

110TH CONGRESS  
1ST SESSION

# S. 325

To provide for innovation in health care through State initiatives that expand coverage and access and improve quality and efficiency in the health care system.

---

## IN THE SENATE OF THE UNITED STATES

JANUARY 17, 2007

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

---

## A BILL

To provide for innovation in health care through State initiatives 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 “Health Partnership  
5       Act”.

6       **SEC. 2. STATE HEALTH REFORM PROJECTS.**

7       (a) PURPOSE; ESTABLISHMENT OF STATE HEALTH  
8       CARE EXPANSION AND IMPROVEMENT PROGRAM.—The

1 purposes of the programs approved under this section  
 2 shall include, but not be limited to—

3 (1) achieving the goals of increased health cov-  
 4 erage and access;

5 (2) ensuring that patients receive high-quality,  
 6 appropriate health care;

7 (3) improving the efficiency of health care  
 8 spending; and

9 (4) testing alternative reforms, such as building  
 10 on the public or private health systems, or creating  
 11 new systems, to achieve the objectives of this Act.

12 (b) APPLICATIONS BY STATES, LOCAL GOVERN-  
 13 MENTS, AND TRIBES.—

14 (1) ENTITIES THAT MAY APPLY.—

15 (A) IN GENERAL.—A State, in consultation  
 16 with local governments, Indian tribes, and In-  
 17 dian organizations involved in the provision of  
 18 health care, may apply for a State health care  
 19 expansion and improvement program for the  
 20 entire State (or for regions of the State) under  
 21 paragraph (2).

22 (B) REGIONAL GROUPS.—A regional entity  
 23 consisting of more than one State may apply  
 24 for a multi-State health care expansion and im-

1           provement program for the entire region in-  
2           volved under paragraph (2).

3           (C) DEFINITION.—In this Act, the term  
4           “State” means the 50 States, the District of  
5           Columbia, and the Commonwealth of Puerto  
6           Rico. Such term shall include a regional entity  
7           described in subparagraph (B).

8           (2) SUBMISSION OF APPLICATION.—In accord-  
9           ance with this section, each State desiring to imple-  
10          ment a State health care expansion and improve-  
11          ment program may submit an application to the  
12          State Health Innovation Commission under sub-  
13          section (c) (referred to in this section as the “Com-  
14          mission”) for approval.

15          (3) LOCAL GOVERNMENT APPLICATIONS.—

16               (A) IN GENERAL.—Where a State declines  
17               to submit an application under this section, a  
18               unit of local government of such State, or a  
19               consortium of such units of local governments,  
20               may submit an application directly to the Com-  
21               mission for programs or projects under this  
22               subsection. Such an application shall be subject  
23               to the requirements of this section.

24               (B) OTHER APPLICATIONS.—Subject to  
25               such additional guidelines as the Secretary may

1           prescribe, a unit of local government, Indian  
 2           tribe, or Indian health organization may submit  
 3           an application under this section, whether or  
 4           not the State submits such an application, if  
 5           such unit of local government can demonstrate  
 6           unique demographic needs or a significant pop-  
 7           ulation size that warrants a substate program  
 8           under this subsection.

9           (c) STATE HEALTH INNOVATION COMMISSION.—

10           (1) IN GENERAL.—Within 90 days after the  
 11           date of the enactment of this Act, the Secretary  
 12           shall establish a State Health Innovation Commis-  
 13           sion that shall—

14                   (A) be comprised of—

15                           (i) the Secretary;

16                           (ii) four State governors to be ap-  
 17                           pointed by the National Governors Associa-  
 18                           tion on a bipartisan basis;

19                           (iii) two members of a State legisla-  
 20                           ture to be appointed by the National Con-  
 21                           ference of State Legislators on a bipartisan  
 22                           basis;

23                           (iv) two county officials to be ap-  
 24                           pointed by the National Association of  
 25                           Counties on a bipartisan basis;

1 (v) two mayors to be appointed by the  
2 United States Conference of Mayors and  
3 the National League of Cities on a joint  
4 and bipartisan basis;

5 (vi) two individuals to be appointed by  
6 the Speaker of the House of Representa-  
7 tives;

8 (vii) two individuals to be appointed  
9 by the minority leader of the House of  
10 Representatives;

