

110TH CONGRESS
1ST SESSION

S. 1169

To ensure the provision of high-quality health care coverage for uninsured individuals through State health care coverage pilot projects that expand coverage and access and improve quality and efficiency in the health care system.

IN THE SENATE OF THE UNITED STATES

APRIL 19, 2007

Mr. FEINGOLD (for himself and Mr. GRAHAM) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To ensure the provision of high-quality health care coverage for uninsured individuals through State health care coverage pilot projects that expand coverage and access and improve quality and efficiency in the health care system.

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 “State-Based Health
5 Care Reform Act”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

1 (1) Health care remains one of the most impor-
2 tant domestic issues for Americans.

3 (2) According to the Census Bureau,
4 46,600,000 Americans were uninsured in 2005. Over
5 8,300,000 of these individuals were children.

6 (3) Health outcomes for the uninsured are
7 worse than health outcomes for those who have
8 health insurance. According to the Institute of Medi-
9 cine, the number of deaths due to uninsurance
10 among adults ages 25 to 64 is estimated at around
11 18,000 a year. Fifty-nine percent of uninsured
12 adults who had a chronic illness, such as diabetes or
13 asthma, did not fill a prescription or skipped their
14 medications because they could not afford them.

15 (4) The cost of providing care to the uninsured
16 weighs heavily on the United States economy. Ac-
17 cording to the Kaiser Family Foundation,
18 \$124,600,000,000 was spent on care provided to in-
19 dividuals who were uninsured for all or part of 2004.
20 Despite this spending, the United States ranks sec-
21 ond to last among industrialized countries in infant
22 mortality rates.

1 **SEC. 3. PURPOSE.**

2 It is the purpose of this Act to establish a program
3 to award grants to States for the establishment of State-
4 based projects to—

5 (1) establish pilot projects to increase health
6 care coverage for uninsured individuals in selected
7 States within the 5-year period beginning on the
8 date of enactment of this Act;

9 (2) ensure high-quality health care coverage
10 with the goal of providing adequate access to pro-
11 viders, services, and benefits;

12 (3) improve the efficiency of health care spend-
13 ing and lower the cost of health care for the partici-
14 pating State; and

15 (4) provide health care coverage with the ulti-
16 mate goal of covering all individuals residing within
17 States awarded a grant under this Act.

18 **TITLE I—HEALTH CARE**
19 **COVERAGE**

20 **SEC. 101. STATE-BASED HEALTH CARE COVERAGE PRO-**
21 **GRAM.**

22 (a) APPLICATIONS BY STATES, MULTI-STATE RE-
23 GIONS, LOCAL GOVERNMENTS, AND TRIBES.—

24 (1) STATE APPLICATION.—A State, in consulta-
25 tion with local governments, Indian tribes, and In-
26 dian organizations involved in the provision of health

1 care (referred to in this Act as a “State”), may
2 apply for a State health care coverage grant for the
3 entire State (or for regions of two or more States)
4 under paragraph (2).

5 (2) SUBMISSION OF APPLICATION.—In accord-
6 ance with this section, each State desiring to imple-
7 ment a State health care reform program shall sub-
8 mit an application to the Health Care Coverage
9 Task Force established under subsection (b) (re-
10 ferred to in this section as the “Task Force”) for
11 approval and referral to Congress.

12 (3) LOCAL GOVERNMENT AND OTHER APPLICA-
13 TIONS.—

14 (A) IN GENERAL.—Where a State fails to
15 submit an application under this section, a unit
16 of local government of such State, or a consor-
17 tium of such units of local governments, may
18 submit, with the collaboration of the State gov-
19 ernment, an application directly to the Task
20 Force for programs or projects under this sec-
21 tion. Such an application shall be subject to the
22 requirements of this section.

23 (B) OTHER APPLICATIONS.—Subject to
24 such additional regulations as the Secretary of
25 Health and Human Services (referred to in this

1 Act as the “Secretary”) may prescribe, a unit
2 of local government, Indian tribe, or Indian
3 health organization may submit an application
4 under this section, whether or not the State
5 submits such an application, if such unit, tribe,
6 or organization can demonstrate unique demo-
7 graphic needs or a significant population size
8 that warrants a substate program under this
9 subsection.

10 (b) HEALTH CARE COVERAGE TASK FORCE.—

11 (1) ESTABLISHMENT.—Not later than 180 days
12 after the date of the enactment of this Act, the Sec-
13 retary shall establish a Health Care Coverage Task
14 Force in accordance with this subsection.

15 (2) MEMBERSHIP.—

16 (A) IN GENERAL.—The Task Force shall
17 be comprised of the Secretary and not fewer
18 than 16 members to be appointed in accordance
19 with subparagraph (B).

