

108TH CONGRESS
1ST SESSION

S. 588

To amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2004.

IN THE SENATE OF THE UNITED STATES

MARCH 11, 2003

Mr. ROCKEFELLER (for himself, Mr. CORZINE, Mr. INOUYE, Ms. LANDRIEU, Mr. LEVIN, Mr. REED, and Mr. SARBANES) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2004.

- 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 2003”.
- 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 2004.

“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.

3. MediKids premium.

Sec. 4. Refundable credit for

Sec. 4. Refundable credit for cost sharing expenses under Medicaid program.

Sec. 3. Report on long term revenues.

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

2 (1) More than 9 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.

18 (4) As all segments of society continue to be-
19 come more transient, with many changes in employ-
20 ment over the working lifetime of parents, the need
21 for a reliable safety net of health insurance which

1 follows children across State lines, already a major
2 problem for the children of migrant and seasonal
3 farmworkers, will become a major concern for all
4 families in the United States.

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

11 (6) The problem of insuring 100 percent of all
12 American children could be gradually solved by auto-
13 matically enrolling all children born after December
14 31, 2004, in a program modeled after Medicare (and
15 to be known as "MediKids"), and allowing those
16 children to be transferred into other equivalent or
17 better insurance programs, including either private
18 insurance, SCHIP, or Medicaid, if they are eligible
19 to do so, but maintaining the child's default enroll-
20 ment in MediKids for any times when the child's ac-
21 cess to other sources of insurance is lost.

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

1 grams, but the underlying safety net of MediKids
2 would always be available to cover any gaps in insur-
3 ance due to changes in medical condition, employ-
4 ment, income, or marital status, or other changes af-
5 flecting a child's access to alternate forms of insur-
6 ance.

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

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

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

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

1 (12) Over time 100 percent of American chil-
2 dren will always have basic health insurance, and we
3 can therefore expect a healthier, more equitable, and
4 more productive society.

5 SEC. 2. BENEFITS FOR ALL CHILDREN BORN AFTER 2004.

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

8 "TITLE XXII—MEDIKIDS PROGRAM

9 "SEC. 2201. ELIGIBILITY.

10 “(a) ELIGIBILITY OF INDIVIDUALS BORN AFTER DE-
11 CEMBER 31, 2004; ALL CHILDREN UNDER 23 YEARS OF
12 AGE IN SIXTH YEAR.—An individual who meets the fol-
13 lowing requirements with respect to a month is eligible to
14 enroll under this title with respect to such month:

15 “(1) AGE.—

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

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

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

4 “(E) FIFTH AND SUBSEQUENT YEARS.—
5 During the fifth year in which this title is effec-
6 tive and each subsequent year, the individual
7 has not attained 23 years of age.

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

11 “(b) ENROLLMENT PROCESS.—An individual may
12 enroll in the program established under this title only in
13 such manner and form as may be prescribed by regula-
14 tions, and only during an enrollment period prescribed by
15 the Secretary consistent with the provisions of this section.

16 Such regulations shall provide a process under which—

17 “(1) individuals who are born in the United
18 States after December 31, 2004, are deemed to be
19 enrolled at the time of birth and a parent or guard-
20 ian of such an individual is permitted to pre-enroll
21 in the month prior to the expected month of birth;

22 “(2) individuals who are born outside the
23 United States after such date and who become eligi-
24 ble to enroll by virtue of immigration into (or an ad-
25 justment of immigration status in) the United

1 States are deemed enrolled at the time of entry or
2 adjustment of status;

3 “(3) eligible individuals may otherwise be en-
4 rolled at such other times and manner as the Sec-
5 retary shall specify, including the use of outstationed
6 eligibility sites as described in section
7 1902(a)(55)(A) and the use of presumptive eligi-
8 bility provisions like those described in section
9 1920A; and

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

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

18 “(c) DATE COVERAGE BEGINS.—

19 “(1) IN GENERAL.—The period during which
20 an individual is entitled to benefits under this title
21 shall begin as follows, but in no case earlier than
22 January 1, 2005:

23 “(A) In the case of an individual who is
24 enrolled under paragraph (1) or (2) of sub-
25 section (b), the date of birth or date of obtain-

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

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

24 "(d) EXPIRATION OF ELIGIBILITY.—An individual's
25 coverage period under this part shall continue until the

1 individual's enrollment has been terminated because the
2 individual no longer meets the requirements of subsection
3 (a) (whether because of age or change in immigration sta-
4 tus).

