

## Calendar No. 17

111TH CONGRESS  
1ST SESSION**S. 275**

To amend title XXI of the Social Security Act to extend and improve the Children's Health Insurance Program, and for other purposes.

---

IN THE SENATE OF THE UNITED STATES

JANUARY 16, 2009

Mr. BAUCUS, from the Committee on Finance, reported the following original bill; which was read twice and placed on the calendar

---

**A BILL**

To amend title XXI of the Social Security Act to extend and improve the Children's Health Insurance Program, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; AMENDMENTS TO SOCIAL SECU-**  
4 **RITY ACT; REFERENCES; TABLE OF CON-**  
5 **TENTS.**

6 (a) SHORT TITLE.—This Act may be cited as the  
7 “Children's Health Insurance Program Reauthorization  
8 Act of 2009”.

1 (b) AMENDMENTS TO SOCIAL SECURITY ACT.—Ex-  
 2 cept as otherwise specifically provided, whenever in this  
 3 Act an amendment is expressed in terms of an amendment  
 4 to or repeal of a section or other provision, the reference  
 5 shall be considered to be made to that section or other  
 6 provision of the Social Security Act.

7 (c) REFERENCES TO CHIP; MEDICAID; SEC-  
 8 RETARY.—In this Act:

9 (1) CHIP.—The term “CHIP” means the  
 10 State Children’s Health Insurance Program estab-  
 11 lished under title XXI of the Social Security Act (42  
 12 U.S.C. 1397aa et seq.).

13 (2) MEDICAID.—The term “Medicaid” means  
 14 the program for medical assistance established under  
 15 title XIX of the Social Security Act (42 U.S.C. 1396  
 16 et seq.).

17 (3) SECRETARY.—The term “Secretary” means  
 18 the Secretary of Health and Human Services.

19 (d) TABLE OF CONTENTS.—The table of contents of  
 20 this Act is as follows:

Sec. 1. Short title; amendments to Social Security Act; references; table of con-  
 tents.

Sec. 2. Purpose.

Sec. 3. General effective date; exception for State legislation; contingent effec-  
 tive date; reliance on law.

## TITLE I—FINANCING

### Subtitle A—Funding

Sec. 101. Extension of CHIP.

- Sec. 102. Allotments for States and territories for fiscal years 2009 through 2013.
- Sec. 103. Child Enrollment Contingency Fund.
- Sec. 104. CHIP performance bonus payment to offset additional enrollment costs resulting from enrollment and retention efforts.
- Sec. 105. Two-year initial availability of CHIP allotments.
- Sec. 106. Redistribution of unused allotments.
- Sec. 107. Option for qualifying States to receive the enhanced portion of the CHIP matching rate for Medicaid coverage of certain children.
- Sec. 108. One-time appropriation.
- Sec. 109. Improving funding for the territories under CHIP and Medicaid.

#### Subtitle B—Focus on Low-Income Children and Pregnant Women

- Sec. 111. State option to cover low-income pregnant women under CHIP through a State plan amendment.
- Sec. 112. Phase-out of coverage for nonpregnant childless adults under CHIP; conditions for coverage of parents.
- Sec. 113. Elimination of counting Medicaid child presumptive eligibility costs against title XXI allotment.
- Sec. 114. Limitation on matching rate for States that propose to cover children with effective family income that exceeds 300 percent of the poverty line.
- Sec. 115. State authority under Medicaid.

### TITLE II—OUTREACH AND ENROLLMENT

#### Subtitle A—Outreach and Enrollment Activities

- Sec. 201. Grants and enhanced administrative funding for outreach and enrollment.
- Sec. 202. Increased outreach and enrollment of Indians.
- Sec. 203. State option to rely on findings from an Express Lane agency to conduct simplified eligibility determinations.

#### Subtitle B—Reducing Barriers to Enrollment

- Sec. 211. Verification of declaration of citizenship or nationality for purposes of eligibility for Medicaid and CHIP.
- Sec. 212. Reducing administrative barriers to enrollment.
- Sec. 213. Model of Interstate coordinated enrollment and coverage process.
- Sec. 214. Permitting States to ensure coverage without a 5-year delay of certain children and pregnant women under the Medicaid program and CHIP.

### TITLE III—REDUCING BARRIERS TO PROVIDING PREMIUM ASSISTANCE

#### Subtitle A—Additional State Option for Providing Premium Assistance

- Sec. 301. Additional State option for providing premium assistance.
- Sec. 302. Outreach, education, and enrollment assistance.

#### Subtitle B—Coordinating Premium Assistance With Private Coverage

- Sec. 311. Special enrollment period under group health plans in case of termination of Medicaid or CHIP coverage or eligibility for assistance in purchase of employment-based coverage; coordination of coverage.

#### TITLE IV—STRENGTHENING QUALITY OF CARE AND HEALTH OUTCOMES

- Sec. 401. Child health quality improvement activities for children enrolled in Medicaid or CHIP.  
 Sec. 402. Improved availability of public information regarding enrollment of children in CHIP and Medicaid.  
 Sec. 403. Application of certain managed care quality safeguards to CHIP.

#### TITLE V—IMPROVING ACCESS TO BENEFITS

- Sec. 501. Dental benefits.  
 Sec. 502. Mental health parity in CHIP plans.  
 Sec. 503. Application of prospective payment system for services provided by Federally-qualified health centers and rural health clinics.  
 Sec. 504. Premium grace period.  
 Sec. 505. Clarification of coverage of services provided through school-based health centers.  
 Sec. 506. Medicaid and CHIP Payment and Access Commission.

#### TITLE VI—PROGRAM INTEGRITY AND OTHER MISCELLANEOUS PROVISIONS

##### Subtitle A—Program Integrity and Data Collection

- Sec. 601. Payment error rate measurement (“PERM”).  
 Sec. 602. Improving data collection.  
 Sec. 603. Updated Federal evaluation of CHIP.  
 Sec. 604. Access to records for IG and GAO audits and evaluations.  
 Sec. 605. No Federal funding for illegal aliens; disallowance for unauthorized expenditures.

##### Subtitle B—Miscellaneous Health Provisions

- Sec. 611. Deficit Reduction Act technical corrections.  
 Sec. 612. References to title XXI.  
 Sec. 613. Prohibiting initiation of new health opportunity account demonstration programs.  
 Sec. 614. Adjustment in computation of Medicaid FMAP to disregard an extraordinary employer pension contribution.  
 Sec. 615. Clarification treatment of regional medical center.  
 Sec. 616. Extension of Medicaid DSH allotments for Tennessee and Hawaii.  
 Sec. 617. GAO report on Medicaid managed care payment rates.

##### Subtitle C—Other Provisions

- Sec. 621. Outreach regarding health insurance options available to children.  
 Sec. 622. Sense of the Senate regarding access to affordable and meaningful health insurance coverage.

#### TITLE VII—REVENUE PROVISIONS

- Sec. 701. Increase in excise tax rate on tobacco products.

Sec. 702. Administrative improvements.

Sec. 703. Treasury study concerning magnitude of tobacco smuggling in the United States.

Sec. 704. Time for payment of corporate estimated taxes.

1 **SEC. 2. PURPOSE.**

2 It is the purpose of this Act to provide dependable  
3 and stable funding for children's health insurance under  
4 titles XXI and XIX of the Social Security Act in order  
5 to enroll all six million uninsured children who are eligible,  
6 but not enrolled, for coverage today through such titles.

7 **SEC. 3. GENERAL EFFECTIVE DATE; EXCEPTION FOR STATE**  
8 **LEGISLATION; CONTINGENT EFFECTIVE**  
9 **DATE; RELIANCE ON LAW.**

10 (a) GENERAL EFFECTIVE DATE.—Unless otherwise  
11 provided in this Act, subject to subsections (b) through  
12 (d), this Act (and the amendments made by this Act) shall  
13 take effect on April 1, 2009, and shall apply to child  
14 health assistance and medical assistance provided on or  
15 after that date.

16 (b) EXCEPTION FOR STATE LEGISLATION.—In the  
17 case of a State plan under title XIX or State child health  
18 plan under XXI of the Social Security Act, which the Sec-  
19 retary of Health and Human Services determines requires  
20 State legislation in order for the respective plan to meet  
21 one or more additional requirements imposed by amend-  
22 ments made by this Act, the respective plan shall not be  
23 regarded as failing to comply with the requirements of

1 such title solely on the basis of its failure to meet such  
2 an additional requirement before the first day of the first  
3 calendar quarter beginning after the close of the first reg-  
4 ular session of the State legislature that begins after the  
5 date of enactment of this Act. For purposes of the pre-  
6 vious sentence, in the case of a State that has a 2-year  
7 legislative session, each year of the session shall be consid-  
8 ered to be a separate regular session of the State legisla-  
9 ture.

10 (c) COORDINATION OF CHIP FUNDING FOR FISCAL  
11 YEAR 2009.—Notwithstanding any other provision of law,  
12 insofar as funds have been appropriated under section  
13 2104(a)(11), 2104(k), or 2104(l) of the Social Security  
14 Act, as amended by section 201 of Public Law 110–173,  
15 to provide allotments to States under CHIP for fiscal year  
16 2009—

17 (1) any amounts that are so appropriated that  
18 are not so allotted and obligated before April 1,  
19 2009 are rescinded; and

20 (2) any amount provided for CHIP allotments  
21 to a State under this Act (and the amendments  
22 made by this Act) for such fiscal year shall be re-  
23 duced by the amount of such appropriations so allot-  
24 ted and obligated before such date.

1 (d) RELIANCE ON LAW.—With respect to amend-  
2 ments made by this Act (other than title VII) that become  
3 effective as of a date—

4 (1) such amendments are effective as of such  
5 date whether or not regulations implementing such  
6 amendments have been issued; and

7 (2) Federal financial participation for medical  
8 assistance or child health assistance furnished under  
9 title XIX or XXI, respectively, of the Social Security  
10 Act on or after such date by a State in good faith  
11 reliance on such amendments before the date of pro-  
12 mulgation of final regulations, if any, to carry out  
13 such amendments (or before the date of guidance, if  
14 any, regarding the implementation of such amend-  
15 ments) shall not be denied on the basis of the  
16 State’s failure to comply with such regulations or  
17 guidance.

## 18 **TITLE I—FINANCING**

### 19 **Subtitle A—Funding**

#### 20 **SEC. 101. EXTENSION OF CHIP.**

21 Section 2104(a) (42 U.S.C. 1397dd(a)) is amended—

22 (1) in paragraph (10), by striking “and” at the  
23 end;

1           (2) by amending paragraph (11), by striking  
2           “each of fiscal years 2008 and 2009” and inserting  
3           “fiscal year 2008”; and

4           (3) by adding at the end the following new  
5           paragraphs:

6           “(12) for fiscal year 2009, \$10,562,000,000;

7           “(13) for fiscal year 2010, \$12,520,000,000;

8           “(14) for fiscal year 2011, \$13,459,000,000;

9           “(15) for fiscal year 2012, \$14,982,000,000;

10          and

11           “(16) for fiscal year 2013, for purposes of mak-  
12          ing 2 semi-annual allotments—

13                   “(A) \$2,850,000,000 for the period begin-  
14                   ning on October 1, 2012, and ending on March  
15                   31, 2013, and

16                   “(B) \$2,850,000,000 for the period begin-  
17                   ning on April 1, 2013, and ending on Sep-  
18                   tember 30, 2013.”.

19 **SEC. 102. ALLOTMENTS FOR STATES AND TERRITORIES**  
20 **FOR FISCAL YEARS 2009 THROUGH 2013.**

21          Section 2104 (42 U.S.C. 1397dd) is amended—

22           (1) in subsection (b)(1), by striking “subsection  
23          (d)” and inserting “subsections (d) and (m)”;

1           (2) in subsection (c)(1), by striking “subsection  
2           (d)” and inserting “subsections (d) and (m)(4)”;  
3           and

4           (3) by adding at the end the following new sub-  
5           section:

6           “(m) ALLOTMENTS FOR FISCAL YEARS 2009  
7 THROUGH 2013.—

8           “(1) FOR FISCAL YEAR 2009.—

9           “(A) FOR THE 50 STATES AND THE DIS-  
10           TRICT OF COLUMBIA.—Subject to the suc-  
11           ceeding provisions of this paragraph and para-  
12           graph (4), the Secretary shall allot for fiscal  
13           year 2009 from the amount made available  
14           under subsection (a)(12), to each of the 50  
15           States and the District of Columbia 110 per-  
16           cent of the highest of the following amounts for  
17           such State or District:

18           “(i) The total Federal payments to  
19           the State under this title for fiscal year  
20           2008, multiplied by the allotment increase  
21           factor determined under paragraph (5) for  
22           fiscal year 2009.

23           “(ii) The amount allotted to the State  
24           for fiscal year 2008 under subsection (b),  
25           multiplied by the allotment increase factor

1           determined under paragraph (5) for fiscal  
2           year 2009.

3           “(iii) The projected total Federal pay-  
4           ments to the State under this title for fis-  
5           cal year 2009, as determined on the basis  
6           of the February 2009 projections certified  
7           by the State to the Secretary by not later  
8           than March 31, 2009.

9           “(B) FOR THE COMMONWEALTHS AND  
10          TERRITORIES.—Subject to the succeeding provi-  
11          sions of this paragraph and paragraph (4), the  
12          Secretary shall allot for fiscal year 2009 from  
13          the amount made available under subsection  
14          (a)(12) to each of the commonwealths and ter-  
15          ritories described in subsection (c)(3) an  
16          amount equal to the highest amount of Federal  
17          payments to the commonwealth or territory  
18          under this title for any fiscal year occurring  
19          during the period of fiscal years 1999 through  
20          2008, multiplied by the allotment increase fac-  
21          tor determined under paragraph (5) for fiscal  
22          year 2009, except that subparagraph (B) there-  
23          of shall be applied by substituting ‘the United  
24          States’ for ‘the State’.

1           “(C) ADJUSTMENT FOR QUALIFYING  
2 STATES.—In the case of a qualifying State de-  
3 scribed in paragraph (2) of section 2105(g), the  
4 Secretary shall permit the State to submit a re-  
5 vised projection described in subparagraph  
6 (A)(iii) in order to take into account changes in  
7 such projections attributable to the application  
8 of paragraph (4) of such section.

9           “(2) FOR FISCAL YEARS 2010 THROUGH 2012.—

10           “(A) IN GENERAL.—Subject to paragraphs  
11 (4) and (6), from the amount made available  
12 under paragraphs (13) through (15) of sub-  
13 section (a) for each of fiscal years 2010  
14 through 2012, respectively, the Secretary shall  
15 compute a State allotment for each State (in-  
16 cluding the District of Columbia and each com-  
17 monwealth and territory) for each such fiscal  
18 year as follows:

19           “(i) GROWTH FACTOR UPDATE FOR  
20 FISCAL YEAR 2010.—For fiscal year 2010,  
21 the allotment of the State is equal to the  
22 sum of—

23           “(I) the amount of the State al-  
24 lotment under paragraph (1) for fiscal  
25 year 2009; and

1                   “(II) the amount of any pay-  
2                   ments made to the State under sub-  
3                   section (k), (l), or (n) for fiscal year  
4                   2009,

5                   multiplied by the allotment increase factor  
6                   under paragraph (5) for fiscal year 2010.

7                   “(ii) REBASING IN FISCAL YEAR  
8                   2011.—For fiscal year 2011, the allotment  
9                   of the State is equal to the Federal pay-  
10                  ments to the State that are attributable to  
11                  (and countable towards) the total amount  
12                  of allotments available under this section  
13                  to the State in fiscal year 2010 (including  
14                  payments made to the State under sub-  
15                  section (n) for fiscal year 2010 as well as  
16                  amounts redistributed to the State in fiscal  
17                  year 2010), multiplied by the allotment in-  
18                  crease factor under paragraph (5) for fis-  
19                  cal year 2011.

20                  “(iii) GROWTH FACTOR UPDATE FOR  
21                  FISCAL YEAR 2012.—For fiscal year 2012,  
22                  the allotment of the State is equal to the  
23                  sum of—

1                   “(I) the amount of the State al-  
2                   lotment under clause (ii) for fiscal  
3                   year 2011; and

4                   “(II) the amount of any pay-  
5                   ments made to the State under sub-  
6                   section (n) for fiscal year 2011,  
7                   multiplied by the allotment increase factor  
8                   under paragraph (5) for fiscal year 2012.

9                   “(3) FOR FISCAL YEAR 2013.—

10                   “(A) FIRST HALF.—Subject to paragraphs  
11                   (4) and (6), from the amount made available  
12                   under subparagraph (A) of paragraph (16) of  
13                   subsection (a) for the semi-annual period de-  
14                   scribed in such paragraph, increased by the  
15                   amount of the appropriation for such period  
16                   under section 108 of the Children’s Health In-  
17                   surance Program Reauthorization Act of 2009,  
18                   the Secretary shall compute a State allotment  
19                   for each State (including the District of Colum-  
20                   bia and each commonwealth and territory) for  
21                   such semi-annual period in an amount equal to  
22                   the first half ratio (described in subparagraph  
23                   (D)) of the amount described in subparagraph  
24                   (C).

1           “(B) SECOND HALF.—Subject to para-  
2 graphs (4) and (6), from the amount made  
3 available under subparagraph (B) of paragraph  
4 (16) of subsection (a) for the semi-annual pe-  
5 riod described in such paragraph, the Secretary  
6 shall compute a State allotment for each State  
7 (including the District of Columbia and each  
8 commonwealth and territory) for such semi-an-  
9 nual period in an amount equal to the amount  
10 made available under such subparagraph, multi-  
11 plied by the ratio of—

12                   “(i) the amount of the allotment to  
13 such State under subparagraph (A); to

14                   “(ii) the total of the amount of all of  
15 the allotments made available under such  
16 subparagraph.

17           “(C) FULL YEAR AMOUNT BASED ON  
18 REBASED AMOUNT.—The amount described in  
19 this subparagraph for a State is equal to the  
20 Federal payments to the State that are attrib-  
21 utable to (and countable towards) the total  
22 amount of allotments available under this sec-  
23 tion to the State in fiscal year 2012 (including  
24 payments made to the State under subsection  
25 (n) for fiscal year 2012 as well as amounts re-

1 distributed to the State in fiscal year 2012),  
 2 multiplied by the allotment increase factor  
 3 under paragraph (5) for fiscal year 2013.

4 “(D) FIRST HALF RATIO.—The first half  
 5 ratio described in this subparagraph is the ratio  
 6 of—

7 “(i) the sum of—

8 “(I) the amount made available  
 9 under subsection (a)(16)(A); and

10 “(II) the amount of the appro-  
 11 priation for such period under section  
 12 108 of the Children’s Health Insur-  
 13 ance Program Reauthorization Act of  
 14 2009; to

15 “(ii) the sum of the—

16 “(I) amount described in clause  
 17 (i); and

18 “(II) the amount made available  
 19 under subsection (a)(16)(B).

20 “(4) PRORATION RULE.—If, after the applica-  
 21 tion of this subsection without regard to this para-  
 22 graph, the sum of the allotments determined under  
 23 paragraph (1), (2), or (3) for a fiscal year (or, in  
 24 the case of fiscal year 2013, for a semi-annual pe-  
 25 riod in such fiscal year) exceeds the amount avail-

1       able under subsection (a) for such fiscal year or pe-  
2       riod, the Secretary shall reduce each allotment for  
3       any State under such paragraph for such fiscal year  
4       or period on a proportional basis.

5               “(5) ALLOTMENT INCREASE FACTOR.—The al-  
6       lotment increase factor under this paragraph for a  
7       fiscal year is equal to the product of the following:

8               “(A) PER CAPITA HEALTH CARE GROWTH  
9       FACTOR.—1 plus the percentage increase in the  
10      projected per capita amount of National Health  
11      Expenditures from the calendar year in which  
12      the previous fiscal year ends to the calendar  
13      year in which the fiscal year involved ends, as  
14      most recently published by the Secretary before  
15      the beginning of the fiscal year.

