

110TH CONGRESS
1ST SESSION

H. R. 2147

To amend titles XXI and XIX of the Social Security Act to extend the State Children's Health Insurance Program (SCHIP) and streamline enrollment under SCHIP and Medicaid and to amend the Internal Revenue Code of 1986 to provide for a healthy savings tax credit for purchase of children's health coverage.

IN THE HOUSE OF REPRESENTATIVES

MAY 3, 2007

Mr. EMANUEL (for himself, Mr. RAMSTAD, Mr. LAHOOD, Mr. ROSS, Ms. SCHWARTZ, Ms. SHEA-PORTER, Mrs. EMERSON, Mr. KENNEDY, Mr. COURTNEY, Mr. PLATTS, Mr. SCHIFF, Mrs. MCCARTHY of New York, Mr. McNULTY, Mr. ALEXANDER, Ms. HIRONO, Ms. BERKLEY, Mr. SARBANES, Mr. COHEN, Mr. MORAN of Virginia, Ms. NORTON, Mr. JACKSON of Illinois, Mr. DAVIS of Alabama, Mr. SMITH of Washington, Mr. KIND, Mrs. TAUSCHER, Mr. CROWLEY, Mr. RUSH, Mr. HARE, Mr. HIGGINS, Mr. BRALEY of Iowa, Mr. SNYDER, Mr. MEEKS of New York, and Mr. CLEAVER) 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 titles XXI and XIX of the Social Security Act to extend the State Children's Health Insurance Program (SCHIP) and streamline enrollment under SCHIP and Medicaid and to amend the Internal Revenue Code of 1986 to provide for a healthy savings tax credit for purchase of children's health coverage.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “Healthy Kids Act of 2007”.

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

Sec. 1. Short title; table of contents; findings.

TITLE I—SCHIP EXTENSION

Sec. 101. Extension of SCHIP program.

Sec. 102. 1-year initial availability of SCHIP allotments.

Sec. 103. Redistribution of unused allotments to address State funding short-falls.

TITLE II—INCREASING ENROLLMENT UNDER SCHIP AND
 MEDICAID

Sec. 201. Bonus payments for States that implement administrative policies to streamline enrollment process.

Sec. 202. State option to provide for “express lane” and simplified determinations of a child’s financial eligibility for medical assistance under Medicaid or child health assistance under SCHIP.

Sec. 203. Information technology connections to improve health coverage determinations.

Sec. 204. State option to expand or add coverage of certain pregnant women under SCHIP.

Sec. 205. Optional coverage of legal immigrants under the medicaid program and SCHIP.

Sec. 206. Authorizing adjustment of SCHIP allotment due to increased outreach.

Sec. 207. Grants to promote innovative outreach and enrollment under Medicaid and SCHIP.

Sec. 208. Model of Interstate coordinated enrollment and coverage process.

Sec. 209. Authority for qualifying States to use portion of SCHIP allotment for any fiscal year for certain medicaid expenditures.

Sec. 210. Application of medicaid outreach procedures to all pregnant women and children.

Sec. 211. No impact on section 1115 waivers.

Sec. 212. Elimination of counting medicaid child presumptive eligibility costs against title XXI allotment.

Sec. 213. Prohibiting limitations on enrollment.

TITLE III—HEALTHY SAVINGS TAX CREDIT

Sec. 301. Healthy savings tax credit.

TITLE IV—BROKER REPORTING OF CUSTOMER'S BASIS IN
SECURITIES TRANSACTIONS

Sec. 401. Broker reporting of customer's basis in securities transactions.

1 (c) FINDINGS REGARDING THE NEED FOR UNI-
2 VERSAL HEALTH COVERAGE FOR CHILDREN.—Congress
3 finds the following:

4 (1) Currently, there are more than 9 million
5 children who are uninsured in the United States.

6 (2) Approximately 75 percent of uninsured chil-
7 dren are eligible for Medicaid or the State Children's
8 Health Insurance Program (SCHIP).

9 (3) As the wealthiest nation in the world, the
10 United States can and should be doing a better job
11 to improve the health of children.

12 (4) In 2004, according to the World Health Or-
13 ganization, the United States ranked 35th on infant
14 mortality, behind Korea and Cuba.

15 (5) Two-thirds of nations have lower rates of
16 children dying from injuries than does the United
17 States.

18 (6) One-third of uninsured children in the
19 United States went without any medical care for the
20 entire year in 2003, while 88 percent of insured chil-
21 dren received care.

1 (7) Uninsured children more often have unmet
2 health care needs and delay seeking care, resulting
3 in poorer health.

4 (8) Uninsured children are less likely to have
5 access to and receive appropriate preventive care,
6 such as immunizations, hearing and vision screens,
7 and monitoring of growth and development.

8 (9) Uninsured children are between three and
9 five times more likely to have an unmet medical
10 need than are insured children.

11 (10) Uninsured children may delay necessary
12 care because they visit a doctor only when their care
13 needs become urgent.

14 (11) Uninsured children are four times more
15 likely than insured children to seek care in an emer-
16 gency department with conditions that could have
17 been avoided.

18 (12) The cost of unmet health needs among
19 children extends beyond measurable health system
20 costs.

21 (13) Recognizing that children whose parents
22 have health insurance are more likely to obtain pre-
23 ventive and necessary care, many States are employ-
24 ing strategies to promote coverage of the entire fam-

1 ily and offer programs that leverage employer spon-
2 sored insurance.

3 (14) Problems that should be managed or cured
4 with regular access to health care result in lower
5 school attendance.

6 (15) In 2004, asthma alone accounted for an
7 estimate 14 million lost school days among children.

8 (16) Recurrent ear infections, which could be
9 addressed through regular access to health care, re-
10 duce children's ability to communicate and thus
11 school readiness and performance.

12 (d) FINDINGS REGARDING THE ROLE OF MEDICAID
13 AND SCHIP IN COVERING CHILDREN.—Congress finds
14 the following:

15 (1) Since SCHIP was created, enormous
16 progress has been made in reducing disparities in
17 children's coverage rates.

18 (2) SCHIP and Medicaid have improved chil-
19 dren's coverage rates and access to needed health
20 care services.

21 (3) SCHIP and Medicaid account for the 30
22 percent decline in the number of uninsured children
23 since 1998, even as employer-based coverage de-
24 creased and the overall rate of uninsured people
25 grew.

1 (4) Children enrolled in SCHIP or Medicaid are
2 three times more likely to have a usual source of
3 care than are uninsured children.

4 (5) SCHIP reduces the percent of children with
5 an unmet health care need.

6 (6) According to a Federal evaluation of
7 SCHIP, uninsured children who gained coverage
8 through SCHIP received more preventive care, and
9 their parents reported better access to providers and
10 improved communications with their children’s doc-
11 tors.

12 (7) SCHIP covers children who would otherwise
13 be uninsured.

14 (8) Most newly enrolled children in SCHIP
15 were previously uninsured or had recently lost their
16 Medicaid or private health coverage for involuntary
17 reasons.

18 (9) SCHIP established important strategies to
19 avoid “crowd out” of existing health insurance cov-
20 erage, and research suggests that these measures re-
21 main critical to the effective use of public dollars.

22 **TITLE I—SCHIP EXTENSION**

23 **SEC. 101. EXTENSION OF SCHIP PROGRAM.**

24 Section 2104 of the Social Security Act (42 U.S.C.
25 1397dd) is amended—

1 (1) in subsection (a)—

2 (A) by striking “and” at the end of para-
3 graph (9);

4 (B) by striking the period at the end of
5 paragraph (10) and inserting “; and”; and

6 (C) by adding at the end the following new
7 paragraph:

8 “(11) for each fiscal year 2008 and each subse-
9 quent fiscal year, \$7,500,000,000 multiplied by the
10 population and cost inflation factor for that fiscal
11 year, as determined under subsection (i).”; and

12 (2) by adding at the end the following new sub-
13 section:

14 “(i) POPULATION AND COST INFLATION FACTOR.—
15 For purposes of subsection (a)(11), the population and
16 cost inflation factor for a fiscal year is equal to the prod-
17 uct of the following:

18 “(1) CHILD POPULATION GROWTH FACTOR.—

19 One plus the percentage increase in the population
20 of children under 20 years of age in the United
21 States from July 1, 2007, to July 1 during the fiscal
22 year involved, as projected by the Secretary based on
23 the most recent published estimates of the Bureau
24 of the Census before the beginning of the fiscal year
25 involved.

1 “(2) PER CAPITA HEALTH CARE GROWTH FAC-
2 TOR.—One plus the percentage increase in the pro-
3 jected per capita amount of National Health Ex-
4 penditures from fiscal year 2007 to the fiscal year
5 involved, as most recently published by the Secretary
6 before the beginning of the fiscal year involved.”.

7 **SEC. 102. 1-YEAR INITIAL AVAILABILITY OF SCHIP ALLOT-**
8 **MENTS.**

9 Section 2104(e) of the Social Security Act (42 U.S.C.
10 1397dd(e)) is amended to read as follows:

11 “(e) AVAILABILITY OF AMOUNTS ALLOTTED.—

12 “(1) IN GENERAL.—Except as provided in para-
13 graphs (2) and (3), amounts allotted to a State pur-
14 suant to this section—

15 “(A) for each of fiscal years 1998 through
16 2007, shall remain available for expenditure by
17 the State through the end of the second suc-
18 ceeding fiscal year; and

19 “(B) for fiscal year 2008 and each fiscal
20 year thereafter, shall remain available for ex-
21 penditure by the State through the end of the
22 fiscal year involved.

