

109TH CONGRESS  
2D SESSION

# H. R. 4760

To amend title XXI of the Social Security Act to make all uninsured children eligible for the State children's health insurance program, to encourage States to increase the number of children enrolled in the Medicaid and State children's health insurance programs by simplifying the enrollment and renewal procedures for those programs, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2006

Mr. EMANUEL (for himself, Ms. SCHAKOWSKY, Mr. RUSH, Mr. GUTIERREZ, Mr. DAVIS of Illinois, and Mr. EVANS) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To amend title XXI of the Social Security Act to make all uninsured children eligible for the State children's health insurance program, to encourage States to increase the number of children enrolled in the Medicaid and State children's health insurance programs by simplifying the enrollment and renewal procedures for those programs, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “All Kids Health Insur-  
3       ance Coverage Act of 2006”.

4 **SEC. 2. FINDINGS.**

5       The House of Representatives finds the following:

6           (1) There are more than 9,000,000 children in  
7       the United States with no health insurance coverage.

8           (2) Uninsured children, when compared to pri-  
9       vately insured children, are—

10           (A) 3.5 times more likely to have gone  
11       without needed medical, dental, or other health  
12       care;

13           (B) 4 times more likely to have delayed  
14       seeking medical care;

15           (C) 5 times more likely to go without need-  
16       ed prescription drugs; and

17           (D) 6.5 times less likely to have a regular  
18       source of care.

19           (3) Children without health insurance coverage  
20       are at a disadvantage in the classroom, as shown by  
21       the following studies:

22           (A) The Florida Healthy Kids Annual Re-  
23       port published in 1997, found that children who  
24       do not have health care coverage are 25 percent  
25       more likely to miss school.

1 (B) In a study of the California Health  
2 Families program, children enrolled in public  
3 health coverage experienced a 68 percent im-  
4 provement in school performance and school at-  
5 tendance.

6 (C) A 2002 Building Bridges to Healthy  
7 Kids and Better Students study conducted by  
8 the Council of Chief State School Officers in  
9 Vermont concluded that children who started  
10 out without health insurance saw their reading  
11 scores more than double after obtaining health  
12 care coverage.

13 (4) More than half of uninsured children in the  
14 United States are eligible for coverage under either  
15 the State Children's Health Insurance Program  
16 (SCHIP) or Medicaid, but are not enrolled in those  
17 safety net programs.

18 (5) Some States, seeing that the Federal Gov-  
19 ernment is not providing assistance to middle class  
20 families who are unable to afford health insurance,  
21 are trying to extend health care coverage to some or  
22 all children in the State.

23 (6) State efforts to cover all children may not  
24 be successful without financial assistance from the  
25 Federal Government.

1 **SEC. 3. ELIGIBILITY OF ALL UNINSURED CHILDREN FOR**  
 2 **SCHIP.**

3 (a) IN GENERAL.—Section 2110(b) of the Social Se-  
 4 curity Act (42 U.S.C. 1397jj(b)) is amended—

5 (1) in paragraph (1)—

6 (A) by striking subparagraph (B); and

7 (B) by redesignating subparagraph (C) as  
 8 subparagraph (B);

9 (2) in paragraph (2)—

10 (A) by striking “include” and all that fol-  
 11 lows through “a child who is an” and inserting  
 12 “include a child who is an”; and

13 (B) by striking the semicolon and all that  
 14 follows through the period and inserting a pe-  
 15 riod; and

16 (3) by striking paragraph (4).

17 (b) NO EXCLUSION OF CHILDREN WITH ACCESS TO  
 18 HIGH-COST COVERAGE.—Section 2110(b)(3) of the Social  
 19 Security Act (42 U.S.C. 1397jj(b)(3)) is amended—

20 (1) in the paragraph heading, by striking  
 21 “RULE” and inserting “RULES”;

22 (2) by striking “A child shall not be considered  
 23 to be described in paragraph (1)(C)” and inserting  
 24 the following:

1           “(A) CERTAIN NON FEDERALLY FUNDED  
2           COVERAGE.—A child shall not be considered to  
3           be described in paragraph (1)(C)”;

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

5           “(B) NO EXCLUSION OF CHILDREN WITH  
6           ACCESS TO HIGH-COST COVERAGE.—A State  
7           may include a child as a targeted vulnerable  
8           child if the child has access to coverage under  
9           a group health plan or health insurance cov-  
10          erage and the total annual aggregate cost for  
11          premiums, deductibles, cost sharing, and similar  
12          charges imposed under the group health plan or  
13          health insurance coverage with respect to all  
14          targeted vulnerable children in the child’s fam-  
15          ily exceeds 5 percent of such family’s income  
16          for the year involved.”.

