

109TH CONGRESS
1ST SESSION

H. R. 2071

To amend titles XIX and XXI of the Social Security Act to provide for FamilyCare coverage for parents of enrolled children, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 4, 2005

Mr. DINGELL (for himself, Mr. WAXMAN, Mr. BROWN of Ohio, Mr. PALLONE, Mr. GEORGE MILLER of California, Mr. VAN HOLLEN, Mr. HOLT, Ms. SCHAKOWSKY, Mr. GENE GREEN of Texas, Mr. KILDEE, Ms. JACKSON-LEE of Texas, Mr. MENENDEZ, Mr. REYES, Mr. MEEHAN, Mr. HINCHEY, Mr. LANTOS, Mr. NADLER, Mr. GRIJALVA, Mr. FARR, Mr. BERRY, Mr. OLVER, Mr. OWENS, Mrs. MCCARTHY, Mr. TIERNEY, Ms. WOOLSEY, Mr. McNULTY, Mr. SCHIFF, Ms. CORRINE BROWN of Florida, Mr. BUTTERFIELD, Mr. HASTINGS of Florida, Mr. MURTHA, Mr. MICHAUD, Mr. RUPPERSBERGER, Mr. LYNCH, Mr. CUMMINGS, Ms. NORTON, Mr. MORAN of Virginia, Mrs. MALONEY, Mr. BACA, Ms. KILPATRICK of Michigan, Mr. HIGGINS, Mr. SERRANO, Ms. HERSETH, Ms. WASSERMAN SCHULTZ, Mr. ANDREWS, Ms. BALDWIN, Mr. CROWLEY, Mr. CLEAVER, Ms. PELOSI, Mr. CLAY, Mr. STUPAK, Ms. DEGETTE, Mr. PASCRELL, Ms. MCCOLLUM of Minnesota, Mr. HONDA, Mr. STRICKLAND, Ms. BERKLEY, Mrs. DAVIS of California, Mr. JACKSON of Illinois, Ms. SLAUGHTER, Ms. MILLENDER-MCDONALD, Mrs. CAPPs, Mr. CARNAHAN, Ms. LINDA T. SÁNCHEZ of California, Ms. ROYBAL-ALLARD, Ms. SOLIS, Mr. CUELLAR, Mr. ROSS, Ms. MATSUI, Mr. AL GREEN of Texas, Mr. SCOTT of Virginia, Mr. SALAZAR, Ms. HOOLEY, Mr. ISRAEL, Mr. RYAN of Ohio, Mr. LEWIS of Georgia, Mr. KIND, Mr. OBERSTAR, Mr. KENNEDY of Rhode Island, Mr. DOGGETT, Mr. GONZALEZ, Mr. HOYER, Mr. MCGOVERN, Mr. KUCINICH, Mr. ORTIZ, Mr. BOUCHER, Mr. MARKEY, Mr. HINOJOSA, Ms. SCHWARTZ of Pennsylvania, Mr. LARSON of Connecticut, Mr. EMANUEL, Ms. CARSON, Mr. McDERMOTT, Mr. STARK, and Mr. MOORE of Kansas) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend titles XIX and XXI of the Social Security Act to provide for FamilyCare coverage for parents of enrolled children, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE OF TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “FamilyCare Act of 2005”.

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

- Sec. 1. Short title of title; table of contents.
- Sec. 2. Renaming of title XXI program.
- Sec. 3. FamilyCare coverage of parents and pregnant women under the medicaid program and title XXI.
- Sec. 4. Automatic enrollment of children born to title XXI parents.
- Sec. 5. Optional coverage of legal immigrants under the medicaid program and title XXI.
- Sec. 6. Optional coverage of children through age 20 under the medicaid program and title XXI.
- Sec. 7. Allowing States to simplify rules for families.
- Sec. 8. Revision and simplification of the transitional medical assistance program (TMA).
- Sec. 9. Limitations on conflicts of interest.
- Sec. 10. Demonstration programs to improve medicaid and CHIP outreach to homeless individuals and families.
- Sec. 11. Additional CHIP revisions.
- Sec. 12. Increased federal reimbursement for language services under the medicaid program and title XXI.

SEC. 2. RENAMING OF TITLE XXI PROGRAM.

(a) IN GENERAL.—The heading of title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.) is amended to read as follows:

1 “TITLE XXI—FAMILYCARE PROGRAM”.

2 (b) PROGRAM REFERENCES.—Any reference in any
3 provision of Federal law or regulation to “SCHIP” or
4 “State children’s health insurance program” under title
5 XXI of the Social Security Act shall be deemed a reference
6 to the FamilyCare program under such title.

7 **SEC. 3. FAMILYCARE COVERAGE OF PARENTS AND PREG-**
8 **NANT WOMEN UNDER THE MEDICAID PRO-**
9 **GRAM AND TITLE XXI.**

10 (a) INCENTIVES TO IMPLEMENT FAMILYCARE COV-
11 ERAGE.—

12 (1) UNDER MEDICAID.—

13 (A) ESTABLISHMENT OF NEW OPTIONAL
14 ELIGIBILITY CATEGORY.—Section
15 1902(a)(10)(A)(ii) of the Social Security Act
16 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

17 (i) by striking “or” at the end of sub-
18 clause (XVII);

19 (ii) by adding “or” at the end of sub-
20 clause (XVIII); and

21 (iii) by adding at the end the fol-
22 lowing:

23 “(XIX) who are individuals de-
24 scribed in subsection (k)(1) (relating

1 to parents of categorically eligible chil-
 2 dren);”.

3 (B) PARENTS DESCRIBED.—Section 1902
 4 of the Social Security Act is further amended
 5 by inserting after subsection (j) the following:

6 “(k)(1)(A) Individuals described in this paragraph
 7 are individuals—

8 “(i) who are the parents of an individual who
 9 is under 19 years of age (or such higher age as the
 10 State may have elected under section 1902(l)(1)(D))
 11 and who is eligible for medical assistance under sub-
 12 section (a)(10)(A);

13 “(ii) who are not otherwise eligible for medical
 14 assistance under such subsection or under a waiver
 15 approved under section 1115 or otherwise (except
 16 under section 1931 or under subsection
 17 (a)(10)(A)(ii)(XIX)); and

18 “(iii) whose family income or resources exceeds
 19 the effective income level or resource level applicable
 20 under the State plan under part A of title IV as in
 21 effect as of July 16, 1996, but does not exceed the
 22 highest effective income or resource level (if any) ap-
 23 plicable to a child in the family under this title.

24 “(B) In establishing an income eligibility level for in-
 25 dividuals described in this paragraph, a State may vary

1 such level consistent with the various income levels estab-
2 lished under subsection (1)(2) in order to ensure, to the
3 maximum extent possible, that such individuals shall be
4 enrolled in the same program as their children.

5 “(C) An individual may not be treated as being de-
6 scribed in this paragraph unless, at the time of the individ-
7 ual’s enrollment under this title, the child referred to in
8 subparagraph (A)(i) of the individual is also enrolled
9 under this title or otherwise insured.

10 “(D) In this subsection, the term ‘parent’ includes
11 an individual treated as a caretaker for purposes of car-
12 rying out section 1931.

13 “(E) In this subsection, the term ‘effective income
14 level’ means the income level expressed as a percent of
15 the poverty line and considering applicable income dis-
16 regards.

17 “(2) The State shall provide for coverage of a parent
18 described in paragraph (1) or section 2111 of a child who
19 is covered under this title or title XXI under the same
20 title as the title as such child is covered. In the case of
21 a parent described in paragraph (1) who is also the parent
22 of a child who is eligible for child health assistance under
23 title XXI, the State may elect (on a uniform basis) to
24 cover all such parents under section 2111 or under this
25 title.”.