11 (viii) two individuals to be appointed  
12 by the majority leader of the Senate;

13 (ix) two individuals to be appointed by  
14 the minority leader of the Senate; and

15 (x) two individuals who are members  
16 of federally-recognized Indian tribes to be  
17 appointed on a bipartisan basis by the Na-  
18 tional Congress of American Indians;

19 (B) upon approval of  $\frac{2}{3}$  of the members of  
20 the Commission, provide the States with a vari-  
21 ety of reform options for their applications,  
22 such as tax credit approaches, expansions of  
23 public programs such as medicaid and the State  
24 Children's Health Insurance Program, the cre-  
25 ation of purchasing pooling arrangements simi-

1           lar to the Federal Employees Health Benefits  
2           Program, individual market purchasing options,  
3           single risk pool or single payer systems, health  
4           savings accounts, a combination of the options  
5           described in this clause, or other alternatives  
6           determined appropriate by the Commission, in-  
7           cluding options suggested by States, Indian  
8           tribes, or the public;

9           (C) establish, in collaboration with a quali-  
10          fied and independent organization such as the  
11          Institute of Medicine, minimum performance  
12          measures and goals with respect to coverage,  
13          quality, and cost of State programs, as de-  
14          scribed under subsection (d)(1);

15          (D) conduct a thorough review of the grant  
16          application from a State and carry on a dia-  
17          logue with all State applicants concerning pos-  
18          sible modifications and adjustments;

19          (E) submit the recommendations and legis-  
20          lative proposal described in subsection  
21          (d)(4)(B);

22          (F) be responsible for monitoring the sta-  
23          tus and progress achieved under program or  
24          projects granted under this section;

1 (G) report to the public concerning  
 2 progress made by States with respect to the  
 3 performance measures and goals established  
 4 under this Act, the periodic progress of the  
 5 State relative to its State performance meas-  
 6 ures and goals, and the State program applica-  
 7 tion procedures, by region and State jurisdic-  
 8 tion;

9 (H) promote information exchange between  
 10 States and the Federal Government; and

11 (I) be responsible for making recommenda-  
 12 tions to the Secretary and the Congress, using  
 13 equivalency or minimum standards, for mini-  
 14 mizing the negative effect of State program on  
 15 national employer groups, provider organiza-  
 16 tions, and insurers because of differing State  
 17 requirements under the programs.

18 (2) PERIOD OF APPOINTMENT; REPRESENTA-  
 19 TION REQUIREMENTS; VACANCIES.—Members shall  
 20 be appointed for a term of 5 years. In appointing  
 21 such members under paragraph (1)(A), the des-  
 22 ignated appointing individuals shall ensure the rep-  
 23 resentation of urban and rural areas and an appro-  
 24 priate geographic distribution of such members. Any  
 25 vacancy in the Commission shall not affect its pow-

ers, but shall be filled in the same manner as the original appointment.

(3) CHAIRPERSON, MEETINGS.—

(A) CHAIRPERSON.—The Commission shall select a Chairperson from among its members.

(B) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

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

(4) POWERS OF THE COMMISSION.—

(A) NEGOTIATIONS WITH STATES.—The Commission may conduct detailed discussions and negotiations with States submitting applications under this section, either individually or in groups, to facilitate a final set of recommendations for purposes of subsection (d)(4)(B). Such negotiations shall include consultations with Indian tribes, and be conducted in a public forum.



1           (B) HEARINGS.—The Commission may  
2 hold such hearings, sit and act at such times  
3 and places, take such testimony, and receive  
4 such evidence as the Commission considers ad-  
5 visable to carry out the purposes of this sub-  
6 section.

7           (C) MEETINGS.—In addition to other  
8 meetings the Commission may hold, the Com-  
9 mission shall hold an annual meeting with the  
10 participating States under this section for the  
11 purpose of having States report progress to-  
12 ward the purposes in subsection (a)(1) and for  
13 an exchange of information.

14          (D) INFORMATION.—The Commission may  
15 secure directly from any Federal department or  
16 agency such information as the Commission  
17 considers necessary to carry out the provisions  
18 of this subsection. Upon request of the Chair-  
19 person of the Commission, the head of such de-  
20 partment or agency shall furnish such informa-  
21 tion to the Commission if the head of the de-  
22 partment or agency involved determines it ap-  
23 propriate.