17       (c) CONFORMING AMENDMENTS.—

18           (1) Titles XIX and XXI of the Social Security  
19          Act (42 U.S.C. 1396 et seq.; 1397aa et. seq.) are  
20          amended by striking “targeted low-income” each  
21          place it appears and inserting “targeted vulnerable”.

22           (2) Section 2101(a) of such Act (42 U.S.C.  
23          1397aa(a)) is amended by striking “uninsured, low-  
24          income” and inserting “low-income”.

1           (3) Section 2102(b)(3)(C) of such Act (42  
2           U.S.C. 1397bb(b)(3)(C)) is amended by inserting “,  
3           particularly with respect to children whose family in-  
4           come exceeds 200 percent of the poverty line” before  
5           the semicolon.

6           (4)       Section       2102(b)(3)(E),       section  
7           2105(a)(1)(D)(ii), paragraphs (1)(C) and (2) of sec-  
8           tion 2107, and subsections (a)(1) and (d)(1)(B) of  
9           section 2108 of such Act (42 U.S.C.  
10          1397bb(b)(3)(E); 1397ee(a)(1)(D)(ii); 1397gg;  
11          1397hh) are amended by striking “low-income” each  
12          place it appears.

13          (5) Section 2110(a)(27) of such Act (42 U.S.C.  
14          1397jj(a)(27)) is amended by striking “eligible low-  
15          income individuals” and inserting “targeted vulner-  
16          able individuals”.

17          (d) EFFECTIVE DATE.—The amendments made by  
18          this section take effect on October 1, 2006.

19   **SEC. 4. INCREASE IN FEDERAL FINANCIAL PARTICIPATION**  
20                   **UNDER SCHIP AND MEDICAID FOR STATES**  
21                   **WITH SIMPLIFIED ENROLLMENT AND RE-**  
22                   **NEWAL PROCEDURES FOR CHILDREN.**

23          (a) SCHIP.—Section 2105(c)(2) of the Social Secu-  
24          rity Act (42 U.S.C. 1397ee(c)(2)) is amended by adding  
25          at the end the following:

1                   “(C) NONAPPLICATION OF LIMITATION  
2                   AND INCREASE IN FEDERAL PAYMENT FOR  
3                   STATES WITH SIMPLIFIED ENROLLMENT AND  
4                   RENEWAL PROCEDURES.—

5                   “(i) IN GENERAL.—Notwithstanding  
6                   subsection (a)(1) and subparagraph (A)—

7                   “(I) the limitation under sub-  
8                   paragraph (A) on expenditures for  
9                   items described in subsection  
10                  (a)(1)(D) shall not apply with respect  
11                  to expenditures incurred to carry out  
12                  any of the outreach strategies de-  
13                  scribed in clause (ii), but only if the  
14                  State carries out the same outreach  
15                  strategies for children under title  
16                  XIX; and

17                  “(II) the enhanced FMAP for a  
18                  State for a fiscal year otherwise deter-  
19                  mined under subsection (b) shall be  
20                  increased by 5 percentage points  
21                  (without regard to the application of  
22                  the 85 percent limitation under that  
23                  subsection) with respect to such ex-  
24                  penditures.

1           “(ii) OUTREACH STRATEGIES DE-  
2           SCRIBED.—For purposes of clause (i), the  
3           outreach strategies described in this clause  
4           are the following:

5                   “(I) PRESUMPTIVE ELIGI-  
6                   BILITY.—The State provides for pre-  
7                   sumptive eligibility for children under  
8                   this title and under title XIX.

9                   “(II) ADOPTION OF 12-MONTH  
10                  CONTINUOUS ELIGIBILITY.—The  
11                  State provides that eligibility for chil-  
12                  dren shall not be redetermined more  
13                  often than once every year under this  
14                  title or under title XIX.

15                  “(III) ELIMINATION OF ASSET  
16                  TEST.—The State does not apply any  
17                  asset test for eligibility under this title  
18                  or title XIX with respect to children.

19                  “(IV) PASSIVE RENEWAL.—The  
20                  State provides for the automatic re-  
21                  newal of the eligibility of children for  
22                  assistance under this title and under  
23                  title XIX if the family of which such  
24                  a child is a member does not report  
25                  any changes to family income or other



1                   relevant circumstances, subject to  
2                   verification of information from State  
3                   databases.”.