1 (C) ENHANCED MATCHING FUNDS AVAIL-
 2 ABLE IF CERTAIN CONDITIONS MET.—Section
 3 1905 of the Social Security Act (42 U.S.C.
 4 1396d) is amended—

5 (i) in the fourth sentence of sub-
 6 section (b), by striking “or subsection
 7 (u)(3)” and inserting “, (u)(3), or
 8 (u)(4)(A)”; and

9 (ii) in subsection (u)—

10 (I) by redesignating paragraph
 11 (4) as paragraph (6), and

12 (II) by inserting after paragraph
 13 (3) the following:

14 “(4) For purposes of subsection (b) and section
 15 2105(a)(1):

16 “(A) FAMILYCARE PARENTS.—The expendi-
 17 tures described in this subparagraph are the expend-
 18 itures described in the following clauses (i) and (ii):

19 “(i) PARENTS.—If the conditions described
 20 in clauses (iii) and (iv) are met, expenditures
 21 for medical assistance for parents described in
 22 section 1902(k)(1) and for parents who would
 23 be described in such section but for the fact
 24 that they are eligible for medical assistance

1 under section 1931 or under a waiver approved
2 under section 1115.

3 “(ii) CERTAIN PREGNANT WOMEN.—If the
4 conditions described in clause (v) are met, ex-
5 penditures for medical assistance for pregnant
6 women described in subsection (n) or under sec-
7 tion 1902(l)(1)(A) in a family the income of
8 which exceeds the effective income level applica-
9 ble under subsection (a)(10)(A)(i)(III) or
10 (l)(2)(A) of section 1902 to a family of the size
11 involved as of January 1, 2006.

12 “(iii) CONDITIONS RELATING TO ENSURING
13 CHILDREN’S COVERAGE FOR ENHANCED MATCH
14 FOR PARENTS.—The conditions described in
15 this clause are the following:

16 “(I) The State has a State child
17 health plan under title XXI which (wheth-
18 er implemented under such title or under
19 this title) has an effective income level for
20 children that is at least 200 percent of the
21 poverty line.

22 “(II) Such State child health plan
23 does not limit the acceptance of applica-
24 tions, does not use a waiting list for chil-
25 dren who meet eligibility standards to

1 qualify for assistance, and provides bene-
2 fits to all children in the State who apply
3 for and meet eligibility standards.

4 “(III) Effective for determinations of
5 eligibility made on or after the date that is
6 1 year after the date of the enactment of
7 this clause, the application and renewal
8 procedures for individuals under 19 years
9 of age (or such higher age as the State has
10 elected under section 1902(l)(1)(D)) for
11 medical assistance under section
12 1902(a)(10)(A) are not be more restrictive
13 or burdensome than such procedures used
14 for children with higher income under the
15 State child health plan under title XXI.

16 “(iv) CONDITIONS RELATING TO MINIMUM
17 COVERAGE FOR PARENTS FOR ENHANCED
18 MATCH FOR PARENTS.—The conditions de-
19 scribed in this clause are the following:

20 “(I) The State does not apply an in-
21 come level for parents that is lower than
22 the effective income level (expressed as a
23 percent of the poverty line) that has been
24 specified under the State plan under title
25 XIX (including under a waiver authorized

1 by the Secretary or under section
2 1902(r)(2)), as of January 1, 2005, to be
3 eligible for medical assistance as a parent
4 under this title.

5 “(II) The State plans under this title
6 and title XXI do not provide coverage for
7 parents with higher family income without
8 covering parents with a lower family in-
9 come.

10 “(v) CONDITIONS FOR ENHANCED MATCH
11 FOR CERTAIN PREGNANT WOMEN.—The condi-
12 tions described in this clause are the following:

13 “(I) The State has established an ef-
14 fective income eligibility level for pregnant
15 women under subsection (a)(10)(A)(i)(III)
16 or (l)(2)(A) of section 1902 that is at least
17 185 percent of the poverty line.

18 “(II) The State plans under this title
19 and title XXI do not provide coverage for
20 pregnant women described in subpara-
21 graph (A)(ii) with higher family income
22 without covering such pregnant women
23 with a lower family income.

24 “(III) The State does not apply an in-
25 come level for pregnant women that is

1 lower than the effective income level that
 2 has been specified under the State plan
 3 under subsection (a)(10)(A)(i)(III) or
 4 (l)(2)(A) of section 1902, as of January 1,
 5 2005, to be eligible for medical assistance
 6 as a pregnant woman.

7 “(IV) The State satisfies the condi-
 8 tions described in subclauses (I) and (II)
 9 of clause (iii).

10 “(vi) DEFINITIONS.—For purposes of this
 11 subsection:

12 “(I) The term ‘parent’ has the mean-
 13 ing given such term for purposes of section
 14 1902(k)(1).

15 “(II) The term ‘poverty line’ has the
 16 meaning given such term in section
 17 2110(c)(5).”.

18 (D) APPROPRIATION FROM TITLE XXI AL-
 19 LOTMENT FOR CERTAIN MEDICAID EXPANSION
 20 COSTS.—Section 2105(a) of the Social Security
 21 Act (42 U.S.C. 1397ee(a)) is amended—

22 (i) in paragraph (1), by redesignating
 23 subparagraphs (B) through (D) as sub-
 24 paragraphs (C) through (E), respectively,

1 and by inserting after subparagraph (A)
2 the following new subparagraph:

3 “(B) for medical assistance that is attrib-
4 utable to expenditures described in section
5 1905(u)(4)(A);”; and

6 (ii) in paragraph (2), by adding at the
7 end the following new subparagraph:

8 “(E) Fifth, for expenditures for items de-
9 scribed in paragraph (1)(E).”.

10 (E) INCREASING ENHANCED FMAP TO 100
11 PERCENT FOR FISCAL YEARS 2006 AND 2007 FOR
12 COVERAGE OF PARENTS.—Section 2105(b) of
13 such Act (42 U.S.C. 1397ee(b)) is amended by
14 adding at the end the following new sentence:
15 “Notwithstanding the previous sentence, the
16 ‘enhanced FMAP’ shall be 100 percent with re-
17 spect to medical assistance under title XIX for
18 expenditures described in section
19 1905(u)(4)(A)(i), but only for such assistance
20 furnished during fiscal year 2006 and fiscal
21 year 2007.”.

22 (2) UNDER TITLE XXI.—

23 (A) FAMILYCARE COVERAGE.—Title XXI
24 of the Social Security Act (42 U.S.C. 1397aa et

1 seq.) is amended by adding at the end the fol-
 2 lowing:

3 **“SEC. 2111. OPTIONAL FAMILYCARE COVERAGE OF PAR-**
 4 **ENTS OF TARGETED LOW-INCOME CHILDREN.**

5 “(a) OPTIONAL COVERAGE.—Notwithstanding any
 6 other provision of this title, a State may provide for cov-
 7 erage, through an amendment to its State child health
 8 plan under section 2102, of parent health assistance for
 9 targeted low-income parents, health care assistance for
 10 targeted low-income pregnant women, or both, in accord-
 11 ance with this section, but only if—

12 “(1) with respect to the provision of parent
 13 health assistance, the State meets the conditions de-
 14 scribed in clause (iii) of section 1905(u)(4)(A);

15 “(2) with respect to the provision of health care
 16 assistance for pregnant women, the State meets the
 17 conditions described in clause (iv) of section
 18 1905(u)(4)(A); and

19 “(3) in the case of parent health assistance for
 20 targeted low-income parents, the State elects to pro-
 21 vide medical assistance under section
 22 1902(a)(10)(A)(ii)(XIX), under section 1931, or
 23 under a waiver under section 1115 to individuals de-
 24 scribed in section 1902(k)(1)(A)(i) and elects an ef-
 25 fective income level that, consistent with paragraphs

1 (1)(B) and (2) of section 1902(k), ensures to the
2 maximum extent possible, that such individuals shall
3 be enrolled in the same program as their children if
4 their children are eligible for coverage under title
5 XIX (including under a waiver authorized by the
6 Secretary or under section 1902(r)(2)).