24          (E) POSTAL SERVICES.—The Commission  
25 may use the United States mails in the same

1 manner and under the same conditions as other  
2 departments and agencies of the Federal Gov-  
3 ernment.

4 (5) PERSONNEL MATTERS.—

5 (A) COMPENSATION.—Each member of the  
6 Commission who is not an officer or employee  
7 of the Federal Government or of a State or  
8 local government shall be compensated at a rate  
9 equal to the daily equivalent of the annual rate  
10 of basic pay prescribed for level IV of the Exec-  
11 utive Schedule under section 5315 of title 5,  
12 United States Code, for each day (including  
13 travel time) during which such member is en-  
14 gaged in the performance of the duties of the  
15 Commission. All members of the Commission  
16 who are officers or employees of the United  
17 States shall serve without compensation in addi-  
18 tion to that received for their services as offi-  
19 cers or employees of the United States.

20 (B) TRAVEL EXPENSES.—The members of  
21 the Commission shall be allowed travel ex-  
22 penses, including per diem in lieu of subsist-  
23 ence, at rates authorized for employees of agen-  
24 cies under subchapter I of chapter 57 of title 5,  
25 United States Code, while away from their

1 homes or regular places of business in the per-  
2 formance of services for the Commission.

3 (C) STAFF.—The Chairperson of the Com-  
4 mission may, without regard to the civil service  
5 laws and regulations, appoint and terminate an  
6 executive director and such other additional  
7 personnel as may be necessary to enable the  
8 Commission to perform its duties. The employ-  
9 ment of an executive director shall be subject to  
10 confirmation by the Commission.

11 (D) DETAIL OF GOVERNMENT EMPLOY-  
12 EES.—Any Federal Government employee may  
13 be detailed to the Commission without reim-  
14 bursement, and such detail shall be without  
15 interruption or loss of civil service status or  
16 privilege.

17 (E) TEMPORARY AND INTERMITTENT  
18 SERVICES.—The Chairperson of the Commis-  
19 sion may procure temporary and intermittent  
20 services under section 3109(b) of title 5, United  
21 States Code, at rates for individuals which do  
22 not exceed the daily equivalent of the annual  
23 rate of basic pay prescribed for level V of the  
24 Executive Schedule under section 5316 of such  
25 title.

1           (6) FUNDING.—For the purpose of carrying out  
2           this subsection, there are authorized to be appro-  
3           priated \$3,000,000 for fiscal year 2007 and each fis-  
4           cal year thereafter.

5           (d) REQUIREMENTS FOR PROGRAMS.—

6           (1) STATE PLAN.—A State that seeks to receive  
7           a grant under subsection (f) to operate a program  
8           under this section shall prepare and submit to the  
9           Commission, as part of the application under sub-  
10          section (b), a State health care plan that shall have  
11          as its goal improvements in coverage, quality and  
12          costs. To achieve such goal, the State plan shall  
13          comply with the following:

14                (A) COVERAGE.—With respect to coverage,  
15                the State plan shall—

16                   (i) provide and describe the manner in  
17                   which the State will ensure that an in-  
18                   creased number of individuals residing  
19                   within the State will have expanded access  
20                   to health care coverage with a specific 5-  
21                   year target for reduction in the number of  
22                   uninsured individuals through either pri-  
23                   vate or public program expansion, or both,  
24                   in accordance with the options established  
25                   by the Commission;

1 (ii) describe the number and percent-  
2 age of current uninsured individuals who  
3 will achieve coverage under the State  
4 health program;

5 (iii) describe the minimum benefits  
6 package that will be provided to all classes  
7 of beneficiaries under the State health pro-  
8 gram;

9 (iv) identify Federal, State, or local  
10 and private programs that currently pro-  
11 vide health care services in the State and  
12 describe how such programs could be co-  
13 ordinated with the State health program,  
14 to the extent practicable; and

15 (v) provide for improvements in the  
16 availability of appropriate health care serv-  
17 ices that will increase access to care in  
18 urban, rural, and frontier areas of the  
19 State with medically underserved popu-  
20 lations or where there is an inadequate  
21 supply of health care providers.