23 “(2) AVAILABILITY OF AMOUNTS REALLOT-
24 TED.—Subject to paragraph (3), amounts reallocated
25 to a State under subsection (f) shall be available for

1 expenditure by the State through the end of the fis-
2 cal year in which they are reallocated.

3 “(3) PERMANENT AVAILABILITY OF UNUSED
4 FUNDS.—Reallocated funds that are not used by the
5 end of the fiscal year described in paragraph (2)
6 shall be subject to reallocation under subsection (f)
7 in subsequent fiscal years subject to such paragraph
8 and shall remain available for subsequent reallo-
9 ment until expended.”.

10 **SEC. 103. REDISTRIBUTION OF UNUSED ALLOTMENTS TO**
11 **ADDRESS STATE FUNDING SHORTFALLS.**

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

14 (1) by striking “The Secretary” and inserting
15 the following:

16 “(1) IN GENERAL.—The Secretary”;

17 (2) by striking “States that have fully expended
18 the amount of their allotments under this section”
19 and inserting “States that the Secretary determines
20 with respect to the fiscal year for which unused al-
21 lotments are available for redistribution under this
22 subsection, are shortfall States described in para-
23 graph (2) for such fiscal year”; and

24 (3) by adding at the end the following new
25 paragraph:

1 “(2) SHORTFALL STATES DESCRIBED.—

2 “(A) IN GENERAL.—For purposes of para-
3 graph (1), with respect to a fiscal year, a short-
4 fall State described in this subparagraph is a
5 State with a State child health plan approved
6 under this title for which the Secretary esti-
7 mates on the basis of the most recent data
8 available to the Secretary, that the projected ex-
9 penditures under such plan for the State for the
10 fiscal year will exceed the sum of—

11 “(i) the amount of the State’s allot-
12 ments for any preceding fiscal years that
13 remain available for expenditure and that
14 will not be expended by the end of the im-
15 mediately preceding fiscal year; and

16 “(ii) the amount of the State’s allot-
17 ment for the fiscal year (taking into ac-
18 count any increase made in such allotment
19 under section 2104(j), as added by section
20 205(a) of the Healthy Kids Act of 2007).

21 “(B) PRORATION RULE.—If the amounts
22 available for redistribution under paragraph (1)
23 for a fiscal year are less than the total amounts
24 of the estimated shortfalls determined for the
25 year under subparagraph (A), the amount to be

1 reallotted under such paragraph for each short-
2 fall State shall be reduced proportionally.

3 “(C) RETROSPECTIVE ADJUSTMENT.—The
4 Secretary may adjust the estimates and deter-
5 minations made under paragraph (1) and this
6 paragraph with respect to a fiscal year as nec-
7 essary on the basis of the amounts reported by
8 States not later than November 30 of the suc-
9 ceeding fiscal year, as approved by the Sec-
10 retary.”.

11 **TITLE II—INCREASING ENROLL-**
12 **MENT UNDER SCHIP AND**
13 **MEDICAID**

14 **SEC. 201. BONUS PAYMENTS FOR STATES THAT IMPLE-**
15 **MENT ADMINISTRATIVE POLICIES TO**
16 **STREAMLINE ENROLLMENT PROCESS.**

17 (a) BONUS IN FMAP AND ENHANCED FMAP FOR
18 APPLICATION OF STREAMLINE ENROLLMENT PROCE-
19 DURES UNDER MEDICAID AND SCHIP.—Section 2102 of
20 the Social Security Act (42 U.S.C. 1397bb) is amended
21 by adding at the end the following new subsection:

22 “(d) STREAMLINE ENROLLMENT PROCEDURES.—

23 “(1) INCREASE IN FEDERAL MATCHING
24 RATE.—

1 “(A) IN GENERAL.—In the case of a State
2 that meets the condition described in subpara-
3 graph (B) (relating to agreeing to implement
4 administrative enrollment policies under this
5 title and title XIX) for a fiscal year, the Fed-
6 eral medical assistance percentage (for purposes
7 of title XIX only) and the enhanced FMAP (for
8 purposes of this title, but determined without
9 regard to the application of this subsection to
10 the Federal medical assistance percentage
11 under title XIX) otherwise computed for such
12 fiscal year as applied to medical assistance for
13 children and child health assistance, respec-
14 tively, shall be increased by 2 percentage points.

15 “(B) AGREEING TO REMOVE ENROLLMENT
16 AND ACCESS BARRIERS.—The condition de-
17 scribed in this subparagraph, for a State for a
18 fiscal year is that the State agrees to do the fol-
19 lowing:

20 “(i) PRESUMPTIVE ELIGIBILITY FOR
21 CHILDREN.—The State agrees—

22 “(I) to provide presumptive eligi-
23 bility for children under this title and
24 title XIX in accordance with section
25 1920A; and

1 “(II) to treat any items or serv-
2 ices that are provided to an uncovered
3 child (as defined in section
4 2110(e)(8)) who is determined ineli-
5 gible for medical assistance under title
6 XIX as child health assistance for
7 purposes of paying a provider of such
8 items or services, so long as such
9 items or services would be considered
10 child health assistance for a targeted
11 low-income child under this title.

12 “(ii) 12-MONTH CONTINUOUS ELIGI-
13 BILITY.—The State agrees to provide that
14 eligibility of children for assistance under
15 this title and title XIX shall not be regu-
16 larly redetermined more often than once
17 every year.

18 “(iii) AUTOMATIC RENEWAL.—The
19 State agrees to provide for the automatic
20 renewal of the eligibility of children for as-
21 sistance under this title and under title
22 XIX if the child’s family does not report
23 any changes to family income or other rel-
24 evant circumstances, subject to verification

1 of information from databases available to
2 the State for such purpose.

3 “(iv) ELIMINATION OF ASSET TEST.—
4 The State has amended its plans under
5 this title and title XIX so that no asset or
6 resource test is applied for eligibility under
7 this title or title XIX with respect to chil-
8 dren.

9 “(v) ADMINISTRATIVE VERIFICATION
10 OF INCOME.—The State agrees to permit
11 the family of a child applying for child
12 health assistance under this title or med-
13 ical assistance under title XIX to declare
14 and certify, by signature under penalty of
15 perjury, the family income for purposes of
16 collecting financial eligibility information.”.

17 (b) CONFORMING MEDICAID AMENDMENTS.—

18 (1) IN GENERAL.—Section 1905(b) of the So-
19 cial Security Act (42 U.S.C. 1396d(b)) is amended
20 by inserting “and section 2102(d)(1)” after “section
21 1933(d)”.

22 (2) INCREASE IN MEDICAID CAP FOR TERRI-
23 TORIES.—Section 1108(g) of such Act (42 U.S.C.
24 1308(g)) is amended—

1 (A) in paragraph (2), by striking “para-
2 graph (3)” and inserting “paragraphs (3) and
3 (4)”; and

4 (B) by adding at the end the following new
5 paragraph:

6 “(4) DISREGARD OF INCREASED EXPENDI-
7 TURES DIRECTLY ATTRIBUTABLE TO INCREASE IN
8 FMAP FOR APPLICATION OF STREAMLINED ENROLL-
9 MENT PROCEDURES.—The limitation of paragraph
10 (2) shall not apply to payment under title XIX to a
11 territory insofar as such payment is attributable to
12 an increase in the Federal medical assistance per-
13 centage under subparagraph (A) of section
14 2102(d)(1).”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply beginning with fiscal year 2007.

17 **SEC. 202. STATE OPTION TO PROVIDE FOR “EXPRESS LANE”**
18 **AND SIMPLIFIED DETERMINATIONS OF A**
19 **CHILD’S FINANCIAL ELIGIBILITY FOR MED-**
20 **ICAL ASSISTANCE UNDER MEDICAID OR**
21 **CHILD HEALTH ASSISTANCE UNDER SCHIP.**

22 (a) MEDICAID.—Section 1902(e) of the Social Secu-
23 rity Act (42 U.S.C. 1396a(e)) is amended by adding at
24 the end the following:

1 “(13)(A) At the option of the State, the plan may
2 provide that eligibility requirements (including such re-
3 quirements applicable to redeterminations or renewals of
4 eligibility) for medical assistance relating to income, assets
5 (or resources), or citizenship status are met for a child
6 who is under an age specified by the State (not to exceed
7 21 years of age) by using a determination made within
8 a reasonable period (as determined by the State) before
9 its use for this purpose, of the child’s family or household
10 income, or if applicable for purposes of determining eligi-
11 bility under this title or title XXI, assets or resources, or
12 citizenship status, respectively, (notwithstanding any other
13 provision of law, including sections 1902(a)(46)(B),
14 1903(x), and 1137(d)), by a Federal or State agency, or
15 a public or private entity making such determination on
16 behalf of such agency, specified by the plan, including an
17 agency administering the State program funded under
18 part A of title IV, the Food Stamp Act of 1977, the Rich-
19 ard B. Russell National School Lunch Act, or the Child
20 Nutrition Act of 1966, notwithstanding any differences in
21 budget unit, disregard, deeming, or other methodology,
22 but only if—
23 “(i) the agency has fiscal liabilities or respon-
24 sibilities affected by such determination; and

1 “(ii) the agency or entity notifies the child’s
2 family—

3 “(I) of the information which shall be dis-
4 closed in accordance with this subparagraph;

5 “(II) that the information disclosed will be
6 used solely for purposes of determining eligi-
7 bility for medical assistance under this title or
8 for child health assistance under title XXI; and

9 “(III) that interagency agreements limit
10 the use of such information to that purpose;
11 and

12 “(iii) the requirements of section 1939 are sat-
13 isfied.