7 “(b) DEFINITIONS.—For purposes of this title:

8 “(1) PARENT HEALTH ASSISTANCE.—The term
9 ‘parent health assistance’ has the meaning given the
10 term child health assistance in section 2110(a) as if
11 any reference to targeted low-income children were
12 a reference to targeted low-income parents.

13 “(2) PARENT.—The term ‘parent’ has the
14 meaning given the term ‘caretaker relative’ for pur-
15 poses of carrying out section 1931.

16 “(3) HEALTH CARE ASSISTANCE FOR PREG-
17 NANT WOMEN.—The term ‘health care assistance for
18 pregnant women’ has the meaning given the term
19 child health assistance in section 2110(a) as if any
20 reference to targeted low-income children were a ref-
21 erence to targeted low-income pregnant women.

22 “(4) TARGETED LOW-INCOME PARENT.—The
23 term ‘targeted low-income parent’ has the meaning
24 given the term targeted low-income child in section
25 2110(b) as if the reference to a child were deemed

1 a reference to a parent (as defined in paragraph (3))
2 of the child; except that in applying such section—

3 “(A) there shall be substituted for the in-
4 come level described in paragraph (1)(B)(ii)(I)
5 the applicable income level in effect for a tar-
6 geted low-income child;

7 “(B) in paragraph (3), January 1, 2006,
8 shall be substituted for July 1, 1997; and

9 “(C) in paragraph (4), January 1, 2006,
10 shall be substituted for March 31, 1997.

11 “(5) TARGETED LOW-INCOME PREGNANT
12 WOMAN.—The term ‘targeted low-income pregnant
13 woman’ has the meaning given the term targeted
14 low-income child in section 2110(b) as if any ref-
15 erence to a child were a reference to a woman dur-
16 ing pregnancy and through the end of the month in
17 which the 60-day period beginning on the last day
18 of her pregnancy ends; except that in applying such
19 section—

20 “(A) there shall be substituted for the in-
21 come level described in paragraph (1)(B)(ii)(I)
22 the applicable income level in effect for a tar-
23 geted low-income child;

24 “(B) in paragraph (3), January 1, 2006,
25 shall be substituted for July 1, 1997; and

1 “(C) in paragraph (4), January 1, 2006,
2 shall be substituted for March 31, 1997.

3 “(c) REFERENCES TO TERMS AND SPECIAL
4 RULES.—In the case of, and with respect to, a State pro-
5 viding for coverage of parent health assistance to targeted
6 low-income parents or health care assistance to targeted
7 low-income pregnant women under subsection (a), the fol-
8 lowing special rules apply:

9 “(1) Any reference in this title (other than in
10 subsection (b)) to a targeted low-income child is
11 deemed to include a reference to a targeted low-in-
12 come parent or a targeted low-income pregnant
13 woman (as applicable).

14 “(2) Any such reference to child health assist-
15 ance—

16 “(A) with respect to such parents is
17 deemed a reference to parent health assistance;
18 and

19 “(B) with respect to such pregnant women,
20 is deemed a reference to health care assistance
21 for pregnant women.

22 “(3) In applying section 2103(e)(3)(B) in the
23 case of a family (consisting of a parent and one or
24 more children) provided coverage under this section
25 or a pregnant woman provided coverage under this

1 section without covering other family members, the
 2 limitation on total annual aggregate cost-sharing
 3 shall be applied to such entire family or such preg-
 4 nant woman, respectively.

5 “(4) In applying section 2110(b)(4), any ref-
 6 erence to ‘section 1902(l)(2) or 1905(n)(2) (as se-
 7 lected by a State)’ is deemed a reference to the ef-
 8 fective income level applicable to parents under sec-
 9 tion 1931 or under a waiver approved under section
 10 1115, or, in the case of a pregnant woman, the in-
 11 come level established under section 1902(l)(2)(A).

12 “(5) In applying section 2102(b)(3)(B), any
 13 reference to children found through screening to be
 14 eligible for medical assistance under the State med-
 15 icaid plan under title XIX is deemed a reference to
 16 parents and pregnant women.”.

17 (B) ADDITIONAL ALLOTMENT FOR STATES

18 PROVIDING FAMILYCARE.—

19 (i) IN GENERAL.—Section 2104 of the
 20 Social Security Act (42 U.S.C. 1397dd) is
 21 amended by inserting after subsection (c)
 22 the following:

23 “(d) ADDITIONAL ALLOTMENTS FOR STATE PRO-
 24 VIDING FAMILYCARE.—

1 “(1) APPROPRIATION; TOTAL ALLOTMENT.—

2 For the purpose of providing additional allotments
3 to States to provide FamilyCare coverage under sec-
4 tion 2111, there is appropriated, out of any money
5 in the Treasury not otherwise appropriated—

6 “(A) for fiscal year 2006, \$7,000,000,000;

7 “(B) for fiscal year 2007, \$7,000,000,000;

8 “(C) for fiscal year 2008, \$3,000,000,000;

9 “(D) for fiscal year 2009, \$3,000,000,000;

10 “(E) for fiscal year 2010, \$6,000,000,000;

11 “(F) for fiscal year 2011, \$7,000,000,000;

12 “(G) for fiscal year 2012, \$8,000,000,000;

13 “(H) for fiscal year 2013, \$9,000,000,000;

14 and

15 “(I) for fiscal year 2014 and each fiscal
16 year thereafter, the amount of the allotment
17 provided under this paragraph for the preceding
18 fiscal year increased by the percentage increase
19 (if any) in the medical care expenditure cat-
20 egory of the Consumer Price Index for All
21 Urban Consumers (United States city average).

22 “(2) STATE AND TERRITORIAL ALLOTMENTS.—

23 “(A) IN GENERAL.—In addition to the al-
24 lotments provided under subsections (b) and
25 (c), subject to paragraphs (3) and (4), of the

1 amount available for the additional allotments
2 under paragraph (1) for a fiscal year, the Sec-
3 retary shall allot to each State with a State
4 child health plan approved under this title—

5 “(i) in the case of such a State other
6 than a commonwealth or territory de-
7 scribed in clause (ii), the same proportion
8 as the proportion of the State’s allotment
9 under subsection (b) (determined without
10 regard to subsection (f)) to 98.95 percent
11 of the total amount of the allotments
12 under such section for such States eligible
13 for an allotment under this subparagraph
14 for such fiscal year; and

15 “(ii) in the case of a commonwealth or
16 territory described in subsection (c)(3), the
17 same proportion as the proportion of the
18 commonwealth’s or territory’s allotment
19 under subsection (c) (determined without
20 regard to subsection (f)) to 1.05 percent of
21 the total amount of the allotments under
22 such section for commonwealths and terri-
23 tories eligible for an allotment under this
24 subparagraph for such fiscal year.