22 (B) QUALITY.—With respect to quality,  
23 the State plan shall—

24 (i) provide a plan to improve health  
25 care quality in the State, including increas-

1 ing effectiveness, efficiency, timeliness, pa-  
2 tient focused, equity while reducing health  
3 disparities, and medical errors; and

4 (ii) contain appropriate results-based  
5 quality indicators established by the Com-  
6 mission that will be addressed by the State  
7 as well as State-specific quality indicators.

8 (C) COSTS.—With respect to costs, the  
9 State plan shall—

10 (i) provide that the State will develop  
11 and implement systems to improve the effi-  
12 ciency of health care, including a specific  
13 5-year target for reducing administrative  
14 costs (including paperwork burdens);

15 (ii) describe the public and private  
16 sector financing to be provided for the  
17 State health program;

18 (iii) estimate the amount of Federal,  
19 State, and local expenditures, as well as,  
20 the costs to business and individuals under  
21 the State health program;

22 (iv) describe how the State plan will  
23 ensure the financial solvency of the State  
24 health program; and

1 (v) provide that the State will prepare  
2 and submit to the Secretary and the Com-  
3 mission such reports as the Secretary or  
4 Commission may require to carry out pro-  
5 gram evaluations.

6 (D) HEALTH INFORMATION TECH-  
7 NOLOGY.—With respect to health information  
8 technology, the State plan shall provide method-  
9 ology for the appropriate use of health informa-  
10 tion technology to improve infrastructure, such  
11 as improving the availability of evidence-based  
12 medical and outcomes data to providers and pa-  
13 tients, as well as other health information (such  
14 as electronic health records, electronic billing,  
15 and electronic prescribing).

16 (2) TECHNICAL ASSISTANCE.—The Secretary  
17 shall, if requested, provide technical assistance to  
18 States to assist such States in developing applica-  
19 tions and plans under this section, including tech-  
20 nical assistance by private sector entities if deter-  
21 mined appropriate by the Commission.

22 (3) INITIAL REVIEW.—With respect to a State  
23 application for a grant under subsection (b), the  
24 Secretary and the Commission shall complete an ini-  
25 tial review of such State application within 60 days

1 of the receipt of such application, analyze the scope  
 2 of the proposal, and determine whether additional  
 3 information is needed from the State. The Commis-  
 4 sion shall advise the State within such period of the  
 5 need to submit additional information.

6 (4) FINAL DETERMINATION.—

7 (A) IN GENERAL.—Not later than 90 days  
 8 after completion of the initial review under  
 9 paragraph (3), the Commission shall determine  
 10 whether to submit a State proposal to Congress  
 11 for approval.

12 (B) VOTING.—

13 (i) IN GENERAL.—The determination  
 14 to submit a State proposal to Congress  
 15 under subparagraph (A) shall be approved  
 16 by  $\frac{2}{3}$  of the members of the Commission  
 17 who are eligible to participate in such de-  
 18 termination subject to clause (ii).

19 (ii) ELIGIBILITY.—A member of the  
 20 Commission shall not participate in a de-  
 21 termination under subparagraph (A) if—

22 (I) in the case of a member who  
 23 is a Governor, such determination re-  
 24 lates to the State of which the mem-  
 25 ber is the Governor; or



1 (II) in the case of member not  
2 described in subclause (I), such deter-  
3 mination relates to the geographic  
4 area of a State of which such member  
5 serves as a State or local official.

6 (C) SUBMISSION.—Not later than 90 days  
7 prior to October 1 of each fiscal year, the Com-  
8 mission shall submit to Congress a list, in the  
9 form of a legislative proposal, of the State ap-  
10 plications that the Commission recommends for  
11 approval under this section.

12 (D) APPROVAL.—With respect to a fiscal  
13 year, a State proposal that has been rec-  
14 ommended under subparagraph (B) shall be  
15 deemed to be approved, and subject to the  
16 availability of appropriations, Federal funds  
17 shall be provided to such program, unless a  
18 joint resolution has been enacted disapproving  
19 such proposal as provided for in subsection (e).  
20 Nothing in the preceding sentence shall be con-  
21 strued to include the approval of State pro-  
22 posals that involve waivers or modifications in  
23 applicable Federal law.