4       (b) MEDICAID.—

5           (1) IN GENERAL.—Section 1902(l) of the Social  
6       Security Act (42 U.S.C. 1396a(l)) is amended—

7           (A) in paragraph (3), by inserting “subject  
8           to paragraph (5)”, after “Notwithstanding sub-  
9           section (a)(17),”; and

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

11       “(5)(A) Notwithstanding the first sentence of section  
12       1905(b), with respect to expenditures incurred to carry  
13       out any of the outreach strategies described in subpara-  
14       graph (B) for individuals under 19 years of age who are  
15       eligible for medical assistance under subsection  
16       (a)(10)(A), the Federal medical assistance percentage is  
17       equal to the enhanced FMAP described in section 2105(b)  
18       and increased under section 2105(c)(2)(C)(i)(II), but only  
19       if the State carries out the same outreach strategies for  
20       children under title XXI.

21       “(B) For purposes of subparagraph (A), the outreach  
22       strategies described in this subparagraph are the fol-  
23       lowing:

1           “(i) PRESUMPTIVE ELIGIBILITY.—The State  
2       provides for presumptive eligibility for such individ-  
3       uals under this title and title XXI.

4           “(ii) ADOPTION OF 12-MONTH CONTINUOUS ELI-  
5       GIBILITY.—The State provides that eligibility for  
6       such individuals shall not be redetermined more  
7       often than once every year under this title or under  
8       title XXI.

9           “(iii) ELIMINATION OF ASSET TEST.—The  
10      State does not apply any asset test for eligibility  
11      under this title or title XXI with respect to such in-  
12      dividuals.

13          “(iv) PASSIVE RENEWAL.—The State provides  
14      for the automatic renewal of the eligibility of such  
15      individuals for assistance under this title and under  
16      title XXI if the family of which such an individual  
17      is a member does not report any changes to family  
18      income or other relevant circumstances, subject to  
19      verification of information from State databases.”.

20          “(2) CONFORMING AMENDMENT.—The first sen-  
21      tence of section 1905(b) of the Social Security Act  
22      (42 U.S.C. 1396d(b)) is amended by striking “sec-  
23      tion 1933(d)” and inserting “sections 1902(l)(5)  
24      and 1933(d)”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section take effect on October 1, 2006.

3 **SEC. 5. LIMITATION ON PAYMENTS TO STATES THAT HAVE**  
4 **AN ENROLLMENT CAP BUT HAVE NOT EX-**  
5 **HAUSTED THE STATE’S AVAILABLE ALLOT-**  
6 **MENTS.**

7 (a) IN GENERAL.—Section 2105 of the Social Secu-  
8 rity Act (42 U.S.C. 1397ee) is amended by adding at the  
9 end the following:

10 “(h) LIMITATION ON PAYMENTS TO STATES THAT  
11 HAVE AN ENROLLMENT CAP BUT HAVE NOT EXHAUSTED  
12 THE STATE’S AVAILABLE ALLOTMENTS.—

13 “(1) IN GENERAL.—Notwithstanding any other  
14 provision of this section, payment shall not be made  
15 to a State under this section if the State has an en-  
16 rollment freeze, enrollment cap, procedures to delay  
17 consideration of, or not to consider, submitted appli-  
18 cations for child health assistance, or a waiting list  
19 for the submission or consideration of such applica-  
20 tions or for such assistance, and the State has not  
21 fully expended the amount of all allotments available  
22 with respect to a fiscal year for expenditure by the  
23 State, including allotments for prior fiscal years that  
24 remain available for expenditure during the fiscal  
25 year under subsection (c) or (g) of section 2104 or

1 that were redistributed to the State under subsection  
2 (f) or (g) of section 2104.

3 “(2) RULE OF CONSTRUCTION.—Paragraph (1)  
4 shall not be construed as prohibiting a State from  
5 establishing regular open enrollment periods for the  
6 submission of applications for child health assist-  
7 ance.”.

8 (b) EFFECTIVE DATE.—The amendments made by  
9 this section take effect on October 1, 2006.

10 **SEC. 6. ADDITIONAL ENHANCEMENT TO FMAP TO PRO-**  
11 **MOTE EXPANSION OF COVERAGE TO ALL UN-**  
12 **INSURED CHILDREN UNDER MEDICAID AND**  
13 **SCHIP.**

14 (a) IN GENERAL.—Title XXI (42 U.S.C. 1397aa et  
15 seq.) is amended by adding at the end the following:

16 **“SEC. 2111. ADDITIONAL ENHANCEMENT TO FMAP TO PRO-**  
17 **MOTE EXPANSION OF COVERAGE TO ALL UN-**  
18 **INSURED CHILDREN UNDER MEDICAID AND**  
19 **SCHIP.**

20 “(a) IN GENERAL.—Notwithstanding subsection (b)  
21 of section 2105 (and without regard to the application of  
22 the 85 percent limitation under that subsection), the en-  
23 hanced FMAP with respect to expenditures in a quarter  
24 for providing child health assistance to uninsured children

1 whose family income exceeds 200 percent of the poverty  
2 line, shall be increased by 5 percentage points.