1 “(B) AVAILABILITY AND REDISTRIBUTION
2 OF UNUSED ALLOTMENTS.—In applying sub-
3 sections (e) and (f) with respect to additional
4 allotments made available under this subsection,
5 the procedures established under such sub-
6 sections shall ensure such additional allotments
7 are only made available to States which have
8 elected to provide coverage under section 2111.

9 “(3) USE OF ADDITIONAL ALLOTMENT.—Addi-
10 tional allotments provided under this subsection are
11 not available for amounts expended before October
12 1, 2005. Such amounts are available for amounts ex-
13 pended on or after such date for child health assist-
14 ance for targeted low-income children, as well as for
15 parent health assistance for targeted low-income
16 parents, and health care assistance for targeted low-
17 income pregnant women.

18 “(4) REQUIRING ELECTION TO PROVIDE COV-
19 ERAGE.—No payments may be made to a State
20 under this title from an allotment provided under
21 this subsection unless the State has made an elec-
22 tion to provide parent health assistance for targeted
23 low-income parents, or health care assistance for
24 targeted low-income pregnant women.”.

1 (ii) CONFORMING AMENDMENTS.—

2 Section 2104 of the Social Security Act
3 (42 U.S.C. 1397dd) is amended—

4 (I) in subsection (a), by inserting
5 “subject to subsection (d),” after
6 “under this section,”;

7 (II) in subsection (b)(1), by in-
8 serting “and subsection (d)” after
9 “Subject to paragraph (4)”; and

10 (III) in subsection (c)(1), by in-
11 serting “subject to subsection (d),”
12 after “for a fiscal year,”.

13 (C) NO COST-SHARING FOR PREGNANCY-
14 RELATED BENEFITS.—Section 2103(e)(2) of
15 the Social Security Act (42 U.S.C.
16 1397cc(e)(2)) is amended—

17 (i) in the heading, by inserting “AND
18 PREGNANCY-RELATED SERVICES” after
19 “PREVENTIVE SERVICES”; and

20 (ii) by inserting before the period at
21 the end the following: “and for pregnancy-
22 related services”.

23 (3) EFFECTIVE DATE.—The amendments made
24 by this subsection apply to items and services fur-
25 nished on or after October 1, 2005, whether or not

1 regulations implementing such amendments have
2 been issued.

3 (b) RULES FOR IMPLEMENTATION BEGINNING WITH
4 FISCAL YEAR 2007.—

5 (1) EXPANSION OF AVAILABILITY OF EN-
6 HANCED MATCH UNDER MEDICAID FOR PRE-CHIP
7 EXPANSIONS.—Paragraph (4) of section 1905(u) of
8 the Social Security Act (42 U.S.C. 1396d(u)), as in-
9 serted by subsection (a)(1)(C), is amended—

10 (A) by amending clause (ii) of subpara-
11 graph (A) to read as follows:

12 “(ii) CERTAIN PREGNANT WOMEN.—Ex-
13 penditures for medical assistance for pregnant
14 women under section 1902(l)(1)(A) in a family
15 the income of which exceeds the 133 percent of
16 the income official poverty line, but only if the
17 income level established under section
18 1902(l)(2) (or under a Statewide waiver under
19 section 1115) for pregnant women is 185 per-
20 cent of the income official poverty line.”; and

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

22 “(B) CHILDREN IN FAMILIES WITH INCOME
23 ABOVE MEDICAID MANDATORY LEVEL NOT PRE-
24 VIOUSLY DESCRIBED.—The expenditures described
25 in this subparagraph are expenditures (other than

1 expenditures described in paragraph (2) or (3)) for
 2 medical assistance made available to any child who
 3 is eligible for assistance under section
 4 1902(a)(10)(A) (other than under clause (i)) and
 5 the income of whose family exceeds the minimum in-
 6 come level required under subsection 1902(l)(2) (or,
 7 if higher, the minimum level required under section
 8 1931 for that State) for a child of the age involved
 9 (treating any child who is 19 or 20 years of age as
 10 being 18 years of age).”.

11 (2) OFFSET OF ADDITIONAL EXPENDITURES
 12 FOR ENHANCED MATCH FOR PRE-CHIP EXPAN-
 13 SION.—Section 1905 of the Social Security Act (42
 14 U.S.C. 1396d) is amended—

15 (A) in the fourth sentence of subsection
 16 (b), by inserting “(except in the case of expend-
 17 itures described in subsection (u)(5))” after “do
 18 not exceed”;

19 (B) in subsection (u), by inserting after
 20 paragraph (4) (as inserted by subparagraph
 21 (C)), the following:

22 “(5) For purposes of the fourth sentence of sub-
 23 section (b) and section 2105(a), the following payments
 24 under this title do not count against a State’s allotment
 25 under section 2104:

1 “(A) REGULAR FMAP FOR EXPENDITURES FOR
 2 PREGNANT WOMEN WITH INCOME ABOVE 133 PER-
 3 CENT OF POVERTY.—The portion of the payments
 4 made for expenditures described in paragraph
 5 (4)(A)(ii) that represents the amount that would
 6 have been paid if the enhanced FMAP had not been
 7 substituted for the Federal medical assistance per-
 8 centage.

9 “(B) FAMILYCARE PARENTS.—Payments for
 10 expenditures described in paragraph (4)(A)(i).

11 “(C) REGULAR FMAP FOR EXPENDITURES FOR
 12 CERTAIN CHILDREN IN FAMILIES WITH INCOME
 13 ABOVE MEDICAID MANDATORY LEVEL.—The portion
 14 of the payments made for expenditures described in
 15 paragraph (4)(B) that represents the amount that
 16 would have been paid if the enhanced FMAP had
 17 not been substituted for the Federal medical assist-
 18 ance percentage.”.

19 (B) CONFORMING AMENDMENTS.—Sub-
 20 paragraph (B) of section 2105(a)(1) of the So-
 21 cial Security Act, as amended by subsection
 22 (a)(1)(D), is amended to read as follows:

23 “(B) CERTAIN FAMILYCARE PARENTS AND
 24 OTHERS.—Expenditures for medical assistance
 25 that is attributable to expenditures described in

1 section 1905(u)(4), except as provided in sec-
2 tion 1905(u)(5).”.

3 (3) EFFECTIVE DATE.—The amendments made
4 by this subsection apply as of October 1, 2006, to
5 fiscal years beginning on or after such date and to
6 expenditures under the State plan on and after such
7 date, whether or not regulations implementing such
8 amendments have been issued.

9 (c) MAKING TITLE XXI BASE ALLOTMENTS PERMA-
10 NENT.—Section 2104(a) of the Social Security Act (42
11 U.S.C. 1397dd(a)) is amended—

12 (1) by striking “and” at the end of paragraph
13 (9);

14 (2) by striking the period at the end of para-
15 graph (10) and inserting “; and”; and

16 (3) by adding at the end the following:

17 “(11) for fiscal year 2008 and each fiscal year
18 thereafter, the amount of the allotment provided
19 under this subsection for the preceding fiscal year
20 increased by the percentage increase (if any) in the
21 medical care expenditure category of the Consumer
22 Price Index for All Urban Consumers (United States
23 city average).”.

24 (d) GAO STUDY.—

1 (1) STUDY.—The Comptroller General of the
2 United States shall conduct a study regarding fund-
3 ing under title XXI of the Social Security Act that
4 examines—

5 (A) the adequacy of overall funding under
6 such title;

7 (B) the formula for determining allotments
8 and for redistribution of unspent funds under
9 such title; and

10 (C) the effect of waiting lists and caps on
11 enrollment under such title.