24 (5) PROGRAM OR PROJECT PERIOD.—A State  
25 program or project may be approved for a period of

1       5 years and may be extended for subsequent 5-year  
 2       periods upon approval by the Commission and the  
 3       Secretary, based upon achievement of targets, except  
 4       that a shorter period may be requested by a State  
 5       and granted by the Secretary.

6       (e) EXPEDITED CONGRESSIONAL CONSIDERATION.—

7               (1) INTRODUCTION AND COMMITTEE CONSIDER-  
 8       ATION.—

9               (A) INTRODUCTION.—The legislative pro-  
 10       posal submitted pursuant to subsection  
 11       (d)(4)(B) shall be in the form of a joint resolu-  
 12       tion (in this subsection referred to as the “reso-  
 13       lution”). Such resolution shall be introduced in  
 14       the House of Representatives by the Speaker,  
 15       and in the Senate, by the majority leader, im-  
 16       mediately upon receipt of the language and  
 17       shall be referred to the appropriate committee  
 18       of Congress. If the resolution is not introduced  
 19       in accordance with the preceding sentence, the  
 20       resolution may be introduced in either House of  
 21       Congress by any member thereof.

22              (B) COMMITTEE CONSIDERATION.—A reso-  
 23       lution introduced in the House of Representa-  
 24       tives shall be referred to the Committee on  
 25       Ways and Means of the House of Representa-

1           tives. A resolution introduced in the Senate  
2           shall be referred to the Committee on Finance  
3           of the Senate. Not later than 15 calendar days  
4           after the introduction of the resolution, the  
5           committee of Congress to which the resolution  
6           was referred shall report the resolution or a  
7           committee amendment thereto. If the committee  
8           has not reported such resolution (or an iden-  
9           tical resolution) at the end of 15 calendar days  
10          after its introduction or at the end of the first  
11          day after there has been reported to the House  
12          involved a resolution, whichever is earlier, such  
13          committee shall be deemed to be discharged  
14          from further consideration of such reform bill  
15          and such reform bill shall be placed on the ap-  
16          propriate calendar of the House involved.

17          (2) EXPEDITED PROCEDURE.—

18                (A) CONSIDERATION.—Not later than 5  
19                days after the date on which a committee has  
20                been discharged from consideration of a resolu-  
21                tion, the Speaker of the House of Representa-  
22                tives, or the Speaker's designee, or the majority  
23                leader of the Senate, or the leader's designee,  
24                shall move to proceed to the consideration of  
25                the committee amendment to the resolution,

1 and if there is no such amendment, to the reso-  
2 lution. It shall also be in order for any member  
3 of the House of Representatives or the Senate,  
4 respectively, to move to proceed to the consider-  
5 ation of the resolution at any time after the  
6 conclusion of such 5-day period. All points of  
7 order against the resolution (and against con-  
8 sideration of the resolution) are waived. A mo-  
9 tion to proceed to the consideration of the reso-  
10 lution is highly privileged in the House of Rep-  
11 resentatives and is privileged in the Senate and  
12 is not debatable. The motion is not subject to  
13 amendment, to a motion to postpone consider-  
14 ation of the resolution, or to a motion to pro-  
15 ceed to the consideration of other business. A  
16 motion to reconsider the vote by which the mo-  
17 tion to proceed is agreed to or not agreed to  
18 shall not be in order. If the motion to proceed  
19 is agreed to, the House of Representatives or  
20 the Senate, as the case may be, shall imme-  
21 diately proceed to consideration of the resolu-  
22 tion without intervening motion, order, or other  
23 business, and the resolution shall remain the  
24 unfinished business of the House of Represent-

1           atives or the Senate, as the case may be, until  
2           disposed of.