20 (B) APPOINTED MEMBERS.—With respect
21 to the members appointed under subparagraph
22 (A)—

23 (i) two individuals shall be appointed
24 by the Speaker of the House of Represent-
25 atives;

1 (ii) two individuals shall be appointed
 2 by the Minority Leader of the House of
 3 Representatives;

4 (iii) two individuals shall be appointed
 5 by the Majority Leader of the Senate;

6 (iv) two individuals shall be appointed
 7 by the Minority Leader of the Senate; and

8 (v) not to exceed 8 members shall be
 9 appointed by the Comptroller General.

10 (C) REQUIREMENTS.—In appointing mem-
 11 bers to the Task Force under subparagraph
 12 (B)(v), the Comptroller General shall ensure
 13 that—

14 (i) such members include at least 2
 15 representatives of consumers who are unin-
 16 sured and who have had a chronic illness,
 17 1 of which shall represent individuals with
 18 disabilities;

19 (ii) such members include individ-
 20 uals—

21 (I) representing business and
 22 labor; and

23 (II) who are health care pro-
 24 viders;

(iii) such members have a broad geographic representation and be balanced between urban and rural areas; and

(iv) such members include representatives of Indian tribes or tribal organizations.

(3) GENERAL DUTIES.—

(A) APPROVAL OF APPLICATIONS AND OTHER MATTERS.—The Task Force shall—

(i) formally approve the applications of States for grants under this section, and submit a legislative proposal concerning such approvals (which shall be politically balanced and include a variety of different approaches to covering the uninsured populations of States) to Congress together with recommendations on the level of funding required;

(ii) establish minimum performance measures with respect to coverage, quality, and cost of State programs, as described under subsection (c)(1);

(iii) conduct a thorough review of the grant application from a State and conduct detailed discussions and negotiations with

1 such State applicants concerning possible
2 modifications and adjustments;

3 (iv) be responsible for monitoring the
4 status and progress achieved under pro-
5 grams and projects granted under this sec-
6 tion; and

7 (v) report to the public concerning
8 progress made by States with respect to
9 the performance measures and goals estab-
10 lished under this Act, the periodic progress
11 of the State relative to its State perform-
12 ance measures and goals, and the State
13 program application procedures, by region
14 and State jurisdiction.

15 (B) LIMITATION.—The Task Force shall
16 not approve a State application that—

17 (i) proposes to adopt criteria for in-
18 come or resource standards or methodolo-
19 gies for purposes of determining an indi-
20 vidual's eligibility for medical assistance
21 under the State plan for services provided
22 through the State Medicaid program under
23 title XIX of the Social Security Act, the
24 State Children's Health Insurance Pro-
25 gram under title XXI of the Act, the Medi-

1 care program under title XVIII of such
 2 Act, or any other State and local program
 3 that provides health care to low-income or
 4 targeted populations, as defined by such
 5 program policies, that are more restrictive
 6 than those applied as of the date of enact-
 7 ment of this Act;

8 (ii) would revise Federal requirements
 9 for participation in the State Medicaid pro-
 10 gram, the State Children's Health Insur-
 11 ance Program, or the Medicare program in
 12 a manner that applies criteria for eligibility
 13 that is more restrictive than the criteria
 14 applied on the date of enactment of this
 15 Act for those categories of individuals cur-
 16 rently enrolled in such program or future
 17 categories of individuals under applicable
 18 law; or

19 (iii) would result in making those in-
 20 dividuals who are enrolled, or who may be
 21 enrolled, in a program described in clause
 22 (ii) ineligible for such enrollment in such
 23 program.

24 (4) PERIOD OF APPOINTMENT; REPRESENTA-
 25 TION REQUIREMENTS; VACANCIES.—Members shall

1 be appointed for a term of 5 years. Any vacancy on
 2 the Task Force shall not affect its powers, but shall
 3 be filled within 60 days and in the same manner as
 4 the original appointment.

5 (5) CHAIRPERSON, MEETINGS, APPROVAL OF
 6 STATE PLANS.—

7 (A) CHAIRPERSON.—The Task Force shall
 8 select a Chairperson from among its members.

9 (B) QUORUM.—A majority of the members
 10 of the Task Force shall constitute a quorum,
 11 but a lesser number of members may hold hear-
 12 ings subject to approval by the Task Force or
 13 the Chairperson.

14 (C) MEETINGS.—Not later than 30 days
 15 after the date on which all members of the
 16 Task Force have been appointed, the Task
 17 Force shall hold its first meeting. The Task
 18 Force shall meet at the call of the Chairperson.

19 (6) POWERS OF THE TASK FORCE.—

20 (A) NEGOTIATIONS WITH STATES.—The
 21 Task Force may conduct detailed discussions
 22 and negotiations with States submitting appli-
 23 cations under this section, either individually or
 24 in groups, to facilitate a final set of rec-
 25 ommendations for purposes of subsection

1 (c)(1)(C). Such final set of recommendations
2 shall be made available to the general public.
3 Such negotiations shall, to the extent prac-
4 ticable, be conducted in a public forum. The
5 minutes of any meetings at which such negotia-
6 tions are conducted shall be maintained and
7 made available to the general public.