16              “(B) CHILD POPULATION GROWTH FAC-  
17      TOR.—1 plus the percentage increase (if any) in  
18      the population of children in the State from  
19      July 1 in the previous fiscal year to July 1 in  
20      the fiscal year involved, as determined by the  
21      Secretary based on the most recent published  
22      estimates of the Bureau of the Census before  
23      the beginning of the fiscal year involved, plus 1  
24      percentage point.

1           “(6) INCREASE IN ALLOTMENT TO ACCOUNT  
2 FOR APPROVED PROGRAM EXPANSIONS.—In the case  
3 of one of the 50 States or the District of Columbia  
4 that—

5           “(A) has submitted to the Secretary, and  
6 has approved by the Secretary, a State plan  
7 amendment or waiver request relating to an ex-  
8 pansion of eligibility for children or benefits  
9 under this title that becomes effective for a fis-  
10 cal year (beginning with fiscal year 2010 and  
11 ending with fiscal year 2013); and

12           “(B) has submitted to the Secretary, be-  
13 fore the August 31 preceding the beginning of  
14 the fiscal year, a request for an expansion allot-  
15 ment adjustment under this paragraph for such  
16 fiscal year that specifies—

17           “(i) the additional expenditures that  
18 are attributable to the eligibility or benefit  
19 expansion provided under the amendment  
20 or waiver described in subparagraph (A),  
21 as certified by the State and submitted to  
22 the Secretary by not later than August 31  
23 preceding the beginning of the fiscal year;  
24 and

1                   “(ii) the extent to which such addi-  
 2                   tional expenditures are projected to exceed  
 3                   the allotment of the State or District for  
 4                   the year,  
 5                   subject to paragraph (4), the amount of the allot-  
 6                   ment of the State or District under this subsection  
 7                   for such fiscal year shall be increased by the excess  
 8                   amount described in subparagraph (B)(i). A State or  
 9                   District may only obtain an increase under this  
 10                  paragraph for an allotment for fiscal year 2010 or  
 11                  fiscal year 2012.

12                  “(7) AVAILABILITY OF AMOUNTS FOR SEMI-AN-  
 13                  NUAL PERIODS IN FISCAL YEAR 2013.—Each semi-  
 14                  annual allotment made under paragraph (3) for a  
 15                  period in fiscal year 2013 shall remain available for  
 16                  expenditure under this title for periods after the end  
 17                  of such fiscal year in the same manner as if the al-  
 18                  lotment had been made available for the entire fiscal  
 19                  year.”.

20 **SEC. 103. CHILD ENROLLMENT CONTINGENCY FUND.**

21                  Section 2104 (42 U.S.C. 1397dd), as amended by  
 22                  section 102, is amended by adding at the end the following  
 23                  new subsection:

24                  “(n) CHILD ENROLLMENT CONTINGENCY FUND.—

1           “(1) ESTABLISHMENT.—There is hereby estab-  
2           lished in the Treasury of the United States a fund  
3           which shall be known as the ‘Child Enrollment Con-  
4           tingency Fund’ (in this subsection referred to as the  
5           ‘Fund’). Amounts in the Fund shall be available  
6           without further appropriations for payments under  
7           this subsection.

8           “(2) DEPOSITS INTO FUND.—

9           “(A) INITIAL AND SUBSEQUENT APPRO-  
10           PRIATIONS.—Subject to subparagraphs (B) and  
11           (D), out of any money in the Treasury of the  
12           United States not otherwise appropriated, there  
13           are appropriated to the Fund—

14                   “(i) for fiscal year 2009, an amount  
15                   equal to 20 percent of the amount made  
16                   available under paragraph (12) of sub-  
17                   section (a) for the fiscal year; and

18                   “(ii) for each of fiscal years 2010  
19                   through 2012 (and for each of the semi-  
20                   annual allotment periods for fiscal year  
21                   2013), such sums as are necessary for  
22                   making payments to eligible States for  
23                   such fiscal year or period, but not in excess  
24                   of the aggregate cap described in subpara-  
25                   graph (B).

1           “(B) AGGREGATE CAP.—The total amount  
2 available for payment from the Fund for each  
3 of fiscal years 2010 through 2012 (and for each  
4 of the semi-annual allotment periods for fiscal  
5 year 2013), taking into account deposits made  
6 under subparagraph (C), shall not exceed 20  
7 percent of the amount made available under  
8 subsection (a) for the fiscal year or period.

9           “(C) INVESTMENT OF FUND.—The Sec-  
10 retary of the Treasury shall invest, in interest  
11 bearing securities of the United States, such  
12 currently available portions of the Fund as are  
13 not immediately required for payments from the  
14 Fund. The income derived from these invest-  
15 ments constitutes a part of the Fund.

16           “(D) AVAILABILITY OF EXCESS FUNDS  
17 FOR PERFORMANCE BONUSES.—Any amounts  
18 in excess of the aggregate cap described in sub-  
19 paragraph (B) for a fiscal year or period shall  
20 be made available for purposes of carrying out  
21 section 2105(a)(3) for any succeeding fiscal  
22 year and the Secretary of the Treasury shall re-  
23 duce the amount in the Fund by the amount so  
24 made available.

1           “(3) CHILD ENROLLMENT CONTINGENCY FUND  
2 PAYMENTS.—

3           “(A) IN GENERAL.—If a State’s expendi-  
4           tures under this title in fiscal year 2009, fiscal  
5           year 2010, fiscal year 2011, fiscal year 2012, or  
6           a semi-annual allotment period for fiscal year  
7           2013, exceed the total amount of allotments  
8           available under this section to the State in the  
9           fiscal year or period (determined without regard  
10          to any redistribution it receives under sub-  
11          section (f) that is available for expenditure dur-  
12          ing such fiscal year or period, but including any  
13          carryover from a previous fiscal year) and if the  
14          average monthly unduplicated number of chil-  
15          dren enrolled under the State plan under this  
16          title (including children receiving health care  
17          coverage through funds under this title pursu-  
18          ant to a waiver under section 1115) during  
19          such fiscal year or period exceeds its target av-  
20          erage number of such enrollees (as determined  
21          under subparagraph (B)) for that fiscal year or  
22          period, subject to subparagraph (D), the Sec-  
23          retary shall pay to the State from the Fund an  
24          amount equal to the product of—

1           “(i) the amount by which such aver-  
2           age monthly caseload exceeds such target  
3           number of enrollees; and

4           “(ii) the projected per capita expendi-  
5           tures under the State child health plan (as  
6           determined under subparagraph (C) for  
7           the fiscal year), multiplied by the enhanced  
8           FMAP (as defined in section 2105(b)) for  
9           the State and fiscal year involved (or in  
10          which the period occurs).

11          “(B) TARGET AVERAGE NUMBER OF CHILD  
12          ENROLLEES.—In this paragraph, the target av-  
13          erage number of child enrollees for a State—

14               “(i) for fiscal year 2009 is equal to  
15               the monthly average unduplicated number  
16               of children enrolled in the State child  
17               health plan under this title (including such  
18               children receiving health care coverage  
19               through funds under this title pursuant to  
20               a waiver under section 1115) during fiscal  
21               year 2008 increased by the population  
22               growth for children in that State for the  
23               year ending on June 30, 2007 (as esti-  
24               mated by the Bureau of the Census) plus  
25               1 percentage point; or

1           “(ii) for a subsequent fiscal year (or  
2           semi-annual period occurring in a fiscal  
3           year) is equal to the target average num-  
4           ber of child enrollees for the State for the  
5           previous fiscal year increased by the child  
6           population growth factor described in sub-  
7           section (m)(5)(B) for the State for the  
8           prior fiscal year.

9           “(C) PROJECTED PER CAPITA EXPENDI-  
10          TURES.—For purposes of subparagraph (A)(ii),  
11          the projected per capita expenditures under a  
12          State child health plan—

13               “(i) for fiscal year 2009 is equal to  
14               the average per capita expenditures (in-  
15               cluding both State and Federal financial  
16               participation) under such plan for the tar-  
17               geted low-income children counted in the  
18               average monthly caseload for purposes of  
19               this paragraph during fiscal year 2008, in-  
20               creased by the annual percentage increase  
21               in the projected per capita amount of Na-  
22               tional Health Expenditures (as estimated  
23               by the Secretary) for 2009; or

24               “(ii) for a subsequent fiscal year (or  
25               semi-annual period occurring in a fiscal

1           year) is equal to the projected per capita  
2           expenditures under such plan for the pre-  
3           vious fiscal year (as determined under  
4           clause (i) or this clause) increased by the  
5           annual percentage increase in the projected  
6           per capita amount of National Health Ex-  
7           penditures (as estimated by the Secretary)  
8           for the year in which such subsequent fis-  
9           cal year ends.

10           “(D) PRORATION RULE.—If the amounts  
11           available for payment from the Fund for a fis-  
12           cal year or period are less than the total  
13           amount of payments determined under subpara-  
14           graph (A) for the fiscal year or period, the  
15           amount to be paid under such subparagraph to  
16           each eligible State shall be reduced proportion-  
17           ally.

18           “(E) TIMELY PAYMENT; RECONCILI-  
19           ATION.—Payment under this paragraph for a  
20           fiscal year or period shall be made before the  
21           end of the fiscal year or period based upon the  
22           most recent data for expenditures and enroll-  
23           ment and the provisions of subsection (e) of  
24           section 2105 shall apply to payments under this

1 subsection in the same manner as they apply to  
2 payments under such section.

3 “(F) CONTINUED REPORTING.—For pur-  
4 poses of this paragraph and subsection (f), the  
5 State shall submit to the Secretary the State’s  
6 projected Federal expenditures, even if the  
7 amount of such expenditures exceeds the total  
8 amount of allotments available to the State in  
9 such fiscal year or period.

10 “(G) APPLICATION TO COMMONWEALTHS  
11 AND TERRITORIES.—No payment shall be made  
12 under this paragraph to a commonwealth or  
13 territory described in subsection (c)(3) until  
14 such time as the Secretary determines that  
15 there are in effect methods, satisfactory to the  
16 Secretary, for the collection and reporting of re-  
17 liable data regarding the enrollment of children  
18 described in subparagraphs (A) and (B) in  
19 order to accurately determine the common-  
20 wealth’s or territory’s eligibility for, and  
21 amount of payment, under this paragraph.”.

1 **SEC. 104. CHIP PERFORMANCE BONUS PAYMENT TO OFF-**  
 2 **SET ADDITIONAL ENROLLMENT COSTS RE-**  
 3 **SULTING FROM ENROLLMENT AND RETEN-**  
 4 **TION EFFORTS.**

5 Section 2105(a) (42 U.S.C. 1397ee(a)) is amended  
 6 by adding at the end the following new paragraphs:

7 “(3) PERFORMANCE BONUS PAYMENT TO OFF-  
 8 SET ADDITIONAL MEDICAID AND CHIP CHILD EN-  
 9 ROLLMENT COSTS RESULTING FROM ENROLLMENT  
 10 AND RETENTION EFFORTS.—

11 “(A) IN GENERAL.—In addition to the  
 12 payments made under paragraph (1), for each  
 13 fiscal year (beginning with fiscal year 2009 and  
 14 ending with fiscal year 2013), the Secretary  
 15 shall pay from amounts made available under  
 16 subparagraph (E), to each State that meets the  
 17 condition under paragraph (4) for the fiscal  
 18 year, an amount equal to the amount described  
 19 in subparagraph (B) for the State and fiscal  
 20 year. The payment under this paragraph shall  
 21 be made, to a State for a fiscal year, as a single  
 22 payment not later than the last day of the first  
 23 calendar quarter of the following fiscal year.

24 “(B) AMOUNT FOR ABOVE BASELINE MED-  
 25 ICAID CHILD ENROLLMENT COSTS.—Subject to  
 26 subparagraph (E), the amount described in this

1           subparagraph for a State for a fiscal year is  
2           equal to the sum of the following amounts:

3                   “(i) FIRST TIER ABOVE BASELINE  
4                   MEDICAID ENROLLEES.—An amount equal  
5                   to the number of first tier above baseline  
6                   child enrollees (as determined under sub-  
7                   paragraph (C)(i)) under title XIX for the  
8                   State and fiscal year, multiplied by 15 per-  
9                   cent of the projected per capita State Med-  
10                  icaid expenditures (as determined under  
11                  subparagraph (D)) for the State and fiscal  
12                  year under title XIX.

13                  “(ii) SECOND TIER ABOVE BASELINE  
14                  MEDICAID ENROLLEES.—An amount equal  
15                  to the number of second tier above baseline  
16                  child enrollees (as determined under sub-  
17                  paragraph (C)(ii)) under title XIX for the  
18                  State and fiscal year, multiplied by 62.5  
19                  percent of the projected per capita State  
20                  Medicaid expenditures (as determined  
21                  under subparagraph (D)) for the State and  
22                  fiscal year under title XIX.

23                  “(C) NUMBER OF FIRST AND SECOND TIER  
24                  ABOVE BASELINE CHILD ENROLLEES; BASELINE

1 NUMBER OF CHILD ENROLLEES.—For purposes  
2 of this paragraph:

3 “(i) FIRST TIER ABOVE BASELINE  
4 CHILD ENROLLEES.—The number of first  
5 tier above baseline child enrollees for a  
6 State for a fiscal year under title XIX is  
7 equal to the number (if any, as determined  
8 by the Secretary) by which—

9 “(I) the monthly average  
10 unduplicated number of qualifying  
11 children (as defined in subparagraph  
12 (F)) enrolled during the fiscal year  
13 under the State plan under title XIX,  
14 respectively; exceeds

15 “(II) the baseline number of en-  
16 rollees described in clause (iii) for the  
17 State and fiscal year under title XIX,  
18 respectively;

19 but not to exceed 10 percent of the base-  
20 line number of enrollees described in sub-  
21 clause (II).

22 “(ii) SECOND TIER ABOVE BASELINE  
23 CHILD ENROLLEES.—The number of sec-  
24 ond tier above baseline child enrollees for  
25 a State for a fiscal year under title XIX is

1 equal to the number (if any, as determined  
2 by the Secretary) by which—

3 “(I) the monthly average  
4 unduplicated number of qualifying  
5 children (as defined in subparagraph  
6 (F)) enrolled during the fiscal year  
7 under title XIX as described in clause  
8 (i)(I); exceeds

9 “(II) the sum of the baseline  
10 number of child enrollees described in  
11 clause (iii) for the State and fiscal  
12 year under title XIX, as described in  
13 clause (i)(II), and the maximum num-  
14 ber of first tier above baseline child  
15 enrollees for the State and fiscal year  
16 under title XIX, as determined under  
17 clause (i).

18 “(iii) BASELINE NUMBER OF CHILD  
19 ENROLLEES.—Subject to subparagraph  
20 (H), the baseline number of child enrollees  
21 for a State under title XIX—

22 “(I) for fiscal year 2009 is equal  
23 to the monthly average unduplicated  
24 number of qualifying children enrolled  
25 in the State plan under title XIX dur-

1           ing fiscal year 2007 increased by the  
2           population growth for children in that  
3           State from 2007 to 2008 (as esti-  
4           mated by the Bureau of the Census)  
5           plus 4 percentage points, and further  
6           increased by the population growth  
7           for children in that State from 2008  
8           to 2009 (as estimated by the Bureau  
9           of the Census) plus 4 percentage  
10          points;

11                 “(II) for each of fiscal years  
12                 2010, 2011, and 2012, is equal to the  
13                 baseline number of child enrollees for  
14                 the State for the previous fiscal year  
15                 under title XIX, increased by the pop-  
16                 ulation growth for children in that  
17                 State from the calendar year in which  
18                 the respective fiscal year begins to the  
19                 succeeding calendar year (as esti-  
20                 mated by the Bureau of the Census)  
21                 plus 3.5 percentage points;

22                 “(III) for each of fiscal years  
23                 2013, 2014, and 2015, is equal to the  
24                 baseline number of child enrollees for  
25                 the State for the previous fiscal year

1 under title XIX, increased by the pop-  
2 ulation growth for children in that  
3 State from the calendar year in which  
4 the respective fiscal year begins to the  
5 succeeding calendar year (as esti-  
6 mated by the Bureau of the Census)  
7 plus 3 percentage points; and

8 “(IV) for a subsequent fiscal year  
9 is equal to the baseline number of  
10 child enrollees for the State for the  
11 previous fiscal year under title XIX,  
12 increased by the population growth  
13 for children in that State from the  
14 calendar year in which the fiscal year  
15 involved begins to the succeeding cal-  
16 endar year (as estimated by the Bu-  
17 reau of the Census) plus 2 percentage  
18 points.

19 “(D) PROJECTED PER CAPITA STATE MED-  
20 ICAID EXPENDITURES.—For purposes of sub-  
21 paragraph (B), the projected per capita State  
22 Medicaid expenditures for a State and fiscal  
23 year under title XIX is equal to the average per  
24 capita expenditures (including both State and  
25 Federal financial participation) for children

1 under the State plan under such title, including  
2 under waivers but not including such children  
3 eligible for assistance by virtue of the receipt of  
4 benefits under title XVI, for the most recent  
5 fiscal year for which actual data are available  
6 (as determined by the Secretary), increased (for  
7 each subsequent fiscal year up to and including  
8 the fiscal year involved) by the annual percent-  
9 age increase in per capita amount of National  
10 Health Expenditures (as estimated by the Sec-  
11 retary) for the calendar year in which the re-  
12 spective subsequent fiscal year ends and multi-  
13 plied by a State matching percentage equal to  
14 100 percent minus the Federal medical assist-  
15 ance percentage (as defined in section 1905(b))  
16 for the fiscal year involved.

17 “(E) AMOUNTS AVAILABLE FOR PAY-  
18 MENTS.—

19 “(i) INITIAL APPROPRIATION.—Out of  
20 any money in the Treasury not otherwise  
21 appropriated, there are appropriated  
22 \$3,225,000,000 for fiscal year 2009 for  
23 making payments under this paragraph, to  
24 be available until expended.

1           “(ii) TRANSFERS.—Notwithstanding  
2 any other provision of this title, the fol-  
3 lowing amounts shall also be available,  
4 without fiscal year limitation, for making  
5 payments under this paragraph:

6                   “(I) UNOBLIGATED NATIONAL  
7 ALLOTMENT.—

8                           “(aa) FISCAL YEARS 2009  
9 THROUGH 2012.—As of December  
10 31 of fiscal year 2009, and as of  
11 December 31 of each succeeding  
12 fiscal year through fiscal year  
13 2012, the portion, if any, of the  
14 amount appropriated under sub-  
15 section (a) for such fiscal year  
16 that is unobligated for allotment  
17 to a State under subsection (m)  
18 for such fiscal year or set aside  
19 under subsection (a)(3) or (b)(2)  
20 of section 2111 for such fiscal  
21 year.

22                           “(bb) FIRST HALF OF FIS-  
23 CAL YEAR 2013.—As of December  
24 31 of fiscal year 2013, the por-  
25 tion, if any, of the sum of the

1 amounts appropriated under sub-  
2 section (a)(16)(A) and under sec-  
3 tion 108 of the Children’s Health  
4 Insurance Reauthorization Act of  
5 2009 for the period beginning on  
6 October 1, 2012, and ending on  
7 March 31, 2013, that is unobli-  
8 gated for allotment to a State  
9 under subsection (m) for such  
10 fiscal year or set aside under  
11 subsection (b)(2) of section 2111  
12 for such fiscal year.

13 “(cc) SECOND HALF OF FIS-  
14 CAL YEAR 2013.—As of June 30  
15 of fiscal year 2013, the portion,  
16 if any, of the amount appro-  
17 priated under subsection  
18 (a)(16)(B) for the period begin-  
19 ning on April 1, 2013, and end-  
20 ing on September 30, 2013, that  
21 is unobligated for allotment to a  
22 State under subsection (m) for  
23 such fiscal year or set aside  
24 under subsection (b)(2) of section  
25 2111 for such fiscal year.

