotiate or otherwise establish pay-  
 5 ment terms and rates for services described in  
 6 subsection (d)(1).

7 “(C) LIABILITY.—Case coordinators shall  
 8 be subject to liability for actual health damages  
 9 which may be suffered by recipients as a result  
 10 of the care coordinator’s decisions, failure or  
 11 delay in making decisions, or other actions as  
 12 a care coordinator.

13 “(D) TERMS.—In addition to such other  
 14 terms as the Secretary may require, an agree-  
 15 ment under this section shall include the terms  
 16 specified in subparagraphs (A) through (C) of  
 17 section 1905(t)(3).

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

19 “(a) IN GENERAL.—Except as otherwise provided in  
 20 this title—

21 “(1) the Secretary shall enter into appropriate  
 22 contracts with providers of services, other health  
 23 care providers, carriers, and fiscal intermediaries,  
 24 taking into account the types of contracts used

1 under title XVIII with respect to such entities, to  
2 administer the program under this title;

3 “(2) individuals enrolled under this title shall  
4 be treated for purposes of title XVIII as though the  
5 individual were entitled to benefits under part A and  
6 enrolled under part B of such title;

7 “(3) benefits described in section 2202 that are  
8 payable under this title to such individuals shall be  
9 paid in a manner specified by the Secretary (taking  
10 into account, and based to the greatest extent prac-  
11 ticable upon, the manner in which they are provided  
12 under title XVIII);

13 “(4) provider participation agreements under  
14 title XVIII shall apply to enrollees and benefits  
15 under this title in the same manner as they apply  
16 to enrollees and benefits under title XVIII; and

17 “(5) individuals entitled to benefits under this  
18 title may elect to receive such benefits under health  
19 plans in a manner, specified by the Secretary, simi-  
20 lar to the manner provided under part C of title  
21 XVIII.

22 “(b) COORDINATION WITH MEDICAID AND  
23 SCHIP.—Notwithstanding any other provision of law, in-  
24 dividuals entitled to benefits for items and services under  
25 this title who also qualify for benefits under title XIX or



1 XXI or any other Federally funded program may continue  
 2 to qualify and obtain benefits under such other title or  
 3 program, and in such case such an individual shall elect  
 4 either—

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

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

19       (b) CONFORMING AMENDMENTS TO SOCIAL SECU-  
 20       RITY ACT PROVISIONS.—

21           (1) Section 201(i)(1) of the Social Security Act  
 22       (42 U.S.C. 401(i)(1)) is amended by striking “or the  
 23       Federal Supplementary Medical Insurance Trust  
 24       Fund” and inserting “the Federal Supplementary

1 Medical Insurance Trust Fund, and the MediKids  
2 Trust Fund”.

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

10 (3) Section 1853(c) of such Act (42 U.S.C.  
11 1395w–23(c)) is amended—

12 (A) in paragraph (1), by striking “or (7)”  
13 and inserting “, (7), or (8)”, and

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

15 “(8) ADJUSTMENT FOR MEDIKIDS.—In apply-  
16 ing this subsection with respect to individuals enti-  
17 tled to benefits under title XXII, the Secretary shall  
18 provide for an appropriate adjustment in the  
19 Medicare+Choice capitation rate as may be appro-  
20 priate to reflect differences between the population  
21 served under such title and the population under  
22 parts A and B.”.

23 (c) MAINTENANCE OF MEDICAID ELIGIBILITY AND  
24 BENEFITS FOR CHILDREN.—

1           (1) IN GENERAL.—In order for a State to con-  
2       tinue to be eligible for payments under section  
3       1903(a) of the Social Security Act (42 U.S.C.  
4       1396b(a))—

5           (A) the State may not reduce standards of  
6       eligibility, or benefits, provided under its State  
7       medicaid plan under title XIX of the Social Se-  
8       curity Act or under its State child health plan  
9       under title XXI of such Act for individuals  
10      under 23 years of age below such standards of  
11      eligibility, and benefits, in effect on the date of  
12      the enactment of this Act; and

13          (B) the State shall demonstrate to the sat-  
14      isfaction of the Secretary of Health and Human  
15      Services that any savings in State expenditures  
16      under title XIX or XXI of the Social Security  
17      Act that results from children from enrolling  
18      under title XXII of such Act shall be used in  
19      a manner that improves services to beneficiaries  
20      under title XIX of such Act, such as through  
21      increases in provider payment rates, expansion  
22      of eligibility, improved nurse and nurse aide  
23      staffing and improved inspections of nursing fa-  
24      cilities, and coverage of additional services.

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

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

8           (1) IN GENERAL.—Section 1805(c) of the So-  
 9           cial Security Act (42 U.S.C. 1395b–6(c)) is  
 10          amended—

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

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

16          (2) INITIAL TERMS OF ADDITIONAL MEM-  
 17          BERS.—

18                   (A) IN GENERAL.—For purposes of stag-  
 19                   gering the initial terms of members of the  
 20                   Medicare Payment Advisory Commission under  
 21                   section 1805(c)(3) of the Social Security Act  
 22                   (42 U.S.C. 1395b–6(c)(3)), the initial terms of  
 23                   the 2 additional members of the Commission  
 24                   provided for by the amendment under sub-  
 25                   section (a)(1) are as follows:

1 (i) One member shall be appointed for  
2 1 year.

3 (ii) One member shall be appointed  
4 for 2 years.

5 (B) COMMENCEMENT OF TERMS.—Such  
6 terms shall begin on January 1, 2002.