3                   (B) CONSIDERATION BY OTHER HOUSE.—

4           If, before the passage by one House of the reso-  
5           lution that was introduced in such House, such  
6           House receives from the other House a resolu-  
7           tion as passed by such other House—

8                   (i) the resolution of the other House  
9                   shall not be referred to a committee and  
10                  may only be considered for final passage in  
11                  the House that receives it under clause  
12                  (iii);

13                  (ii) the procedure in the House in re-  
14                  ceipt of the resolution of the other House,  
15                  with respect to the resolution that was in-  
16                  troduced in the House in receipt of the res-  
17                  olution of the other House, shall be the  
18                  same as if no resolution had been received  
19                  from the other House; and

20                  (iii) notwithstanding clause (ii), the  
21                  vote on final passage shall be on the re-  
22                  form bill of the other House.

23           Upon disposition of a resolution that is received  
24           by one House from the other House, it shall no

1 longer be in order to consider the resolution bill  
2 that was introduced in the receiving House.

3 (C) CONSIDERATION IN CONFERENCE.—

4 Immediately upon a final passage of the resolu-  
5 tion that results in a disagreement between the  
6 two Houses of Congress with respect to the res-  
7 olution, conferees shall be appointed and a con-  
8 ference convened. Not later than 10 days after  
9 the date on which conferees are appointed, the  
10 conferees shall file a report with the House of  
11 Representatives and the Senate resolving the  
12 differences between the Houses on the resolu-  
13 tion. Notwithstanding any other rule of the  
14 House of Representatives or the Senate, it shall  
15 be in order to immediately consider a report of  
16 a committee of conference on the resolution  
17 filed in accordance with this subclause. Debate  
18 in the House of Representatives and the Senate  
19 on the conference report shall be limited to 10  
20 hours, equally divided and controlled by the  
21 Speaker of the House of Representatives and  
22 the minority leader of the House of Representa-  
23 tives or their designees and the majority and  
24 minority leaders of the Senate or their des-  
25 ignees. A vote on final passage of the con-

1           ference report shall occur immediately at the  
2           conclusion or yielding back of all time for de-  
3           bate on the conference report.

4           (3) RULES OF THE SENATE AND HOUSE OF  
5       REPRESENTATIVES.—This subsection is enacted by  
6       Congress—

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

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

21           (4) LIMITATION.—The amount of Federal  
22       funds provided with respect to any State proposal  
23       that is deemed approved under subsection (d)(3)  
24       shall not exceed the cost provided for such proposals

1 within the concurrent resolution on the budget as  
 2 enacted by Congress for the fiscal year involved.

3 (f) FUNDING.—

4 (1) IN GENERAL.—The Secretary shall provide  
 5 a grant to a State that has an application approved  
 6 under subsection (b) to enable such State to carry  
 7 out an innovative State health program in the State.

8 (2) AMOUNT OF GRANT.—The amount of a  
 9 grant provided to a State under paragraph (1) shall  
 10 be determined based upon the recommendations of  
 11 the Commission, subject to the amount appropriated  
 12 under subsection (k).

13 (3) PERFORMANCE-BASED FUNDING ALLOCA-  
 14 TION AND PRIORITIZATION.—In awarding grants  
 15 under paragraph (1), the Secretary shall—

16 (A) fund a diversity of approaches as pro-  
 17 vided for by the Commission in subsection  
 18 (c)(1)(B);

19 (B) give priority to those State programs  
 20 that the Commission determines have the great-  
 21 est opportunity to succeed in providing ex-  
 22 panded health insurance coverage and in pro-  
 23 viding children, youth, and other vulnerable  
 24 populations with improved access to health care  
 25 items and services; and



1 (C) link allocations to the State to the  
2 meeting of the goals and performance measures  
3 relating to health care coverage, quality, and  
4 health care costs established under this Act  
5 through the State project application process.

6 (4) MAINTENANCE OF EFFORT.—A State, in  
7 utilizing the proceeds of a grant received under  
8 paragraph (1), shall maintain the expenditures of  
9 the State for health care coverage purposes for the  
10 support of direct health care delivery at a level equal  
11 to not less than the level of such expenditures main-  
12 tained by the State for the fiscal year preceding the  
13 fiscal year for which the grant is received.