14 “(B) Nothing in this paragraph shall be construed
15 to relieve a State of the obligation to determine, on an-
16 other basis, eligibility for medical assistance under this
17 title or for child health assistance under title XXI if a
18 child is determined ineligible for such assistance on the
19 basis of information furnished pursuant to this paragraph.

20 “(C) If a State applies the eligibility process de-
21 scribed in subparagraph (A) to individuals eligible under
22 this title and to individuals eligible under title XXI, the
23 State may, at its option, implement its duties under sub-
24 paragraphs (A) and (B) of section 2102(b)(3) using either
25 or both of the following approaches:

1 “(i) The State may—

2 “(I) establish a threshold percentage of the
3 Federal poverty level (that shall exceed the in-
4 come eligibility level applicable for a population
5 of individuals under this title by 30 percentage
6 points (as a fraction of the Federal poverty
7 level) or such other higher number of percent-
8 age points as the State determines reflects the
9 typical application of income methodologies by
10 the non-health program and the State plan
11 under this title); and

12 “(II) provide that, with respect to any in-
13 dividual within such population whom a non-
14 health agency determines has income that does
15 not exceed such threshold percentage for such
16 population, such individual is eligible for med-
17 ical assistance under this title (regardless of
18 whether such individual would otherwise be de-
19 termined to be eligible to receive such assist-
20 ance).

21 In exercising the approach under this clause, a State
22 shall inform families whose children are enrolled in
23 a State child health plan under title XXI based on
24 having family income above the threshold described
25 in subclause (I) that they may qualify for medical

1 assistance under this title and, at their option, can
2 seek a regular eligibility determination for such as-
3 sistance for their child.

4 “(ii) Regardless of whether a State otherwise
5 provides for presumptive eligibility under section
6 1920A, a State may provide presumptive eligibility
7 under this title, consistent with subsection (e) of sec-
8 tion 1920A, to a child who, based on a determina-
9 tion by a non-health agency, would qualify for child
10 health assistance under a State child health plan
11 under title XXI. During such presumptive eligibility
12 period, the State may determine the child’s eligibility
13 for medical assistance under this title, pursuant to
14 subparagraph (A) of section 2102(b)(3), based on
15 telephone contact with family members, access to
16 data available in electronic or paper form, and other
17 means of gathering information that are less bur-
18 densome to the family than completing an applica-
19 tion form on behalf of the child. The procedures de-
20 scribed in the previous sentence may be used regard-
21 less of whether the State uses similar procedures
22 under other circumstances for purposes of deter-
23 mining eligibility for medical assistance under this
24 title.

1 “(D) At the option of a State, the eligibility process
2 described in subparagraph (A) may apply to an individual
3 who is not a child.

4 “(E)(i) At the option of a State, an individual deter-
5 mined to be eligible for medical assistance or child health
6 assistance pursuant to subparagraph (A), (C), or (D) or
7 other procedures through which eligibility is determined
8 based on data obtained from sources other than the indi-
9 vidual may receive medical assistance under this title if
10 such individual (or, in the case of an individual under age
11 19 (or if the State elects the option under subparagraph
12 (A), age 20 or 21) who is not authorized to consent to
13 medical care, the individual’s parent, guardian, or other
14 caretaker relative) has acknowledged notice of such deter-
15 mination and has consented to such eligibility determina-
16 tion. The State (at its option) may waive any otherwise
17 applicable requirements for signatures by or on behalf of
18 an individual who has so consented.

19 “(ii) In the case of an individual enrolled pursuant
20 to clause (i), the State shall inform the individual (or, in
21 the case of an individual under age 19 (or if the State
22 elects the option under subparagraph (A), age 20 or 21),
23 the individual’s parent, guardian, or other caretaker rel-
24 ative) about the significance of such enrollment, including
25 appropriate methods to access covered services.

1 “(F) For purposes of this paragraph—

2 “(i) the term ‘non-health agency’ means an
3 agency or entity described in subparagraph (A); and

4 “(ii) the term ‘non-health benefits’ means the
5 benefits or assistance provided by a non-health agen-
6 cy.”.

7 (b) SCHIP.—Section 2107(e)(1) of such Act (42
8 U.S.C. 1397gg(e)(1)) is amended by redesignating sub-
9 paragraphs (B) through (E) as subparagraphs (C)
10 through (F) and by inserting after subparagraph (B) the
11 following new subparagraph:

12 “(C) Section 1902(e)(13) (relating to the
13 State option to base a determination of a child’s
14 eligibility for assistance on determinations made
15 by a program providing nutrition or other pub-
16 lic assistance (except that the State option
17 under subparagraph (D) of such section shall
18 apply under this title only if an individual is
19 pregnant)).”.

20 (c) PRESUMPTIVE ELIGIBILITY.—Section 1920A of
21 such Act (42 U.S.C. 1396r-1a) is amended—

22 (1) in subsection (b)(3)(A)(i), is amended by
23 striking “or (IV)” and inserting “(IV) is an agency
24 or entity described in section 1902(e)(13)(A), or
25 (V)”; and

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

2 “(e) In the case of a State with a child health plan
3 under title XXI that provides for presumptive eligibility
4 under such plan for children, the State shall make a rea-
5 sonable effort to place each presumptively eligible child in
6 the program under this title or title XXI for which the
7 child appears most likely to qualify. During the child’s pe-
8 riod of presumptive eligibility, the State shall receive Fed-
9 eral matching funds under section 1903 or section 2105,
10 depending on the program in which the child has been
11 placed. If at the conclusion of such period, the child is
12 found to qualify for, and is enrolled in, the program estab-
13 lished under this title or title XXI when the child was en-
14 rolled in the program under the other such title during
15 such period, the State’s receipt of Federal matching funds
16 shall be adjusted both retroactively and prospectively so
17 that Federal matching funds are provided, both during
18 and following such period of presumptive eligibility, based
19 on the program in which the child is enrolled.”.

20 (d) SIGNATURE REQUIREMENTS.—Section 1902(a)
21 of such Act (42 U.S.C. 1396a(a)) is amended by adding
22 at the end the following: “Notwithstanding any other pro-
23 vision of law, a signature under penalty of perjury shall
24 not be required on an application form for medical assist-
25 ance as to any element of eligibility for which eligibility

1 is based on information received from a source other than
2 applicant, rather than on representations from the appli-
3 cant. Notwithstanding any other provision of law, any sig-
4 nature requirement for an application for medical assist-
5 ance may be satisfied through an electronic signature, as
6 defined in section 1710(1) of the Government Paperwork
7 Elimination Act (44 U.S.C. 3504 note).”.

8 **SEC. 203. INFORMATION TECHNOLOGY CONNECTIONS TO**
9 **IMPROVE HEALTH COVERAGE DETERMINA-**
10 **TIONS.**

11 (a) **ENHANCED FEDERAL FUNDING FOR IMPROVE-**
12 **MENTS RELATED TO IMPLEMENTATION OF CERTAIN**
13 **MODEL OUTREACH AND ENROLLMENT PRACTICES.—**

14 (1) **IN GENERAL.—**Section 1903(a)(3)(A) of the
15 Social Security Act (42 U.S.C. 1396b(a)(3)(A)) is
16 amended—

17 (A) by striking “and” at the end of clause
18 (i); and

19 (B) by adding at the end the following new
20 clause:

21 “(iii) 75 percent of so much of the sums
22 expended during such quarter as are attrib-
23 utable to the design, development, or installa-
24 tion of such mechanized claims processing and
25 information retrieval systems and the imple-

1 mentation of administrative systems and proc-
2 esses (including modification of eligibility com-
3 puter systems to permit the exchange of elec-
4 tronic information with other Federal or State
5 programs) as the Secretary determines are di-
6 rectly related to the implementation of a model
7 outreach and enrollment practice described in
8 subparagraph (B), (C), (D), (E), or (F) of sec-
9 tion 1905(y)(3), and”.

10 (2) CONFORMING AMENDMENT TO ENSURE
11 AVAILABILITY FOR TERRITORIES.—Section 1108(g)
12 of such Act (42 U.S.C. 1308(g)), as amended by
13 section 201(b)(2)(B), is amended—

14 (A) in paragraph (2), by striking “and
15 (4)” and inserting “, (4), and (5)”; and

16 (B) by adding at the end the following new
17 paragraph:

18 “(5) ADDITIONAL INCREASE FOR CERTAIN EX-
19 PENDITURES.—With respect to fiscal year 2008 and
20 each fiscal year thereafter, if Puerto Rico, the Virgin
21 Islands, Guam, the Northern Mariana Islands, or
22 American Samoa qualify for a payment under sec-
23 tion 1903(a)(3)(A)(iii) for a calendar quarter of
24 such fiscal year, the additional Federal financial par-
25 ticipation under such section shall not be counted to-

1 wards the limitation on expenditures under title XIX
2 for such commonwealth or territory otherwise deter-
3 mined under subsection (f) and this subsection for
4 such fiscal year.”.