12 (2) REPORT.—Not later than July 1, 2007, the
13 Comptroller General shall submit a report on the
14 study conducted under paragraph (1). Such report
15 shall include recommendations regarding a better
16 mechanism for determining State allotments and re-
17 distribution of unspent funds under such title in
18 order to ensure all eligible families in need can ac-
19 cess coverage through such title.

20 (e) CONFORMING AMENDMENTS.—

21 (1) ELIGIBILITY CATEGORIES.—Section
22 1905(a) of the Social Security Act (42 U.S.C.
23 1396d(a)) is amended, in the matter before para-
24 graph (1)—

1 (A) by striking “or” at the end of clause
2 (xii);

3 (B) by inserting “or” at the end of clause
4 (xiii); and

5 (C) by inserting after clause (xiii) the fol-
6 lowing:

7 “(xiv) who are parents described (or treated as
8 if described) in section 1902(k)(1),”.

9 (2) INCOME LIMITATIONS.—Section 1903(f)(4)
10 of the Social Security Act (42 U.S.C. 1396b(f)(4))
11 is amended—

12 (A) effective October 1, 2006, by inserting
13 “1902(a)(10)(A)(i)(VIII),” after
14 “1902(a)(10)(A)(i)(VII),”; and

15 (B) by inserting
16 “1902(a)(10)(A)(ii)(XIX),” after
17 “1902(a)(10)(A)(ii)(XVIII),”.

18 (3) CONFORMING AMENDMENT RELATING TO
19 NO WAITING PERIOD FOR PREGNANT WOMEN.—Sec-
20 tion 2102(b)(1)(B) of the Social Security Act (42
21 U.S.C. 1397bb(b)(1)(B)) is amended—

22 (A) by striking “, and” at the end of
23 clause (i) and inserting a semicolon;

24 (B) by striking the period at the end of
25 clause (ii) and inserting “; and”; and

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

2 “(iii) may not apply a waiting period
3 (including a waiting period to carry out
4 paragraph (3)(C)) in the case of a targeted
5 low-income parent who is pregnant.”.

6 **SEC. 4. AUTOMATIC ENROLLMENT OF CHILDREN BORN TO**
7 **TITLE XXI PARENTS.**

8 Section 2102(b)(1) of the Social Security Act (42
9 U.S.C. 1397bb(b)(1)) is amended by adding at the end
10 the following:

11 “(C) AUTOMATIC ELIGIBILITY OF CHIL-
12 DREN BORN TO A PARENT BEING PROVIDED
13 FAMILYCARE.—Such eligibility standards shall
14 provide for automatic coverage of a child born
15 to an individual who is provided assistance
16 under this title in the same manner as medical
17 assistance would be provided under section
18 1902(e)(4) to a child described in such sec-
19 tion.”.

20 **SEC. 5. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**
21 **UNDER THE MEDICAID PROGRAM AND TITLE**
22 **XXI.**

23 (a) MEDICAID PROGRAM.—Section 1903(v) of the
24 Social Security Act (42 U.S.C. 1396b(v)) is amended—

1 (1) in paragraph (1), by striking “paragraph
2 (2)” and inserting “paragraphs (2) and (4)”; and

3 (2) by adding at the end the following:

4 “(4)(A) A State may elect (in a plan amendment
5 under this title) to provide medical assistance under this
6 title for aliens who are lawfully residing in the United
7 States (including battered aliens described in section
8 431(c) of the Personal Responsibility and Work Oppor-
9 tunity Reconciliation Act of 1996) and who are otherwise
10 eligible for such assistance, within any of the following eli-
11 gibility categories:

12 “(i) PREGNANT WOMEN.—Women during preg-
13 nancy (and during the 60-day period beginning on
14 the last day of the pregnancy).

15 “(ii) CHILDREN.—Children (as defined under
16 such plan), including optional targeted low-income
17 children described in section 1905(u)(2)(B).

18 “(iii) PARENTS.—If the State has elected the
19 eligibility category described in clause (ii), caretaker
20 relatives who are parents (including individuals
21 treated as a caretaker for purposes of carrying out
22 section 1931) of children (described in such clause
23 or otherwise) who are eligible for medical assistance
24 under the plan.

1 “(B)(i) In the case of a State that has elected to pro-
2 vide medical assistance to a category of aliens under sub-
3 paragraph (A), no debt shall accrue under an affidavit of
4 support against any sponsor of such an alien on the basis
5 of provision of assistance to such category and the cost
6 of such assistance shall not be considered as an unreim-
7 bursed cost.

8 “(ii) The provisions of sections 401(a), 402(b), 403,
9 and 421 of the Personal Responsibility and Work Oppor-
10 tunity Reconciliation Act of 1996 shall not apply to a
11 State that makes an election under subparagraph (A).”.

12 (b) TITLE XXI.—Section 2107(e)(1) of the Social
13 Security Act (42 U.S.C. 1397gg(e)(1)) is amended by add-
14 ing at the end the following:

15 “(E) Section 1903(v)(4) (relating to op-
16 tional coverage of permanent resident alien chil-
17 dren and parents), but only if the State has
18 elected to apply such section to that category of
19 children under title XIX.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section take effect on October 1, 2005, and apply to
22 medical assistance and child health assistance furnished
23 on or after such date, whether or not regulations imple-
24 menting such amendments have been issued.

1 **SEC. 6. OPTIONAL COVERAGE OF CHILDREN THROUGH AGE**
2 **20 UNDER THE MEDICAID PROGRAM AND**
3 **TITLE XXI.**

4 (a) MEDICAID.—

5 (1) IN GENERAL.—Section 1902(l)(1)(D) of the
6 Social Security Act (42 U.S.C. 1396a(l)(1)(D)) is
7 amended by inserting “(or, at the election of a
8 State, 20 or 21 years of age)” after “19 years of
9 age”.

10 (2) CONFORMING AMENDMENTS.—

11 (A) Section 1902(e)(3)(A) of the Social Se-
12 curity Act (42 U.S.C. 1396a(e)(3)(A)) is
13 amended by inserting “(or 1 year less than the
14 age the State has elected under subsection
15 (l)(1)(D))” after “18 years of age”.

16 (B) Section 1902(e)(12) of the Social Se-
17 curity Act (42 U.S.C. 1396a(e)(12)) is amend-
18 ed by inserting “or such higher age as the State
19 has elected under subsection (l)(1)(D)” after
20 “19 years of age”.

21 (C) Section 1920A(b)(1) of the Social Se-
22 curity Act (42 U.S.C. 1396r–1a(b)(1)) is
23 amended by inserting “or such higher age as
24 the State has elected under section
25 1902(l)(1)(D)” after “19 years of age”.

1 (D) Section 1928(h)(1) of the Social Secu-
 2 rity Act (42 U.S.C. 1396s(h)(1)) is amended by
 3 inserting “or 1 year less than the age the State
 4 has elected under section 1902(l)(1)(D)” before
 5 the period at the end.

6 (E) Section 1932(a)(2)(A) of the Social
 7 Security Act (42 U.S.C. 1396u–2(a)(2)(A)) is
 8 amended by inserting “(or such higher age as
 9 the State has elected under section
 10 1902(l)(1)(D))” after “19 years of age”.

11 (b) TITLE XXI.—Section 2110(c)(1) of the Social
 12 Security Act (42 U.S.C. 1397jj(c)(1)) is amended by in-
 13 serting “(or such higher age as the State has elected under
 14 section 1902(l)(1)(D))”.

