108TH CONGRESS
2D SESSION

S. 2671

To extend temporary State fiscal relief, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 15, 2004

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

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A BILL

To extend temporary State fiscal relief, 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.**

4   This Act may be cited as the "State Fiscal Relief Act

5 of 2004".

6 **SEC. 2. EXTENSION OF TEMPORARY STATE FISCAL RELIEF.**

7   (a) EXTENSION OF TEMPORARY FREEZE OF MED-

8 ICAID FMAP FOR CERTAIN STATES.—Section 401(a) of

9 the Jobs and Growth Tax Relief Reconciliation Act of

10 2003 (42 U.S.C. 1396d note) is amended—

1   (1) in the subsection heading, by striking

2   "$10,000,000,000 FOR A";

3   (2) in paragraph (2)—

4   (A) in the paragraph heading, by striking

5   "FIRST 3 QUARTERS OF"; and

6   (B) by striking "the first, second, and

7   third calendar quarters" and inserting "each

8   calendar quarter";

9   (3) by redesignating paragraphs (3) through

10   (9) as paragraphs (4) through (10), respectively;

11   and

12   (4) by inserting after paragraph (2), the fol-

13   lowing:

14   "(3) PERMITTING MAINTENANCE OF FISCAL

15   YEAR 2004 FMAP FOR FISCAL YEAR 2005.—Subject to

16   paragraph (6), if the FMAP determined without re-

17   gard to this subsection for a State for fiscal year

18   2005 is less than the FMAP as so determined for

19   fiscal year 2004, the FMAP for the State for fiscal

20   year 2004 shall be substituted for the State's FMAP

21   for each calendar quarter of fiscal year 2005, before

22   the application of this subsection.".

23   (b) TEMPORARY INCREASE IN MEDICAID FMAP FOR

24 ALL STATES.—Section 401(a) of the Jobs and Growth

25 Tax Relief Reconciliation Act of 2003 (42 U.S.C. 1396d

1 note), as amended by subsection (a), is amended by strik-

2 ing paragraphs (4) and (5) (as redesignated by subsection

3 (a)(3)) and inserting the following:

4   "(4) TEMPORARY INCREASE IN MEDICAID

5   FMAP.—

6   "(A) GENERAL 2.95 PERCENTAGE POINTS

7   INCREASE FOR LAST 2 CALENDAR QUARTERS OF

8   FISCAL YEAR 2003 AND FIRST 3 CALENDAR

9   QUARTERS OF FISCAL YEAR 2004.—Subject to

10   paragraphs (6), (7), and (8), for each State for

11   the third and fourth calendar quarters of fiscal

12   year 2003 and for the first, second, and third

13   calendar quarters of fiscal year 2004, the

14   FMAP (taking into account the application of

15   paragraphs (1), (2), and (3)) shall be increased

16   by 2.95 percentage points.

17   "(B) GENERAL 1.26 PERCENTAGE POINTS

18   INCREASE FOR LAST CALENDAR QUARTER OF

19   FISCAL YEAR 2004 AND EACH CALENDAR QUAR-

20   TER OF FISCAL YEAR 2005.—Subject to para-

21   graphs (6), (7), and (8), for each State for the

22   fourth calendar quarter of fiscal year 2004 and

23   each calendar quarter of fiscal year 2005, the

24   FMAP (taking into account the application of

25   paragraphs (1), (2), and (3) but without regard

4

1 to the application of subparagraph (A)) shall be
2 increased by 1.26 percentage points.
3 "(5) INCREASE IN CAP ON MEDICAID PAYMENTS
4 TO TERRITORIES.—
5 "(A) LAST 2 CALENDAR QUARTERS OF FIS-
6 CAL YEAR 2003 AND FIRST 3 CALENDAR QUAR-
7 TERS OF FISCAL YEAR 2004.—Subject to para-
8 graphs (7) and (8), with respect to the third
9 and fourth calendar quarters of fiscal year
10 2003 and the first, second, and third calendar
11 quarters of fiscal year 2004, the amounts other-
12 wise determined for Puerto Rico, the Virgin Is-
13 lands, Guam, the Northern Mariana Islands,
14 and American Samoa under subsections (f) and
15 (g) of section 1108 of the Social Security Act
16 (42 U.S.C. 1308) shall each be increased by an
17 amount equal to 5.90 percent of such amounts.
18 "(B) LAST CALENDAR QUARTER OF FISCAL
19 YEAR 2004 AND EACH CALENDAR QUARTER OF
20 FISCAL YEAR 2005.—Subject to paragraphs (7)
21 and (8), with respect to the fourth calendar
22 quarter of fiscal year 2004 and each calendar
23 quarter of fiscal year 2005, the amounts other-
24 wise determined for Puerto Rico, the Virgin Is-
25 lands, Guam, the Northern Mariana Islands,

1 and American Samoa under subsections (f) and

2 (g) of section 1108 of the Social Security Act

3 (42 U.S.C. 1308) shall each be increased by an

4 amount equal to 2.52 percent of such

5 amounts.''.