1                   “(II) UNEXPENDED ALLOT-  
2                   MENTS NOT USED FOR REDISTRIBU-  
3                   TION.—As of November 15 of each of  
4                   fiscal years 2010 through 2013, the  
5                   total amount of allotments made to  
6                   States under section 2104 for the sec-  
7                   ond preceding fiscal year (third pre-  
8                   ceding fiscal year in the case of the  
9                   fiscal year 2006, 2007, and 2008 al-  
10                  lotments) that is not expended or re-  
11                  distributed under section 2104(f) dur-  
12                  ing the period in which such allot-  
13                  ments are available for obligation.

14                  “(III) EXCESS CHILD ENROLL-  
15                  MENT CONTINGENCY FUNDS.—As of  
16                  October 1 of each of fiscal years 2010  
17                  through 2013, any amount in excess  
18                  of the aggregate cap applicable to the  
19                  Child Enrollment Contingency Fund  
20                  for the fiscal year under section  
21                  2104(n).

22                  “(IV) UNEXPENDED TRANSI-  
23                  TIONAL COVERAGE BLOCK GRANT FOR  
24                  NONPREGNANT CHILDLESS ADULTS.—  
25                  As of October 1, 2011, any amounts

1 set aside under section 2111(a)(3)  
2 that are not expended by September  
3 30, 2011.

4 “(iii) PROPORTIONAL REDUCTION.—If  
5 the sum of the amounts otherwise payable  
6 under this paragraph for a fiscal year ex-  
7 ceeds the amount available for the fiscal  
8 year under this subparagraph, the amount  
9 to be paid under this paragraph to each  
10 State shall be reduced proportionally.

11 “(F) QUALIFYING CHILDREN DEFINED.—

12 “(i) IN GENERAL.—For purposes of  
13 this subsection, subject to clauses (ii) and  
14 (iii), the term ‘qualifying children’ means  
15 children who meet the eligibility criteria  
16 (including income, categorical eligibility,  
17 age, and immigration status criteria) in ef-  
18 fect as of July 1, 2008, for enrollment  
19 under title XIX, taking into account cri-  
20 teria applied as of such date under title  
21 XIX pursuant to a waiver under section  
22 1115.

23 “(ii) LIMITATION.—A child described  
24 in clause (i) who is provided medical as-  
25 sistance during a presumptive eligibility

1 period under section 1920A shall be con-  
2 sidered to be a ‘qualifying child’ only if the  
3 child is determined to be eligible for med-  
4 ical assistance under title XIX.

5 “(iii) EXCLUSION.—Such term does  
6 not include any children for whom the  
7 State has made an election to provide med-  
8 ical assistance under paragraph (4) of sec-  
9 tion 1903(v).

10 “(G) APPLICATION TO COMMONWEALTHS  
11 AND TERRITORIES.—The provisions of subpara-  
12 graph (G) of section 2104(n)(3) shall apply  
13 with respect to payment under this paragraph  
14 in the same manner as such provisions apply to  
15 payment under such section.

16 “(H) APPLICATION TO STATES THAT IM-  
17 PLEMENT A MEDICAID EXPANSION FOR CHIL-  
18 DREN AFTER FISCAL YEAR 2008.—In the case of  
19 a State that provides coverage under section  
20 115 of the Children’s Health Insurance Pro-  
21 gram Reauthorization Act of 2009 for any fis-  
22 cal year after fiscal year 2008—

23 “(i) any child enrolled in the State  
24 plan under title XIX through the applica-  
25 tion of such an election shall be dis-

1           regarded from the determination for the  
2           State of the monthly average unduplicated  
3           number of qualifying children enrolled in  
4           such plan during the first 3 fiscal years in  
5           which such an election is in effect; and

6           “(ii) in determining the baseline num-  
7           ber of child enrollees for the State for any  
8           fiscal year subsequent to such first 3 fiscal  
9           years, the baseline number of child enroll-  
10          ees for the State under title XIX for the  
11          third of such fiscal years shall be the  
12          monthly average unduplicated number of  
13          qualifying children enrolled in the State  
14          plan under title XIX for such third fiscal  
15          year.

16          “(4) ENROLLMENT AND RETENTION PROVI-  
17          SIONS FOR CHILDREN.—For purposes of paragraph  
18          (3)(A), a State meets the condition of this para-  
19          graph for a fiscal year if it is implementing at least  
20          5 of the following enrollment and retention provi-  
21          sions (treating each subparagraph as a separate en-  
22          rollment and retention provision) throughout the en-  
23          tire fiscal year:

24                 “(A) CONTINUOUS ELIGIBILITY.—The  
25                 State has elected the option of continuous eligi-

1           bility for a full 12 months for all children de-  
2           scribed in section 1902(e)(12) under title XIX  
3           under 19 years of age, as well as applying such  
4           policy under its State child health plan under  
5           this title.

6           “(B) LIBERALIZATION OF ASSET REQUIRE-  
7           MENTS.—The State meets the requirement  
8           specified in either of the following clauses:

9           “(i) ELIMINATION OF ASSET TEST.—  
10           The State does not apply any asset or re-  
11           source test for eligibility for children under  
12           title XIX or this title.

13           “(ii) ADMINISTRATIVE VERIFICATION  
14           OF ASSETS.—The State—

15           “(I) permits a parent or care-  
16           taker relative who is applying on be-  
17           half of a child for medical assistance  
18           under title XIX or child health assist-  
19           ance under this title to declare and  
20           certify by signature under penalty of  
21           perjury information relating to family  
22           assets for purposes of determining  
23           and redetermining financial eligibility;  
24           and

1                   “(II) takes steps to verify assets  
2                   through means other than by requir-  
3                   ing documentation from parents and  
4                   applicants except in individual cases  
5                   of discrepancies or where otherwise  
6                   justified.

7                   “(C) ELIMINATION OF IN-PERSON INTER-  
8                   VIEW REQUIREMENT.—The State does not re-  
9                   quire an application of a child for medical as-  
10                  sistance under title XIX (or for child health as-  
11                  sistance under this title), including an applica-  
12                  tion for renewal of such assistance, to be made  
13                  in person nor does the State require a face-to-  
14                  face interview, unless there are discrepancies or  
15                  individual circumstances justifying an in-person  
16                  application or face-to-face interview.

17                  “(D) USE OF JOINT APPLICATION FOR  
18                  MEDICAID AND CHIP.—The application form  
19                  and supplemental forms (if any) and informa-  
20                  tion verification process is the same for pur-  
21                  poses of establishing and renewing eligibility for  
22                  children for medical assistance under title XIX  
23                  and child health assistance under this title.

24                  “(E) AUTOMATIC RENEWAL (USE OF AD-  
25                  MINISTRATIVE RENEWAL).—

1           “(i) IN GENERAL.—The State pro-  
2           vides, in the case of renewal of a child’s  
3           eligibility for medical assistance under title  
4           XIX or child health assistance under this  
5           title, a pre-printed form completed by the  
6           State based on the information available to  
7           the State and notice to the parent or care-  
8           taker relative of the child that eligibility of  
9           the child will be renewed and continued  
10          based on such information unless the State  
11          is provided other information. Nothing in  
12          this clause shall be construed as preventing  
13          a State from verifying, through electronic  
14          and other means, the information so pro-  
15          vided.

16          “(ii) SATISFACTION THROUGH DEM-  
17          ONSTRATED USE OF EX PARTE PROCESS.—  
18          A State shall be treated as satisfying the  
19          requirement of clause (i) if renewal of eli-  
20          gibility of children under title XIX or this  
21          title is determined without any require-  
22          ment for an in-person interview, unless  
23          sufficient information is not in the State’s  
24          possession and cannot be acquired from  
25          other sources (including other State agen-

1           cies) without the participation of the appli-  
 2           cant or the applicant’s parent or caretaker  
 3           relative.

4           “(F) PRESUMPTIVE ELIGIBILITY FOR  
 5 CHILDREN.—The State is implementing section  
 6 1920A under title XIX as well as, pursuant to  
 7 section 2107(e)(1), under this title.

8           “(G) EXPRESS LANE.—The State is imple-  
 9           menting the option described in section  
 10 1902(e)(13) under title XIX as well as, pursu-  
 11 ant to section 2107(e)(1), under this title.

12           “(H) PREMIUM ASSISTANCE SUBSIDIES.—  
 13           The State is implementing the option of pro-  
 14           viding premium assistance subsidies under sec-  
 15           tion 2105(e)(10) or section 1906A.”.

16 **SEC. 105. TWO-YEAR INITIAL AVAILABILITY OF CHIP AL-**  
 17 **LOTMENTS.**

18           Section 2104(e) (42 U.S.C. 1397dd(e)) is amended  
 19 to read as follows:

20           “(e) AVAILABILITY OF AMOUNTS ALLOTTED.—

21           “(1) IN GENERAL.—Except as provided in para-  
 22           graph (2), amounts allotted to a State pursuant to  
 23           this section—

24           “(A) for each of fiscal years 1998 through  
 25           2008, shall remain available for expenditure by

1 the State through the end of the second suc-  
2 ceeding fiscal year; and

3 “(B) for fiscal year 2009 and each fiscal  
4 year thereafter, shall remain available for ex-  
5 penditure by the State through the end of the  
6 succeeding fiscal year.

7 “(2) AVAILABILITY OF AMOUNTS REDISTRIB-  
8 UTED.—Amounts redistributed to a State under sub-  
9 section (f) shall be available for expenditure by the  
10 State through the end of the fiscal year in which  
11 they are redistributed.”.

12 **SEC. 106. REDISTRIBUTION OF UNUSED ALLOTMENTS.**

13 (a) BEGINNING WITH FISCAL YEAR 2007.—

14 (1) IN GENERAL.—Section 2104(f) (42 U.S.C.  
15 1397dd(f)) is amended—

16 (A) by striking “The Secretary” and in-  
17 serting the following:

18 “(1) IN GENERAL.—The Secretary”;

19 (B) by striking “States that have fully ex-  
20 pended the amount of their allotments under  
21 this section.” and inserting “States that the  
22 Secretary determines with respect to the fiscal  
23 year for which unused allotments are available  
24 for redistribution under this subsection, are  
25 shortfall States described in paragraph (2) for

1 such fiscal year, but not to exceed the amount  
2 of the shortfall described in paragraph (2)(A)  
3 for each such State (as may be adjusted under  
4 paragraph (2)(C)).”; and

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

7 “(2) SHORTFALL STATES DESCRIBED.—

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

17 “(i) the amount of the State’s allot-  
18 ments for any preceding fiscal years that  
19 remains available for expenditure and that  
20 will not be expended by the end of the im-  
21 mediately preceding fiscal year;

22 “(ii) the amount (if any) of the child  
23 enrollment contingency fund payment  
24 under subsection (n); and

1                   “(iii) the amount of the State’s allot-  
2                   ment for the fiscal year.

3                   “(B) PRORATION RULE.—If the amounts  
4                   available for redistribution under paragraph (1)  
5                   for a fiscal year are less than the total amounts  
6                   of the estimated shortfalls determined for the  
7                   year under subparagraph (A), the amount to be  
8                   redistributed under such paragraph for each  
9                   shortfall State shall be reduced proportionally.

10                  “(C) RETROSPECTIVE ADJUSTMENT.—The  
11                  Secretary may adjust the estimates and deter-  
12                  minations made under paragraph (1) and this  
13                  paragraph with respect to a fiscal year as nec-  
14                  essary on the basis of the amounts reported by  
15                  States not later than November 30 of the suc-  
16                  ceeding fiscal year, as approved by the Sec-  
17                  retary.”.

18                  (2) EFFECTIVE DATE.—The amendments made  
19                  by paragraph (1) shall apply to redistribution of al-  
20                  lotments made for fiscal year 2007 and subsequent  
21                  fiscal years.

22                  (b) REDISTRIBUTION OF UNUSED ALLOTMENTS FOR  
23                  FISCAL YEAR 2006.—Section 2104(k) (42 U.S.C.  
24                  1397dd(k)) is amended—

1 (1) in the subsection heading, by striking “THE  
2 FIRST 2 QUARTERS OF”;

3 (2) in paragraph (1), by striking “the first 2  
4 quarters of”; and

5 (3) in paragraph (6)—

6 (A) by striking “the first 2 quarters of”;

7 and

8 (B) by striking “March 31” and inserting  
9 “September 30”.

10 **SEC. 107. OPTION FOR QUALIFYING STATES TO RECEIVE**  
11 **THE ENHANCED PORTION OF THE CHIP**  
12 **MATCHING RATE FOR MEDICAID COVERAGE**  
13 **OF CERTAIN CHILDREN.**

14 (a) IN GENERAL.—Section 2105(g) (42 U.S.C.  
15 1397ee(g)) is amended—

16 (1) in paragraph (1)(A), as amended by section  
17 201(b)(1) of Public Law 110–173—

18 (A) by inserting “subject to paragraph  
19 (4),” after “Notwithstanding any other provi-  
20 sion of law,”; and

21 (B) by striking “2008, or 2009” and in-  
22 sserting “or 2008”; and

23 (2) by adding at the end the following new  
24 paragraph:

1           “(4) OPTION FOR ALLOTMENTS FOR FISCAL  
2 YEARS 2009 THROUGH 2013.—

3           “(A) PAYMENT OF ENHANCED PORTION OF  
4 MATCHING RATE FOR CERTAIN EXPENDI-  
5 TURES.—In the case of expenditures described  
6 in subparagraph (B), a qualifying State (as de-  
7 fined in paragraph (2)) may elect to be paid  
8 from the State’s allotment made under section  
9 2104 for any of fiscal years 2009 through 2013  
10 (insofar as the allotment is available to the  
11 State under subsections (e) and (m) of such  
12 section) an amount each quarter equal to the  
13 additional amount that would have been paid to  
14 the State under title XIX with respect to such  
15 expenditures if the enhanced FMAP (as deter-  
16 mined under subsection (b)) had been sub-  
17 stituted for the Federal medical assistance per-  
18 centage (as defined in section 1905(b)).

19           “(B) EXPENDITURES DESCRIBED.—For  
20 purposes of subparagraph (A), the expenditures  
21 described in this subparagraph are expenditures  
22 made after the date of the enactment of this  
23 paragraph and during the period in which funds  
24 are available to the qualifying State for use  
25 under subparagraph (A), for the provision of

1           medical assistance to individuals residing in the  
2           State who are eligible for medical assistance  
3           under the State plan under title XIX or under  
4           a waiver of such plan and who have not at-  
5           tained age 19 (or, if a State has so elected  
6           under the State plan under title XIX, age 20  
7           or 21), and whose family income equals or ex-  
8           ceeds 133 percent of the poverty line but does  
9           not exceed the Medicaid applicable income  
10          level.”.

11          (b) REPEAL OF LIMITATION ON AVAILABILITY OF  
12 FISCAL YEAR 2009 ALLOTMENTS.—Paragraph (2) of sec-  
13 tion 201(b) of the Medicare, Medicaid, and SCHIP Exten-  
14 sion Act of 2007 (Public Law 110-173) is repealed.

15 **SEC. 108. ONE-TIME APPROPRIATION.**

16          There is appropriated to the Secretary, out of any  
17 money in the Treasury not otherwise appropriated,  
18 \$11,706,000,000 to accompany the allotment made for the  
19 period beginning on October 1, 2012, and ending on  
20 March 31, 2013, under section 2104(a)(16)(A) of the So-  
21 cial Security Act (42 U.S.C. 1397dd(a)(16)(A)) (as added  
22 by section 101), to remain available until expended. Such  
23 amount shall be used to provide allotments to States under  
24 paragraph (3) of section 2104(m) of the Social Security  
25 Act (42 U.S.C. 1397dd(i)), as added by section 102, for

1 the first 6 months of fiscal year 2013 in the same manner  
2 as allotments are provided under subsection (a)(16)(A) of  
3 such section 2104 and subject to the same terms and con-  
4 ditions as apply to the allotments provided from such sub-  
5 section (a)(16)(A).

6 **SEC. 109. IMPROVING FUNDING FOR THE TERRITORIES**  
7 **UNDER CHIP AND MEDICAID.**

8 Section 1108(g) (42 U.S.C. 1308(g)) is amended by  
9 adding at the end the following new paragraph:

10 “(4) EXCLUSION OF CERTAIN EXPENDITURES  
11 FROM PAYMENT LIMITS.—With respect to fiscal  
12 years beginning with fiscal year 2009, if Puerto  
13 Rico, the Virgin Islands, Guam, the Northern Mar-  
14 iana Islands, or American Samoa qualify for a pay-  
15 ment under subparagraph (A)(i), (B), or (F) of sec-  
16 tion 1903(a)(3) for a calendar quarter of such fiscal  
17 year, the payment shall not be taken into account in  
18 applying subsection (f) (as increased in accordance  
19 with paragraphs (1), (2), and (3) of this subsection)  
20 to such commonwealth or territory for such fiscal  
21 year.”.

1     **Subtitle B—Focus on Low-Income**  
 2     **Children and Pregnant Women**

3     **SEC. 111. STATE OPTION TO COVER LOW-INCOME PREG-**  
 4                   **NANT WOMEN UNDER CHIP THROUGH A**  
 5                   **STATE PLAN AMENDMENT.**

6           (a) IN GENERAL.—Title XXI (42 U.S.C. 1397aa et  
 7 seq.), as amended by section 112(a), is amended by adding  
 8 at the end the following new section:

9     **“SEC. 2112. OPTIONAL COVERAGE OF TARGETED LOW-IN-**  
 10                   **COME PREGNANT WOMEN THROUGH A STATE**  
 11                   **PLAN AMENDMENT.**

12           “(a) IN GENERAL.—Subject to the succeeding provi-  
 13 sions of this section, a State may elect through an amend-  
 14 ment to its State child health plan under section 2102 to  
 15 provide pregnancy-related assistance under such plan for  
 16 targeted low-income pregnant women.

17           “(b) CONDITIONS.—A State may only elect the option  
 18 under subsection (a) if the following conditions are satis-  
 19 fied:

20                   “(1) MINIMUM INCOME ELIGIBILITY LEVELS  
 21           FOR PREGNANT WOMEN AND CHILDREN.—The State  
 22           has established an income eligibility level—

23                           “(A) for pregnant women under subsection  
 24                   (a)(10)(A)(i)(III),     (a)(10)(A)(i)(IV),     or  
 25                   (l)(1)(A) of section 1902 that is at least 185

1 percent (or such higher percent as the State  
2 has in effect with regard to pregnant women  
3 under this title) of the poverty line applicable to  
4 a family of the size involved, but in no case  
5 lower than the percent in effect under any such  
6 subsection as of July 1, 2008; and

7 “(B) for children under 19 years of age  
8 under this title (or title XIX) that is at least  
9 200 percent of the poverty line applicable to a  
10 family of the size involved.

11 “(2) NO CHIP INCOME ELIGIBILITY LEVEL FOR  
12 PREGNANT WOMEN LOWER THAN THE STATE’S MED-  
13 ICAID LEVEL.—The State does not apply an effective  
14 income level for pregnant women under the State  
15 plan amendment that is lower than the effective in-  
16 come level (expressed as a percent of the poverty line  
17 and considering applicable income disregards) speci-  
18 fied under subsection (a)(10)(A)(i)(III),  
19 (a)(10)(A)(i)(IV), or (l)(1)(A) of section 1902, on  
20 the date of enactment of this paragraph to be eligi-  
21 ble for medical assistance as a pregnant woman.

22 “(3) NO COVERAGE FOR HIGHER INCOME PREG-  
23 NANT WOMEN WITHOUT COVERING LOWER INCOME  
24 PREGNANT WOMEN.—The State does not provide  
25 coverage for pregnant women with higher family in-

1       come without covering pregnant women with a lower  
2       family income.

3               “(4) APPLICATION OF REQUIREMENTS FOR  
4       COVERAGE OF TARGETED LOW-INCOME CHILDREN.—  
5       The State provides pregnancy-related assistance for  
6       targeted low-income pregnant women in the same  
7       manner, and subject to the same requirements, as  
8       the State provides child health assistance for tar-  
9       geted low-income children under the State child  
10      health plan, and in addition to providing child health  
11      assistance for such women.