3 “(b) UNINSURED CHILD DEFINED.—

4 “(1) IN GENERAL.—For purposes of subsection  
5 (a), subject to paragraph (2), the term ‘uninsured  
6 child’ means an uncovered child who has been with-  
7 out creditable coverage for a period determined by  
8 the Secretary, except that such period shall not be  
9 less than 6 months.

10 “(2) SPECIAL RULE FOR NEWBORN CHIL-  
11 DREN.—In the case of a child 12 months old or  
12 younger, the period determined under paragraph (1)  
13 shall be 0 months and such child shall be considered  
14 uninsured upon birth.

15 “(3) SPECIAL RULE FOR CHILDREN LOSING  
16 MEDICAID OR SCHIP COVERAGE DUE TO INCREASED  
17 FAMILY INCOME.—In the case of a child who, due to  
18 an increase in family income, becomes ineligible for  
19 coverage under title XIX or this title during the pe-  
20 riod beginning on the date that is 12 months prior  
21 to the date of enactment of the All Kids Health In-  
22 surance Coverage Act of 2005 and ending on the  
23 date of enactment of such Act, the period deter-  
24 mined under paragraph (1) shall be 0 months and  
25 such child shall be considered uninsured upon the

1 date of enactment of the All Kids Health Insurance  
2 Coverage Act of 2005.

3 “(4) MONITORING AND ADJUSTMENT OF PE-  
4 RIOD REQUIRED TO BE UNINSURED.—The Secretary  
5 shall—

6 “(A) monitor the availability and retention  
7 of employer-sponsored health insurance cov-  
8 erage of dependent children; and

9 “(B) adjust the period determined under  
10 paragraph (1) as needed for the purpose of pro-  
11 moting the retention of private or employer-  
12 sponsored health insurance coverage of depend-  
13 ent children and timely access to health care  
14 services for such children.”.

15 (b) COST-SHARING FOR CHILDREN IN FAMILIES  
16 WITH HIGH FAMILY INCOME.—Section 2103(e)(3) of the  
17 Social Security Act (42 U.S.C. 1397cc(e)(3)) is amended  
18 by adding at the end the following new subparagraph:

19 “(C) CHILDREN IN FAMILIES WITH HIGH  
20 FAMILY INCOME.—

21 “(i) IN GENERAL.—For children not  
22 described in subparagraph (A) whose fam-  
23 ily income exceeds 400 percent of the pov-  
24 erty line for a family of the size involved,  
25 subject to paragraphs (1)(B) and (2), the

1 State shall impose a premium that is not  
2 less than the cost of providing child health  
3 assistance to children in such families, and  
4 deductibles, cost sharing, or similar  
5 charges shall be imposed under the State  
6 child health plan (without regard to a slid-  
7 ing scale based on income), except that the  
8 total annual aggregate cost-sharing with  
9 respect to all such children in a family  
10 under this title may not exceed 5 percent  
11 of such family's income for the year in-  
12 volved.

13 “(ii) INFLATION ADJUSTMENT.—The  
14 dollar amount specified in clause (i) shall  
15 be increased, beginning with fiscal year  
16 2008, from year to year based on the per-  
17 centage increase in the consumer price  
18 index for all urban consumers (all items;  
19 United States city average). Any dollar  
20 amount established under this clause that  
21 is not a multiple of \$100 shall be rounded  
22 to the nearest multiple of \$100.”.

23 (c) ADDITIONAL ALLOTMENTS FOR STATES PRO-  
24 VIDING COVERAGE TO ALL UNINSURED CHILDREN IN  
25 THE STATE.—

1           (1) IN GENERAL.—Section 2104 of the Social  
2       Security Act (42 U.S.C. 1397dd) is amended by in-  
3       serting after subsection (c) the following:

4       “(d) ADDITIONAL ALLOTMENTS FOR STATES PRO-  
5       VIDING COVERAGE TO ALL UNINSURED CHILDREN IN  
6       THE STATE.—

7           “(1) APPROPRIATION; TOTAL ALLOTMENT.—  
8       For the purpose of providing additional allotments  
9       to States to provide coverage of all uninsured chil-  
10      dren (as defined in section 2111(b)) in the State  
11      under the State child health plan, there is appro-  
12      priated, out of any money in the Treasury not other-  
13      wise appropriated—

14           “(A) for fiscal years 2007 and 2008,  
15           \$3,000,000,000;

16           “(B) for fiscal year 2009, \$5,000,000,000;  
17           and

18           “(C) for fiscal year 2010, \$7,000,000,000.