8 (B) SUBCOMMITTEES.—The Task Force
9 may establish such subcommittees as the Task
10 Force determines are necessary to increase the
11 efficiency of the Task Force.

12 (C) HEARINGS.—The Task Force may
13 hold hearings, so long as the Task Force deter-
14 mines such meetings to be necessary in order to
15 carry out the purposes of this Act, sit and act
16 at such times and places, take such testimony,
17 and receive such evidence as the Task Force
18 considers advisable to carry out the purposes of
19 this subsection.

20 (D) ANNUAL MEETING.—In addition to
21 other meetings the Task Force may hold, the
22 Task Force shall hold an annual meeting with
23 the participating States under this section for
24 the purpose of having States report progress to-

ward the purposes described in section 3 and for an exchange of public information.

(E) INFORMATION.—The Task Force may obtain information directly from any Federal department or agency as the Task Force considers necessary to carry out the provisions of this subsection. Upon request of the Chairperson of the Task Force, the head of such department or agency shall furnish such information to the Task Force.

(F) CONTRACTING.—The Task Force may enter into contracts with qualified independent organizations to obtain necessary information for the development of the performance standards, reporting requirements, financing mechanisms, or any other matters determined by the Task Force to be appropriate and reasonable.

(G) POSTAL SERVICES.—The Task Force may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(7) PERSONNEL MATTERS.—

(A) COMPENSATION.—Each member of the Task Force who is not an officer or employee

1 of the Federal Government shall be com-
2 pensated at a rate equal to the daily equivalent
3 of the annual rate of basic pay prescribed for
4 level IV of the Executive Schedule under section
5 5315 of title 5, United States Code, for each
6 day (including travel time) during which such
7 member is engaged in the performance of the
8 duties of the Task Force. All members of the
9 Task Force who are officers or employees of the
10 United States shall serve without compensation
11 in addition to that received for their services as
12 officers or employees of the United States.

13 (B) TRAVEL EXPENSES.—The members of
14 the Task Force shall be allowed travel expenses,
15 including per diem in lieu of subsistence, at
16 rates authorized for employees of agencies
17 under subchapter I of chapter 57 of title 5,
18 United States Code, while away from their
19 homes or regular places of business in the per-
20 formance of services for the Task Force.

21 (C) STAFF.—The Chairperson of the Task
22 Force may, without regard to the civil service
23 laws and regulations, appoint and terminate
24 personnel as may be necessary to enable the
25 Task Force to perform its duties.

1 (D) DETAIL OF GOVERNMENT EMPLOY-
 2 EES.—Any Federal Government employee may
 3 be detailed to the Task Force without reim-
 4 bursement, and such detail shall be without
 5 interruption or loss of civil service status or
 6 privilege.

7 (E) TEMPORARY AND INTERMITTENT
 8 SERVICES.—The Chairperson of the Task Force
 9 may procure temporary and intermittent serv-
 10 ices under section 3109(b) of title 5, United
 11 States Code, at rates for individuals which do
 12 not exceed the daily equivalent of the annual
 13 rate of basic pay prescribed for level V of the
 14 Executive Schedule under section 5316 of such
 15 title.

16 (8) FUNDING.—For the purpose of carrying out
 17 this subsection, there are authorized to be appro-
 18 priated \$4,000,000 for fiscal year 2008 and each fis-
 19 cal year thereafter.

20 (c) STATE PLAN.—

21 (1) IN GENERAL.—A State that seeks to receive
 22 a grant to operate a program under this section
 23 shall prepare and submit to the Task Force, as part
 24 of the application under subsection (a), a State
 25 health care plan that—

1 (A) designates the lead State entity that
2 will be responsible for administering the State
3 program;

4 (B) describes the benefits that will be pro-
5 vided to all individuals covered under the State
6 program, which shall, at a minimum, provide
7 for the same scope of coverage required under
8 section 2103 (a)(1), (a)(2), and (a)(4), (b), and
9 (c) of title XXI of the Social Security Act;

10 (C) provides a methodology, in consulta-
11 tion with organizations including the Institute
12 of Medicine, for demonstrating that the choice
13 of benefits under the State program is based
14 upon available medical evidence;

15 (D) contains a description of any other
16 health care reform programs that the State will
17 implement under the State program, which may
18 include the expansion of the State's Medicaid,
19 SCHIP or other public health care programs,
20 single-payer systems, the implementation of
21 State-based health savings accounts, the estab-
22 lishment of health care purchasing or pooling
23 arrangements, new individual insurance pur-
24 chasing options, State tax credits, or any com-
25 bination of such reforms and any approaches

1 submitted by the state and approved by the
2 Task Force in the State application;

3 (E) describes the number and percentage
4 of currently uninsured individuals who will
5 achieve coverage under the State health pro-
6 gram;