12              “(5) NO PREEXISTING CONDITION EXCLUSION  
13      OR WAITING PERIOD.—The State does not apply any  
14      exclusion of benefits for pregnancy-related assistance  
15      based on any preexisting condition or any waiting  
16      period (including any waiting period imposed to  
17      carry out section 2102(b)(3)(C)) for receipt of such  
18      assistance.

19              “(6) APPLICATION OF COST-SHARING PROTEC-  
20      TION.—The State provides pregnancy-related assist-  
21      ance to a targeted low-income woman consistent  
22      with the cost-sharing protections under section  
23      2103(e) and applies the limitation on total annual  
24      aggregate cost sharing imposed under paragraph

1 (3)(B) of such section to the family of such a  
2 woman.

3 “(7) NO WAITING LIST FOR CHILDREN.—The  
4 State does not impose, with respect to the enroll-  
5 ment under the State child health plan of targeted  
6 low-income children during the quarter, any enroll-  
7 ment cap or other numerical limitation on enroll-  
8 ment, any waiting list, any procedures designed to  
9 delay the consideration of applications for enroll-  
10 ment, or similar limitation with respect to enroll-  
11 ment.

12 “(c) OPTION TO PROVIDE PRESUMPTIVE ELIGI-  
13 BILITY.—A State that elects the option under subsection  
14 (a) and satisfies the conditions described in subsection (b)  
15 may elect to apply section 1920 (relating to presumptive  
16 eligibility for pregnant women) to the State child health  
17 plan in the same manner as such section applies to the  
18 State plan under title XIX.

19 “(d) DEFINITIONS.—For purposes of this section:

20 “(1) PREGNANCY-RELATED ASSISTANCE.—The  
21 term ‘pregnancy-related assistance’ has the meaning  
22 given the term ‘child health assistance’ in section  
23 2110(a) with respect to an individual during the pe-  
24 riod described in paragraph (2)(A).

1           “(2) TARGETED LOW-INCOME PREGNANT  
2 WOMAN.—The term ‘targeted low-income pregnant  
3 woman’ means an individual—

4           “(A) during pregnancy and through the  
5 end of the month in which the 60-day period  
6 (beginning on the last day of her pregnancy)  
7 ends;

8           “(B) whose family income exceeds 185 per-  
9 cent (or, if higher, the percent applied under  
10 subsection (b)(1)(A)) of the poverty line appli-  
11 cable to a family of the size involved, but does  
12 not exceed the income eligibility level estab-  
13 lished under the State child health plan under  
14 this title for a targeted low-income child; and

15           “(C) who satisfies the requirements of  
16 paragraphs (1)(A), (1)(C), (2), and (3) of sec-  
17 tion 2110(b) in the same manner as a child ap-  
18 plying for child health assistance would have to  
19 satisfy such requirements.

20           “(e) AUTOMATIC ENROLLMENT FOR CHILDREN  
21 BORN TO WOMEN RECEIVING PREGNANCY-RELATED AS-  
22 SISTANCE.—If a child is born to a targeted low-income  
23 pregnant woman who was receiving pregnancy-related as-  
24 sistance under this section on the date of the child’s birth,  
25 the child shall be deemed to have applied for child health

1 assistance under the State child health plan and to have  
2 been found eligible for such assistance under such plan  
3 or to have applied for medical assistance under title XIX  
4 and to have been found eligible for such assistance under  
5 such title, as appropriate, on the date of such birth and  
6 to remain eligible for such assistance until the child at-  
7 tains 1 year of age. During the period in which a child  
8 is deemed under the preceding sentence to be eligible for  
9 child health or medical assistance, the child health or med-  
10 ical assistance eligibility identification number of the  
11 mother shall also serve as the identification number of the  
12 child, and all claims shall be submitted and paid under  
13 such number (unless the State issues a separate identifica-  
14 tion number for the child before such period expires).

15       “(f) STATES PROVIDING ASSISTANCE THROUGH  
16 OTHER OPTIONS.—

17               “(1) CONTINUATION OF OTHER OPTIONS FOR  
18 PROVIDING ASSISTANCE.—The option to provide as-  
19 sistance in accordance with the preceding sub-  
20 sections of this section shall not limit any other op-  
21 tion for a State to provide—

22                       “(A) child health assistance through the  
23 application of sections 457.10, 457.350(b)(2),  
24 457.622(c)(5), and 457.626(a)(3) of title 42,  
25 Code of Federal Regulations (as in effect after

1 the final rule adopted by the Secretary and set  
2 forth at 67 Fed. Reg. 61956–61974 (October 2,  
3 2002)), or

4 “(B) pregnancy-related services through  
5 the application of any waiver authority (as in  
6 effect on June 1, 2008).

7 “(2) CLARIFICATION OF AUTHORITY TO PRO-  
8 VIDE POSTPARTUM SERVICES.—Any State that pro-  
9 vides child health assistance under any authority de-  
10 scribed in paragraph (1) may continue to provide  
11 such assistance, as well as postpartum services,  
12 through the end of the month in which the 60-day  
13 period (beginning on the last day of the pregnancy)  
14 ends, in the same manner as such assistance and  
15 postpartum services would be provided if provided  
16 under the State plan under title XIX, but only if the  
17 mother would otherwise satisfy the eligibility re-  
18 quirements that apply under the State child health  
19 plan (other than with respect to age) during such  
20 period.

21 “(3) NO INFERENCE.—Nothing in this sub-  
22 section shall be construed—

23 “(A) to infer congressional intent regard-  
24 ing the legality or illegality of the content of the  
25 sections specified in paragraph (1)(A); or

1           “(B) to modify the authority to provide  
2           pregnancy-related services under a waiver speci-  
3           fied in paragraph (1)(B).”.

4           (b) ADDITIONAL CONFORMING AMENDMENTS.—

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

8           (A) in the heading, by inserting “**OR**  
9           **PREGNANCY-RELATED ASSISTANCE**” after  
10           “**PREVENTIVE SERVICES**”; and

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

14           (2) NO WAITING PERIOD.—Section  
15           2102(b)(1)(B) (42 U.S.C. 1397bb(b)(1)(B)) is  
16           amended—

17           (A) in clause (i), by striking “, and” at the  
18           end and inserting a semicolon;

19           (B) in clause (ii), by striking the period at  
20           the end and inserting “; and”; and

21           (C) by adding at the end the following new  
22           clause:

23           “(iii) may not apply a waiting period  
24           (including a waiting period to carry out  
25           paragraph (3)(C)) in the case of a targeted

1 low-income pregnant woman provided preg-  
 2 nancy-related assistance under section  
 3 2112.”.

4 **SEC. 112. PHASE-OUT OF COVERAGE FOR NONPREGNANT**  
 5 **CHILDLESS ADULTS UNDER CHIP; CONDI-**  
 6 **TIONS FOR COVERAGE OF PARENTS.**

7 (a) PHASE-OUT RULES.—

8 (1) IN GENERAL.—Title XXI (42 U.S.C.  
 9 1397aa et seq.) is amended by adding at the end the  
 10 following new section:

11 **“SEC. 2111. PHASE-OUT OF COVERAGE FOR NONPREGNANT**  
 12 **CHILDLESS ADULTS; CONDITIONS FOR COV-**  
 13 **ERAGE OF PARENTS.**

14 **“(a) TERMINATION OF COVERAGE FOR NONPREG-**  
 15 **NANT CHILDLESS ADULTS.—**

16 **“(1) NO NEW CHIP WAIVERS; AUTOMATIC EX-**  
 17 **TENSIONS AT STATE OPTION THROUGH 2009.—Not-**  
 18 **withstanding section 1115 or any other provision of**  
 19 **this title, except as provided in this subsection—**

20 **“(A) the Secretary shall not on or after the**  
 21 **date of the enactment of the Children’s Health**  
 22 **Insurance Program Reauthorization Act of**  
 23 **2009, approve or renew a waiver, experimental,**  
 24 **pilot, or demonstration project that would allow**  
 25 **funds made available under this title to be used**

1 to provide child health assistance or other  
2 health benefits coverage to a nonpregnant child-  
3 less adult; and

4 “(B) notwithstanding the terms and condi-  
5 tions of an applicable existing waiver, the provi-  
6 sions of paragraph (2) shall apply for purposes  
7 of any period beginning on or after January 1,  
8 2010, in determining the period to which the  
9 waiver applies, the individuals eligible to be cov-  
10 ered by the waiver, and the amount of the Fed-  
11 eral payment under this title.

12 “(2) TERMINATION OF CHIP COVERAGE UNDER  
13 APPLICABLE EXISTING WAIVERS AT THE END OF  
14 2009.—

15 “(A) IN GENERAL.—No funds shall be  
16 available under this title for child health assist-  
17 ance or other health benefits coverage that is  
18 provided to a nonpregnant childless adult under  
19 an applicable existing waiver after December  
20 31, 2009.

21 “(B) EXTENSION UPON STATE RE-  
22 QUEST.—If an applicable existing waiver de-  
23 scribed in subparagraph (A) would otherwise  
24 expire before January 1, 2010, notwithstanding  
25 the requirements of subsections (e) and (f) of

1 section 1115, a State may submit, not later  
2 than September 30, 2009, a request to the Sec-  
3 retary for an extension of the waiver. The Sec-  
4 retary shall approve a request for an extension  
5 of an applicable existing waiver submitted pur-  
6 suant to this subparagraph, but only through  
7 December 31, 2009.

8 “(C) APPLICATION OF ENHANCED FMAP.—

9 The enhanced FMAP determined under section  
10 2105(b) shall apply to expenditures under an  
11 applicable existing waiver for the provision of  
12 child health assistance or other health benefits  
13 coverage to a nonpregnant childless adult dur-  
14 ing the period beginning on the date of the en-  
15 actment of this subsection and ending on De-  
16 cember 31, 2009.

17 “(3) STATE OPTION TO APPLY FOR MEDICAID  
18 WAIVER TO CONTINUE COVERAGE FOR NONPREG-  
19 NANT CHILDLESS ADULTS.—

20 “(A) IN GENERAL.—Each State for which  
21 coverage under an applicable existing waiver is  
22 terminated under paragraph (2)(A) may sub-  
23 mit, not later than September 30, 2009, an ap-  
24 plication to the Secretary for a waiver under  
25 section 1115 of the State plan under title XIX

1 to provide medical assistance to a nonpregnant  
2 childless adult whose coverage is so terminated  
3 (in this subsection referred to as a ‘Medicaid  
4 nonpregnant childless adults waiver’).

5 “(B) DEADLINE FOR APPROVAL.—The  
6 Secretary shall make a decision to approve or  
7 deny an application for a Medicaid nonpregnant  
8 childless adults waiver submitted under sub-  
9 paragraph (A) within 90 days of the date of the  
10 submission of the application. If no decision has  
11 been made by the Secretary as of December 31,  
12 2009, on the application of a State for a Med-  
13 icaid nonpregnant childless adults waiver that  
14 was submitted to the Secretary by September  
15 30, 2009, the application shall be deemed ap-  
16 proved.

17 “(C) STANDARD FOR BUDGET NEU-  
18 TRALITY.—The budget neutrality requirement  
19 applicable with respect to expenditures for med-  
20 ical assistance under a Medicaid nonpregnant  
21 childless adults waiver shall—

22 “(i) in the case of fiscal year 2010,  
23 allow expenditures for medical assistance  
24 under title XIX for all such adults to not  
25 exceed the total amount of payments made

1 to the State under paragraph (2)(B) for  
 2 fiscal year 2009, increased by the percent-  
 3 age increase (if any) in the projected nomi-  
 4 nal per capita amount of National Health  
 5 Expenditures for 2010 over 2009, as most  
 6 recently published by the Secretary; and

7 “(ii) in the case of any succeeding fis-  
 8 cal year, allow such expenditures to not ex-  
 9 ceed the amount in effect under this sub-  
 10 paragraph for the preceding fiscal year, in-  
 11 creased by the percentage increase (if any)  
 12 in the projected nominal per capita amount  
 13 of National Health Expenditures for the  
 14 calendar year that begins during the year  
 15 involved over the preceding calendar year,  
 16 as most recently published by the Sec-  
 17 retary.

18 “(b) RULES AND CONDITIONS FOR COVERAGE OF  
 19 PARENTS OF TARGETED LOW-INCOME CHILDREN.—

20 “(1) TWO-YEAR PERIOD; AUTOMATIC EXTEN-  
 21 SION AT STATE OPTION THROUGH FISCAL YEAR  
 22 2011.—

23 “(A) NO NEW CHIP WAIVERS.—Notwith-  
 24 standing section 1115 or any other provision of

1           this title, except as provided in this sub-  
2           section—

3                   “(i) the Secretary shall not on or after  
4                   the date of the enactment of the Children’s  
5                   Health Insurance Program Reauthoriza-  
6                   tion Act of 2009 approve or renew a waiv-  
7                   er, experimental, pilot, or demonstration  
8                   project that would allow funds made avail-  
9                   able under this title to be used to provide  
10                  child health assistance or other health ben-  
11                  efits coverage to a parent of a targeted  
12                  low-income child; and

13                   “(ii) notwithstanding the terms and  
14                   conditions of an applicable existing waiver,  
15                   the provisions of paragraphs (2) and (3)  
16                   shall apply for purposes of any fiscal year  
17                   beginning on or after October 1, 2011, in  
18                   determining the period to which the waiver  
19                   applies, the individuals eligible to be cov-  
20                   ered by the waiver, and the amount of the  
21                   Federal payment under this title.

22                   “(B) EXTENSION UPON STATE RE-  
23                   QUEST.—If an applicable existing waiver de-  
24                   scribed in subparagraph (A) would otherwise  
25                   expire before October 1, 2011, and the State

1 requests an extension of such waiver, the Sec-  
2 retary shall grant such an extension, but only,  
3 subject to paragraph (2)(A), through Sep-  
4 tember 30, 2011.

5 “(C) APPLICATION OF ENHANCED FMAP.—

6 The enhanced FMAP determined under section  
7 2105(b) shall apply to expenditures under an  
8 applicable existing waiver for the provision of  
9 child health assistance or other health benefits  
10 coverage to a parent of a targeted low-income  
11 child during the third and fourth quarters of  
12 fiscal year 2009 and during fiscal years 2010  
13 and 2011.

14 “(2) RULES FOR FISCAL YEARS 2012 THROUGH

15 2013.—

16 “(A) PAYMENTS FOR COVERAGE LIMITED  
17 TO BLOCK GRANT FUNDED FROM STATE ALLOT-  
18 MENT.—Any State that provides child health  
19 assistance or health benefits coverage under an  
20 applicable existing waiver for a parent of a tar-  
21 geted low-income child may elect to continue to  
22 provide such assistance or coverage through fis-  
23 cal year 2012 or 2013, subject to the same  
24 terms and conditions that applied under the ap-

1 applicable existing waiver, unless otherwise modi-  
2 fied in subparagraph (B).

3 “(B) TERMS AND CONDITIONS.—

4 “(i) BLOCK GRANT SET ASIDE FROM  
5 STATE ALLOTMENT.—If the State makes  
6 an election under subparagraph (A), the  
7 Secretary shall set aside for the State for  
8 each such fiscal year an amount equal to  
9 the Federal share of 110 percent of the  
10 State’s projected expenditures under the  
11 applicable existing waiver for providing  
12 child health assistance or health benefits  
13 coverage to all parents of targeted low-in-  
14 come children enrolled under such waiver  
15 for the fiscal year (as certified by the State  
16 and submitted to the Secretary by not  
17 later than August 31 of the preceding fis-  
18 cal year). In the case of fiscal year 2013,  
19 the set aside for any State shall be com-  
20 puted separately for each period described  
21 in subparagraphs (A) and (B) of section  
22 2104(a)(16) and any reduction in the allot-  
23 ment for either such period under section  
24 2104(m)(4) shall be allocated on a pro  
25 rata basis to such set aside.

1           “(ii) PAYMENTS FROM BLOCK  
2 GRANT.—The Secretary shall pay the State  
3 from the amount set aside under clause (i)  
4 for the fiscal year, an amount for each  
5 quarter of such fiscal year equal to the ap-  
6 plicable percentage determined under  
7 clause (iii) or (iv) for expenditures in the  
8 quarter for providing child health assist-  
9 ance or other health benefits coverage to a  
10 parent of a targeted low-income child.

11           “(iii) ENHANCED FMAP ONLY IN FIS-  
12 CAL YEAR 2012 FOR STATES WITH SIGNIFI-  
13 CANT CHILD OUTREACH OR THAT ACHIEVE  
14 CHILD COVERAGE BENCHMARKS; FMAP  
15 FOR ANY OTHER STATES.—For purposes  
16 of clause (ii), the applicable percentage for  
17 any quarter of fiscal year 2012 is equal  
18 to—

19           “(I) the enhanced FMAP deter-  
20 mined under section 2105(b) in the  
21 case of a State that meets the out-  
22 reach or coverage benchmarks de-  
23 scribed in any of subparagraph (A),  
24 (B), or (C) of paragraph (3) for fiscal  
25 year 2011; or

1           “(II) the Federal medical assist-  
2           ance percentage (as determined under  
3           section 1905(b) without regard to  
4           clause (4) of such section) in the case  
5           of any other State.

6           “(iv) AMOUNT OF FEDERAL MATCH-  
7           ING PAYMENT IN 2013.—For purposes of  
8           clause (ii), the applicable percentage for  
9           any quarter of fiscal year 2013 is equal  
10          to—

11           “(I) the REMAP percentage if—

12           “(aa) the applicable percent-  
13           age for the State under clause  
14           (iii) was the enhanced FMAP for  
15           fiscal year 2012; and

16           “(bb) the State met either of  
17           the coverage benchmarks de-  
18           scribed in subparagraph (B) or  
19           (C) of paragraph (3) for fiscal  
20           year 2012; or

21           “(II) the Federal medical assist-  
22           ance percentage (as so determined) in  
23           the case of any State to which sub-  
24           clause (I) does not apply.

1 For purposes of subclause (I), the REMAP  
2 percentage is the percentage which is the  
3 sum of such Federal medical assistance  
4 percentage and a number of percentage  
5 points equal to one-half of the difference  
6 between such Federal medical assistance  
7 percentage and such enhanced FMAP.

8 “(v) NO FEDERAL PAYMENTS OTHER  
9 THAN FROM BLOCK GRANT SET ASIDE.—  
10 No payments shall be made to a State for  
11 expenditures described in clause (ii) after  
12 the total amount set aside under clause (i)  
13 for a fiscal year has been paid to the  
14 State.

15 “(vi) NO INCREASE IN INCOME ELIGI-  
16 BILITY LEVEL FOR PARENTS.—No pay-  
17 ments shall be made to a State from the  
18 amount set aside under clause (i) for a fis-  
19 cal year for expenditures for providing  
20 child health assistance or health benefits  
21 coverage to a parent of a targeted low-in-  
22 come child whose family income exceeds  
23 the income eligibility level applied under  
24 the applicable existing waiver to parents of  
25 targeted low-income children on the date of

1 enactment of the Children’s Health Insur-  
2 ance Program Reauthorization Act of  
3 2009.

4 “(3) OUTREACH OR COVERAGE BENCH-  
5 MARKS.—For purposes of paragraph (2), the out-  
6 reach or coverage benchmarks described in this  
7 paragraph are as follows:

8 “(A) SIGNIFICANT CHILD OUTREACH CAM-  
9 PAIGN.—The State—

10 “(i) was awarded a grant under sec-  
11 tion 2113 for fiscal year 2011;

12 “(ii) implemented 1 or more of the en-  
13 rollment and retention provisions described  
14 in section 2105(a)(4) for such fiscal year;  
15 or

16 “(iii) has submitted a specific plan for  
17 outreach for such fiscal year.

18 “(B) HIGH-PERFORMING STATE.—The  
19 State, on the basis of the most timely and accu-  
20 rate published estimates of the Bureau of the  
21 Census, ranks in the lowest  $\frac{1}{3}$  of States in  
22 terms of the State’s percentage of low-income  
23 children without health insurance.