5 (b) AUTHORIZATION OF INFORMATION DISCLO-
6 SURE.—

7 (1) IN GENERAL.—Title XIX of such Act (42
8 U.S.C. 1396 et seq.) is amended—

9 (A) by redesignating section 1939 as sec-
10 tion 1940; and

11 (B) by inserting after section 1938 the fol-
12 lowing:

13 “AUTHORIZATION TO RECEIVE PERTINENT INFORMATION
14 “SEC. 1939. (a) IN GENERAL.—Notwithstanding any
15 other provision of law, a Federal or State agency or pri-
16 vate entity in possession of the sources of data potentially
17 pertinent to eligibility determinations under this title or
18 title XXI (including eligibility files maintained by pro-
19 grams described in section 1902(e)(13)(A), information
20 described in paragraph (2) or (3) of section 1137(a), vital
21 records information about births in any State, and infor-
22 mation described in sections 453(i) and 1902(a)(25)(I))
23 is authorized to convey such data or information to a State
24 agency administering a State plan under this title or title
25 XXI, if—

1 “(1) such data or information are used only to
2 establish or verify eligibility or provide coverage
3 under this title or title XXI; and

4 “(2) an interagency or other agreement, con-
5 sistent with standards developed by the Secretary,
6 prevents the unauthorized use, disclosure, or modi-
7 fication of such data and otherwise meets applicable
8 Federal requirements safeguarding privacy and data
9 security.

10 “(b) REQUIREMENTS FOR CONVEYANCE.—Data or
11 information may be conveyed pursuant to this section only
12 if the following requirements are met:

13 “(1) The individual whose circumstances are
14 described in the data or information (or such indi-
15 vidual’s parent, guardian, caretaker relative, or au-
16 thorized representative) has either provided advance
17 consent to disclosure or has not objected to disclo-
18 sure after receiving advance notice of disclosure and
19 a reasonable opportunity to object.

20 “(2) Such data or information are used solely
21 for the purposes of—

22 “(A) identifying individuals who are eligi-
23 ble or potentially eligible for assistance under
24 this title or title XXI and enrolling such indi-

1 viduals in the State plans established under
2 such titles; and

3 “(B) verifying the eligibility of individuals
4 for assistance under the State plans established
5 under this title or title XXI.

6 “(3) An interagency or other agreement, con-
7 sistent with standards developed by the Secretary—

8 “(A) prevents the unauthorized use, disclo-
9 sure, or modification of such data and other-
10 wise meets applicable Federal requirements
11 safeguarding privacy and data security; and

12 “(B) requires the State agencies admin-
13 istering the State plans established under this
14 title and title XXI to use the data and informa-
15 tion obtained under this section to seek to en-
16 roll individuals in such plans.

17 “(c) CRIMINAL PENALTY.—A person described in the
18 subsection (a) who publishes, divulges, discloses, or makes
19 known in any manner, or to any extent not authorized by
20 Federal law, any information obtained under this section
21 shall be fined not more than \$1,000 or imprisoned not
22 more than 1 year, or both for each such unauthorized ac-
23 tivity.

24 “(d) RULE OF CONSTRUCTION.—The limitations and
25 requirements that apply to disclosure pursuant to this sec-

1 tion shall not be construed to prohibit the conveyance or
2 disclosure of data or information otherwise permitted
3 under Federal law (without regard to this section).”.

4 (2) CONFORMING AMENDMENT TO ASSURE AC-
5 CESS TO NATIONAL NEW HIRES DATABASE.—Section
6 453(i)(1) of such Act (42 U.S.C. 653(i)(1)) is
7 amended by striking “and programs funded under
8 part A” and inserting “, programs funded under
9 part A, and State plans approved under title XIX or
10 XXI”.

11 (3) CONFORMING AMENDMENT TO PROVIDE
12 SCHIP PROGRAMS WITH ACCESS TO NATIONAL IN-
13 COME DATA.—Section 6103(l)(7)(D)(ii) of the Inter-
14 nal Revenue Code of 1986 is amended by inserting
15 “or title XXI” after “title XIX”.

16 (4) CONFORMING AMENDMENT TO PROVIDE AC-
17 CESS TO DATA ABOUT ENROLLMENT IN INSURANCE
18 FOR PURPOSES OF EVALUATING APPLICATIONS AND
19 FOR SCHIP.—Section 1902(a)(25)(I)(i) of the Social
20 Security Act (42 U.S.C. 1396a(a)(25)(I)(i)) is
21 amended—

22 (A) by inserting “(and, at State option, in-
23 dividuals who are potentially eligible or who
24 apply)” after “with respect to individuals who
25 are eligible”; and

1 (B) by inserting “under this title (and, at
 2 State option, child health assistance under title
 3 XXI)” after “the State plan”.

4 **SEC. 204. STATE OPTION TO EXPAND OR ADD COVERAGE**
 5 **OF CERTAIN PREGNANT WOMEN UNDER**
 6 **SCHIP.**

7 (a) SCHIP.—

8 (1) COVERAGE.—Title XXI of the Social Secu-
 9 rity Act (42 U.S.C. 1397aa et seq.) is amended by
 10 adding at the end the following new section:

11 **“SEC. 2111. OPTIONAL COVERAGE OF TARGETED LOW-IN-**
 12 **COME PREGNANT WOMEN.**

13 “(a) OPTIONAL COVERAGE.—Notwithstanding any
 14 other provision of this title, a State may provide for cov-
 15 erage, through an amendment to its State child health
 16 plan under section 2102, of pregnancy-related assistance
 17 for targeted low-income pregnant women in accordance
 18 with this section, but only if—

19 “(1) the State has established an income eligi-
 20 bility level—

21 “(A) for pregnant women under subsection
 22 (a)(10)(A)(i)(III) or (l)(2)(A) of section 1902
 23 that is at least 185 percent of the poverty line;
 24 and

1 “(B) for children under this title that is at
2 least 200 percent of the poverty line; and

3 “(2) the State meets the requirement of section
4 2105(i)(2) (relating to no waiting list for children).

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

6 “(1) PREGNANCY-RELATED ASSISTANCE.—The
7 term ‘pregnancy-related assistance’ has the meaning
8 given the term child health assistance in section
9 2110(a) as if any reference to targeted low-income
10 children were a reference to targeted low-income
11 pregnant women.

12 “(2) TARGETED LOW-INCOME PREGNANT
13 WOMAN.—The term ‘targeted low-income pregnant
14 woman’ means a woman—

15 “(A) during pregnancy and through the
16 end of the month in which the 60-day period
17 (beginning on the last day of her pregnancy)
18 ends;

19 “(B) whose family income exceeds 185 per-
20 cent of the poverty level applicable to a family
21 of the size involved, but does not exceed the in-
22 come eligibility level established under the State
23 child health plan under this title for a targeted
24 low-income child; and

1 “(C) who satisfies the requirements of
2 paragraphs (1)(A), (1)(C), (2), and (3) of sec-
3 tion 2110(b).

4 “(c) REFERENCES TO TERMS AND SPECIAL
5 RULES.—In the case of, and with respect to, a State pro-
6 viding for coverage of pregnancy-related assistance to tar-
7 geted low-income pregnant women under subsection (a),
8 the following 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 pregnant woman.

13 “(2) Any such reference to child health assist-
14 ance with respect to such women is deemed a ref-
15 erence to pregnancy-related assistance.

16 “(3) Any such reference to a child is deemed a
17 reference to a woman during pregnancy and the pe-
18 riod described in subsection (b)(2)(A).

19 “(4) In applying section 2102(b)(3)(B), any
20 reference to children found through screening to be
21 eligible for medical assistance under the State med-
22 icaid plan under title XIX is deemed a reference to
23 pregnant women.

24 “(5) There shall be no exclusion of benefits for
25 services described in subsection (b)(1) based on any

1 preexisting condition and no waiting period (includ-
2 ing any waiting period imposed to carry out section
3 2102(b)(3)(C)) shall apply.

4 “(6) In applying section 2103(e)(3)(B) in the
5 case of a pregnant woman provided coverage under
6 this section, the limitation on total annual aggregate
7 cost-sharing shall be applied to such pregnant
8 woman.

9 “(7) In applying section 2104(i)—

10 “(A) in the case of State which did not
11 provide for coverage for pregnant women under
12 this title (under a waiver or otherwise) during
13 fiscal year 2007, the allotment amount other-
14 wise computed for the first fiscal year in which
15 the State elects to provide coverage under this
16 section shall be increased by an amount (deter-
17 mined by the Secretary) equal to the enhanced
18 FMAP of the expenditures under this title for
19 such coverage, based upon projected enrollment
20 and per capita costs of such enrollment; and

21 “(B) in the case of a State which provided
22 for coverage of pregnant women under this title
23 for the previous fiscal year—

24 “(i) in applying paragraph (1)(B)(ii)
25 of such section, there shall also be taken

1 into account (in an appropriate proportion)
2 the percentage increase in births in the
3 United States for the relevant period; and
4 “(ii) in applying paragraph (1)(C),
5 pregnant women (and per capita expendi-
6 tures for such women) shall be accounted
7 for separately from children, but shall be
8 included in the total amount of any allot-
9 ment adjustment under such paragraph.