5 “(e) ENTITLEMENT TO MEDIKIDS BENEFITS FOR
6 ENROLLED INDIVIDUALS.—An individual enrolled under
7 this section is entitled to the benefits described in section
8 2202.

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

20 “(g) CONSTRUCTION.—Nothing in this title shall be
21 construed as requiring (or preventing) an individual who
22 is enrolled under this section from seeking medical assist-
23 ance under a State medicaid plan under title XIX or child
24 health assistance under a State child health plan under
25 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 benefits shall include (to the extent consistent with other provisions of this section) at least the same benefits (including coverage, access, availability, duration, and beneficiary rights) that are available under parts A and B of title XVIII.

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

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

17 “(4) COST-SHARING.—

18 “(A) IN GENERAL.—Subject to subparagraph (B), such benefits also shall include the cost-sharing (in the form of deductibles, coinsurance, and copayments) applicable under title XVIII with respect to comparable items and services, except that no cost-sharing shall be 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(e) 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 2004), es-
19 tablish a monthly MediKids premium for the fol-
20 lowing year. Subject to paragraph (2), the monthly
21 MediKids premium for a year is equal to $\frac{1}{12}$ of the
22 annual premium rate computed under subsection
23 (b).

24 “(2) ELIMINATION OF MONTHLY PREMIUM FOR
25 DEMONSTRATION OF EQUIVALENT COVERAGE (IN-

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

13 “(b) ANNUAL PREMIUM.—

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

23 “(2) ANNUAL PREMIUM.—Subject to subsection
24 (d), the annual premium under this subsection for
25 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 Com-
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 2005, 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 flectiveness 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 exceptions
3 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
8 Trust Fund, and the MediKids Trust Fund estab-
9 lished by 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.—

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.

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

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:

(B) COMMENCEMENT OF TERMS.—Such terms shall begin on January 1, 2004.

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) \$17,910 in the case of a taxpayer
19 having 1 MediKid,

20 “(ii) \$22,530 in the case of a tax-
21 payer having 2 MediKids,

22 “(iii) \$27,150 in the case of a tax-
23 payer having 3 MediKids, and

24 “(iv) \$31,770 in the case of a tax-
25 payer having 4 or more MediKids.

1 “(C) PHASEOUT OF EXEMPTION.—In the
2 case of a taxpayer having an adjusted gross in-
3 come which exceeds the exemption amount but
4 does not exceed twice the exemption amount,
5 the premium shall be the amount which bears
6 the same ratio to the premium which would
7 (but for this subparagraph) apply to the tax-
8 payer as such excess bears to the exemption
9 amount.

10 “(D) INFLATION ADJUSTMENT OF EXEMP-
11 TION AMOUNTS.—In the case of any taxable
12 year beginning in a calendar year after 2002,
13 each dollar amount contained in subparagraph
14 (C) shall be increased by an amount equal to
15 the product of—

16 “(i) such dollar amount, and
17 “(ii) the cost-of-living adjustment de-
18 termined under section 1(f)(3) for the cal-
19 endar year in which the taxable year be-
20 gins, determined by substituting ‘calendar
21 year 2001’ for ‘calendar year 1992’ in sub-
22 paragraph (B) thereof.

23 If any increase determined under the preceding
24 sentence is not a multiple of \$50, such increase
25 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.—

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

“Part VIII. MediKids premium.”.

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 36 as section 37 and by inserting after
18 section 35 the following new section:

19 "SEC. 36. 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 36 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. 36. Cost-sharing expenses under MediKids program.
“Sec. 37. Overpayments of tax.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2004.

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.

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