24 “(C) STATE INCREASING ENROLLMENT OF  
25 LOW-INCOME CHILDREN.—The State qualified

1           for a performance bonus payment under section  
2           2105(a)(3)(B) for the most recent fiscal year  
3           applicable under such section.

4           “(4) RULES OF CONSTRUCTION.—Nothing in  
5           this subsection shall be construed as prohibiting a  
6           State from submitting an application to the Sec-  
7           retary for a waiver under section 1115 of the State  
8           plan under title XIX to provide medical assistance to  
9           a parent of a targeted low-income child that was  
10          provided child health assistance or health benefits  
11          coverage under an applicable existing waiver.

12          “(c) APPLICABLE EXISTING WAIVER.—For purposes  
13 of this section—

14           “(1) IN GENERAL.—The term ‘applicable exist-  
15           ing waiver’ means a waiver, experimental, pilot, or  
16           demonstration project under section 1115, grand-  
17           fathered under section 6102(c)(3) of the Deficit Re-  
18           duction Act of 2005, or otherwise conducted under  
19           authority that—

20           “(A) would allow funds made available  
21           under this title to be used to provide child  
22           health assistance or other health benefits cov-  
23           erage to—

24           “(i) a parent of a targeted low-income  
25           child;

1 “(ii) a nonpregnant childless adult; or

2 “(iii) individuals described in both  
3 clauses (i) and (ii); and

4 “(B) was in effect during fiscal year 2009.

5 “(2) DEFINITIONS.—

6 “(A) PARENT.—The term ‘parent’ includes  
7 a caretaker relative (as such term is used in  
8 carrying out section 1931) and a legal guard-  
9 ian.

10 “(B) NONPREGNANT CHILDLESS ADULT.—  
11 The term ‘nonpregnant childless adult’ has the  
12 meaning given such term by section 2107(f).”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) Section 2107(f) (42 U.S.C. 1397gg(f))  
15 is amended—

16 (i) by striking “, the Secretary” and  
17 inserting “:

18 “(1) The Secretary”;

19 (ii) in the first sentence, by inserting  
20 “or a parent (as defined in section  
21 2111(c)(2)(A)), who is not pregnant, of a  
22 targeted low-income child” before the pe-  
23 riod;

24 (iii) by striking the second sentence;  
25 and

1 (iv) by adding at the end the following  
2 new paragraph:

3 “(2) The Secretary may not approve, extend,  
4 renew, or amend a waiver, experimental, pilot, or  
5 demonstration project with respect to a State after  
6 the date of enactment of the Children’s Health In-  
7 surance Program Reauthorization Act of 2009 that  
8 would waive or modify the requirements of section  
9 2111.”.

10 (B) Section 6102(c) of the Deficit Reduc-  
11 tion Act of 2005 (Public Law 109–171; 120  
12 Stat. 131) is amended by striking “Nothing”  
13 and inserting “Subject to section 2111 of the  
14 Social Security Act, as added by section 112 of  
15 the Children’s Health Insurance Program Re-  
16 authorization Act of 2009, nothing”.

17 (b) GAO STUDY AND REPORT.—

18 (1) IN GENERAL.—The Comptroller General of  
19 the United States shall conduct a study of wheth-  
20 er—

21 (A) the coverage of a parent, a caretaker  
22 relative (as such term is used in carrying out  
23 section 1931), or a legal guardian of a targeted  
24 low-income child under a State health plan  
25 under title XXI of the Social Security Act in-

1 creases the enrollment of, or the quality of care  
2 for, children, and

3 (B) such parents, relatives, and legal  
4 guardians who enroll in such a plan are more  
5 likely to enroll their children in such a plan or  
6 in a State plan under title XIX of such Act.

7 (2) REPORT.—Not later than 2 years after the  
8 date of the enactment of this Act, the Comptroller  
9 General shall report the results of the study to the  
10 Committee on Finance of the Senate and the Com-  
11 mittee on Energy and Commerce of the House of  
12 Representatives, including recommendations (if any)  
13 for changes in legislation.

14 **SEC. 113. ELIMINATION OF COUNTING MEDICAID CHILD**  
15 **PRESUMPTIVE ELIGIBILITY COSTS AGAINST**  
16 **TITLE XXI ALLOTMENT.**

17 (a) IN GENERAL.—Section 2105(a)(1) (42 U.S.C.  
18 1397ee(a)(1)) is amended—

19 (1) in the matter preceding subparagraph (A),  
20 by striking “(or, in the case of expenditures de-  
21 scribed in subparagraph (B), the Federal medical  
22 assistance percentage (as defined in the first sen-  
23 tence of section 1905(b)))”; and

24 (2) by striking subparagraph (B) and inserting  
25 the following new subparagraph:

1 “(B) [reserved]”.

2 (b) AMENDMENTS TO MEDICAID.—

3 (1) ELIGIBILITY OF A NEWBORN.—Section  
4 1902(e)(4) (42 U.S.C. 1396a(e)(4)) is amended in  
5 the first sentence by striking “so long as the child  
6 is a member of the woman’s household and the  
7 woman remains (or would remain if pregnant) eligi-  
8 ble for such assistance”.

9 (2) APPLICATION OF QUALIFIED ENTITIES TO  
10 PRESUMPTIVE ELIGIBILITY FOR PREGNANT WOMEN  
11 UNDER MEDICAID.—Section 1920(b) (42 U.S.C.  
12 1396r–1(b)) is amended by adding after paragraph  
13 (2) the following flush sentence:

14 “The term ‘qualified provider’ also includes a qualified en-  
15 tity, as defined in section 1920A(b)(3).”.

16 **SEC. 114. LIMITATION ON MATCHING RATE FOR STATES**  
17 **THAT PROPOSE TO COVER CHILDREN WITH**  
18 **EFFECTIVE FAMILY INCOME THAT EXCEEDS**  
19 **300 PERCENT OF THE POVERTY LINE.**

20 (a) FMAP APPLIED TO EXPENDITURES.—Section  
21 2105(c) (42 U.S.C. 1397ee(c)) is amended by adding at  
22 the end the following new paragraph:

23 “(8) LIMITATION ON MATCHING RATE FOR EX-  
24 PENDITURES FOR CHILD HEALTH ASSISTANCE PRO-  
25 VIDED TO CHILDREN WHOSE EFFECTIVE FAMILY IN-

1 COME EXCEEDS 300 PERCENT OF THE POVERTY  
2 LINE.—

3 “(A) FMAP APPLIED TO EXPENDI-  
4 TURES.—Except as provided in subparagraph  
5 (B), for fiscal years beginning with fiscal year  
6 2009, the Federal medical assistance percent-  
7 age (as determined under section 1905(b) with-  
8 out regard to clause (4) of such section) shall  
9 be substituted for the enhanced FMAP under  
10 subsection (a)(1) with respect to any expendi-  
11 tures for providing child health assistance or  
12 health benefits coverage for a targeted low-in-  
13 come child whose effective family income would  
14 exceed 300 percent of the poverty line but for  
15 the application of a general exclusion of a block  
16 of income that is not determined by type of ex-  
17 pense or type of income.

18 “(B) EXCEPTION.—Subparagraph (A)  
19 shall not apply to any State that, on the date  
20 of enactment of the Children’s Health Insur-  
21 ance Program Reauthorization Act of 2009, has  
22 an approved State plan amendment or waiver to  
23 provide, or has enacted a State law to submit  
24 a State plan amendment to provide, expendi-

1           tures described in such subparagraph under the  
2           State child health plan.”.

3           (b) **RULE OF CONSTRUCTION.**—Nothing in the  
4 amendments made by this section shall be construed as—

5           (1) changing any income eligibility level for chil-  
6           dren under title XXI of the Social Security Act; or

7           (2) changing the flexibility provided States  
8           under such title to establish the income eligibility  
9           level for targeted low-income children under a State  
10          child health plan and the methodologies used by the  
11          State to determine income or assets under such  
12          plan.

13 **SEC. 115. STATE AUTHORITY UNDER MEDICAID.**

14          Notwithstanding any other provision of law, including  
15 the fourth sentence of subsection (b) of section 1905 of  
16 the Social Security Act (42 U.S.C. 1396d) or subsection  
17 (u) of such section, at State option, the Secretary shall  
18 provide the State with the Federal medical assistance per-  
19 centage determined for the State for Medicaid with respect  
20 to expenditures described in section 1905(u)(2)(A) of such  
21 Act or otherwise made to provide medical assistance under  
22 Medicaid to a child who could be covered by the State  
23 under CHIP.

1           **TITLE II—OUTREACH AND**  
2                   **ENROLLMENT**  
3           **Subtitle A—Outreach and**  
4                   **Enrollment Activities**

5   **SEC. 201. GRANTS AND ENHANCED ADMINISTRATIVE FUND-**  
6                   **ING FOR OUTREACH AND ENROLLMENT.**

7           (a) GRANTS.—Title XXI (42 U.S.C. 1397aa et seq.),  
8 as amended by section 111, is amended by adding at the  
9 end the following:

10 **“SEC. 2113. GRANTS TO IMPROVE OUTREACH AND ENROLL-**  
11                   **MENT.**

12           “(a) OUTREACH AND ENROLLMENT GRANTS; NA-  
13 TIONAL CAMPAIGN.—

14                   “(1) IN GENERAL.—From the amounts appro-  
15 priated under subsection (g), subject to paragraph  
16 (2), the Secretary shall award grants to eligible enti-  
17 ties during the period of fiscal years 2009 through  
18 2013 to conduct outreach and enrollment efforts  
19 that are designed to increase the enrollment and  
20 participation of eligible children under this title and  
21 title XIX.

22                   “(2) TEN PERCENT SET ASIDE FOR NATIONAL  
23 ENROLLMENT CAMPAIGN.—An amount equal to 10  
24 percent of such amounts shall be used by the Sec-  
25 retary for expenditures during such period to carry

1 out a national enrollment campaign in accordance  
2 with subsection (h).

3 “(b) PRIORITY FOR AWARD OF GRANTS.—

4 “(1) IN GENERAL.—In awarding grants under  
5 subsection (a), the Secretary shall give priority to el-  
6 igible entities that—

7 “(A) propose to target geographic areas  
8 with high rates of—

9 “(i) eligible but unenrolled children,  
10 including such children who reside in rural  
11 areas; or

12 “(ii) racial and ethnic minorities and  
13 health disparity populations, including  
14 those proposals that address cultural and  
15 linguistic barriers to enrollment; and

16 “(B) submit the most demonstrable evi-  
17 dence required under paragraphs (1) and (2) of  
18 subsection (c).

19 “(2) TEN PERCENT SET ASIDE FOR OUTREACH  
20 TO INDIAN CHILDREN.—An amount equal to 10 per-  
21 cent of the funds appropriated under subsection (g)  
22 shall be used by the Secretary to award grants to  
23 Indian Health Service providers and urban Indian  
24 organizations receiving funds under title V of the In-  
25 dian Health Care Improvement Act (25 U.S.C. 1651

1 et seq.) for outreach to, and enrollment of, children  
2 who are Indians.

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

8 “(1) evidence demonstrating that the entity in-  
9 cludes members who have access to, and credibility  
10 with, ethnic or low-income populations in the com-  
11 munities in which activities funded under the grant  
12 are to be conducted;

13 “(2) evidence demonstrating that the entity has  
14 the ability to address barriers to enrollment, such as  
15 lack of awareness of eligibility, stigma concerns and  
16 punitive fears associated with receipt of benefits,  
17 and other cultural barriers to applying for and re-  
18 ceiving child health assistance or medical assistance;

19 “(3) specific quality or outcomes performance  
20 measures to evaluate the effectiveness of activities  
21 funded by a grant awarded under this section; and

22 “(4) an assurance that the eligible entity  
23 shall—

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

4           “(B) cooperate with the collection and re-  
5           porting of enrollment data and other informa-  
6           tion in order for the Secretary to conduct such  
7           assessments; and

8           “(C) in the case of an eligible entity that  
9           is not the State, provide the State with enroll-  
10          ment data and other information as necessary  
11          for the State to make necessary projections of  
12          eligible children and pregnant women.

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

16               “(1) make publicly available the enrollment  
17               data and information collected and reported in ac-  
18               cordance with subsection (c)(4)(B); and

19               “(2) submit an annual report to Congress on  
20               the outreach and enrollment activities conducted  
21               with funds appropriated under this section.

22          “(e) MAINTENANCE OF EFFORT FOR STATES  
23          AWARDED GRANTS; NO STATE MATCH REQUIRED.—In  
24          the case of a State that is awarded a grant under this  
25          section—

1           “(1) the State share of funds expended for out-  
2 reach and enrollment activities under the State child  
3 health plan shall not be less than the State share of  
4 such funds expended in the fiscal year preceding the  
5 first fiscal year for which the grant is awarded; and

6           “(2) no State matching funds shall be required  
7 for the State to receive a grant under this section.

8           “(f) DEFINITIONS.—In this section:

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

11           “(A) A State with an approved child health  
12 plan under this title.

13           “(B) A local government.

14           “(C) An Indian tribe or tribal consortium,  
15 a tribal organization, an urban Indian organiza-  
16 tion receiving funds under title V of the Indian  
17 Health Care Improvement Act (25 U.S.C. 1651  
18 et seq.), or an Indian Health Service provider.

19           “(D) A Federal health safety net organiza-  
20 tion.

21           “(E) A national, State, local, or commu-  
22 nity-based public or nonprofit private organiza-  
23 tion, including organizations that use commu-  
24 nity health workers or community-based doula  
25 programs.

1           “(F) A faith-based organization or con-  
2           sortia, to the extent that a grant awarded to  
3           such an entity is consistent with the require-  
4           ments of section 1955 of the Public Health  
5           Service Act (42 U.S.C. 300x-65) relating to a  
6           grant award to nongovernmental entities.

7           “(G) An elementary or secondary school.

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

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

13           “(B) a hospital defined as a dispropor-  
14           tionate share hospital for purposes of section  
15           1923;

16           “(C) a covered entity described in section  
17           340B(a)(4) of the Public Health Service Act  
18           (42 U.S.C. 256b(a)(4)); and

19           “(D) any other entity or consortium that  
20           serves children under a federally funded pro-  
21           gram, including the special supplemental nutri-  
22           tion program for women, infants, and children  
23           (WIC) established under section 17 of the Child  
24           Nutrition Act of 1966 (42 U.S.C. 1786), the  
25           Head Start and Early Head Start programs

1 under the Head Start Act (42 U.S.C. 9801 et  
2 seq.), the school lunch program established  
3 under the Richard B. Russell National School  
4 Lunch Act, and an elementary or secondary  
5 school.

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

12 “(4) COMMUNITY HEALTH WORKER.—The term  
13 ‘community health worker’ means an individual who  
14 promotes health or nutrition within the community  
15 in which the individual resides—

16 “(A) by serving as a liaison between com-  
17 munities and health care agencies;

18 “(B) by providing guidance and social as-  
19 sistance to community residents;

20 “(C) by enhancing community residents’  
21 ability to effectively communicate with health  
22 care providers;

23 “(D) by providing culturally and linguis-  
24 tically appropriate health or nutrition edu-  
25 cation;

1                   “(E) by advocating for individual and com-  
2                   munity health or nutrition needs; and

3                   “(F) by providing referral and followup  
4                   services.

5           “(g) APPROPRIATION.—There is appropriated, out of  
6 any money in the Treasury not otherwise appropriated,  
7 \$100,000,000 for the period of fiscal years 2009 through  
8 2013, for the purpose of awarding grants under this sec-  
9 tion. Amounts appropriated and paid under the authority  
10 of this section shall be in addition to amounts appro-  
11 priated under section 2104 and paid to States in accord-  
12 ance with section 2105, including with respect to expendi-  
13 tures for outreach activities in accordance with subsections  
14 (a)(1)(D)(iii) and (c)(2)(C) of that section.

15           “(h) NATIONAL ENROLLMENT CAMPAIGN.—From  
16 the amounts made available under subsection (a)(2), the  
17 Secretary shall develop and implement a national enroll-  
18 ment campaign to improve the enrollment of underserved  
19 child populations in the programs established under this  
20 title and title XIX. Such campaign may include—

21                   “(1) the establishment of partnerships with the  
22                   Secretary of Education and the Secretary of Agri-  
23                   culture to develop national campaigns to link the eli-  
24                   gibility and enrollment systems for the assistance

1 programs each Secretary administers that often  
2 serve the same children;

3 “(2) the integration of information about the  
4 programs established under this title and title XIX  
5 in public health awareness campaigns administered  
6 by the Secretary;

7 “(3) increased financial and technical support  
8 for enrollment hotlines maintained by the Secretary  
9 to ensure that all States participate in such hotlines;

10 “(4) the establishment of joint public awareness  
11 outreach initiatives with the Secretary of Education  
12 and the Secretary of Labor regarding the impor-  
13 tance of health insurance to building strong commu-  
14 nities and the economy;

15 “(5) the development of special outreach mate-  
16 rials for Native Americans or for individuals with  
17 limited English proficiency; and

18 “(6) such other outreach initiatives as the Sec-  
19 retary determines would increase public awareness of  
20 the programs under this title and title XIX.”.

21 (b) ENHANCED ADMINISTRATIVE FUNDING FOR  
22 TRANSLATION OR INTERPRETATION SERVICES UNDER  
23 CHIP AND MEDICAID.—

1           (1) CHIP.—Section 2105(a)(1) (42 U.S.C.  
2 1397ee(a)(1)), as amended by section 113, is  
3 amended—

4           (A) in the matter preceding subparagraph  
5 (A), by inserting “(or, in the case of expendi-  
6 tures described in subparagraph (D)(iv), the  
7 higher of 75 percent or the sum of the en-  
8 hanced FMAP plus 5 percentage points)” after  
9 “enhanced FMAP”; and

10           (B) in subparagraph (D)—

11           (i) in clause (iii), by striking “and” at  
12 the end;

13           (ii) by redesignating clause (iv) as  
14 clause (v); and

15           (iii) by inserting after clause (iii) the  
16 following new clause:

17           “(iv) for translation or interpretation  
18 services in connection with the enrollment  
19 of, retention of, and use of services under  
20 this title by, individuals for whom English  
21 is not their primary language (as found  
22 necessary by the Secretary for the proper  
23 and efficient administration of the State  
24 plan); and”.

25           (2) MEDICAID.—

1           (A) USE OF MEDICAID FUNDS.—Section  
2           1903(a)(2) (42 U.S.C. 1396b(a)(2)) is amended  
3           by adding at the end the following new sub-  
4           paragraph:

5           “(E) an amount equal to 75 percent of so much  
6           of the sums expended during such quarter (as found  
7           necessary by the Secretary for the proper and effi-  
8           cient administration of the State plan) as are attrib-  
9           utable to translation or interpretation services in  
10          connection with the enrollment of, retention of, and  
11          use of services under this title by, children of fami-  
12          lies for whom English is not the primary language;  
13          plus”.

14          (B) USE OF COMMUNITY HEALTH WORK-  
15          ERS FOR OUTREACH ACTIVITIES.—

16               (i) IN GENERAL.—Section 2102(c)(1)  
17               of such Act (42 U.S.C. 1397bb(c)(1)) is  
18               amended by inserting “(through commu-  
19               nity health workers and others)” after  
20               “Outreach”.

21               (ii) IN FEDERAL EVALUATION.—Sec-  
22               tion 2108(c)(3)(B) of such Act (42 U.S.C.  
23               1397hh(c)(3)(B)) is amended by inserting  
24               “(such as through community health work-

1           ers and others)” after “including prac-  
2           tices”.