15 (c) EFFECTIVE DATE.—The amendments made by
 16 this section take effect on January 1, 2006, and apply to
 17 medical assistance and child health assistance provided on
 18 or after such date, whether or not regulations imple-
 19 menting such amendments have been issued.

20 **SEC. 7. ALLOWING STATES TO SIMPLIFY RULES FOR FAMI-**
 21 **LIES.**

22 (a) PRESUMPTIVE ELIGIBILITY.—

23 (1) APPLICATION TO PRESUMPTIVE ELIGIBILITY
 24 FOR PREGNANT WOMEN UNDER MEDICAID.—Section
 25 1920(b) of the Social Security Act (42 U.S.C.

1 1396r-1(b)) is amended by adding at the end after
 2 and below paragraph (2) the following flush sen-
 3 tence:

4 “The term ‘qualified provider’ includes a qualified entity
 5 as defined in section 1920A(b)(3).”.

6 (2) OPTIONAL APPLICATION OF PRESUMPTIVE
 7 ELIGIBILITY PROVISIONS TO PARENTS.—Section
 8 1920A of the Social Security Act (42 U.S.C. 1396r-
 9 1a) is amended by adding at the end the following:
 10 “(e) A State may elect to apply the previous provi-
 11 sions of this section to provide for a period of presumptive
 12 eligibility for medical assistance for a parent of a child
 13 with respect to whom such a period is provided under this
 14 section.”.

15 (3) APPLICATION UNDER TITLE XXI.—Section
 16 2107(e)(1)(D) of the Social Security Act (42 U.S.C.
 17 1397gg(e)(1)) is amended to read as follows:

18 “(D) Sections 1920 and 1920A (relating to
 19 presumptive eligibility).”.

20 (b) 12-MONTHS CONTINUOUS ELIGIBILITY.—

21 (1) MEDICAID.—Section 1902(e)(12) of the So-
 22 cial Security Act (42 U.S.C. 1396a(e)(12)) is
 23 amended—

24 (A) by striking “At the option of the State,
 25 the plan may” and inserting “The plan shall”;

1 (B) by striking “an age specified by the
2 State (not to exceed 19 years of age)” and in-
3 serting “19 years of age (or such higher age as
4 the State has elected under subsection
5 (l)(1)(D)) or, at the option of the State, who is
6 eligible for medical assistance as the parent of
7 such a child”; and

8 (C) in subparagraph (A), by striking “a
9 period (not to exceed 12 months) ” and insert-
10 ing “the 12-month period beginning on the
11 date”.

12 (2) TITLE XXI.—Section 2102(b)(2) of such
13 Act (42 U.S.C. 1397bb(b)(2)) is amended by adding
14 at the end the following: “Such methods shall pro-
15 vide continuous eligibility for children under this
16 title in a manner that is no less generous than the
17 12-months continuous eligibility provided under sec-
18 tion 1902(e)(12) for children described in such sec-
19 tion under title XIX. If a State has elected to apply
20 section 1902(e)(12) to parents, such methods may
21 provide continuous eligibility for parents under this
22 title in a manner that is no less generous than the
23 12-months continuous eligibility provided under such
24 section for parents described in such section under
25 title XIX.”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall take effect on July 1, 2006,
3 whether or not regulations implementing such
4 amendments have been issued.

5 (c) PROVISION OF MEDICAID AND CHIP APPLICA-
6 TIONS AND INFORMATION UNDER THE SCHOOL LUNCH
7 PROGRAM.—Section 9(b)(2)(B) of the Richard B. Russell
8 National School Lunch Act (42 U.S.C. 1758(b)(2)(B)) is
9 amended—

10 (1) by striking “(B) Applications” and inserting
11 “(B)(i) Applications”; and

12 (2) by adding at the end the following:

13 “(ii)(I) Applications for free and reduced price
14 lunches that are distributed pursuant to clause (i) to par-
15 ents or guardians of children in attendance at schools par-
16 ticipating in the school lunch program under this Act shall
17 also contain information on the availability of medical as-
18 sistance under title XIX of the Social Security Act (42
19 U.S.C. 1396 et seq.) and of child health and FamilyCare
20 assistance under title XXI of such Act, including informa-
21 tion on how to obtain an application for assistance under
22 such programs.

23 “(II) Information on the programs referred to in sub-
24 clause (I) shall be provided on a form separate from the

1 application form for free and reduced price lunches under
 2 clause (i).”.

3 **SEC. 8. REVISION AND SIMPLIFICATION OF THE TRANSI-**
 4 **TIONAL MEDICAL ASSISTANCE PROGRAM**
 5 **(TMA).**

6 (a) MAKING REPORTING REQUIREMENTS OPTIONAL;
 7 OPTION OF EXTENDED ELIGIBILITY.—

8 (1) OPTION FOR MAKING REPORTING REQUIRE-
 9 MENTS OPTIONAL.—Section 1925(b) of the Social
 10 Security Act (42 U.S.C. 1396r-6(b)) is amended—

11 (A) in paragraph (1), by inserting “, at the
 12 option of a State,” after “and which”;

13 (B) in paragraph (2)(A), by inserting
 14 “Subject to subparagraph (C)—” after “(A)
 15 NOTICES.—”;

16 (C) in paragraph (2)(B), by inserting
 17 “Subject to subparagraph (C)—” after “(B)
 18 REPORTING REQUIREMENTS.—”;

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

21 “(C) STATE OPTION TO WAIVE NOTICE
 22 AND REPORTING REQUIREMENTS.—A State
 23 may waive some or all of the reporting require-
 24 ments under clauses (i) and (ii) of subpara-
 25 graph (B). Insofar as it waives such a reporting

1 requirement, the State need not provide for a
 2 notice under subparagraph (A) relating to such
 3 requirement.”; and

4 (E) in paragraph (3)(A)(iii), by inserting
 5 “the State has not waived under paragraph
 6 (2)(C) the reporting requirement with respect
 7 to such month under paragraph (2)(B) and if”
 8 after “6-month period if”.

9 (2) STATE OPTION TO EXTEND ELIGIBILITY
 10 FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDI-
 11 TIONAL MONTHS.—Section 1925 of such Act (42
 12 U.S.C. 1396r-6) is further amended—

13 (A) by redesignating subsections (c)
 14 through (f) as subsections (d) through (g); and

15 (B) by inserting after subsection (b) the
 16 following new subsection:

17 “(c) STATE OPTION OF UP TO 12 MONTHS OF ADDI-
 18 TIONAL ELIGIBILITY.—

19 “(1) IN GENERAL.—Notwithstanding any other
 20 provision of this title, each State plan approved
 21 under this title may provide, at the option of the
 22 State, that the State shall offer to each family which
 23 received assistance during the entire 6-month period
 24 under subsection (b) and which meets the applicable
 25 requirement of paragraph (2), in the last month of

1 the period the option of extending coverage under
2 this subsection for the succeeding period not to ex-
3 ceed 12 months.

4 “(2) INCOME RESTRICTION.—The option under
5 paragraph (1) shall not be made available to a fam-
6 ily for a succeeding period unless the State deter-
7 mines that the family’s average gross monthly earn-
8 ings (less such costs for such child care as is nec-
9 essary for the employment of the caretaker relative)
10 as of the end of the 6-month period under sub-
11 section (b) does not exceed 185 percent of the offi-
12 cial poverty line (as defined by the Office of Man-
13 agement and Budget, and revised annually in ac-
14 cordance with section 673(2) of the Omnibus Budget
15 Reconciliation Act of 1981) applicable to a family of
16 the size involved.