7 (F) provides and describes the manner in
8 which the State will ensure that an increased
9 number of individuals residing within the State
10 will have expanded access to health care cov-
11 erage with a specific 5-year target for reduction
12 in the number of uninsured individuals through
13 either private or public program expansion, or
14 both, in accordance with the options established
15 under this Act;

16 (G) identifies Federal, State, or local and
17 private programs that currently provide health
18 care services in the State and describes—

19 (i) how such programs could be co-
20 ordinated with the State health program,
21 to the extent practicable; and

22 (ii) current Federal, State, and local
23 expenditures for the identified programs
24 that utilize public financing;

1 (H) provides for improvements in the
 2 availability of appropriate health care services
 3 that will increase access to care in urban, rural,
 4 and frontier areas of the State with medically
 5 underserved populations or where there is an
 6 inadequate supply of health care providers and
 7 the area meets the requirements for designation
 8 as a Health Professional Shortage Area under
 9 section 332 of the Public Health Service Act
 10 (42 U.S.C. 254e); and

11 (I) otherwise complies with this subsection.

12 (2) EFFECTIVENESS AND EFFICIENCY.—The
 13 State plan shall include provisions to improve the ef-
 14 fectiveness and efficiency of health care in the State,
 15 including provisions to attempt to reduce adminis-
 16 trative health care costs within the State.

17 (3) COSTS.—

18 (A) IN GENERAL.—With respect to the
 19 costs of health care provided under the pro-
 20 gram, the State plan shall—

21 (i) describe the public and private sec-
 22 tor financing to be provided for the State
 23 health program;

24 (ii) estimate the amount of Federal,
 25 State, and local expenditures, as well as

1 the costs to business and individuals under
 2 the State health program;

3 (iii) describe how the State plan will
 4 ensure the financial solvency of the State
 5 health program; and

6 (iv) contain assurances that the State
 7 will comply with the premium and cost
 8 sharing limitations described in subpara-
 9 graph (B).

10 (B) PREMIUM AND COST SHARING LIMITA-
 11 TIONS.—

12 (i) PREMIUMS.—In providing health
 13 care coverage under a State program
 14 under this Act, the State shall ensure
 15 that—

16 (I) with respect to an individual
 17 whose family income is at or below
 18 100 percent of the poverty line, the
 19 State program shall not require—

20 (aa) the payment of pre-
 21 miums for such coverage; or

22 (bb) the payment of cost
 23 sharing for such coverage in an
 24 amount that exceeds .5 percent

1 of the family's income for the
2 year involved;

3 (II) with respect to an individual
4 whose family income is greater than
5 100 percent, but at or below 200 per-
6 cent, of the poverty line, the State
7 program shall not require—

8 (aa) the payment of pre-
9 miums for such coverage in ex-
10 cess of 20 percent of the average
11 cost of providing benefits to an
12 individual or family or 3 percent
13 of the amount of the family's in-
14 come for the year involved; or

15 (bb) the payment of cost
16 sharing for such coverage in an
17 amount that, together with the
18 premium amount, does not ex-
19 ceed 5 percent of the family's in-
20 come for the year involved; and

21 (III) with respect to an individual
22 whose family income is greater than
23 200 percent, but at or below 300 per-
24 cent, of the poverty line, the State
25 program shall not require—

(aa) the payment of premiums for such coverage in excess of 20 percent of the average cost of providing benefits to an individual or family or 5 percent of the amount of the family's income for the year involved; or

(bb) the payment of cost sharing for such coverage in an amount that, together with the premium amount, does not exceed 7 percent of the family's income for the year involved.

(ii) DEFINITION.—For purposes of this subparagraph, the term “poverty line” has the meaning given such term in section 2110(c)(5) of the Social Security Act (42 U.S.C. 1397jj(c)(5)).

(4) PROTECTION FOR LOWER INCOME INDIVIDUALS.—The State plan may only vary premiums, deductibles, coinsurance, and other cost sharing under the plan based on the family income of the family involved in a manner that does not favor individuals from families with higher income over individuals from families with lower income.

1 (5) AUTHORITY TO CONTRACT.—The State plan
2 may provide for the awarding of contracts by the
3 State to independent entities (such as the Institute
4 of Medicine) for the conduct of activities to enable
5 the State to fully comply with the requirements of
6 this Act and of the State plan.

7 (d) REVIEW; DETERMINATION; AND PROJECT PE-
8 RIOD.—

9 (1) INITIAL REVIEW.—With respect to a State
10 application for a grant under subsection (a), the
11 Secretary and the Task Force shall, not later than
12 90 days after receipt of such application, complete
13 an initial review of such State application, an anal-
14 ysis of the scope of the proposal, and a determina-
15 tion of whether additional information is needed
16 from the State. The Task Force shall advise the
17 State within such 90-day period of the need to sub-
18 mit additional information.