3 **SEC. 202. INCREASED OUTREACH AND ENROLLMENT OF IN-**  
4 **DIANS.**

5           (a) IN GENERAL.—Section 1139 (42 U.S.C. 1320b–  
6 9) is amended to read as follows:

7 **“SEC. 1139. IMPROVED ACCESS TO, AND DELIVERY OF,**  
8 **HEALTH CARE FOR INDIANS UNDER TITLES**  
9 **XIX AND XXI.**

10           “(a) AGREEMENTS WITH STATES FOR MEDICAID  
11 AND CHIP OUTREACH ON OR NEAR RESERVATIONS TO  
12 INCREASE THE ENROLLMENT OF INDIANS IN THOSE  
13 PROGRAMS.—

14           “(1) IN GENERAL.—In order to improve the ac-  
15 cess of Indians residing on or near a reservation to  
16 obtain benefits under the Medicaid and State chil-  
17 dren’s health insurance programs established under  
18 titles XIX and XXI, the Secretary shall encourage  
19 the State to take steps to provide for enrollment on  
20 or near the reservation. Such steps may include out-  
21 reach efforts such as the outstationing of eligibility  
22 workers, entering into agreements with the Indian  
23 Health Service, Indian Tribes, Tribal Organizations,  
24 and Urban Indian Organizations to provide out-  
25 reach, education regarding eligibility and benefits,

1 enrollment, and translation services when such serv-  
2 ices are appropriate.

3 “(2) CONSTRUCTION.—Nothing in paragraph  
4 (1) shall be construed as affecting arrangements en-  
5 tered into between States and the Indian Health  
6 Service, Indian Tribes, Tribal Organizations, or  
7 Urban Indian Organizations for such Service,  
8 Tribes, or Organizations to conduct administrative  
9 activities under such titles.

10 “(b) REQUIREMENT TO FACILITATE COOPERA-  
11 TION.—The Secretary, acting through the Centers for  
12 Medicare & Medicaid Services, shall take such steps as are  
13 necessary to facilitate cooperation with, and agreements  
14 between, States and the Indian Health Service, Indian  
15 Tribes, Tribal Organizations, or Urban Indian Organiza-  
16 tions with respect to the provision of health care items  
17 and services to Indians under the programs established  
18 under title XIX or XXI.

19 “(c) DEFINITION OF INDIAN; INDIAN TRIBE; INDIAN  
20 HEALTH PROGRAM; TRIBAL ORGANIZATION; URBAN IN-  
21 DIAN ORGANIZATION.—In this section, the terms ‘Indian’,  
22 ‘Indian Tribe’, ‘Indian Health Program’, ‘Tribal Organi-  
23 zation’, and ‘Urban Indian Organization’ have the mean-  
24 ings given those terms in section 4 of the Indian Health  
25 Care Improvement Act.”.

1 (b) NONAPPLICATION OF 10 PERCENT LIMIT ON  
2 OUTREACH AND CERTAIN OTHER EXPENDITURES.—Sec-  
3 tion 2105(c)(2) (42 U.S.C. 1397ee(c)(2)) is amended by  
4 adding at the end the following:

5 “(C) NONAPPLICATION TO CERTAIN EX-  
6 PENDITURES.—The limitation under subpara-  
7 graph (A) shall not apply with respect to the  
8 following expenditures:

9 “(i) EXPENDITURES TO INCREASE  
10 OUTREACH TO, AND THE ENROLLMENT OF,  
11 INDIAN CHILDREN UNDER THIS TITLE AND  
12 TITLE xix.—Expenditures for outreach ac-  
13 tivities to families of Indian children likely  
14 to be eligible for child health assistance  
15 under the plan or medical assistance under  
16 the State plan under title XIX (or under  
17 a waiver of such plan), to inform such  
18 families of the availability of, and to assist  
19 them in enrolling their children in, such  
20 plans, including such activities conducted  
21 under grants, contracts, or agreements en-  
22 tered into under section 1139(a).”.

1 **SEC. 203. STATE OPTION TO RELY ON FINDINGS FROM AN**  
2 **EXPRESS LANE AGENCY TO CONDUCT SIM-**  
3 **PLIFIED ELIGIBILITY DETERMINATIONS.**

4 (a) APPLICATION UNDER MEDICAID AND CHIP PRO-  
5 GRAMS.—

6 (1) MEDICAID.—Section 1902(e) (42 U.S.C.  
7 1396a(e)) is amended by adding at the end the fol-  
8 lowing:

9 “(13) EXPRESS LANE OPTION.—

10 “(A) IN GENERAL.—

11 “(i) OPTION TO USE A FINDING FROM AN  
12 EXPRESS LANE AGENCY.—At the option of the  
13 State, the State plan may provide that in deter-  
14 mining eligibility under this title for a child (as  
15 defined in subparagraph (G)), the State may  
16 rely on a finding made within a reasonable pe-  
17 riod (as determined by the State) from an Ex-  
18 press Lane agency (as defined in subparagraph  
19 (F)) when it determines whether a child satis-  
20 fies one or more components of eligibility for  
21 medical assistance under this title. The State  
22 may rely on a finding from an Express Lane  
23 agency notwithstanding sections  
24 1902(a)(46)(B) and 1137(d) or any differences  
25 in budget unit, disregard, deeming or other

1 methodology, if the following requirements are  
2 met:

3 “(I) PROHIBITION ON DETERMINING  
4 CHILDREN INELIGIBLE FOR COVERAGE.—  
5 If a finding from an Express Lane agency  
6 would result in a determination that a  
7 child does not satisfy an eligibility require-  
8 ment for medical assistance under this title  
9 and for child health assistance under title  
10 XXI, the State shall determine eligibility  
11 for assistance using its regular procedures.

12 “(II) NOTICE REQUIREMENT.—For  
13 any child who is found eligible for medical  
14 assistance under the State plan under this  
15 title or child health assistance under title  
16 XXI and who is subject to premiums based  
17 on an Express Lane agency’s finding of  
18 such child’s income level, the State shall  
19 provide notice that the child may qualify  
20 for lower premium payments if evaluated  
21 by the State using its regular policies and  
22 of the procedures for requesting such an  
23 evaluation.

24 “(III) COMPLIANCE WITH SCREEN  
25 AND ENROLL REQUIREMENT.—The State

1 shall satisfy the requirements under sub-  
2 paragraphs (A) and (B) of section  
3 2102(b)(3) (relating to screen and enroll)  
4 before enrolling a child in child health as-  
5 sistance under title XXI. At its option, the  
6 State may fulfill such requirements in ac-  
7 cordance with either option provided under  
8 subparagraph (C) of this paragraph.

9 “(IV) VERIFICATION OF CITIZENSHIP  
10 OR NATIONALITY STATUS.—The State shall  
11 satisfy the requirements of section  
12 1902(a)(46)(B) or 2105(c)(9), as applica-  
13 ble for verifications of citizenship or na-  
14 tionality status.

15 “(V) CODING.—The State meets the  
16 requirements of subparagraph (E).

17 “(ii) OPTION TO APPLY TO RENEWALS AND  
18 REDETERMINATIONS.—The State may apply the  
19 provisions of this paragraph when conducting  
20 initial determinations of eligibility, redetermina-  
21 tions of eligibility, or both, as described in the  
22 State plan.

23 “(B) RULES OF CONSTRUCTION.—Nothing in  
24 this paragraph shall be construed—

1           “(i) to limit or prohibit a State from tak-  
 2           ing any actions otherwise permitted under this  
 3           title or title XXI in determining eligibility for  
 4           or enrolling children into medical assistance  
 5           under this title or child health assistance under  
 6           title XXI; or

7           “(ii) to modify the limitations in section  
 8           1902(a)(5) concerning the agencies that may  
 9           make a determination of eligibility for medical  
 10          assistance under this title.

11          “(C) OPTIONS FOR SATISFYING THE SCREEN  
 12          AND ENROLL REQUIREMENT.—

13           “(i) IN GENERAL.—With respect to a child  
 14           whose eligibility for medical assistance under  
 15           this title or for child health assistance under  
 16           title XXI has been evaluated by a State agency  
 17           using an income finding from an Express Lane  
 18           agency, a State may carry out its duties under  
 19           subparagraphs (A) and (B) of section  
 20           2102(b)(3) (relating to screen and enroll) in ac-  
 21           cordance with either clause (ii) or clause (iii).

22           “(ii) ESTABLISHING A SCREENING  
 23           THRESHOLD.—

24           “(I) IN GENERAL.—Under this clause,  
 25           the State establishes a screening threshold

1 set as a percentage of the Federal poverty  
2 level that exceeds the highest income  
3 threshold applicable under this title to the  
4 child by a minimum of 30 percentage  
5 points or, at State option, a higher number  
6 of percentage points that reflects the value  
7 (as determined by the State and described  
8 in the State plan) of any differences be-  
9 tween income methodologies used by the  
10 program administered by the Express Lane  
11 agency and the methodologies used by the  
12 State in determining eligibility for medical  
13 assistance under this title.

14 “(II) CHILDREN WITH INCOME NOT  
15 ABOVE THRESHOLD.—If the income of a  
16 child does not exceed the screening thresh-  
17 old, the child is deemed to satisfy the in-  
18 come eligibility criteria for medical assist-  
19 ance under this title regardless of whether  
20 such child would otherwise satisfy such cri-  
21 teria.

22 “(III) CHILDREN WITH INCOME  
23 ABOVE THRESHOLD.—If the income of a  
24 child exceeds the screening threshold, the  
25 child shall be considered to have an income

1 above the Medicaid applicable income level  
2 described in section 2110(b)(4) and to sat-  
3 isfy the requirement under section  
4 2110(b)(1)(C) (relating to the requirement  
5 that CHIP matching funds be used only  
6 for children not eligible for Medicaid). If  
7 such a child is enrolled in child health as-  
8 sistance under title XXI, the State shall  
9 provide the parent, guardian, or custodial  
10 relative with the following:

11 “(aa) Notice that the child may  
12 be eligible to receive medical assist-  
13 ance under the State plan under this  
14 title if evaluated for such assistance  
15 under the State’s regular procedures  
16 and notice of the process through  
17 which a parent, guardian, or custodial  
18 relative can request that the State  
19 evaluate the child’s eligibility for med-  
20 ical assistance under this title using  
21 such regular procedures.

22 “(bb) A description of differences  
23 between the medical assistance pro-  
24 vided under this title and child health  
25 assistance under title XXI, including

1 differences in cost-sharing require-  
2 ments and covered benefits.

3 “(iii) TEMPORARY ENROLLMENT IN CHIP  
4 PENDING SCREEN AND ENROLL.—

5 “(I) IN GENERAL.—Under this clause,  
6 a State enrolls a child in child health as-  
7 sistance under title XXI for a temporary  
8 period if the child appears eligible for such  
9 assistance based on an income finding by  
10 an Express Lane agency.

11 “(II) DETERMINATION OF ELIGI-  
12 BILITY.—During such temporary enroll-  
13 ment period, the State shall determine the  
14 child’s eligibility for child health assistance  
15 under title XXI or for medical assistance  
16 under this title in accordance with this  
17 clause.

18 “(III) PROMPT FOLLOW UP.—In mak-  
19 ing such a determination, the State shall  
20 take prompt action to determine whether  
21 the child should be enrolled in medical as-  
22 sistance under this title or child health as-  
23 sistance under title XXI pursuant to sub-  
24 paragraphs (A) and (B) of section  
25 2102(b)(3) (relating to screen and enroll).

1                   “(IV) REQUIREMENT FOR SIMPLIFIED  
2                   DETERMINATION.—In making such a de-  
3                   termination, the State shall use procedures  
4                   that, to the maximum feasible extent, re-  
5                   duce the burden imposed on the individual  
6                   of such determination. Such procedures  
7                   may not require the child’s parent, guard-  
8                   ian, or custodial relative to provide or  
9                   verify information that already has been  
10                  provided to the State agency by an Ex-  
11                  press Lane agency or another source of in-  
12                  formation unless the State agency has rea-  
13                  son to believe the information is erroneous.

14                  “(V) AVAILABILITY OF CHIP MATCH-  
15                  ING FUNDS DURING TEMPORARY ENROLL-  
16                  MENT PERIOD.—Medical assistance for  
17                  items and services that are provided to a  
18                  child enrolled in title XXI during a tem-  
19                  porary enrollment period under this clause  
20                  shall be treated as child health assistance  
21                  under such title.

22                  “(D) OPTION FOR AUTOMATIC ENROLLMENT.—  
23                  “(i) IN GENERAL.—The State may initiate  
24                  and determine eligibility for medical assistance  
25                  under the State Medicaid plan or for child

1 health assistance under the State CHIP plan  
2 without a program application from, or on be-  
3 half of, the child based on data obtained from  
4 sources other than the child (or the child's fam-  
5 ily), but a child can only be automatically en-  
6 rolled in the State Medicaid plan or the State  
7 CHIP plan if the child or the family affirma-  
8 tively consents to being enrolled through affir-  
9 mation and signature on an Express Lane  
10 agency application, if the requirement of clause  
11 (ii) is met.

12 “(ii) INFORMATION REQUIREMENT.—The  
13 requirement of this clause is that the State in-  
14 forms the parent, guardian, or custodial relative  
15 of the child of the services that will be covered,  
16 appropriate methods for using such services,  
17 premium or other cost sharing charges (if any)  
18 that apply, medical support obligations (under  
19 section 1912(a)) created by enrollment (if appli-  
20 cable), and the actions the parent, guardian, or  
21 relative must take to maintain enrollment and  
22 renew coverage.

23 “(E) CODING; APPLICATION TO ENROLLMENT  
24 ERROR RATES.—

1           “(i) IN GENERAL.—For purposes of sub-  
2 paragraph (A)(iv), the requirement of this sub-  
3 paragraph for a State is that the State agrees  
4 to—

5           “(I) assign such codes as the Sec-  
6 retary shall require to the children who are  
7 enrolled in the State Medicaid plan or the  
8 State CHIP plan through reliance on a  
9 finding made by an Express Lane agency  
10 for the duration of the State’s election  
11 under this paragraph;

12           “(II) annually provide the Secretary  
13 with a statistically valid sample (that is ap-  
14 proved by Secretary) of the children en-  
15 rolled in such plans through reliance on  
16 such a finding by conducting a full Med-  
17 icaid eligibility review of the children iden-  
18 tified for such sample for purposes of de-  
19 termining an eligibility error rate (as de-  
20 scribed in clause (iv)) with respect to the  
21 enrollment of such children (and shall not  
22 include such children in any data or sam-  
23 ples used for purposes of complying with a  
24 Medicaid Eligibility Quality Control

1 (MEQC) review or a payment error rate  
2 measurement (PERM) requirement);

3 “(III) submit the error rate deter-  
4 mined under subclause (II) to the Sec-  
5 retary;

6 “(IV) if such error rate exceeds 3 per-  
7 cent for either of the first 2 fiscal years in  
8 which the State elects to apply this para-  
9 graph, demonstrate to the satisfaction of  
10 the Secretary the specific corrective actions  
11 implemented by the State to improve upon  
12 such error rate; and

13 “(V) if such error rate exceeds 3 per-  
14 cent for any fiscal year in which the State  
15 elects to apply this paragraph, a reduction  
16 in the amount otherwise payable to the  
17 State under section 1903(a) for quarters  
18 for that fiscal year, equal to the total  
19 amount of erroneous excess payments de-  
20 termined for the fiscal year only with re-  
21 spect to the children included in the sam-  
22 ple for the fiscal year that are in excess of  
23 a 3 percent error rate with respect to such  
24 children.

1           “(ii) NO PUNITIVE ACTION BASED ON  
2 ERROR RATE.—The Secretary shall not apply  
3 the error rate derived from the sample under  
4 clause (i) to the entire population of children  
5 enrolled in the State Medicaid plan or the State  
6 CHIP plan through reliance on a finding made  
7 by an Express Lane agency, or to the popu-  
8 lation of children enrolled in such plans on the  
9 basis of the State’s regular procedures for de-  
10 termining eligibility, or penalize the State on  
11 the basis of such error rate in any manner  
12 other than the reduction of payments provided  
13 for under clause (i)(V).

14           “(iii) RULE OF CONSTRUCTION.—Nothing  
15 in this paragraph shall be construed as relieving  
16 a State that elects to apply this paragraph from  
17 being subject to a penalty under section  
18 1903(u), for payments made under the State  
19 Medicaid plan with respect to ineligible individ-  
20 uals and families that are determined to exceed  
21 the error rate permitted under that section (as  
22 determined without regard to the error rate de-  
23 termined under clause (i)(II)).

24           “(iv) ERROR RATE DEFINED.—In this sub-  
25 paragraph, the term ‘error rate’ means the rate

1 of erroneous excess payments for medical as-  
2 sistance (as defined in section 1903(u)(1)(D))  
3 for the period involved, except that such pay-  
4 ments shall be limited to individuals for which  
5 eligibility determinations are made under this  
6 paragraph and except that in applying this  
7 paragraph under title XXI, there shall be sub-  
8 stituted for references to provisions of this title  
9 corresponding provisions within title XXI.

10 “(F) EXPRESS LANE AGENCY.—

11 “(i) IN GENERAL.—In this paragraph, the  
12 term ‘Express Lane agency’ means a public  
13 agency that—

14 “(I) is determined by the State Med-  
15 icaid agency or the State CHIP agency (as  
16 applicable) to be capable of making the de-  
17 terminations of one or more eligibility re-  
18 quirements described in subparagraph  
19 (A)(i);

20 “(II) is identified in the State Med-  
21 icaid plan or the State CHIP plan; and

22 “(III) notifies the child’s family—

23 “(aa) of the information which  
24 shall be disclosed in accordance with  
25 this paragraph;

1           “(bb) that the information dis-  
2           closed will be used solely for purposes  
3           of determining eligibility for medical  
4           assistance under the State Medicaid  
5           plan or for child health assistance  
6           under the State CHIP plan; and

7           “(cc) that the family may elect to  
8           not have the information disclosed for  
9           such purposes; and

10          “(IV) enters into, or is subject to, an  
11          interagency agreement to limit the disclo-  
12          sure and use of the information disclosed.

13          “(ii) INCLUSION OF SPECIFIC PUBLIC  
14          AGENCIES.—Such term includes the following:

15               “(I) A public agency that determines  
16               eligibility for assistance under any of the  
17               following:

18                       “(aa) The temporary assistance  
19                       for needy families program funded  
20                       under part A of title IV.

21                       “(bb) A State program funded  
22                       under part D of title IV.

23                       “(cc) The State Medicaid plan.

24                       “(dd) The State CHIP plan.

1           “(ee) The Food and Nutrition  
2 Act of 2008 (7 U.S.C. 2011 et seq.).

3           “(ff) The Head Start Act (42  
4 U.S.C. 9801 et seq.).

5           “(gg) The Richard B. Russell  
6 National School Lunch Act (42  
7 U.S.C. 1751 et seq.).

8           “(hh) The Child Nutrition Act of  
9 1966 (42 U.S.C. 1771 et seq.).

10          “(ii) The Child Care and Devel-  
11 opment Block Grant Act of 1990 (42  
12 U.S.C. 9858 et seq.).

13          “(jj) The Stewart B. McKinney  
14 Homeless Assistance Act (42 U.S.C.  
15 11301 et seq.).

16          “(kk) The United States Housing  
17 Act of 1937 (42 U.S.C. 1437 et seq.).

18          “(ll) The Native American Hous-  
19 ing Assistance and Self-Determination  
20 Act of 1996 (25 U.S.C. 4101 et seq.).

21          “(II) A State-specified governmental  
22 agency that has fiscal liability or legal re-  
23 sponsibility for the accuracy of the eligi-  
24 bility determination findings relied on by  
25 the State.

1           “(III) A public agency that is subject  
2           to an interagency agreement limiting the  
3           disclosure and use of the information dis-  
4           closed for purposes of determining eligi-  
5           bility under the State Medicaid plan or the  
6           State CHIP plan.

7           “(iii) EXCLUSIONS.—Such term does not  
8           include an agency that determines eligibility for  
9           a program established under the Social Services  
10          Block Grant established under title XX or a  
11          private, for-profit organization.

12          “(iv) RULES OF CONSTRUCTION.—Nothing  
13          in this paragraph shall be construed as—

14               “(I) exempting a State Medicaid  
15               agency from complying with the require-  
16               ments of section 1902(a)(4) relating to  
17               merit-based personnel standards for em-  
18               ployees of the State Medicaid agency and  
19               safeguards against conflicts of interest); or

20               “(II) authorizing a State Medicaid  
21               agency that elects to use Express Lane  
22               agencies under this subparagraph to use  
23               the Express Lane option to avoid com-  
24               plying with such requirements for purposes

1 of making eligibility determinations under  
2 the State Medicaid plan.