7 **SEC. 3. MEDIKIDS PREMIUM.**

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

12 **“PART VIII—MEDIKIDS PREMIUM**

“Sec. 59B. MediKids premium.

13 **“SEC. 59B. MEDIKIDS PREMIUM.**

14 “(a) IMPOSITION OF TAX.—In the case of an indi-  
15 vidual to whom this section applies, there is hereby im-  
16 posed (in addition to any other tax imposed by this sub-  
17 title) a MediKids premium for the taxable year.

18 “(b) INDIVIDUALS SUBJECT TO PREMIUM.—

19 “(1) IN GENERAL.—This section shall apply to  
20 an individual if the taxpayer has a MediKid at any  
21 time during the taxable year.

22 “(2) MEDIKID.—For purposes of this section,  
23 the term ‘MediKid’ means, with respect to a tax-  
24 payer, any individual with respect to whom the tax-

1       payer is required to pay a premium under section  
 2       2203(c) of the Social Security Act for any month of  
 3       the taxable year.

4       “(c) AMOUNT OF PREMIUM.—For purposes of this  
 5       section, the MediKids premium for a taxable year is the  
 6       sum of the monthly premiums under section 2203 of the  
 7       Social Security Act for months in the taxable year.

8       “(d) EXCEPTIONS BASED ON ADJUSTED GROSS IN-  
 9       COME.—

10       “(1) EXEMPTION FOR VERY LOW-INCOME TAX-  
 11       PAYERS.—

12       “(A) IN GENERAL.—No premium shall be  
 13       imposed by this section on any taxpayer having  
 14       an adjusted gross income not in excess of the  
 15       exemption amount.

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

18       “(i) \$17,415 in the case of a taxpayer  
 19       having 1 MediKid,

20       “(ii) \$21,945 in the case of a tax-  
 21       payer having 2 MediKids,

22       “(iii) \$26,475 in the case of a tax-  
 23       payer having 3 MediKids, and

24       “(iv) \$31,005 in the case of a tax-  
 25       payer having 4 or more MediKids.

“(C) PHASEOUT OF EXEMPTION.—In the case of a taxpayer having an adjusted gross income which exceeds the exemption amount but does not exceed twice the exemption amount, the premium shall be the amount which bears the same ratio to the premium which would (but for this subparagraph) apply to the taxpayer as such excess bears to the exemption amount.

“(D) INFLATION ADJUSTMENT OF EXEMPTION AMOUNTS.—In the case of any taxable year beginning in a calendar year after 2001, each dollar amount contained in subparagraph (C) shall be increased by an amount equal to the product of—

“(i) such dollar amount, and

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2000’ for ‘calendar year 1992’ in subparagraph (B) thereof.

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

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

6           “(e) COORDINATION WITH OTHER PROVISIONS.—

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

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

15           “(A) the amount of any credit allowable  
 16 under this chapter, or

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

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

23           “(b) TECHNICAL AMENDMENTS.—



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

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

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

          “Part VIII. MediKids premium.”.

9           (c) EFFECTIVE DATE.—The amendments made by  
 10          this section shall apply to months beginning after Decem-  
 11          ber 2002, in taxable years ending after such date.

12       **SEC. 4. REFUNDABLE CREDIT FOR COST-SHARING EX-**  
 13       **PENSES UNDER MEDIKIDS PROGRAM.**

14          (a) IN GENERAL.—Subpart C of part IV of sub-  
 15          chapter A of chapter 1 of the Internal Revenue Code of  
 16          1986 (relating to refundable credits) is amended by redes-  
 17          ignating section 35 as section 36 and by inserting after  
 18          section 34 the following new section:

19       **“SEC. 35. COST-SHARING EXPENSES UNDER MEDIKIDS PRO-**  
 20       **GRAM.**

21          “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
 22          dividual who has a MediKid (as defined in section 59B)  
 23          at any time during the taxable year, there shall be allowed  
 24          as a credit against the tax imposed by this subtitle an  
 25          amount equal to 50 percent of the amount paid by the

1 taxpayer during the taxable year as cost-sharing under  
 2 section 2202(b)(4) of the Social Security Act.

3 “(b) LIMITATION BASED ON ADJUSTED GROSS IN-  
 4 COME.—The amount of the credit which would (but for  
 5 this subsection) be allowed under this section for the tax-  
 6 able year shall be reduced (but not below zero) by an  
 7 amount which bears the same ratio to such amount of  
 8 credit as the excess of the taxpayer’s adjusted gross in-  
 9 come for such taxable year over the exemption amount (as  
 10 defined in section 59B(d)) bears to such exemption  
 11 amount.”.

12 (b) TECHNICAL AMENDMENTS.—

13 (1) Paragraph (2) of section 1324(b) of title  
 14 31, United States Code, is amended by inserting be-  
 15 fore the period “or from section 35 of such Code”.

16 (2) The table of sections for subpart C of part  
 17 IV of subchapter A of chapter 1 of such Code is  
 18 amended by striking the last item and inserting the  
 19 following new items:

“Sec. 35. Cost-sharing expenses under MediKids program.  
 “Sec. 36. Overpayments of tax.”.

20 (c) EFFECTIVE DATE.—The amendments made by  
 21 this section shall apply to taxable years beginning after  
 22 December 31, 2002.

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

2       Within one year after the date of the enactment of  
3 this Act, the Secretary of the Treasury shall propose a  
4 gradual schedule of progressive tax changes to fund the  
5 program under title XXII of the Social Security Act, as  
6 the number of enrollees grows in the out-years.

○