6 (c) CONFORMING AMENDMENTS.—Section 401(a) of

7 the Jobs and Growth Tax Relief Reconciliation Act of

8 2003 (42 U.S.C. 1396d note), as amended by subsections

9 (a) and (b), is amended—

10 (1) in paragraph (1), by striking ''paragraph

11 (5)'' and inserting ''paragraph (6)'';

12 (2) in paragraph (2), by striking ''paragraph

13 (5)'' and inserting ''paragraph (6)'';

14 (3) in paragraph (7) (as redesignated by sub-

15 section (a)(3))—

16 (A) by striking ''paragraph (4)'' each place

17 it appears and inserting ''paragraph (5)''; and

18 (B) by striking ''paragraph (3)'' each place

19 it appears and inserting ''paragraph (4)'';

20 (4) in paragraph (8) (as so redesignated), by

21 striking ''the first, second and third calendar quar-

22 ters of fiscal year 2004'' and inserting ''each cal-

23 endar quarter of fiscal year 2004 and fiscal year

24 2005''; and

1   (5) in paragraph (10) (as so redesignated), by

2 striking "October 1, 2004" and inserting "January

3 1, 2005".

4 **SEC. 3. TRANSITIONAL FUND TO IMPLEMENT THE MEDI-**

5 **CARE PRESCRIPTION DRUG, IMPROVEMENT,**

6 **AND MODERNIZATION ACT OF 2003.**

7   Section 1931(h) of the Social Security Act (42 U.S.C.

8 1396u–1(h)) is amended—

9   (1) in paragraph (1)—

10   (A) by striking "described in paragraph

11   (2)" and inserting "described in—

12   "(A) paragraph (2)(A)";

13   (B) by striking the period and inserting ";

14   and"; and

15   (C) by adding at the end the following:

16   "(B) paragraph (2)(B) the per centum

17   specified in section 1903(a)(7) shall be in-

18   creased to such percentage as the Secretary

19   specifies, except that the percentage shall not

20   be less than the percentage applied by the Sec-

21   retary to the payments made for administrative

22   expenditures described in subparagraph (A) be-

23   fore the date of enactment of this subpara-

24   graph.";

1   (2) in paragraph (2), by striking "that (but for

2 the enactment of this section) would not be in-

3 curred." and inserting "that—

4   "(A) but for the enactment of this section

5 would not be incurred; or

6   "(B) but for the enactment of the Medi-

7 care, Prescription Drug, Improvement, and

8 Modernization Act of 2003 and the amend-

9 ments made by that Act would not be in-

10 curred."; and

11   (3) by striking paragraph (3) and inserting the

12 following:

13   "(3) LIMITATIONS.—

14   "(A) WELFARE REFORM ATTRIBUTABLE

15 EXPENDITURES.—The total amount of addi-

16 tional Federal funds that are expended as a re-

17 sult of the application of this subsection with

18 respect to administrative expenditures described

19 in paragraph (2)(A) for the period beginning

20 with fiscal year 1997 shall not exceed

21 $500,000,000. In applying this subparagraph,

22 the Secretary shall ensure the equitable dis-

23 tribution of additional funds among the States.

24   "(B) MMA ATTRIBUTABLE EXPENDI-

25 TURES.—The total amount of additional Fed-

1   eral funds that are expended as a result of the

2   application of this subsection with respect to

3   administrative expenditures described in para-

4   graph (2)(B) for the period beginning on Octo-

5   ber 1, 2004, and ending on the later of April

6   1, 2006, or the end of the first fiscal year quar-

7   ter that begins on or after the date on which

8   benefits are first provided under the voluntary

9   prescription drug benefit program under part D

10   of title XVIII (other than under the program

11   under subpart 4 of part D of title XVIII), shall

12   not exceed $1,200,000,000. In applying this

13   subparagraph, the Secretary shall ensure the

14   equitable distribution of additional funds among

15   the States, taking into account the following:

16   ''(i) The percentage of individuals who

17   reside in a State who are eligible for medi-

18   care cost-sharing under clause (i), (iii), or

19   (iv) of section 1902(a)(10)(E).

20   ''(ii) The number of full-benefit dual

21   eligible individuals (as defined in section

22   1935(c)(6)) who reside in a State.''.

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