3 “(v) ADDITIONAL DEFINITIONS.—In this  
4 paragraph:

5 “(I) STATE.—The term ‘State’ means  
6 1 of the 50 States or the District of Co-  
7 lumbia.

8 “(II) STATE CHIP AGENCY.—The  
9 term ‘State CHIP agency’ means the State  
10 agency responsible for administering the  
11 State CHIP plan.

12 “(III) STATE CHIP PLAN.—The term  
13 ‘State CHIP plan’ means the State child  
14 health plan established under title XXI  
15 and includes any waiver of such plan.

16 “(IV) STATE MEDICAID AGENCY.—  
17 The term ‘State Medicaid agency’ means  
18 the State agency responsible for admin-  
19 istering the State Medicaid plan.

20 “(V) STATE MEDICAID PLAN.—The  
21 term ‘State Medicaid plan’ means the  
22 State plan established under title XIX and  
23 includes any waiver of such plan.

24 “(G) CHILD DEFINED.—For purposes of this  
25 paragraph, the term ‘child’ means an individual

1 under 19 years of age, or, at the option of a State,  
2 such higher age, not to exceed 21 years of age, as  
3 the State may elect.

4 “(H) APPLICATION.—This paragraph shall not  
5 apply with respect to eligibility determinations made  
6 after September 30, 2013.”.

7 (2) CHIP.—Section 2107(e)(1) (42 U.S.C.  
8 1397gg(e)(1)) is amended by redesignating subpara-  
9 graphs (B), (C), and (D) as subparagraphs (C), (D),  
10 and (E), respectively, and by inserting after sub-  
11 paragraph (A) the following new subparagraph:

12 “(B) Section 1902(e)(13) (relating to the  
13 State option to rely on findings from an Ex-  
14 press Lane agency to help evaluate a child’s eli-  
15 gibility for medical assistance).”.

16 (b) EVALUATION AND REPORT.—

17 (1) EVALUATION.—The Secretary shall con-  
18 duct, by grant, contract, or interagency agreement,  
19 a comprehensive, independent evaluation of the op-  
20 tion provided under the amendments made by sub-  
21 section (a). Such evaluation shall include an analysis  
22 of the effectiveness of the option, and shall include—

23 (A) obtaining a statistically valid sample of  
24 the children who were enrolled in the State  
25 Medicaid plan or the State CHIP plan through

1 reliance on a finding made by an Express Lane  
2 agency and determining the percentage of chil-  
3 dren who were erroneously enrolled in such  
4 plans;

5 (B) determining whether enrolling children  
6 in such plans through reliance on a finding  
7 made by an Express Lane agency improves the  
8 ability of a State to identify and enroll low-in-  
9 come, uninsured children who are eligible but  
10 not enrolled in such plans;

11 (C) evaluating the administrative costs or  
12 savings related to identifying and enrolling chil-  
13 dren in such plans through reliance on such  
14 findings, and the extent to which such costs dif-  
15 fer from the costs that the State otherwise  
16 would have incurred to identify and enroll low-  
17 income, uninsured children who are eligible but  
18 not enrolled in such plans; and

19 (D) any recommendations for legislative or  
20 administrative changes that would improve the  
21 effectiveness of enrolling children in such plans  
22 through reliance on such findings.

23 (2) REPORT TO CONGRESS.—Not later than  
24 September 30, 2012, the Secretary shall submit a

1 report to Congress on the results of the evaluation  
2 under paragraph (1).

3 (3) FUNDING.—

4 (A) IN GENERAL.—Out of any funds in the  
5 Treasury not otherwise appropriated, there is  
6 appropriated to the Secretary to carry out the  
7 evaluation under this subsection \$5,000,000 for  
8 the period of fiscal years 2009 through 2012.

9 (B) BUDGET AUTHORITY.—Subparagraph  
10 (A) constitutes budget authority in advance of  
11 appropriations Act and represents the obliga-  
12 tion of the Federal Government to provide for  
13 the payment of such amount to conduct the  
14 evaluation under this subsection.

15 (c) ELECTRONIC TRANSMISSION OF INFORMATION.—  
16 Section 1902 (42 U.S.C. 1396a) is amended by adding  
17 at the end the following new subsection:

18 “(dd) ELECTRONIC TRANSMISSION OF INFORMA-  
19 TION.—If the State agency determining eligibility for med-  
20 ical assistance under this title or child health assistance  
21 under title XXI verifies an element of eligibility based on  
22 information from an Express Lane Agency (as defined in  
23 subsection (e)(13)(F)), or from another public agency,  
24 then the applicant’s signature under penalty of perjury  
25 shall not be required as to such element. Any signature

1 requirement for an application for medical assistance may  
2 be satisfied through an electronic signature, as defined in  
3 section 1710(1) of the Government Paperwork Elimination  
4 Act (44 U.S.C. 3504 note). The requirements of  
5 subparagraphs (A) and (B) of section 1137(d)(2) may be  
6 met through evidence in digital or electronic form.”.

7 (d) AUTHORIZATION OF INFORMATION DISCLOSURE.—  
8 SURE.—

9 (1) IN GENERAL.—Title XIX is amended by  
10 adding at the end the following new section:

11 **“SEC. 1942. AUTHORIZATION TO RECEIVE RELEVANT INFORMATION.**  
12 **FORMATION.**

13 “(a) IN GENERAL.—Notwithstanding any other provision  
14 of law, a Federal or State agency or private entity  
15 in possession of the sources of data directly relevant to  
16 eligibility determinations under this title (including eligibility  
17 files maintained by Express Lane agencies described  
18 in section 1902(e)(13)(F), information described in paragraph  
19 (2) or (3) of section 1137(a), vital records information  
20 about births in any State, and information described  
21 in sections 453(i) and 1902(a)(25)(I)) is authorized to  
22 convey such data or information to the State agency administering  
23 the State plan under this title, to the extent  
24 such conveyance meets the requirements of subsection (b).

1       “(b) REQUIREMENTS FOR CONVEYANCE.—Data or  
2 information may be conveyed pursuant to subsection (a)  
3 only if the following requirements are met:

4           “(1) The individual whose circumstances are  
5 described in the data or information (or such indi-  
6 vidual’s parent, guardian, caretaker relative, or au-  
7 thorized representative) has either provided advance  
8 consent to disclosure or has not objected to disclo-  
9 sure after receiving advance notice of disclosure and  
10 a reasonable opportunity to object.

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

13           “(A) identifying individuals who are eligi-  
14 ble or potentially eligible for medical assistance  
15 under this title and enrolling or attempting to  
16 enroll such individuals in the State plan; and

17           “(B) verifying the eligibility of individuals  
18 for medical assistance under the State plan.

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

21           “(A) prevents the unauthorized use, disclo-  
22 sure, or modification of such data and other-  
23 wise meets applicable Federal requirements  
24 safeguarding privacy and data security; and

1           “(B) requires the State agency admin-  
2           istering the State plan to use the data and in-  
3           formation obtained under this section to seek to  
4           enroll individuals in the plan.

5           “(c) PENALTIES FOR IMPROPER DISCLOSURE.—

6           “(1) CIVIL MONEY PENALTY.—A private entity  
7           described in the subsection (a) that publishes, dis-  
8           closes, or makes known in any manner, or to any ex-  
9           tent not authorized by Federal law, any information  
10          obtained under this section is subject to a civil  
11          money penalty in an amount equal to \$10,000 for  
12          each such unauthorized publication or disclosure.  
13          The provisions of section 1128A (other than sub-  
14          sections (a) and (b) and the second sentence of sub-  
15          section (f)) shall apply to a civil money penalty  
16          under this paragraph in the same manner as such  
17          provisions apply to a penalty or proceeding under  
18          section 1128A(a).

19          “(2) CRIMINAL PENALTY.—A private entity de-  
20          scribed in the subsection (a) that willfully publishes,  
21          discloses, or makes known in any manner, or to any  
22          extent not authorized by Federal law, any informa-  
23          tion obtained under this section shall be fined not  
24          more than \$10,000 or imprisoned not more than 1

1 year, or both, for each such unauthorized publication  
2 or disclosure.

3 “(d) RULE OF CONSTRUCTION.—The limitations and  
4 requirements that apply to disclosure pursuant to this sec-  
5 tion shall not be construed to prohibit the conveyance or  
6 disclosure of data or information otherwise permitted  
7 under Federal law (without regard to this section).”.

8 (2) CONFORMING AMENDMENT TO TITLE XXI.—  
9 Section 2107(e)(1) (42 U.S.C. 1397gg(e)(1)), as  
10 amended by subsection (a)(2), is amended by adding  
11 at the end the following new subparagraph:

12 “(F) Section 1942 (relating to authoriza-  
13 tion to receive data directly relevant to eligi-  
14 bility determinations).”.

15 (3) CONFORMING AMENDMENT TO PROVIDE AC-  
16 CESS TO DATA ABOUT ENROLLMENT IN INSURANCE  
17 FOR PURPOSES OF EVALUATING APPLICATIONS AND  
18 FOR CHIP.—Section 1902(a)(25)(I)(i) (42 U.S.C.  
19 1396a(a)(25)(I)(i)) is amended—

20 (A) by inserting “(and, at State option, in-  
21 dividuals who apply or whose eligibility for med-  
22 ical assistance is being evaluated in accordance  
23 with section 1902(e)(13)(D))” after “with re-  
24 spect to individuals who 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 (e) AUTHORIZATION FOR STATES ELECTING EX-  
5 PRESS LANE OPTION TO RECEIVE CERTAIN DATA DI-  
6 RECTLY RELEVANT TO DETERMINING ELIGIBILITY AND  
7 CORRECT AMOUNT OF ASSISTANCE.—The Secretary shall  
8 enter into such agreements as are necessary to permit a  
9 State that elects the Express Lane option under section  
10 1902(e)(13) of the Social Security Act to receive data di-  
11 rectly relevant to eligibility determinations and deter-  
12 mining the correct amount of benefits under a State child  
13 health plan under CHIP or a State plan under Medicaid  
14 from the following:

15 (1) The National Directory of New Hires estab-  
16 lished under section 453(i) of the Social Security  
17 Act (42 U.S.C. 653(i)).

18 (2) Data regarding enrollment in insurance that  
19 may help to facilitate outreach and enrollment under  
20 the State Medicaid plan, the State CHIP plan, and  
21 such other programs as the Secretary may specify.

22 (f) EFFECTIVE DATE.—The amendments made by  
23 this section are effective on the date of the enactment of  
24 this Act.

1     **Subtitle B—Reducing Barriers to**  
 2                     **Enrollment**

3     **SEC. 211. VERIFICATION OF DECLARATION OF CITIZENSHIP**  
 4                     **OR NATIONALITY FOR PURPOSES OF ELIGI-**  
 5                     **BILITY FOR MEDICAID AND CHIP.**

6             (a)   ALTERNATIVE   STATE   PROCESS   FOR  
 7   VERIFICATION OF DECLARATION OF CITIZENSHIP OR NA-  
 8   TIONALITY FOR PURPOSES OF ELIGIBILITY FOR MED-  
 9   ICAID.—

10             (1)   ALTERNATIVE   TO   DOCUMENTATION   RE-  
 11   QUIREMENT.—

12             (A)   IN   GENERAL.—Section   1902   (42  
 13   U.S.C. 1396a), as amended by section 203(e),  
 14   is amended—

15                     (i) in subsection (a)(46)—

16                             (I) by inserting “(A)” after  
 17                             “(46)”;

18                             (II) by adding “and” after the  
 19                             semicolon; and

20                             (III) by adding at the end the  
 21                             following new subparagraph:

22                             “(B) provide, with respect to an individual de-  
 23                             claring to be a citizen or national of the United  
 24                             States for purposes of establishing eligibility under

1 this title, that the State shall satisfy the require-  
2 ments of—

3 “(i) section 1903(x); or

4 “(ii) subsection (ee);”; and

5 (ii) by adding at the end the following  
6 new subsection:

7 “(ee)(1) For purposes of subsection (a)(46)(B)(ii),  
8 the requirements of this subsection with respect to an indi-  
9 vidual declaring to be a citizen or national of the United  
10 States for purposes of establishing eligibility under this  
11 title, are, in lieu of requiring the individual to present sat-  
12 isfactory documentary evidence of citizenship or nation-  
13 ality under section 1903(x) (if the individual is not de-  
14 scribed in paragraph (2) of that section), as follows:

15 “(A) The State submits the name and social se-  
16 curity number of the individual to the Commissioner  
17 of Social Security as part of the program established  
18 under paragraph (2).

19 “(B) If the State receives notice from the Com-  
20 missioner of Social Security that the name or social  
21 security number, or the declaration of citizenship or  
22 nationality, of the individual is inconsistent with in-  
23 formation in the records maintained by the Commis-  
24 sioner—

1           “(i) the State makes a reasonable effort to  
2 identify and address the causes of such incon-  
3 sistency, including through typographical or  
4 other clerical errors, by contacting the indi-  
5 vidual to confirm the accuracy of the name or  
6 social security number submitted or declaration  
7 of citizenship or nationality and by taking such  
8 additional actions as the Secretary, through  
9 regulation or other guidance, or the State may  
10 identify, and continues to provide the individual  
11 with medical assistance while making such ef-  
12 fort; and

13           “(ii) in the case such inconsistency is not  
14 resolved under clause (i), the State—

15               “(I) notifies the individual of such  
16 fact;

17               “(II) provides the individual with a  
18 period of 90 days from the date on which  
19 the notice required under subclause (I) is  
20 received by the individual to either present  
21 satisfactory documentary evidence of citi-  
22 zenship or nationality (as defined in sec-  
23 tion 1903(x)(3)) or resolve the inconsis-  
24 tency with the Commissioner of Social Se-  
25 curity (and continues to provide the indi-

1           vidual with medical assistance during such  
2           90-day period); and

3           “(III) disenrolls the individual from  
4           the State plan under this title within 30  
5           days after the end of such 90-day period if  
6           no such documentary evidence is presented  
7           or if such inconsistency is not resolved.

8           “(2)(A) Each State electing to satisfy the require-  
9           ments of this subsection for purposes of section  
10          1902(a)(46)(B) shall establish a program under which the  
11          State submits at least monthly to the Commissioner of So-  
12          cial Security for comparison of the name and social secu-  
13          rity number, of each individual newly enrolled in the State  
14          plan under this title that month who is not described in  
15          section 1903(x)(2) and who declares to be a United States  
16          citizen or national, with information in records maintained  
17          by the Commissioner.

18          “(B) In establishing the State program under this  
19          paragraph, the State may enter into an agreement with  
20          the Commissioner of Social Security—

21                 “(i) to provide, through an on-line system or  
22                 otherwise, for the electronic submission of, and re-  
23                 sponse to, the information submitted under subpara-  
24                 graph (A) for an individual enrolled in the State

1 plan under this title who declares to be citizen or na-  
2 tional on at least a monthly basis; or

3 “(ii) to provide for a determination of the con-  
4 sistency of the information submitted with the infor-  
5 mation maintained in the records of the Commis-  
6 sioner through such other method as agreed to by  
7 the State and the Commissioner and approved by  
8 the Secretary, provided that such method is no more  
9 burdensome for individuals to comply with than any  
10 burdens that may apply under a method described in  
11 clause (i).

12 “(C) The program established under this paragraph  
13 shall provide that, in the case of any individual who is  
14 required to submit a social security number to the State  
15 under subparagraph (A) and who is unable to provide the  
16 State with such number, shall be provided with at least  
17 the reasonable opportunity to present satisfactory docu-  
18 mentary evidence of citizenship or nationality (as defined  
19 in section 1903(x)(3)) as is provided under clauses (i) and  
20 (ii) of section 1137(d)(4)(A) to an individual for the sub-  
21 mittal to the State of evidence indicating a satisfactory  
22 immigration status.

23 “(3)(A) The State agency implementing the plan ap-  
24 proved under this title shall, at such times and in such  
25 form as the Secretary may specify, provide information on

1 the percentage each month that the inconsistent submis-  
2 sions bears to the total submissions made for comparison  
3 for such month. For purposes of this subparagraph, a  
4 name, social security number, or declaration of citizenship  
5 or nationality of an individual shall be treated as incon-  
6 sistent and included in the determination of such percent-  
7 age only if—

8           “(i) the information submitted by the individual  
9           is not consistent with information in records main-  
10          tained by the Commissioner of Social Security;

11          “(ii) the inconsistency is not resolved by the  
12          State;

13          “(iii) the individual was provided with a reason-  
14          able period of time to resolve the inconsistency with  
15          the Commissioner of Social Security or provide satis-  
16          factory documentation of citizenship status and did  
17          not successfully resolve such inconsistency; and

18          “(iv) payment has been made for an item or  
19          service furnished to the individual under this title.

20          “(B) If, for any fiscal year, the average monthly per-  
21          centage determined under subparagraph (A) is greater  
22          than 3 percent—

23                 “(i) the State shall develop and adopt a correc-  
24                 tive plan to review its procedures for verifying the  
25                 identities of individuals seeking to enroll in the State

1 plan under this title and to identify and implement  
2 changes in such procedures to improve their accu-  
3 racy; and

4 “(ii) pay to the Secretary an amount equal to  
5 the amount which bears the same ratio to the total  
6 payments under the State plan for the fiscal year for  
7 providing medical assistance to individuals who pro-  
8 vided inconsistent information as the number of in-  
9 dividuals with inconsistent information in excess of  
10 3 percent of such total submitted bears to the total  
11 number of individuals with inconsistent information.

12 “(C) The Secretary may waive, in certain limited  
13 cases, all or part of the payment under subparagraph  
14 (B)(ii) if the State is unable to reach the allowable error  
15 rate despite a good faith effort by such State.

16 “(D) Subparagraphs (A) and (B) shall not apply to  
17 a State for a fiscal year if there is an agreement described  
18 in paragraph (2)(B) in effect as of the close of the fiscal  
19 year that provides for the submission on a real-time basis  
20 of the information described in such paragraph.

21 “(4) Nothing in this subsection shall affect the rights  
22 of any individual under this title to appeal any  
23 disenrollment from a State plan.”.

1 (B) COSTS OF IMPLEMENTING AND MAIN-  
2 TAINING SYSTEM.—Section 1903(a)(3) (42  
3 U.S.C. 1396b(a)(3)) is amended—

4 (i) by striking “plus” at the end of  
5 subparagraph (E) and inserting “and”,  
6 and

7 (ii) by adding at the end the following  
8 new subparagraph:

9 “(F)(i) 90 percent of the sums expended  
10 during the quarter as are attributable to the de-  
11 sign, development, or installation of such  
12 mechanized verification and information re-  
13 trieval systems as the Secretary determines are  
14 necessary to implement section 1902(ee) (in-  
15 cluding a system described in paragraph (2)(B)  
16 thereof), and

17 “(ii) 75 percent of the sums expended dur-  
18 ing the quarter as are attributable to the oper-  
19 ation of systems to which clause (i) applies,  
20 plus”.

21 (2) LIMITATION ON WAIVER AUTHORITY.—Not-  
22 withstanding any provision of section 1115 of the  
23 Social Security Act (42 U.S.C. 1315), or any other  
24 provision of law, the Secretary may not waive the re-  
25 quirements of section 1902(a)(46)(B) of such Act

1 (42 U.S.C. 1396a(a)(46)(B)) with respect to a  
2 State.

3 (3) CONFORMING AMENDMENTS.—Section 1903  
4 (42 U.S.C. 1396b) is amended—

5 (A) in subsection (i)(22), by striking “sub-  
6 section (x)” and inserting “section  
7 1902(a)(46)(B)”; and

8 (B) in subsection (x)(1), by striking “sub-  
9 section (i)(22)” and inserting “section  
10 1902(a)(46)(B)(i)”.