10 “(d) AUTOMATIC ENROLLMENT FOR CHILDREN
11 BORN TO WOMEN RECEIVING PREGNANCY-RELATED AS-
12 SISTANCE.—If a child is born to a targeted low-income
13 pregnant woman who was receiving pregnancy-related as-
14 sistance under this section on the date of the child’s birth,
15 the child shall be deemed to have applied for child health
16 assistance under the State child health plan and to have
17 been found eligible for such assistance under such plan
18 or to have applied for medical assistance under title XIX
19 and to have been found eligible for such assistance under
20 such title, as appropriate, on the date of such birth and
21 to remain eligible for such assistance until the child at-
22 tains 1 year of age. During the period in which a child
23 is deemed under the preceding sentence to be eligible for
24 child health or medical assistance, the child health or med-
25 ical assistance eligibility identification number of the

1 mother shall also serve as the identification number of the
2 child, and all claims shall be submitted and paid under
3 such number (unless the State issues a separate identifica-
4 tion number for the child before such period expires).”.

5 (2) NO COST-SHARING FOR PREGNANCY-RE-
6 LATED BENEFITS.—Section 2103(e)(2) of such Act
7 (42 U.S.C. 1397cc(e)(2)) is amended—

8 (A) in the heading, by inserting “OR PREG-
9 NANCY-RELATED SERVICES” after “PREVEN-
10 TIVE SERVICES”; and

11 (B) by inserting before the period at the
12 end the following: “or for pregnancy-related
13 services”.

14 (3) ADDITIONAL AMENDMENT.—Section
15 2107(e)(1)(F) of such Act (42 U.S.C.
16 1397gg(e)(1)(G)), as redesignated by section 202(b),
17 is amended to read as follows:

18 “(F) Sections 1920 and 1920A (relating to
19 presumptive eligibility for pregnant women and
20 children).”.

21 (b) AMENDMENTS TO MEDICAID.—

22 (1) ELIGIBILITY OF A NEWBORN.—Section
23 1902(e)(4) of such Act (42 U.S.C. 1396a(e)(4)) is
24 amended in the first sentence by striking “so long
25 as the child is a member of the woman’s household

1 and the woman remains (or would remain if preg-
2 nant) eligible for such assistance”.

3 (2) APPLICATION OF QUALIFIED ENTITIES TO
4 PRESUMPTIVE ELIGIBILITY FOR PREGNANT WOMEN
5 UNDER MEDICAID.—Section 1920(b) of such Act (42
6 U.S.C. 1396r–1(b)) is amended by adding after
7 paragraph (2) the following flush sentence:

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

10 **SEC. 205. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**
11 **UNDER THE MEDICAID PROGRAM AND SCHIP.**

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

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

16 (2) by adding at the end the following new
17 paragraph:

18 “(4)(A) A State may elect (in a plan amendment
19 under this title) to provide medical assistance under this
20 title, notwithstanding sections 401(a), 402(b), 403, and
21 421 of the Personal Responsibility and Work Opportunity
22 Reconciliation Act of 1996, for aliens who are lawfully re-
23 siding in the United States (including battered aliens de-
24 scribed in section 431(c) of such Act) and who are other-

1 wise eligible for such assistance, within either or both of
2 the following eligibility categories:

3 “(i) PREGNANT WOMEN.—Women during preg-
4 nancy (and during the 60-day period beginning on
5 the last day of the pregnancy).

6 “(ii) CHILDREN.—Individuals under 21 years of
7 age, including optional targeted low-income children
8 described in section 1905(u)(2)(B).

9 “(B) In the case of a State that has elected to provide
10 medical assistance to a category of aliens under subpara-
11 graph (A), no debt shall accrue under an affidavit of sup-
12 port against any sponsor of such an alien on the basis
13 of provision of assistance to such category and the cost
14 of such assistance shall not be considered as an unreim-
15 bursed cost.”.

16 (b) SCHIP.—Section 2107(e)(1) of such Act (42
17 U.S.C. 1397gg(e)(1)), as amended by sections 202(b) and
18 204(a)(3), is amended by redesignating subparagraphs
19 (D) through (F) as subparagraph (E) through (G), respec-
20 tively, and by inserting after subparagraph (C) the fol-
21 lowing new subparagraph:

22 “(D) Section 1903(v)(4) (relating to op-
23 tional coverage of categories of lawfully residing
24 immigrant children), but only if the State has

1 elected to apply such section to the category of
2 children under title XIX.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section take effect on October 1, 2007, and apply to
5 medical assistance and child health assistance furnished
6 on or after such date.

7 (d) CONSTRUCTION.—Nothing in this section shall be
8 construed as affecting eligibility of aliens who are not law-
9 fully residing in the United States to benefits under the
10 Medicaid program under title XIX of the Social Security
11 Act or under the State children’s health insurance pro-
12 gram (SCHIP) under title XXI of such Act.

13 **SEC. 206. AUTHORIZING ADJUSTMENT OF SCHIP ALLOT-**
14 **MENT DUE TO INCREASED OUTREACH.**

15 (a) IN GENERAL.—Section 2104 of the Social Secu-
16 rity Act (42 U.S.C. 1397dd), as amended by section 101,
17 is further amended by adding at the end the following new
18 subsection:

19 “(j) AUTHORIZING ALLOTMENT ADJUSTMENT DUE
20 TO INCREASED OUTREACH.—

21 “(1) IN GENERAL.—Notwithstanding the pre-
22 vious provisions of this section, if the Secretary de-
23 termines that—

24 “(A) a State has an increase in the aver-
25 age number of children enrolled under its State

1 child health plan in a fiscal year that exceeds
2 the enrollment of children projected under para-
3 graph (2) for the State for such fiscal year, and

4 “(B) the total Federal expenditures under
5 the State child health plan (or waiver) under
6 this title exceeds the amount of the allotment
7 made available to the State for the fiscal year,
8 the Secretary shall increase the allotment under this
9 section for the State for the fiscal year by the
10 amount specified in paragraph (3). There are hereby
11 appropriated, out of any money in the Treasury not
12 otherwise appropriated, such sums as may be nec-
13 essary to provide for such increase in allotment.

14 “(2) PROJECTED ENROLLMENT OF CHIL-
15 DREN.—The projected enrollment of children for a
16 State under this paragraph for a fiscal year is equal
17 to the average number of children enrolled under the
18 State child health plan in fiscal year 2007 increased,
19 for each subsequent fiscal year through the fiscal
20 year involved, by a factor equal to the population
21 growth of children in the State for such fiscal year,
22 as projected by the Secretary before the beginning of
23 the fiscal year involved.

24 “(3) AMOUNT OF ALLOTMENT INCREASE.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), the amount of the allotment increase
3 under this subsection for a State for a fiscal
4 year shall be an amount equal to the product
5 of—

6 “(i) the number by which the average
7 number of children enrolled under the
8 State child health plan in the fiscal year
9 exceeds the enrollment of children pro-
10 jected under paragraph (2) for such State
11 for such fiscal year; and

12 “(ii) the per capita expenditures for
13 children under the State child health plan
14 for the previous year, increased by the av-
15 erage annual rate of increase (for the three
16 previous fiscal years) in the amount of
17 such per capita expenditures.

18 The amount of the allotment increase under
19 this subsection shall not be subject to adminis-
20 trative or judicial review.

21 “(B) LIMITATION.—

22 “(i) IN GENERAL.—Subject to clause
23 (ii), in no case shall the sum of the allot-
24 ment increases for all States under this
25 subsection for a fiscal year exceed an

1 amount equal to 20 percent of the total
2 Federal payments to all of the States oth-
3 erwise made under this title for the fiscal
4 year. If such sum exceeds such amount,
5 subject to clause (ii), the allotment in-
6 crease for each State under this subsection
7 for the fiscal year shall be reduced in a pro
8 rata manner in order that such sum does
9 not exceed such amount.

10 “(ii) CONGRESSIONAL APPROVAL OF
11 ADDITIONAL AMOUNTS.—If the Secretary
12 estimates that the allotment increases that
13 should be provided under this subsection,
14 but for clause (i), would exceed the limita-
15 tion established under such clause, the
16 Secretary shall submit to Congress a re-
17 quest for supplemental appropriations for
18 the purpose of meeting such shortfall.

19 “(4) CLARIFICATION.—An adjustment in an al-
20 lotment shall not be made under this subsection due
21 to excess State expenditures resulting from a growth
22 in per capita costs, increased reimbursement to pro-
23 viders, or other factors not directly related to out-
24 reach to eligible, but previously unenrolled chil-
25 dren.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 subsection (a) shall take effect beginning with allotments
3 for fiscal year 2008.