19 (2) FINAL DETERMINATION.—Not later than 90
20 days after completion of the initial review under
21 paragraph (1), the Task Force shall determine
22 whether to approve such application and submit a
23 legislative proposal concerning such application to
24 Congress for final approval. Such application may be

1 approved only if $\frac{2}{3}$ of the members of the Task
2 Force vote to approve such application.

3 (3) PROGRAM OR PROJECT PERIOD.—If ap-
4 proved by the Task Force and Congress, a State
5 program or project may extend for a period not to
6 exceed 5 years and may be extended for subsequent
7 5-year periods upon approval by the Task Force and
8 the Secretary, based upon achievement of targets as
9 specified by the Task Force, except that a shorter
10 period may be requested by a State and granted by
11 the Secretary.

12 (e) EXPEDITED CONGRESSIONAL CONSIDERATION.—

13 (1) INTRODUCTION AND COMMITTEE CONSIDER-
14 ATION.—

15 (A) INTRODUCTION.—The legislative pro-
16 posal submitted pursuant to subsection
17 (b)(3)(A) shall be in the form of a joint resolu-
18 tion (in this subsection referred to as the “reso-
19 lution”). Such resolution shall be introduced in
20 the House of Representatives by the Speaker,
21 and in the Senate, by the Majority Leader, im-
22 mediately upon receipt of the language and
23 shall be referred to the appropriate committee
24 of Congress. If the resolution is not introduced
25 in accordance with the preceding sentence, the

1 resolution may be introduced in either House of
2 Congress by any member thereof.

3 (B) COMMITTEE CONSIDERATION.—A reso-
4 lution introduced in the House of Representa-
5 tives shall be referred to the appropriate com-
6 mittees of jurisdiction within the House of Rep-
7 resentatives. A resolution introduced in the
8 Senate shall be referred to the appropriate com-
9 mittees of jurisdiction within the Senate. Not
10 later than 15 calendar days after the introduc-
11 tion of the resolution, the committee of Con-
12 gress to which the resolution was referred shall
13 report the resolution. If the committee has not
14 reported such resolution (or an identical resolu-
15 tion) at the end of 15 calendar days after its
16 introduction or at the end of the first day after
17 there has been reported to the House involved
18 a resolution, whichever is earlier, such com-
19 mittee shall be deemed to be discharged from
20 further consideration of such resolution and
21 such resolution shall be placed on the appro-
22 priate calendar of the House involved. No
23 amendments shall be in order to such resolution
24 during committee consideration.

25 (2) EXPEDITED PROCEDURE.—

1 (A) CONSIDERATION.—Not later than 5
2 days after the date on which a committee has
3 been discharged from consideration of a resolu-
4 tion, the Speaker of the House of Representa-
5 tives, or the Speaker’s designee, or the Majority
6 Leader of the Senate, or the Leader’s designee,
7 shall move to proceed to the consideration of
8 the resolution. It shall also be in order for any
9 member of the House of Representatives or the
10 Senate, respectively, to move to proceed to the
11 consideration of the resolution at any time after
12 the conclusion of such 5-day period. All points
13 of order against the resolution (and against
14 consideration of the resolution) are waived. A
15 motion to proceed to the consideration of the
16 resolution is highly privileged in the House of
17 Representatives and is privileged in the Senate
18 and is not debatable. The motion is not subject
19 to amendment, to a motion to postpone consid-
20 eration of the resolution, or to a motion to pro-
21 ceed to the consideration of other business. A
22 motion to reconsider the vote by which the mo-
23 tion to proceed is agreed to or not agreed to
24 shall not be in order. If the motion to proceed
25 is agreed to, the House of Representatives or

1 the Senate, as the case may be, shall imme-
2 diately proceed to consideration of the resolu-
3 tion without intervening motion, order, or other
4 business, and the resolution shall remain the
5 unfinished business of the House of Represent-
6 atives or the Senate, as the case may be, until
7 disposed of. No amendments shall be in order
8 to such resolution during such consideration.

9 (B) CONSIDERATION BY OTHER HOUSE.—

10 If, before the passage by one House of the reso-
11 lution that was introduced in such House, such
12 House receives from the other House a resolu-
13 tion as passed by such other House—

14 (i) the resolution of the other House
15 shall not be referred to a committee and
16 may only be considered for final passage,
17 without amendment, in the House that re-
18 ceives it under clause (iii);

19 (ii) the procedure in the House in re-
20 ceipt of the resolution of the other House,
21 with respect to the resolution that was in-
22 troduced in the House in receipt of the res-
23 olution of the other House, shall be the
24 same as if no resolution had been received
25 from the other House; and

1 (iii) notwithstanding clause (ii), the
 2 vote on final passage shall be on the re-
 3 form bill of the other House.

4 Upon disposition of a resolution that is received
 5 by one House from the other House, it shall no
 6 longer be in order to consider the resolution bill
 7 that was introduced in the receiving House.