14 (5) REPORT.—At the end of the 5-year period  
15 beginning on the date on which the Secretary  
16 awards the first grant under paragraph (1), the  
17 State Health Innovation Advisory Commission estab-  
18 lished under subsection (c) shall prepare and submit  
19 to the appropriate committees of Congress, a report  
20 on the progress made by States receiving grants  
21 under paragraph (1) in meeting the goals of ex-  
22 panded coverage, improved quality, and cost contain-  
23 ment through performance measures established  
24 during the 5-year period of the grant. Such report  
25 shall contain the recommendation of the Commission

1 concerning any future action that Congress should  
2 take concerning health care reform, including wheth-  
3 er or not to extend the program established under  
4 this subsection.

5 (g) MONITORING AND EVALUATION.—

6 (1) ANNUAL REPORTS AND PARTICIPATION BY  
7 STATES.—Each State that has received a program  
8 approval shall—

9 (A) submit to the Commission an annual  
10 report based on the period representing the re-  
11 spective State’s fiscal year, detailing compliance  
12 with the requirements established by the Com-  
13 mission and the Secretary in the approval and  
14 in this section; and

15 (B) participate in the annual meeting  
16 under subsection (c)(4)(B).

17 (2) EVALUATIONS BY COMMISSION.—The Com-  
18 mission, in consultation with a qualified and inde-  
19 pendent organization such as the Institute of Medi-  
20 cine, shall prepare and submit to the Committee on  
21 Finance and the Committee on Health, Education,  
22 Labor, and Pensions of the Senate and the Com-  
23 mittee on Energy and Commerce, the Committee on  
24 Education and Labor, and the Committee on Ways

1 and Means of the House of Representatives annual  
2 reports that shall contain—

3 (A) a description of the effects of the re-  
4 forms undertaken in States receiving approvals  
5 under this section;

6 (B) a description of the recommendations  
7 of the Commission and actions taken based on  
8 these recommendations;

9 (C) an evaluation of the effectiveness of  
10 such reforms in—

11 (i) expanding health care coverage for  
12 State residents;

13 (ii) improving the quality of health  
14 care provided in the States; and

15 (iii) reducing or containing health  
16 care costs in the States;

17 (D) recommendations regarding the advis-  
18 ability of increasing Federal financial assistance  
19 for State ongoing or future health program ini-  
20 tiatives, including the amount and source of  
21 such assistance; and

22 (E) as required by the Commission or the  
23 Secretary under subsection (f)(5), a periodic,  
24 independent evaluation of the program.

25 (h) NONCOMPLIANCE.—

1           (1) CORRECTIVE ACTION PLANS.—If a State is  
 2           not in compliance with a requirement of this section,  
 3           the Secretary shall develop a corrective action plan  
 4           for such State.

5           (2) TERMINATION.—For good cause and in con-  
 6           sultation with the Commission, the Secretary may  
 7           revoke any program granted under this section.  
 8           Such decisions shall be subject to a petition for re-  
 9           consideration and appeal pursuant to regulations es-  
 10          tablished by the Secretary.

11          (i) RELATIONSHIP TO FEDERAL PROGRAMS.—

12           (1) IN GENERAL.—Nothing in this Act, or in  
 13           section 1115 of the Social Security Act (42 U.S.C.  
 14           1315) shall be construed as authorizing the Sec-  
 15           retary, the Commission, a State, or any other person  
 16           or entity to alter or affect in any way the provisions  
 17           of title XIX of such Act (42 U.S.C. 1396 et seq.)  
 18           or the regulations implementing such title.

19           (2) MAINTENANCE OF EFFORT.—No payment  
 20           may be made under this section if the State adopts  
 21           criteria for benefits, income, and resource standards  
 22           and methodologies for purposes of determining an  
 23           individual's eligibility for medical assistance under  
 24           the State plan under title XIX that are more restric-

1       tive than those applied as of the date of enactment  
2       of this Act.

3       (j) MISCELLANEOUS PROVISIONS.—

4               (1) APPLICATION OF CERTAIN REQUIRE-  
5       MENTS.—

6                       (A) RESTRICTION ON APPLICATION OF  
7       PREEXISTING CONDITION EXCLUSIONS.—

8                       (i) IN GENERAL.—Subject to subpara-  
9       graph (B), a State shall not permit the im-  
10      position of any preexisting condition exclu-  
11      sion for covered benefits under a program  
12      or project under this section.