4 **SEC. 207. GRANTS TO PROMOTE INNOVATIVE OUTREACH**
5 **AND ENROLLMENT UNDER MEDICAID AND**
6 **SCHIP.**

7 Title XXI of the Social Security Act (42 U.S.C.
8 1397aa et seq.), as amended by section 204(a), is amend-
9 ed by adding at the end the following:

10 **“SEC. 2112. EXPANDED OUTREACH ACTIVITIES THROUGH**
11 **GRANTS TO CONDUCT INNOVATIVE OUT-**
12 **REACH AND ENROLLMENT EFFORTS.**

13 “(a) IN GENERAL.—The Secretary shall award
14 grants to eligible entities to—

15 “(1) conduct innovative outreach and enroll-
16 ment efforts that are designed to increase the enroll-
17 ment and participation of eligible children under this
18 title and title XIX; and

19 “(2) promote understanding of the importance
20 of health insurance coverage for prenatal care and
21 children. `

22 “(b) PRIORITY FOR AWARD OF GRANTS.—

23 “(1) IN GENERAL.—In making grants under
24 subsection (a), the Secretary shall give priority to—

1 “(A) eligible entities that propose to target
2 geographic areas with high rates of—

3 “(i) eligible but unenrolled children,
4 including such children who reside in rural
5 areas; or

6 “(ii) racial and ethnic minorities and
7 health disparity populations, including
8 those proposals that address cultural and
9 linguistic barriers to enrollment; and

10 “(B) eligible entities that plan to engage in
11 outreach efforts with respect to individuals de-
12 scribed in subparagraph (A) and that are—

13 “(i) Federal health safety net organi-
14 zations; or

15 “(ii) faith-based organizations or con-
16 sortia.

17 “(c) APPLICATION.—An eligible entity that desires to
18 receive a grant under subsection (a) shall submit an appli-
19 cation to the Secretary in such form and manner, and con-
20 taining such information, as the Secretary may decide.
21 Such application shall include—

22 “(1) quality and outcomes performance meas-
23 ures to evaluate the effectiveness of activities funded
24 by a grant awarded under this section to ensure that
25 the activities are meeting their goals; and

1 “(2) an assurance that the entity shall—

2 “(A) conduct an assessment of the effec-
3 tiveness of such activities against such perform-
4 ance measures;

5 “(B) cooperate with the collection and re-
6 porting of enrollment data and other informa-
7 tion determined as a result of conducting such
8 assessments to the Secretary, in such form and
9 manner as the Secretary shall require; and

10 “(C) conduct work under the grant in con-
11 junction with the States involved.

12 “(d) DISSEMINATION OF ENROLLMENT DATA AND
13 INFORMATION DETERMINED FROM EFFECTIVENESS AS-
14 SESSMENTS; ANNUAL REPORT.—The Secretary shall—

15 “(1) disseminate to eligible entities and make
16 publicly available the enrollment data and informa-
17 tion collected and reported in accordance with sub-
18 section (c)(2)(B); and

19 “(2) submit an annual report to Congress on
20 the outreach activities funded by grants awarded
21 under this section.

22 “(e) SUPPLEMENT, NOT SUPPLANT.—Federal funds
23 awarded under this section shall be used to supplement,
24 not supplant, non-Federal funds that are otherwise avail-
25 able for activities funded under this section.

1 “(f) DEFINITIONS.—In this section:

2 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
3 tity’ means any of the following:

4 “(A) A local government.

5 “(B) A Federal health safety net organiza-
6 tion.

7 “(C) A national, local, or community-based
8 public or nonprofit private organization, includ-
9 ing community health workers.

10 “(D) A faith-based organization or con-
11 sortia, to the extent that a grant awarded to
12 such an entity is consistent with the require-
13 ments of section 1955 of the Public Health
14 Service Act (42 U.S.C. 300x–65) relating to a
15 grant award to non-governmental entities.

16 “(E) An elementary or secondary school.

17 “(2) FEDERAL HEALTH SAFETY NET ORGANI-
18 ZATION.—The term ‘Federal health safety net orga-
19 nization’ means—

20 “(A) an Indian tribe, tribal organization,
21 or an urban Indian organization receiving funds
22 under title V of the Indian Health Care Im-
23 provement Act (25 U.S.C. 1651 et seq.), or an
24 Indian Health Service provider;

1 “(B) a Federally-qualified health center
2 (as defined in section 1905(l)(2)(B));

3 “(C) a hospital defined as a disproportion-
4 ate share hospital for purposes of section
5 1923;

6 “(D) a covered entity described in section
7 340B(a)(4) of the Public Health Service Act
8 (42 U.S.C. 256b(a)(4)); and

9 “(E) any other entity or a consortium that
10 serves children under a federally-funded pro-
11 gram, including the special supplemental nutri-
12 tion program for women, infants, and children
13 (WIC) established under section 17 of the Child
14 Nutrition Act of 1966 (42 U.S.C. 1786), the
15 head start and early head start programs under
16 the Head Start Act (42 U.S.C. 9801 et seq.),
17 the school lunch program established under the
18 Richard B. Russell National School Lunch Act,
19 and an elementary or secondary school.

20 “(3) INDIANS; INDIAN TRIBE; TRIBAL ORGANI-
21 ZATION; URBAN INDIAN ORGANIZATION.—The terms
22 ‘Indian’, ‘Indian tribe’, ‘tribal organization’, and
23 ‘urban Indian organization’ have the meanings given
24 such terms in section 4 of the Indian Health Care
25 Improvement Act (25 U.S.C. 1603).

1 “(g) APPROPRIATION.—There is appropriated, out of
2 any money in the Treasury not otherwise appropriated,
3 \$50,000,000 for each of fiscal years 2008 through 2012
4 for the purpose of awarding grants under this section.
5 Amounts appropriated and paid under the authority of
6 this section shall be in addition to amounts appropriated
7 under section 2104 and paid to States in accordance with
8 section 2105, including with respect to expenditures for
9 outreach activities in accordance with subsection
10 (a)(1)(D)(iii) of such section.”.

11 **SEC. 208. MODEL OF INTERSTATE COORDINATED ENROLL-**
12 **MENT AND COVERAGE PROCESS.**

13 In order to assure continuity of coverage of low-in-
14 come children under the Medicaid program and the State
15 Children’s Health Insurance Program (SCHIP), the Sec-
16 retary of Health and Human Services, in consultation with
17 State Medicaid and SCHIP directors, shall develop and
18 disseminate a model process for the coordination of the
19 enrollment and coverage under such programs of children
20 who, because of migration of families, emergency evacu-
21 ations, educational needs, or otherwise, frequently change
22 their State of residency or otherwise are temporarily
23 present outside of the State of their residency.

1 Human Services determines requires State legisla-
2 tion in order for the plan to meet the additional re-
3 quirements imposed by the amendment made by
4 subsection (a), the State plan shall not be regarded
5 as failing to comply with the requirements of such
6 Act solely on the basis of its failure to meet these
7 additional requirements before the first day of the
8 first calendar quarter beginning after the close of
9 the first regular session of the State legislature that
10 begins after the date of enactment of this Act. For
11 purposes of the previous sentence, in the case of a
12 State that has a 2-year legislative session, each year
13 of the session shall be considered to be a separate
14 regular session of the State legislature.

15 **SEC. 211. NO IMPACT ON SECTION 1115 WAIVERS.**

16 Nothing in this Act shall be construed to affect waiv-
17 ers regarding State flexibility on eligibility previously ap-
18 proved by the Secretary of Health and Human Services
19 under section 1115 of the Social Security Act (42 U.S.C.
20 1315).

21 **SEC. 212. ELIMINATION OF COUNTING MEDICAID CHILD**
22 **PRESUMPTIVE ELIGIBILITY COSTS AGAINST**
23 **TITLE XXI ALLOTMENT.**

24 Section 2105(a)(1) of the Social Security Act (42
25 U.S.C. 1397ee(a)(1)) is amended—

1 (1) in the matter preceding subparagraph (A),
2 by striking “(or, in the case of expenditures de-
3 scribed in subparagraph (B), the Federal medical
4 assistance percentage (as defined in the first sen-
5 tence of section 1905(b))”;

6 (2) by amending subparagraph (B) to read as
7 follows:

8 “(B) [reserved]”.

9 **SEC. 213. PROHIBITING LIMITATIONS ON ENROLLMENT.**

10 (a) **IN GENERAL.**—Section 2102(b)(3)(B) of the So-
11 cial Security Act (42 U.S.C. 1397bb(b)(3)(B)) is amend-
12 ed—

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

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

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

18 “(iii) shall not impose, with respect to
19 enrollment of targeted low-income children
20 under the State child health plan, any en-
21 rollment cap or other numerical limitation
22 on enrollment, any waiting list, any proce-
23 dures designed to delay the consideration
24 of applications for enrollment, or similar
25 limitation with respect to enrollment.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 subsection (a) shall apply to State child health plans as
3 of October 1, 2007.

4 **TITLE III—HEALTHY SAVINGS**
5 **TAX CREDIT**

6 **SEC. 301. HEALTHY SAVINGS TAX CREDIT.**

7 (a) IN GENERAL.—Subpart C of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 (relating to refundable personal credits) is amended
10 by redesignating section 36 as section 37 and by inserting
11 after section 35 the following new section:

12 **“SEC. 36. HEALTH INSURANCE FOR QUALIFYING CHIL-**
13 **DREN.**

14 “(a) IN GENERAL.—In the case of an individual,
15 there shall be allowed as a credit against the tax imposed
16 by subtitle A an amount equal to the applicable percentage
17 of the amount paid by the taxpayer for coverage of quali-
18 fying children of the taxpayer under qualified health insur-
19 ance for eligible coverage months beginning in the taxable
20 year.