8 (3) RULES OF THE SENATE AND HOUSE OF
 9 REPRESENTATIVES.—This subsection is enacted by
 10 Congress—

11 (A) as an exercise of the rulemaking power
 12 of the Senate and House of Representatives, re-
 13 spectively, and is deemed to be part of the rules
 14 of each House, respectively, but applicable only
 15 with respect to the procedure to be followed in
 16 that House in the case of a resolution, and it
 17 supersedes other rules only to the extent that it
 18 is inconsistent with such rules; and

19 (B) with full recognition of the constitu-
 20 tional right of either House to change the rules
 21 (so far as they relate to the procedure of that
 22 House) at any time, in the same manner, and
 23 to the same extent as in the case of any other
 24 rule of that House.

25 (f) FUNDING.—

1 (1) IN GENERAL.—The Secretary shall provide
2 a grant to a State that has an application approved
3 under subsection (d)(2) and agreed to by Congress
4 under subsection (e) to enable such State to carry
5 out the State health program under the grant.

6 (2) AMOUNT OF GRANT.—The amount of a
7 grant provided to a State under paragraph (1) shall
8 be determined based upon the recommendations of
9 the Task Force, subject to the amount appropriated
10 under subsection (i).

11 (3) MATCHING REQUIREMENT.—To be eligible
12 to receive a grant under paragraph (1), a State shall
13 provide assurances to the Secretary that the State
14 shall, in addition to meeting the requirement of
15 paragraph (4), contribute to the costs of carrying
16 out activities under the grant an amount equal to
17 not less than the product of—

18 (A) the amount of the grant; and

19 (B) one minus the sum of the enhanced
20 FMAP for the State (as defined in section
21 2105(b) of the Social Security Act (42 U.S.C.
22 1397ee(b))) and 5 percent.

23 (4) MAINTENANCE OF EFFORT.—A State, in
24 utilizing the proceeds of a grant received under
25 paragraph (1), shall maintain the non-Federal ex-

penditures of the State and local units of government for health care coverage purposes (including expenditures under the State programs under titles XIX and XXI of the Social Security Act) for the support of direct health care delivery at a level equal to not less than the level of such expenditures maintained by the State for the fiscal year preceding the fiscal year for which the grant is received. Funds received under this Act shall be used to supplement, not supplant existing State spending for the activities described in this Act. Such expenditures shall be increased annually by the same percentage as the percentage increase in the Consumer Price Index for All Urban Consumers.

(5) COMPLIANCE.—The Secretary may withhold payments under this Act from a State that fails to comply with its State plan under subsection (c) and the reporting requirements under subsection (g)(1).

(g) REPORTS.—

(1) BY STATES.—Each State that has received a grant under subsection (f)(1) shall submit to the Task Force an annual report for the period representing the respective State's fiscal year, that shall contain a description of the results, with respect to

1 health care coverage, quality, and costs, of the State
2 program.

3 (2) BY TASK FORCE.—At the end of the 5-year
4 period beginning on the date on which the Secretary
5 awards the first grant under paragraph (1), the
6 Task Force established under subsection (b) shall
7 prepare and submit to the appropriate committees of
8 Congress, a report on the progress made by States
9 receiving grants under paragraph (1) in meeting the
10 goals of expanded coverage, improved quality, and
11 cost containment through performance measures es-
12 tablished during the 5-year period of the grant. Such
13 report shall contain—

14 (A) the recommendation of the Task Force
15 concerning any future action that Congress
16 should take concerning health care reform, in-
17 cluding whether or not to extend the program
18 established under this subsection;

19 (B) an evaluation of the effectiveness of
20 State health care coverage reforms—

21 (i) in expanding health care coverage
22 for State residents;

23 (ii) in improving the quality of health
24 care provided in the States;

1 (iii) in reducing or containing health
2 care costs in the States; and

3 (iv) on employer sponsored coverage;

4 (C) recommendations regarding the advis-
5 ability of increasing Federal financial assistance
6 for State ongoing or future health program ini-
7 tiatives, including the amount and source of
8 such assistance; and

9 (D) recommendations concerning whether
10 any particular State program should serve as a
11 model for implementation as a national health
12 care reform program.

13 (h) MISCELLANEOUS PROVISIONS.—

14 (1) APPLICATION OF CERTAIN REQUIRE-
15 MENTS.—

16 (A) RESTRICTION ON APPLICATION OF
17 PREEXISTING CONDITION EXCLUSIONS.—

18 (i) IN GENERAL.—Subject to subpara-
19 graph (B), a State shall not permit the im-
20 position of any preexisting condition exclu-
21 sion for covered benefits under a program
22 or project under this section.

23 (ii) GROUP HEALTH PLANS AND
24 GROUP HEALTH INSURANCE COVERAGE.—

25 If the State program or project provides

for benefits through payment for, or a contract with, a group health plan or group health insurance coverage, the program or project may permit the imposition of a pre-existing condition exclusion but only insofar and to the extent that such exclusion is permitted under the applicable provisions of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 and title XXVII of the Public Health Service Act.

