

109TH CONGRESS
1ST SESSION

S. 2137

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 SENATE OF THE UNITED STATES

DECEMBER 16, 2005

Mr. DURBIN introduced the following bill; which was read twice and referred to the Committee on Finance

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "All Kids Health Insur-
5 ance Coverage Act of 2005".

1 **SEC. 2. FINDINGS.**

2 The Senate finds the following:

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

5 (2) Uninsured children, when compared to pri-
6 vately insured children, are—

7 (A) 3.5 times more likely to have gone
8 without needed medical, dental, or other health
9 care;

10 (B) 4 times more likely to have delayed
11 seeking medical care;

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

14 (D) 6.5 times less likely to have a regular
15 source of care.

16 (3) Children without health insurance coverage
17 are at a disadvantage in the classroom, as shown by
18 the following studies:

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

23 (B) A study of the California Health Fam-
24 ilies program found that children enrolled in
25 public health coverage experienced a 68 percent

1 improvement in school performance and school
2 attendance.

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

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

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

20 (6) State efforts to cover all children may not
21 be successful without financial assistance from the
22 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)”; and
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 EX-
 12 HAUSTED 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, 2008, and
 15 2009, \$3,000,000,000;

16 “(B) for fiscal year 2010, \$5,000,000,000;
 17 and

18 “(C) for fiscal year 2011, \$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.

○