21 “(b) ELIGIBLE COVERAGE MONTH.—For purposes of
22 this section, the term ‘eligible coverage month’ means,
23 with respect to any qualifying child of the taxpayer, any
24 month with respect to which the designated State agency

1 has certified that, as of the first day of such month, such
 2 child—

3 “(1) is covered by qualified health insurance,

4 “(2) does not have access to other specified cov-
 5 erage for such month (as determined under sub-
 6 section (f)), and

7 “(3) is not imprisoned under Federal, State, or
 8 local authority.

9 “(c) APPLICABLE PERCENTAGE.—

10 “(1) IN GENERAL.—For purposes of this sec-
 11 tion, the term ‘applicable percentage’ means the per-
 12 centage determined in accordance with the following
 13 table:

In the case of a taxpayer whose adjusted gross in- come for the taxable year is:	The applicable percentage is:
200 percent of the poverty line or less	0 percent
More than 200 percent, but not more than 225 per- cent, of the poverty line.	75 percent
More than 225 percent, but not more than 250 per- cent, of the poverty line.	65 percent
More than 250 percent, but not more than 300 per- cent, of the poverty line.	55 percent
More than 300 percent, but not more than 350 per- cent, of the poverty line.	50 percent
More than 350 percent of the poverty line	0 percent.

14 “(2) POVERTY LINE.—For purposes of para-
 15 graph (1), the term ‘poverty line’ means the income
 16 official poverty line (as defined by the Office of Man-
 17 agement and Budget, and revised annually in ac-
 18 cordance with section 673(2) of the Community

1 Services Block Grant Act (42 U.S.C. 9902(2)) appli-
2 cable to a family of the size involved.

3 “(d) QUALIFYING CHILD.—For purposes of this sec-
4 tion, the term ‘qualifying child’ means, with respect to any
5 taxpayer, any qualifying child of the taxpayer (as defined
6 in section 152(c)).

7 “(e) QUALIFIED HEALTH INSURANCE.—For pur-
8 poses of this section—

9 “(1) IN GENERAL.—The term ‘qualified health
10 insurance’ means, with respect to any qualifying
11 child of the taxpayer—

12 “(A) coverage under any insurance consti-
13 tuting medical care which is certified by the
14 designated State agency as being—

15 “(i) provided under a group health
16 plan (as defined in section 5000(b)(1)),
17 and

18 “(ii) at least actuarially equivalent in
19 benefits coverage to the plan described in
20 paragraph (2), or

21 “(B) in the case of a qualifying child who
22 is certified by the designated State agency as
23 not eligible for coverage under any insurance
24 described in subparagraph (A), coverage under
25 any of the following plans if such coverage has

1 been certified by the designated State agency as
2 being at least actuarially equivalent in benefits
3 coverage to the plan described in paragraph (2):

4 “(i) COVERAGE OFFERED THROUGH
5 HMO.—The health insurance coverage plan
6 that—

7 “(I) is offered by a health main-
8 tenance organization (as defined in
9 section 2791(b)(3) of the Public
10 Health Service Act), and

11 “(II) has the largest insured
12 commercial, nonmedicaid enrollment
13 of covered lives of such coverage plans
14 offered by such a health maintenance
15 organization in the State.

16 “(ii) STATE EMPLOYEE COVERAGE.—
17 The health insurance plan that is offered
18 to State employees and has the largest en-
19 rollment of covered lives of any such plan.

20 “(iii) SCHIP COVERAGE.—Coverage
21 provided under the State plan approved
22 under the State children’s health insurance
23 program under title XXI of Social Security
24 Act (without regard to coverage provided

1 under a waiver of the requirements of such
2 program).

3 “(iv) STATE CERTIFIED ACTUARIALLY
4 EQUIVALENT COVERAGE.—A State-based
5 health insurance program.

6 “(2) FEHBP ACTUARIALLY EQUIVALENT
7 HEALTH BENEFITS COVERAGE.—

8 “(A) IN GENERAL.—The plan described in
9 and offered under chapter 89 of title 5, United
10 States Code with the highest number of enroll-
11 ees under such section for the year preceding
12 the year in which the coverage described in
13 paragraph (1) is provided.

14 “(B) APPLICATION OF BENCHMARK
15 STANDARD.—Coverage is actuarially equivalent
16 to benefits coverage under the plan described in
17 subparagraph (A) if such coverage covers all
18 items and services offered by the benchmark
19 plan, with out-of-pocket cost-sharing for such
20 items and services that is not greater than
21 under the benchmark plan.

22 “(3) INSURANCE WHICH COVERS OTHER INDI-
23 VIDUALS.—In the case of any contract for qualified
24 health insurance under which amounts are payable
25 for coverage of any individual other than one or

1 more qualifying children, the amount treated as paid
2 for coverage of qualifying children under such insur-
3 ance shall be the greater of—

4 “(A) the amount which would be so treated
5 under rules similar to the rules of section
6 213(d)(6), or

7 “(B) 30 percent of the amounts payable
8 for coverage of all individuals covered under the
9 contract under qualified health insurance.

10 “(4) ONLY ONE POLICY TAKEN INTO ACCOUNT
11 PER CHILD.—With respect to any qualifying child
12 for any period, coverage under not more than one
13 contract for qualified health insurance may be taken
14 into account under subsection (a).

15 “(5) EXCEPTION.—The term ‘qualified health
16 insurance’ shall not include—

17 “(A) a flexible spending or similar ar-
18 rangement, and

19 “(B) any insurance if substantially all of
20 its coverage is of excepted benefits described in
21 section 9832(c).

22 “(6) OTHER REQUIREMENTS.—The term ‘quali-
23 fied health insurance’ shall not include any insurance
24 unless such insurance meets the following require-
25 ments:

1 “(A) GROUP HEALTH PLAN REQUIRE-
2 MENTS.—The health benefits coverage provided
3 meets the requirements applicable to a group
4 health plan under chapter 100 of this title, part
5 7 of subtitle B of title I of the Employee Re-
6 tirement Income Security Act of 1974, and
7 State law.

8 “(B) GUARANTEED ISSUE AND RENEW-
9 ABLE.—The arrangement does not deny cov-
10 erage (including renewal of coverage) with re-
11 spect to any qualifying child on the basis of
12 health status of such qualifying child or any
13 other factor, condition or requirement.

14 “(C) NO PREEXISTING CONDITION EXCLU-
15 SION.—The arrangement does not permit a pre-
16 existing condition exclusion as defined under
17 section 9801(b)(1).

18 “(D) NO UNDERWRITING; COMMUNITY-
19 RATED PREMIUMS.—

20 “(i) UNDERWRITING.—Subject to sub-
21 paragraph (B), the arrangement does not
22 permit underwriting, through a preexisting
23 condition limitation, differential benefits,
24 or different premium levels, or otherwise,

1 with respect to such coverage for any
2 qualifying child.

3 “(ii) COMMUNITY-RATED PRE-
4 MIUMS.—The premiums charged for such
5 coverage are community-rated for individ-
6 uals without regard to health status.

7 “(E) NO RIDERS.—The arrangement does
8 not permit riders to the health benefits cov-
9 erage.

10 “(f) OTHER SPECIFIED COVERAGE.—For purposes of
11 this section, an individual has access to other specified
12 coverage for any month if, as of the first day of such
13 month—

14 “(1) MEDICARE, MEDICAID, AND SCHIP.—Such
15 individual—

16 “(A) is entitle to benefits under part A of
17 title XVIII of the Social Security Act or is en-
18 rolled under part B of such title, or

19 “(B) is eligible to participate in any pro-
20 gram under title XIX or XXI of such Act
21 (other than under section 1928 of such Act).

22 “(2) CERTAIN OTHER COVERAGE.—Such indi-
23 vidual—

1 “(A) is enrolled in a health benefits plan
2 under chapter 89 of title 5, United States Code,
3 or

4 “(B) is entitle to receive benefits under
5 chapter 55 of title 10, United States Code.

6 “(g) DESIGNATED STATE AGENCY.—For purposes of
7 this section, the term ‘designated State agency’ means,
8 with respect to any State, the agency responsible for ad-
9 ministering the State children’s health insurance program
10 under title XXI of Social Security Act in such State. For
11 purposes of carrying out any responsibility under this sec-
12 tion, such agency may utilize eligibility procedures under
13 title XIX or XXI of such Act to the extent not inconsistent
14 with this section.

15 “(h) SPECIAL RULES.—

16 “(1) COORDINATION WITH ADVANCE PAY-
17 MENT.—With respect to any taxable year, the
18 amount which would (but for this subsection) be al-
19 lowed as a credit under subsection (a) shall be re-
20 duced (but not below zero) by the aggregate amount
21 paid on behalf of such taxpayer under section 7529
22 for such taxable year.

23 “(2) COORDINATION WITH OTHER HEALTH IN-
24 SURANCE CREDIT.—Amounts taken into account

1 under subsection (a) shall not be taken into account
2 under section 35(a).

3 “(3) APPLICATION OF OTHER RULES.—Rules
4 similar to the rules of paragraphs (2), (3), (4), (8),
5 and (9) of section 35(g) shall apply for purposes of
6 this section.”.