(B) COMPLIANCE WITH OTHER REQUIREMENTS.—Coverage offered under the program or project shall comply with the requirements of subpart 2 of part A of title XXVII of the Public Health Service Act insofar as such requirements apply with respect to a health insurance issuer that offers group health insurance coverage.

(2) PREVENTION OF DUPLICATIVE PAYMENTS.—

(A) OTHER HEALTH PLANS.—No payment shall be made to a State under this section for expenditures for health assistance provided for an individual to the extent that a private in-

1 surer (as defined by the Secretary by regulation
2 and including a group health plan (as defined
3 in section 607(1) of the Employee Retirement
4 Income Security Act of 1974), a service benefit
5 plan, and a health maintenance organization)
6 would have been obligated to provide such as-
7 sistance but for a provision of its insurance con-
8 tract which has the effect of limiting or exclud-
9 ing such obligation because the individual is eli-
10 gible for or is provided health assistance under
11 the plan.

12 (B) OTHER FEDERAL GOVERNMENTAL
13 PROGRAMS.—Except as provided in any other
14 provision of law, no payment shall be made to
15 a State under this section for expenditures for
16 health assistance provided for an individual to
17 the extent that payment has been made or can
18 reasonably be expected to be made promptly (as
19 determined in accordance with regulations)
20 under any other federally operated or financed
21 health care insurance program, other than an
22 insurance program operated or financed by the
23 Indian Health Service, as identified by the Sec-
24 retary. For purposes of this paragraph, rules
25 similar to the rules for overpayments under sec-

1 tion 1903(d)(2) of the Social Security Act shall
2 apply.

3 (3) APPLICATION OF CERTAIN GENERAL PROVI-
4 SIONS.—The following sections of the Social Security
5 Act shall apply to States under this section in the
6 same manner as they apply to a State under such
7 title XIX:

8 (A) TITLE XIX PROVISIONS.—

9 (i) Section 1902(a)(4)(C) (relating to
10 conflict of interest standards).

11 (ii) Paragraphs (2), (16), and (17) of
12 section 1903(i) (relating to limitations on
13 payment).

14 (iii) Section 1903(w) (relating to limi-
15 tations on provider taxes and donations).

16 (iv) Section 1920A (relating to pre-
17 sumptive eligibility for children).

18 (B) TITLE XI PROVISIONS.—

19 (i) Section 1116 (relating to adminis-
20 trative and judicial review), but only inso-
21 far as consistent with this title.

22 (ii) Section 1124 (relating to disclo-
23 sure of ownership and related informa-
24 tion).

1 (iii) Section 1126 (relating to disclo-
 2 sure of information about certain convicted
 3 individuals).

4 (iv) Section 1128A (relating to civil
 5 monetary penalties).

6 (v) Section 1128B(d) (relating to
 7 criminal penalties for certain additional
 8 charges).

9 (vi) Section 1132 (relating to periods
 10 within which claims must be filed).

11 (4) RELATION TO OTHER LAWS.—Health bene-
 12 fits coverage provided under a State program or
 13 project under this section shall be treated as cred-
 14 itable coverage for purposes of part 7 of subtitle B
 15 of title I of the Employee Retirement Income Secu-
 16 rity Act of 1974, title XXVII of the Public Health
 17 Service Act, and subtitle K of the Internal Revenue
 18 Code of 1986.

19 (i) AUTHORIZATIONS.—

20 (1) IN GENERAL.—There are appropriated in
 21 each of fiscal years 2007 through 2016 to carry out
 22 this Act, an amount equal to the amount of savings
 23 to the Federal Government in each such fiscal year
 24 as a result of the enactment of the provisions of title
 25 II.

1 (2) USE OF FUNDS.—Amounts appropriated for
 2 a fiscal year under paragraph (1) and not expended
 3 may be used in subsequent fiscal years to carry out
 4 this section.

5 (3) LIMITATION.—Notwithstanding any other
 6 provision of this Act, the total amount of funds ap-
 7 propriated to carry out this Act through fiscal year
 8 2016 shall not exceed \$40,000,000,000.

9 (j) TERMINATION.—The authority provided under
 10 this title shall terminate on the date that is 10 years after
 11 the date of enactment of this Act.

12 **TITLE II—OFFSETS**

13 **SEC. 201. INCREASE IN REBATES FOR COVERED OUT-** 14 **PATIENT DRUGS.**

15 Section 1927(c)(1)(B)(i) of the Social Security Act
 16 (42 U.S.C. 1396r–8(c)(1)(B)(i)) is amended—

17 (1) in subclause (IV), by striking “and” after
 18 the semicolon;

19 (2) in subclause (V)—

20 (A) by inserting “and before January 1,
 21 2008,” after “1995,”; and

22 (B) by striking the period and inserting “;
 23 and”; and

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

1 “(VI) after December 31, 2007,
2 is 20 percent.”.