19       “(2) STATE AND TERRITORIAL ALLOTMENTS.—

20           “(A) IN GENERAL.—In addition to the al-  
21      lotments provided under subsections (b) and  
22      (c), subject to subparagraph (B) and para-  
23      graphs (3) and (4), of the amount available for  
24      the additional allotments under paragraph (1)  
25      for a fiscal year, the Secretary shall allot to



1 each State with a State child health plan that  
2 provides coverage of all uninsured children (as  
3 so defined) in the State approved under this  
4 title—

5 “(i) in the case of such a State other  
6 than a commonwealth or territory de-  
7 scribed in subsection (ii), the same propor-  
8 tion as the proportion of the State’s allot-  
9 ment under subsection (b) (determined  
10 without regard to subsection (f)) to 98.95  
11 percent of the total amount of the allot-  
12 ments under such section for such States  
13 eligible for an allotment under this sub-  
14 paragraph 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.

25 “(B) MINIMUM ALLOTMENT.—

1           “(i) IN GENERAL.—No allotment to a  
2           State for a fiscal year under this sub-  
3           section shall be less than 50 percent of the  
4           amount of the allotment to the State deter-  
5           mined under subsections (b) and (c) for  
6           the preceding fiscal year.

7           “(ii) PRO RATA REDUCTIONS.—The  
8           Secretary shall make such pro rata reduc-  
9           tions to the allotments determined under  
10          this subsection as are necessary to comply  
11          with the requirements of clause (i).

12          “(C) AVAILABILITY AND REDISTRIBUTION  
13          OF UNUSED ALLOTMENTS.—In applying sub-  
14          sections (e) and (f) with respect to additional  
15          allotments made available under this subsection,  
16          the procedures established under such sub-  
17          sections shall ensure such additional allotments  
18          are only made available to States which have  
19          elected to provide coverage under section 2111.

20          “(3) USE OF ADDITIONAL ALLOTMENT.—Addi-  
21          tional allotments provided under this subsection are  
22          not available for amounts expended before October  
23          1, 2005. Such amounts are available for amounts ex-  
24          pended on or after such date for child health assist-

1       ance for uninsured children (as defined in section  
2       2111(b)).

3               “(4) REQUIRING ELECTION TO PROVIDE COV-  
4       ERAGE.—No payments may be made to a State  
5       under this title from an allotment provided under  
6       this subsection unless the State has made an elec-  
7       tion to provide child health assistance for all unin-  
8       sured children (as so defined) in the State, including  
9       such children whose family income exceeds 200 per-  
10      cent of the poverty line.”.

11              (2) CONFORMING AMENDMENTS.—Section 2104  
12      of the Social Security Act (42 U.S.C. 1397dd) is  
13      amended—

14              (A) in subsection (a), by inserting “subject  
15      to subsection (d),” after “under this section,”;

16              (B) in subsection (b)(1), by inserting “and  
17      subsection (d)” after “Subject to paragraph  
18      (4)”; and

19              (C) in subsection (c)(1), by inserting “sub-  
20      ject to subsection (d),” after “for a fiscal  
21      year,”.

22              (d) EFFECTIVE DATE.—The amendments made by  
23      this section take effect on October 1, 2006.

1 **SEC. 7. REPEAL OF THE SCHEDULED PHASEOUT OF THE**  
2 **LIMITATIONS ON PERSONAL EXEMPTIONS**  
3 **AND ITEMIZED DEDUCTIONS.**

4 (a) IN GENERAL.—The Internal Revenue Code of  
5 1986 is amended—

6 (1) by striking subparagraphs (E) and (F) of  
7 section 151(d)(3), and

8 (2) by striking subsections (f) and (g) of section  
9 68.

10 (b) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2005.

13 (c) APPLICATION OF EGTRRA SUNSET.—The  
14 amendments made by this section shall be subject to title  
15 IX of the Economic Growth and Tax Relief Reconciliation  
16 Act of 2001 to the same extent and in the same manner  
17 as the provision of such Act to which such amendment  
18 relates.

○