7 (b) ADVANCE PAYMENT OF CREDIT.—Chapter 77 of
8 such Code (relating to miscellaneous provisions) is amend-
9 ed by adding at the end the following new section:

10 **“SEC. 7529. ADVANCE PAYMENT OF CREDIT FOR HEALTH**
11 **INSURANCE FOR QUALIFYING CHILDREN.**

12 “The Secretary shall establish a program for making
13 payments to providers of qualified health insurance (as de-
14 fined in section 36) on behalf of taxpayers eligible for the
15 credit under section 36. Except as otherwise provided by
16 the Secretary, such payments shall be made on the basis
17 of the adjusted gross income of the taxpayer for the pre-
18 ceding taxable year.”.

19 (c) DISCLOSURE OF RETURN INFORMATION FOR
20 PURPOSES OF ADVANCE PAYMENT OF CREDIT AS PRE-
21 MIUMS FOR HEALTH INSURANCE FOR QUALIFYING CHIL-
22 DREN.—

23 (1) IN GENERAL.—Subsection (l) of section
24 6103 of such Code is amended by adding at the end
25 the following new paragraph:

1 “(21) DISCLOSURE OF RETURN INFORMATION
2 FOR PURPOSES OF ADVANCE PAYMENT OF CREDIT
3 AS PREMIUMS FOR HEALTH INSURANCE FOR QUALI-
4 FYING CHILDREN.—The Secretary may, on behalf of
5 taxpayers eligible for the credit under section 36,
6 disclose to a provider of qualified health insurance
7 (as defined in such section), and persons acting on
8 behalf of such provider, return information with re-
9 spect to any such taxpayer only to the extent nec-
10 essary (as prescribed by regulations issued by the
11 Secretary) to carry out the program established by
12 section 7529 (relating to advance payment of credit
13 as premium payment for health insurance for quali-
14 fying children).”.

15 (2) CONFIDENTIALITY OF INFORMATION.—
16 Paragraph (3) of section 6103(a) of such Code is
17 amended by striking “or (20)” and inserting “(20),
18 or (21)”.

19 (3) UNAUTHORIZED DISCLOSURE.—Paragraph
20 (2) of section 7213(a) of such Code is amended by
21 striking “or (20)” and inserting “(20), or (21)”.

22 (d) INFORMATION REPORTING.—

23 (1) IN GENERAL.—Subpart B of part III of
24 subchapter A of chapter 61 of such Code (relating
25 to information concerning transactions with other

1 persons) is amended by adding at the end the fol-
2 lowing new section:

3 **“SEC. 6050W. RETURNS RELATING TO CREDIT FOR HEALTH**
4 **INSURANCE FOR QUALIFYING CHILDREN.**

5 “(a) REQUIREMENT OF REPORTING.—Every person
6 who is entitled to receive payments for any month of any
7 calendar year under section 7529 (relating to advance pay-
8 ment of credit as premium payment for qualified health
9 insurance) with respect to any individual shall, at such
10 time as the Secretary may prescribe, make the return de-
11 scribed in subsection (b) with respect to each such indi-
12 vidual.

13 “(b) FORM AND MANNER OF RETURNS.—A return
14 is described in this subsection if such return—

15 “(1) is in such form as the Secretary may pre-
16 scribe, and

17 “(2) contains—

18 “(A) the name, address, and TIN of each
19 individual referred to in subsection (a),

20 “(B) the number of months for which
21 amounts were entitled to be received with re-
22 spect to such individual under section 7529 (re-
23 lating to advance payment of credit as premium
24 payment for health insurance for qualifying
25 children),

1 “(C) the amount entitled to be received for
2 each such month, and

3 “(D) such other information as the Sec-
4 retary may prescribe.

5 “(c) STATEMENTS TO BE FURNISHED TO INDIVID-
6 UALS WITH RESPECT TO WHOM INFORMATION IS RE-
7 QUIRED.—Every person required to make a return under
8 subsection (a) shall furnish to each individual whose name
9 is required to be set forth in such return a written state-
10 ment showing—

11 “(1) the name and address of the person re-
12 quired to make such return and the phone number
13 of the information contact for such person, and

14 “(2) the information required to be shown on
15 the return with respect to such individual.

16 The written statement required under the preceding sen-
17 tence shall be furnished on or before January 31 of the
18 year following the calendar year for which the return
19 under subsection (a) is required to be made.”.

20 (2) ASSESSABLE PENALTIES.—

21 (A) Subparagraph (B) of section
22 6724(d)(1) of such Code (relating to defini-
23 tions) is amended by striking “or” at the end
24 of clause (xix), by striking “and” at the end of

1 clause (xx) and inserting “or”, and by inserting
2 after clause (xx) the following new clause:

3 “(xxi) section 6050W (relating to re-
4 turns relating to credit for health insur-
5 ance for qualifying children), and”.

6 (B) Paragraph (2) of section 6724(d) of
7 such Code is amended by striking “or” at the
8 end of subparagraph (BB), by striking the pe-
9 riod at the end of subparagraph (CC) and in-
10 sserting “, or”, and by adding after subpara-
11 graph (CC) the following new subparagraph:

12 “(DD) section 6050W (relating to returns
13 relating to credit for health insurance for quali-
14 fying children).”.

15 (e) CONFORMING AMENDMENTS.—

16 (1) Paragraph (2) of section 1324(b) of title
17 31, United States Code, is amended by inserting “or
18 36” after “section 35”.

19 (2) The table of sections for subpart C of part
20 IV of subchapter A of chapter 1 of the Internal Rev-
21 enue Code of 1986 is amended by redesignating the
22 item relating to section 36 as an item relating to
23 section 37 and by inserting after the item relating
24 to section 35 the following new item:

“Sec. 36. Health insurance for qualifying children.”.

1 (3) The table of sections for subpart B of part
2 III of subchapter A of chapter 61 of such Code is
3 amended by adding at the end the following new
4 item:

“Sec. 6050W. Returns relating to credit for health insurance for qualifying children.”.

5 (4) The table of sections for chapter 77 of such
6 Code is amended by adding at the end the following
7 new item:

“Sec. 7529. Advance payment of credit for health insurance of qualifying children.”.

8 (f) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2008.

11 (g) REIMBURSEMENT FOR ADMINISTRATIVE COSTS
12 INCURRED IN DETERMINING ELIGIBILITY FOR CREDIT.—

13 (1) IN GENERAL.—The Secretary of Health and
14 Human Services shall reimburse States for all rea-
15 sonable administrative costs incurred in making eli-
16 gibility determinations in accordance with section 36
17 of the Internal Revenue Code of 1986 (as added by
18 subsection (a)). Such reimbursement shall not apply
19 to State costs incurred under the State children’s
20 health insurance programs or Medicaid.

21 (2) APPROPRIATION.—Out of any money in the
22 Treasury of the United States not otherwise appro-

1 priated, there are appropriated such sums as may be
2 necessary to carry out this subsection.

3 **TITLE IV—BROKER REPORTING**
4 **OF CUSTOMER’S BASIS IN SE-**
5 **CURITIES TRANSACTIONS**

6 **SEC. 401. BROKER REPORTING OF CUSTOMER’S BASIS IN**
7 **SECURITIES TRANSACTIONS.**

8 (a) IN GENERAL.—Section 6045 of the Internal Rev-
9 enue Code of 1986 (relating to returns of brokers) is
10 amended by adding at the end the following new sub-
11 section:

12 “(g) ADDITIONAL INFORMATION REQUIRED IN THE
13 CASE OF SECURITIES TRANSACTIONS.—

14 “(1) IN GENERAL.—If a broker is otherwise re-
15 quired to make a return under subsection (a) with
16 respect to any applicable security, the broker shall
17 include in such return the information described in
18 paragraph (2).

19 “(2) ADDITIONAL INFORMATION REQUIRED.—

20 “(A) IN GENERAL.—The information re-
21 quired under paragraph (1) to be shown on a
22 return with respect to an applicable security of
23 a customer shall include for each reported ap-
24 plicable security the customer’s adjusted basis
25 in such security.

1 “(B) EXEMPTION FROM REQUIREMENT.—
2 The Secretary shall issue such regulations or
3 guidance as necessary concerning the applica-
4 tion of the requirement under subparagraph (A)
5 in cases in which a broker in making a return
6 does not have sufficient information to meet
7 such requirement with respect to the reported
8 applicable security. Such regulations or guid-
9 ance may—

10 “(i) require such other information re-
11 lated to such adjusted basis as the Sec-
12 retary may prescribe, and

13 “(ii) exempt classes of cases in which
14 the broker does not have sufficient infor-
15 mation to meet either the requirement
16 under subparagraph (A) or the require-
17 ment under clause (i).

18 “(3) INFORMATION TRANSFERS.—To the extent
19 provided in regulations, there shall be such ex-
20 changes of information between brokers as such reg-
21 ulations may require for purposes of enabling such
22 brokers to meet the requirements of this subsection.

23 “(4) DEFINITIONS.—For purposes of this sub-
24 section, the term ‘applicable security’ means any—

1 “(A) security described in subparagraph
2 (A) or (C) of section 475(e)(2),

3 “(B) interest in a regulated investment
4 company (as defined in section 851), or

5 “(C) other financial instrument designated
6 in regulations prescribed by the Secretary.”.

7 (b) EFFECTIVE DATE.—The amendment made by
8 this section shall apply to returns the due date for which
9 (determined without regard to extensions) is after Decem-
10 ber 31, 2009, with respect to securities acquired after De-
11 cember 31, 2008.

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