13                      (ii) GROUP HEALTH PLANS AND  
14      GROUP HEALTH INSURANCE COVERAGE.—

15      If the State program or project provides  
16      for benefits through payment for, or a con-  
17      tract with, a group health plan or group  
18      health insurance coverage, the program or  
19      project may permit the imposition of a pre-  
20      existing condition exclusion but only inso-  
21      far and to the extent that such exclusion is  
22      permitted under the applicable provisions  
23      of part 7 of subtitle B of title I of the Em-  
24      ployee Retirement Income Security Act of

1                   1974 and title XXVII of the Public Health  
2                   Service Act.

3                   (B) COMPLIANCE WITH OTHER REQUIRE-  
4                   MENTS.—Coverage offered under the program  
5                   or project shall comply with the requirements of  
6                   subpart 2 of part A of title XXVII of the Public  
7                   Health Service Act insofar as such require-  
8                   ments apply with respect to a health insurance  
9                   issuer that offers group health insurance cov-  
10                  erage.

11                  (2) PREVENTION OF DUPLICATIVE PAY-  
12                  MENTS.—

13                  (A) OTHER HEALTH PLANS.—No payment  
14                  shall be made to a State under this section for  
15                  expenditures for health assistance provided for  
16                  an individual to the extent that a private in-  
17                  surer (as defined by the Secretary by regulation  
18                  and including a group health plan (as defined  
19                  in section 607(1) of the Employee Retirement  
20                  Income Security Act of 1974), a service benefit  
21                  plan, and a health maintenance organization)  
22                  would have been obligated to provide such as-  
23                  sistance but for a provision of its insurance con-  
24                  tract which has the effect of limiting or exclud-  
25                  ing such obligation because the individual is eli-

gible for or is provided health assistance under the plan.

(B) OTHER FEDERAL GOVERNMENTAL PROGRAMS.—Except as provided in any other provision of law, no payment shall be made to a State under this section for expenditures for health assistance provided for an individual to the extent that payment has been made or can reasonably be expected to be made promptly (as determined in accordance with regulations) under any other federally operated or financed health care insurance program, other than an insurance program operated or financed by the Indian Health Service, as identified by the Secretary. For purposes of this paragraph, rules similar to the rules for overpayments under section 1903(d)(2) of the Social Security Act shall apply.

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

(A) TITLE xix PROVISIONS.—

1 (i) Section 1902(a)(4)(C) (relating to  
2 conflict of interest standards).

3 (ii) Paragraphs (2), (16), and (17) of  
4 section 1903(i) (relating to limitations on  
5 payment).

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

8 (iv) Section 1920A (relating to pre-  
9 sumptive eligibility for children).

10 (B) TITLE xi PROVISIONS.—

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

14 (ii) Section 1124 (relating to disclo-  
15 sure of ownership and related informa-  
16 tion).

17 (iii) Section 1126 (relating to disclo-  
18 sure of information about certain convicted  
19 individuals).

20 (iv) Section 1128A (relating to civil  
21 monetary penalties).

22 (v) Section 1128B(d) (relating to  
23 criminal penalties for certain additional  
24 charges).



1 (vi) Section 1132 (relating to periods  
2 within which claims must be filed).

3 (4) RELATION TO OTHER LAWS.—

4 (A) HIPAA.—Health benefits coverage  
5 provided under a State program or project  
6 under this section shall be treated as creditable  
7 coverage for purposes of part 7 of subtitle B of  
8 title I of the Employee Retirement Income Se-  
9 curity Act of 1974, title XXVII of the Public  
10 Health Service Act, and subtitle K of the Inter-  
11 nal Revenue Code of 1986.

12 (B) ERISA.—Nothing in this section shall  
13 be construed as affecting or modifying section  
14 514 of the Employee Retirement Income Secu-  
15 rity Act of 1974 (29 U.S.C. 1144) with respect  
16 to a group health plan (as defined in section  
17 2791(a)(1) of the Public Health Service Act (42  
18 U.S.C. 300gg–91(a)(1))).

19 (k) AUTHORIZATION OF APPROPRIATIONS.—There is  
20 authorized to be appropriated to carry out this section,  
21 such sums as may be necessary in each fiscal year.  
22 Amounts appropriated for a fiscal year under this sub-  
23 section and not expended may be used in subsequent fiscal  
24 years to carry out this section.

○