17 “(3) APPLICATION OF EXTENSION RULES.—
18 The provisions of paragraphs (2), (3), (4), and (5)
19 of subsection (b) shall apply to the extension pro-
20 vided under this subsection in the same manner as
21 they apply to the extension provided under sub-
22 section (b)(1), except that for purposes of this sub-
23 section—

24 “(A) any reference to a 6-month period
25 under subsection (b)(1) is deemed a reference

1 to the extension period provided under para-
2 graph (1) and any deadlines for any notices or
3 reporting and the premium payment periods
4 shall be modified to correspond to the appro-
5 priate calendar quarters of coverage provided
6 under this subsection; and

7 “(B) any reference to a provision of sub-
8 section (a) or (b) is deemed a reference to the
9 corresponding provision of subsection (b) or of
10 this subsection, respectively.”.

11 (b) STATE OPTION TO WAIVE RECEIPT OF MED-
12 ICAID FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR
13 TMA.—Section 1925(a)(1) of such Act (42 U.S.C. 1396r–
14 6(a)(1)) is amended by adding at the end the following:
15 “A State may, at its option, also apply the previous sen-
16 tence in the case of a family that was receiving such aid
17 for fewer than 3 months, or that had applied for and was
18 eligible for such aid for fewer than 3 months, during the
19 6 immediately preceding months described in such sen-
20 tence.”.

21 (c) ELIMINATION OF SUNSET FOR TMA.—

22 (1) Subsection (g) of section 1925 of such Act
23 (42 U.S.C. 1396r–6), as redesignated under sub-
24 section (a)(2), is repealed.

1 (2) Section 1902(e)(1) of such Act (42 U.S.C.
2 1396a(e)(1)) is amended by striking “(A)
3 Notwithstanding” and all that follows through
4 “During such period, for” in subparagraph (B) and
5 inserting “For”.

6 (d) CMS REPORT ON ENROLLMENT AND PARTICIPA-
7 TION RATES UNDER TMA.—Section 1925 of such Act,
8 as amended by subsections (a)(2) and (c)(1), is amended
9 by adding at the end the following new subsection:

10 “(g) ADDITIONAL PROVISIONS.—

11 “(1) COLLECTION AND REPORTING OF PARTICI-
12 PATION INFORMATION.—Each State shall—

13 “(A) collect and submit to the Secretary,
14 in a format specified by the Secretary, informa-
15 tion on average monthly enrollment and average
16 monthly participation rates for adults and chil-
17 dren under this section; and

18 “(B) make such information publicly avail-
19 able.

20 Such information shall be submitted under subpara-
21 graph (A) at the same time and frequency in which
22 other enrollment information under this title is sub-
23 mitted to the Secretary. Using such information, the
24 Secretary shall submit to Congress annual reports
25 concerning such rates.”.

1 (e) COORDINATION OF WORK.—Section 1925(g) of
 2 such Act, as added by subsection (d), is amended by add-
 3 ing at the end the following new paragraph:

4 “(2) COORDINATION WITH ADMINISTRATION
 5 FOR CHILDREN AND FAMILIES.—The Administrator
 6 of the Centers for Medicare & Medicaid Services, in
 7 carrying out this section, shall work with the Assist-
 8 ant Secretary for the Administration for Children
 9 and Families to develop guidance or other technical
 10 assistance for States regarding best practices in
 11 guaranteeing access to transitional medical assist-
 12 ance under this section.”.

13 (f) ELIMINATION OF TMA REQUIREMENT FOR
 14 STATES THAT EXTEND COVERAGE TO CHILDREN AND
 15 PARENTS THROUGH 185 PERCENT OF POVERTY.—

16 (1) IN GENERAL.—Section 1925 of such Act is
 17 further amended by adding at the end the following
 18 new subsection:

19 “(h) PROVISIONS OPTIONAL FOR STATES THAT EX-
 20 TEND COVERAGE TO CHILDREN AND PARENTS THROUGH
 21 185 PERCENT OF POVERTY.—A State may (but is not re-
 22 quired to) meet the requirements of subsections (a) and
 23 (b) if it provides for medical assistance under section 1931
 24 to families (including both children and caretaker rel-
 25 atives) the average gross monthly earning of which (less

1 such costs for such child care as is necessary for the em-
 2 ployment of a caretaker relative) is at or below a level that
 3 is at least 185 percent of the official poverty line (as de-
 4 fined by the Office of Management and Budget, and re-
 5 vised annually in accordance with section 673(2) of the
 6 Omnibus Budget Reconciliation Act of 1981) applicable
 7 to a family of the size involved.”.

8 (2) CONFORMING AMENDMENTS.—Such section
 9 is further amended, in subsections (a)(1) and (b)(1),
 10 by inserting “, but subject to subsection (h),” after
 11 “Notwithstanding any other provision of this title,”
 12 each place it appears.

13 (g) EXTENDING USE OF OUTSTATIONED WORKERS
 14 TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL
 15 ASSISTANCE.—Section 1902(a)(55) of such Act (42
 16 U.S.C. 1396a(a)(55)) is amended by inserting “and under
 17 section 1931” after “(a)(10)(A)(ii)(IX)”.

18 (h) EFFECTIVE DATES.—(1) Except as provided in
 19 this subsection, the amendments made by this section shall
 20 apply to calendar quarters beginning on or after the date
 21 of the enactment of this Act, without regard to whether
 22 or not final regulations to carry out such amendments
 23 have been promulgated by such date.

24 (2) In the case of a State plan for medical assistance
 25 under title XIX of the Social Security Act which the Sec-

1 retary of Health and Human Services determines requires
 2 State legislation (other than legislation appropriating
 3 funds) in order for the plan to meet the additional require-
 4 ments imposed by the amendments made by this section,
 5 the State plan shall not be regarded as failing to comply
 6 with the requirements of such title solely on the basis of
 7 its failure to meet these additional requirements before the
 8 first day of the first calendar quarter beginning after the
 9 close of the first regular session of the State legislature
 10 that begins after the date of the enactment of this Act.
 11 For purposes of the previous sentence, in the case of a
 12 State that has a 2-year legislative session, each year of
 13 such session shall be deemed to be a separate regular ses-
 14 sion of the State legislature.

15 **SEC. 9. LIMITATIONS ON CONFLICTS OF INTEREST.**

16 (a) LIMITATION ON CONFLICTS OF INTEREST IN
 17 MARKETING ACTIVITIES.—

18 (1) TITLE XXI.—Section 2105(c) of the Social
 19 Security Act (42 U.S.C. 300aa–5(c)) is amended by
 20 adding at the end the following:

21 “(8) LIMITATION ON EXPENDITURES FOR MAR-
 22 KETING ACTIVITIES.—Amounts expended by a State
 23 for the use of an administrative vendor in marketing
 24 health benefits coverage to low-income children
 25 under this title shall not be considered, for purposes

1 of subsection (a)(2)(D), to be reasonable costs to ad-
2 minister the plan unless the following conditions are
3 met with respect to the vendor:

4 “(A) The vendor is independent of any en-
5 tity offering the coverage in the same area of
6 the State in which the vendor is conducting
7 marketing activities.

8 “(B) No person who is an owner, em-
9 ployee, consultant, or has a contract with the
10 vendor either has any direct or indirect finan-
11 cial interest with such an entity or has been ex-
12 cluded from participation in the program under
13 this title or title XVIII or XIX or debarred by
14 any Federal agency, or subject to a civil money
15 penalty under this Act.”.