3 **SEC. 202. AVIATION SECURITY SERVICE PASSENGER FEES.**

4 Section 44940 of title 49, United States Code, is
5 amended—

6 (1) in subsection (a)(1), by inserting “in an
7 amount equal to \$5.00 per one-way trip” after “uni-
8 form fee”;

9 (2) by striking subsection (c); and

10 (3) in subsection (d)—

11 (A) in paragraph (2), by striking “sub-
12 section (d)” each place it appears and inserting
13 “this subsection”; and

14 (B) in paragraph (3), by striking “in ac-
15 cordance with paragraph (1)” and inserting
16 “under subsection (a)(2)”.

17 **SEC. 203. EXTENSION OF FCC SPECTRUM AUCTION AU-**
18 **THORITY.**

19 Section 309(j)(11) of the Communications Act of
20 1934 (47 U.S.C. 309(j)(11)) is amended by striking
21 “2011” and inserting “2016”.

22 **SEC. 204. EXTENSION OF FEES FOR CERTAIN CUSTOMS**
23 **SERVICES.**

24 Section 13031(j)(3)(A) and (B) of the Consolidated
25 Omnibus Budget Reconciliation Act of 1985 (19 U.S.C.

1 58c(j)(3)(A) and (B)) is amended by striking “2014” each
 2 place it appears and inserting “2016”.

3 **SEC. 205. INCOME-RELATED REDUCTION IN PART D PRE-**
 4 **MIUM SUBSIDY.**

5 (a) IN GENERAL.—Section 1860D–13(a) of the So-
 6 cial Security Act (42 U.S.C. 1395w–113(a)) is amended
 7 by adding at the end the following new paragraph:

8 “(7) REDUCTION IN PREMIUM SUBSIDY BASED
 9 ON INCOME.—The provisions of subsection (i) of sec-
 10 tion 1839 shall apply to the monthly beneficiary pre-
 11 mium under this subsection in the same manner as
 12 they apply to the monthly premium under such sec-
 13 tion except that in so applying—

14 “(A) paragraph (1) of such subsection (i)
 15 to this subsection—

16 “(i) the reference to December 2006
 17 is deemed a reference to December 2007;
 18 and

19 “(ii) the reference to the monthly pre-
 20 mium is deemed a reference to the base
 21 beneficiary premium (computed under
 22 paragraph (2) of this subsection);

23 “(B) clause (i) of paragraph (3)(A) of such
 24 subsection (i) to this subsection, the reference
 25 to 25 percentage points is deemed a reference

1 to the beneficiary premium percentage (as spec-
 2 ified in paragraph (3) of this subsection);

3 “(C) clause (ii) of paragraph (3)(A) of
 4 such subsection (i) to this subsection, the na-
 5 tional average monthly bid amount (computed
 6 under paragraph (4) of this subsection) shall be
 7 substituted for the amount specified in such
 8 clause (ii) (relating to the unsubsidized part B
 9 premium amount); and

10 “(D) subparagraph (B) of paragraph (3)
 11 of such subsection (i) to this subsection, the
 12 reference to 2009 shall be a reference to 2010,
 13 the reference to 2007 shall be a reference to
 14 2008, and the reference to 2008 shall be a ref-
 15 erence to 2009.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) MEDICARE.—Section 1860D–13(a)(1) of
 18 the Social Security Act (42 U.S.C. 1395w–
 19 113(a)(1)) is amended—

20 (A) by redesignating subparagraph (F) as
 21 subparagraph (G);

22 (B) in subparagraph (G), as redesignated
 23 by subparagraph (A), by striking “(D) and
 24 (E)” and inserting “(D), (E), and (F)”; and

1 (C) by inserting after subparagraph (E)
 2 the following new subparagraph:

3 “(F) INCREASE BASED ON INCOME.—The
 4 base beneficiary premium shall be increased
 5 pursuant to paragraph (7).”.

6 (2) INTERNAL REVENUE CODE.—Section
 7 6103(l)(20) of the Internal Revenue Code of 1986
 8 (relating to disclosure of return information to carry
 9 out Medicare part B premium subsidy adjustment)
 10 is amended—

11 (A) in the heading, by striking “PART B
 12 PREMIUM SUBSIDY ADJUSTMENT” and inserting
 13 “PARTS B AND D PREMIUM SUBSIDY ADJUST-
 14 MENTS”;

15 (B) in subparagraph (A)—

16 (i) in the matter preceding clause (i),
 17 by inserting “or 1860D–13(a)(7)” after
 18 “1839(i)”; and

19 (ii) in clause (vii), by inserting after
 20 “the amount of such adjustment” the fol-
 21 lowing: “or that the amount of the pre-
 22 mium of the taxpayer under such sub-
 23 section (as applied under section 1860D–
 24 13(a)(7)) may be subject to adjustment

1 under such section 1860D–13(a)(7) and
2 the amount of such adjustment”; and
3 (C) in subparagraph (B), by inserting “or
4 such section 1860D–13(a)(7)” before the period
5 at the end.

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