16 (b) PROHIBITION OF AFFILIATION WITH DEBARRED
17 INDIVIDUALS.—

18 (1) MEDICAID.—Section 1903(i) of the Social
19 Security Act (42 U.S.C. 1396b(i))is amended—

20 (A) by striking the period at the end of
21 paragraph (20) and inserting “; or”; and

22 (B) by inserting after paragraph (20) the
23 following:

1 “(21) with respect to any amounts expended for
2 an entity that receives payments under the plan un-
3 less—

4 “(A) no person with an ownership or con-
5 trol interest (as defined in section 1124(a)(3))
6 in the entity is a person that is debarred, sus-
7 pended, or otherwise excluded from partici-
8 pating in procurement or non-procurement ac-
9 tivities under the Federal Acquisition Regula-
10 tion; and

11 “(B) such entity has not entered into an
12 employment, consulting, or other agreement for
13 the provision of items or services that are mate-
14 rial to such entity’s obligations under the plan
15 with a person described in subparagraph (A).”.

16 (2) TITLE XXI.—Section 2107(e)(1) of the So-
17 cial Security Act (42 U.S.C. 1397gg(e)(1)), as
18 amended by section 5(b), is further amended—

19 (A) in subparagraph (B), by striking “and
20 (17)” and inserting “(17), and (21)”; and

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

22 “(F) Section 1902(a)(67) (relating to pro-
23 hibition of affiliation with debarred individ-
24 uals).”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to expenditures made on or after
 3 July 1, 2006, whether or not regulations implementing
 4 such amendments have been issued.

5 **SEC. 10. DEMONSTRATION PROGRAMS TO IMPROVE MED-**
 6 **ICAID AND CHIP OUTREACH TO HOMELESS**
 7 **INDIVIDUALS AND FAMILIES.**

8 (a) AUTHORITY.—The Secretary of Health and
 9 Human Services may award demonstration grants to not
 10 more than 7 States (or other qualified entities) to conduct
 11 innovative programs that are designed to improve out-
 12 reach to homeless individuals and families under the pro-
 13 grams described in subsection (b) with respect to enroll-
 14 ment of such individuals and families under such pro-
 15 grams and the provision of services (and coordinating the
 16 provision of such services) under such programs.

17 (b) PROGRAMS FOR HOMELESS DESCRIBED.—The
 18 programs described in this subsection are as follows:

19 (1) MEDICAID.—The program under title XIX
 20 of the Social Security Act (42 U.S.C. 1396 et seq.).

21 (2) CHIP.—The program under title XXI of
 22 the Social Security Act (42 U.S.C. 1397aa et seq.).

23 (3) TANF.—The program under part of A of
 24 title IV of the Social Security Act (42 U.S.C. 601
 25 et seq.).

1 (4) SAMHSA BLOCK GRANTS.—The program
2 of grants under part B of title XIX of the Public
3 Health Service Act (42 U.S.C. 300x–1 et seq.).

4 (5) FOOD STAMP PROGRAM.—The program
5 under the Food Stamp Act of 1977 (7 U.S.C. 2011
6 et seq.).

7 (6) WORKFORCE INVESTMENT ACT.—The pro-
8 gram under the Workforce Investment Act of 1999
9 (29 U.S.C. 2801 et seq.).

10 (7) WELFARE-TO-WORK.—The welfare-to-work
11 program under section 403(a)(5) of the Social Secu-
12 rity Act (42 U.S.C. 603(a)(5)).

13 (8) OTHER PROGRAMS.—Other public and pri-
14 vate benefit programs that serve low-income individ-
15 uals.

16 (c) APPROPRIATIONS.—For the purposes of carrying
17 out this section, there is appropriated for fiscal year 2006,
18 out of any funds in the Treasury not otherwise appro-
19 priated, \$10,000,000, to remain available until expended.

20 **SEC. 11. ADDITIONAL CHIP REVISIONS.**

21 (a) LIMITING COST-SHARING TO 2.5 PERCENT FOR
22 FAMILIES WITH INCOME BELOW 150 PERCENT OF POV-
23 ERTY.—Section 2103(e)(3)(A) of the Social Security Act
24 (42 U.S.C. 1397cc(e)(3)(A)) is amended—

25 (1) by striking “and” at the end of clause (i);

1 (2) by striking the period at the end of clause
2 (ii) and inserting “; and”; and

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

5 “(iii) total annual aggregate cost-
6 sharing described in clauses (i) and (ii)
7 with respect to all such targeted low-in-
8 come children in a family under this title
9 that exceeds 2.5 percent of such family’s
10 income for the year involved.”.

11 (b) EMPLOYER COVERAGE WAIVER CHANGES.—Sec-
12 tion 2105(c)(3) of such Act (42 U.S.C. 1397ee(c)(3)) is
13 amended—

14 (1) by redesignating subparagraphs (A) and
15 (B) as clauses (i) and (ii) and indenting appro-
16 priately;

17 (2) by designating the matter beginning with
18 “Payment may be made” as a subparagraph (A)
19 with the heading “IN GENERAL” and indenting ap-
20 propriately; and

21 (3) by adding at the end the following new sub-
22 paragraph:

23 “(B) APPLICATION OF REQUIREMENTS.—
24 In carrying out subparagraph (A)—

1 “(i) in determining cost-effectiveness,
2 the Secretary shall measure against family
3 coverage costs to the extent that a State
4 has expanded coverage to parents pursuant
5 to section 2111;

6 “(ii) subject to clause (iii), the State
7 shall provide satisfactory assurances that
8 the minimum benefits and cost-sharing
9 protections established under this title are
10 provided, either through the coverage
11 under subparagraph (A) or as a supple-
12 ment to such coverage; and

13 “(iii) coverage under such subpara-
14 graph shall not be considered to violate
15 clause (ii) because it does not comply with
16 requirements relating to reviews of health
17 service decisions if the enrollee involved is
18 provided the option of being provided bene-
19 fits directly under this title.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section apply as of January 1, 2006, whether or not
22 regulations implementing such amendments have been
23 issued.

1 **SEC. 12. INCREASED FEDERAL REIMBURSEMENT FOR LAN-**
2 **GUAGE SERVICES UNDER THE MEDICAID**
3 **PROGRAM AND TITLE XXI.**

4 (a) MEDICAID.—Section 1903(a)(3) of the Social Se-
5 curity Act (42 U.S.C. 1396b(a)(3)) is amended—

6 (1) in subparagraph (D), by striking “plus” at
7 the end and inserting “and”; and

8 (2) by adding at the end the following:

9 “(E) 90 percent of the sums expended with
10 respect to costs incurred during such quarter as
11 are attributable to the provision of language
12 services, including oral interpretation, trans-
13 lations of written materials, and other language
14 services, for individuals with limited English
15 proficiency who apply for, or receive, medical
16 assistance under the State plan; plus”.

17 (b) SCHIP.—Section 2105(a)(1) of the Social Secu-
18 rity Act (42 U.S.C.1397ee(a)) is amended—

19 (1) in the matter preceding subparagraph (A),
20 by inserting “or, in the case of expenditures de-
21 scribed in subparagraph (D)(iv), 90 percent” after
22 “enhanced FMAP”; and

23 (2) in subparagraph (D)—

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

1 (B) be redesignating clause (iv) as clause
2 (v); and

3 (C) by inserting after clause (iii) the fol-
4 lowing:

5 “(iv) for expenditures attributable to
6 the provision of language services, includ-
7 ing oral interpretation, translations of
8 written materials, and other language serv-
9 ices, for individuals with limited English
10 proficiency who apply for, or receive, child
11 health assistance under the plan; and”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section take effect on January 1, 2006.

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