11 (4) APPROPRIATION.—Out of any money in the  
12 Treasury of the United States not otherwise appro-  
13 priated, there are appropriated to the Commissioner  
14 of Social Security \$5,000,000 to remain available  
15 until expended to carry out the Commissioner’s re-  
16 sponsibilities under section 1902(ee) of the Social  
17 Security Act, as added by subsection (a).

18 (b) CLARIFICATION OF REQUIREMENTS RELATING  
19 TO PRESENTATION OF SATISFACTORY DOCUMENTARY  
20 EVIDENCE OF CITIZENSHIP OR NATIONALITY.—

21 (1) ACCEPTANCE OF DOCUMENTARY EVIDENCE  
22 ISSUED BY A FEDERALLY RECOGNIZED INDIAN  
23 TRIBE.—Section 1903(x)(3)(B) (42 U.S.C.  
24 1396b(x)(3)(B)) is amended—

1 (A) by redesignating clause (v) as clause  
2 (vi); and

3 (B) by inserting after clause (iv), the fol-  
4 lowing new clause:

5 “(v)(I) Except as provided in subclause (II), a  
6 document issued by a federally recognized Indian  
7 tribe evidencing membership or enrollment in, or af-  
8 filiation with, such tribe (such as a tribal enrollment  
9 card or certificate of degree of Indian blood).

10 “(II) With respect to those federally recognized  
11 Indian tribes located within States having an inter-  
12 national border whose membership includes individ-  
13 uals who are not citizens of the United States, the  
14 Secretary shall, after consulting with such tribes,  
15 issue regulations authorizing the presentation of  
16 such other forms of documentation (including tribal  
17 documentation, if appropriate) that the Secretary  
18 determines to be satisfactory documentary evidence  
19 of citizenship or nationality for purposes of satis-  
20 fying the requirement of this subsection.”.

21 (2) REQUIREMENT TO PROVIDE REASONABLE  
22 OPPORTUNITY TO PRESENT SATISFACTORY DOCU-  
23 MENTARY EVIDENCE.—Section 1903(x) (42 U.S.C.  
24 1396b(x)) is amended by adding at the end the fol-  
25 lowing new paragraph:

1       “(4) In the case of an individual declaring to be a  
2 citizen or national of the United States with respect to  
3 whom a State requires the presentation of satisfactory  
4 documentary evidence of citizenship or nationality under  
5 section 1902(a)(46)(B)(i), the individual shall be provided  
6 at least the reasonable opportunity to present satisfactory  
7 documentary evidence of citizenship or nationality under  
8 this subsection as is provided under clauses (i) and (ii)  
9 of section 1137(d)(4)(A) to an individual for the submittal  
10 to the State of evidence indicating a satisfactory immigra-  
11 tion status.”.

12               (3) CHILDREN BORN IN THE UNITED STATES  
13 TO MOTHERS ELIGIBLE FOR MEDICAID.—

14               (A) CLARIFICATION OF RULES.—Section  
15 1903(x) (42 U.S.C. 1396b(x)), as amended by  
16 paragraph (2), is amended—

17                       (i) in paragraph (2)—

18                               (I) in subparagraph (C), by strik-  
19 ing “or” at the end;

20                               (II) by redesignating subpara-  
21 graph (D) as subparagraph (E); and

22                               (III) by inserting after subpara-  
23 graph (C) the following new subpara-  
24 graph:

1           “(D) pursuant to the application of section  
2           1902(e)(4) (and, in the case of an individual who is  
3           eligible for medical assistance on such basis, the in-  
4           dividual shall be deemed to have provided satisfac-  
5           tory documentary evidence of citizenship or nation-  
6           ality and shall not be required to provide further  
7           documentary evidence on any date that occurs dur-  
8           ing or after the period in which the individual is eli-  
9           gible for medical assistance on such basis); or”;

10                           (ii) by adding at the end the following  
11                           new paragraph:

12           “(5) Nothing in subparagraph (A) or (B) of section  
13           1902(a)(46), the preceding paragraphs of this subsection,  
14           or the Deficit Reduction Act of 2005, including section  
15           6036 of such Act, shall be construed as changing the re-  
16           quirement of section 1902(e)(4) that a child born in the  
17           United States to an alien mother for whom medical assist-  
18           ance for the delivery of such child is available as treatment  
19           of an emergency medical condition pursuant to subsection  
20           (v) shall be deemed eligible for medical assistance during  
21           the first year of such child’s life.”.

22                           (B) STATE REQUIREMENT TO ISSUE SEPA-  
23           RATE IDENTIFICATION NUMBER.—Section  
24           1902(e)(4) (42 U.S.C. 1396a(e)(4)) is amended  
25           by adding at the end the following new sen-

1           tence: “Notwithstanding the preceding sentence,  
2           in the case of a child who is born in the United  
3           States to an alien mother for whom medical as-  
4           sistance for the delivery of the child is made  
5           available pursuant to section 1903(v), the State  
6           immediately shall issue a separate identification  
7           number for the child upon notification by the  
8           facility at which such delivery occurred of the  
9           child’s birth.”.

10           (4)     TECHNICAL     AMENDMENTS.—Section  
11           1903(x)(2) (42 U.S.C. 1396b(x)) is amended—

12                   (A) in subparagraph (B)—

13                           (i) by realigning the left margin of the  
14                           matter preceding clause (i) 2 ems to the  
15                           left; and

16                           (ii) by realigning the left margins of  
17                           clauses (i) and (ii), respectively, 2 ems to  
18                           the left; and

19                   (B) in subparagraph (C)—

20                           (i) by realigning the left margin of the  
21                           matter preceding clause (i) 2 ems to the  
22                           left; and

23                           (ii) by realigning the left margins of  
24                           clauses (i) and (ii), respectively, 2 ems to  
25                           the left.

1 (c) APPLICATION OF DOCUMENTATION SYSTEM TO  
2 CHIP.—

3 (1) IN GENERAL.—Section 2105(c) (42 U.S.C.  
4 1397ee(c)), as amended by section 114(a), is amend-  
5 ed by adding at the end the following new para-  
6 graph:

7 “(9) CITIZENSHIP DOCUMENTATION REQUIRE-  
8 MENTS.—

9 “(A) IN GENERAL.—No payment may be  
10 made under this section with respect to an indi-  
11 vidual who has, or is, declared to be a citizen  
12 or national of the United States for purposes of  
13 establishing eligibility under this title unless the  
14 State meets the requirements of section  
15 1902(a)(46)(B) with respect to the individual.

16 “(B) ENHANCED PAYMENTS.—Notwith-  
17 standing subsection (b), the enhanced FMAP  
18 with respect to payments under subsection (a)  
19 for expenditures described in clause (i) or (ii) of  
20 section 1903(a)(3)(F) necessary to comply with  
21 subparagraph (A) shall in no event be less than  
22 90 percent and 75 percent, respectively.”.

23 (2) NONAPPLICATION OF ADMINISTRATIVE EX-  
24 PENDITURES CAP.—Section 2105(c)(2)(C) (42  
25 U.S.C. 1397ee(c)(2)(C)), as amended by section

1       202(b), is amended by adding at the end the fol-  
2       lowing:

3                   “(ii) EXPENDITURES TO COMPLY  
4                   WITH CITIZENSHIP OR NATIONALITY  
5                   VERIFICATION REQUIREMENTS.—Expendi-  
6                   tures necessary for the State to comply  
7                   with paragraph (9)(A).”.

8       (d) EFFECTIVE DATE.—

9               (1) IN GENERAL.—

10               (A) IN GENERAL.—Except as provided in  
11               subparagraph (B), the amendments made by  
12               this section shall take effect on January 1,  
13               2010.

14               (B) TECHNICAL AMENDMENTS.—The  
15               amendments made by—

16               (i) paragraphs (1), (2), and (3) of  
17               subsection (b) shall take effect as if in-  
18               cluded in the enactment of section 6036 of  
19               the Deficit Reduction Act of 2005 (Public  
20               Law 109–171; 120 Stat. 80); and

21               (ii) paragraph (4) of subsection (b)  
22               shall take effect as if included in the enact-  
23               ment of section 405 of division B of the  
24               Tax Relief and Health Care Act of 2006  
25               (Public Law 109–432; 120 Stat. 2996).

1           (2) RESTORATION OF ELIGIBILITY.—In the  
2 case of an individual who, during the period that  
3 began on July 1, 2006, and ends on October 1,  
4 2009, was determined to be ineligible for medical as-  
5 sistance under a State Medicaid plan, including any  
6 waiver of such plan, solely as a result of the applica-  
7 tion of subsections (i)(22) and (x) of section 1903  
8 of the Social Security Act (as in effect during such  
9 period), but who would have been determined eligible  
10 for such assistance if such subsections, as amended  
11 by subsection (b), had applied to the individual, a  
12 State may deem the individual to be eligible for such  
13 assistance as of the date that the individual was de-  
14 termined to be ineligible for such medical assistance  
15 on such basis.

16           (3) SPECIAL TRANSITION RULE FOR INDIANS.—  
17 During the period that begins on July 1, 2006, and  
18 ends on the effective date of final regulations issued  
19 under subclause (II) of section 1903(x)(3)(B)(v) of  
20 the Social Security Act (42 U.S.C.  
21 1396b(x)(3)(B)(v)) (as added by subsection  
22 (b)(1)(B)), an individual who is a member of a fed-  
23 erally-recognized Indian tribe described in subclause  
24 (II) of that section who presents a document de-  
25 scribed in subclause (I) of such section that is issued

1 by such Indian tribe, shall be deemed to have pre-  
2 sented satisfactory evidence of citizenship or nation-  
3 ality for purposes of satisfying the requirement of  
4 subsection (x) of section 1903 of such Act.

5 **SEC. 212. REDUCING ADMINISTRATIVE BARRIERS TO EN-**  
6 **ROLLMENT.**

7 Section 2102(b) (42 U.S.C. 1397bb(b)) is amended—

8 (1) by redesignating paragraph (4) as para-  
9 graph (5); and

10 (2) by inserting after paragraph (3) the fol-  
11 lowing new paragraph:

12 “(4) REDUCTION OF ADMINISTRATIVE BAR-  
13 RIERS TO ENROLLMENT.—

14 “(A) IN GENERAL.—Subject to subpara-  
15 graph (B), the plan shall include a description  
16 of the procedures used to reduce administrative  
17 barriers to the enrollment of children and preg-  
18 nant women who are eligible for medical assist-  
19 ance under title XIX or for child health assist-  
20 ance or health benefits coverage under this title.  
21 Such procedures shall be established and re-  
22 vised as often as the State determines appro-  
23 priate to take into account the most recent in-  
24 formation available to the State identifying  
25 such barriers.

1           “(B) DEEMED COMPLIANCE IF JOINT AP-  
2           PLICATION AND RENEWAL PROCESS THAT PER-  
3           MITS APPLICATION OTHER THAN IN PERSON.—  
4           A State shall be deemed to comply with sub-  
5           paragraph (A) if the State’s application and re-  
6           newal forms and supplemental forms (if any)  
7           and information verification process is the same  
8           for purposes of establishing and renewing eligi-  
9           bility for children and pregnant women for  
10          medical assistance under title XIX and child  
11          health assistance under this title, and such  
12          process does not require an application to be  
13          made in person or a face-to-face interview.”.

14 **SEC. 213. MODEL OF INTERSTATE COORDINATED ENROLL-**  
15 **MENT AND COVERAGE PROCESS.**

16          (a) IN GENERAL.—In order to assure continuity of  
17 coverage of low-income children under the Medicaid pro-  
18 gram and the State Children’s Health Insurance Program  
19 (CHIP), not later than 18 months after the date of the  
20 enactment of this Act, the Secretary of Health and  
21 Human Services, in consultation with State Medicaid and  
22 CHIP directors and organizations representing program  
23 beneficiaries, shall develop a model process for the coordi-  
24 nation of the enrollment, retention, and coverage under  
25 such programs of children who, because of migration of

1 families, emergency evacuations, natural or other disas-  
 2 ters, public health emergencies, educational needs, or oth-  
 3 erwise, frequently change their State of residency or other-  
 4 wise are temporarily located outside of the State of their  
 5 residency.

6 (b) REPORT TO CONGRESS.—After development of  
 7 such model process, the Secretary of Health and Human  
 8 Services shall submit to Congress a report describing addi-  
 9 tional steps or authority needed to make further improve-  
 10 ments to coordinate the enrollment, retention, and cov-  
 11 erage under CHIP and Medicaid of children described in  
 12 subsection (a).

13 **SEC. 214. PERMITTING STATES TO ENSURE COVERAGE**  
 14 **WITHOUT A 5-YEAR DELAY OF CERTAIN CHIL-**  
 15 **DREN AND PREGNANT WOMEN UNDER THE**  
 16 **MEDICAID PROGRAM AND CHIP.**

17 (a) MEDICAID PROGRAM.—Section 1903(v) (42  
 18 U.S.C. 1396b(v)) is amended—

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

21 (2) by adding at the end the following new  
 22 paragraph:

23 “(4)(A) A State may elect (in a plan amendment  
 24 under this title) to provide medical assistance under this  
 25 title, notwithstanding sections 401(a), 402(b), 403, and

1 421 of the Personal Responsibility and Work Opportunity  
2 Reconciliation Act of 1996, to children and pregnant  
3 women who are lawfully residing in the United States (in-  
4 cluding battered individuals described in section 431(c) of  
5 such Act) and who are otherwise eligible for such assist-  
6 ance, within either or both of the following eligibility cat-  
7 egories:

8           “(i) PREGNANT WOMEN.—Women during preg-  
9 nancy (and during the 60-day period beginning on  
10 the last day of the pregnancy).

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

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

21           “(C) A State shall demonstrate that the State re-  
22 quires an individual provided medical assistance as a re-  
23 sult of an election by the State under subparagraph (A),  
24 to provide the State, as part of the State’s ongoing eligi-  
25 bility redetermination requirements and procedures, with

1 documentation or other evidence that the individual is law-  
 2 fully residing in the United States.”.

3 (b) CHIP.—Section 2107(e)(1) (42 U.S.C.  
 4 1397gg(e)(1)), as amended by sections 203(a)(2) and  
 5 203(d)(2), is amended by redesignating subparagraphs  
 6 (E) and (F) as subparagraphs (F) and (G), respectively  
 7 and by inserting after subparagraph (D) the following new  
 8 subparagraph:

9 “(E) Paragraph (4) of section 1903(v) (re-  
 10 lating to optional coverage of categories of law-  
 11 fully residing immigrant children or pregnant  
 12 women), but only if the State has elected to  
 13 apply such paragraph with respect to such cat-  
 14 egory of children or pregnant women under title  
 15 XIX.”.

16 **TITLE III—REDUCING BARRIERS**  
 17 **TO PROVIDING PREMIUM AS-**  
 18 **SISTANCE**

19 **Subtitle A—Additional State Op-**  
 20 **tion for Providing Premium As-**  
 21 **sistance**

22 **SEC. 301. ADDITIONAL STATE OPTION FOR PROVIDING**  
 23 **PREMIUM ASSISTANCE.**

24 (a) CHIP.—

1           (1) IN GENERAL.—Section 2105(c) (42 U.S.C.  
2           1397ee(c)), as amended by sections 114(a) and  
3           211(c), is amended by adding at the end the fol-  
4           lowing:

5           “(10) STATE OPTION TO OFFER PREMIUM AS-  
6           SISTANCE.—

7           “(A) IN GENERAL.—A State may elect to  
8           offer a premium assistance subsidy (as defined  
9           in subparagraph (C)) for qualified employer-  
10          sponsored coverage (as defined in subparagraph  
11          (B)) to all targeted low-income children who are  
12          eligible for child health assistance under the  
13          plan and have access to such coverage in ac-  
14          cordance with the requirements of this para-  
15          graph. No subsidy shall be provided to a tar-  
16          geted low-income child under this paragraph  
17          unless the child (or the child’s parent) volun-  
18          tarily elects to receive such a subsidy. A State  
19          may not require such an election as a condition  
20          of receipt of child health assistance.

21          “(B) QUALIFIED EMPLOYER-SPONSORED  
22          COVERAGE.—

23                 “(i) IN GENERAL.—Subject to clause  
24                 (ii), in this paragraph, the term ‘qualified  
25                 employer-sponsored coverage’ means a

1 group health plan or health insurance cov-  
2 erage offered through an employer—

3 “(I) that qualifies as creditable  
4 coverage as a group health plan under  
5 section 2701(c)(1) of the Public  
6 Health Service Act;

7 “(II) for which the employer con-  
8 tribution toward any premium for  
9 such coverage is at least 40 percent;  
10 and

11 “(III) that is offered to all indi-  
12 viduals in a manner that would be  
13 considered a nondiscriminatory eligi-  
14 bility classification for purposes of  
15 paragraph (3)(A)(ii) of section 105(h)  
16 of the Internal Revenue Code of 1986  
17 (but determined without regard to  
18 clause (i) of subparagraph (B) of such  
19 paragraph).

20 “(ii) EXCEPTION.—Such term does  
21 not include coverage consisting of—

22 “(I) benefits provided under a  
23 health flexible spending arrangement  
24 (as defined in section 106(c)(2) of the  
25 Internal Revenue Code of 1986); or

1           “(II) a high deductible health  
2           plan (as defined in section 223(e)(2)  
3           of such Code), without regard to  
4           whether the plan is purchased in con-  
5           junction with a health savings account  
6           (as defined under section 223(d) of  
7           such Code).

8           “(C) PREMIUM ASSISTANCE SUBSIDY.—

9           “(i) IN GENERAL.—In this paragraph,  
10          the term ‘premium assistance subsidy’  
11          means, with respect to a targeted low-in-  
12          come child, the amount equal to the dif-  
13          ference between the employee contribution  
14          required for enrollment only of the em-  
15          ployee under qualified employer-sponsored  
16          coverage and the employee contribution re-  
17          quired for enrollment of the employee and  
18          the child in such coverage, less any appli-  
19          cable premium cost-sharing applied under  
20          the State child health plan (subject to the  
21          limitations imposed under section 2103(e),  
22          including the requirement to count the  
23          total amount of the employee contribution  
24          required for enrollment of the employee  
25          and the child in such coverage toward the

1 annual aggregate cost-sharing limit applied  
2 under paragraph (3)(B) of such section).

3 “(ii) STATE PAYMENT OPTION.—A  
4 State may provide a premium assistance  
5 subsidy either as reimbursement to an em-  
6 ployee for out-of-pocket expenditures or,  
7 subject to clause (iii), directly to the em-  
8 ployee’s employer.

9 “(iii) EMPLOYER OPT-OUT.—An em-  
10 ployer may notify a State that it elects to  
11 opt-out of being directly paid a premium  
12 assistance subsidy on behalf of an em-  
13 ployee. In the event of such a notification,  
14 an employer shall withhold the total  
15 amount of the employee contribution re-  
16 quired for enrollment of the employee and  
17 the child in the qualified employer-spon-  
18 sored coverage and the State shall pay the  
19 premium assistance subsidy directly to the  
20 employee.

21 “(iv) TREATMENT AS CHILD HEALTH  
22 ASSISTANCE.—Expenditures for the provi-  
23 sion of premium assistance subsidies shall  
24 be considered child health assistance de-  
25 scribed in paragraph (1)(C) of subsection

1 (a) for purposes of making payments  
2 under that subsection.

3 “(D) APPLICATION OF SECONDARY PAYOR  
4 RULES.—The State shall be a secondary payor  
5 for any items or services provided under the  
6 qualified employer-sponsored coverage for which  
7 the State provides child health assistance under  
8 the State child health plan.

9 “(E) REQUIREMENT TO PROVIDE SUPPLE-  
10 MENTAL COVERAGE FOR BENEFITS AND COST-  
11 SHARING PROTECTION PROVIDED UNDER THE  
12 STATE CHILD HEALTH PLAN.—

13 “(i) IN GENERAL.—Notwithstanding  
14 section 2110(b)(1)(C), the State shall pro-  
15 vide for each targeted low-income child en-  
16 rolled in qualified employer-sponsored cov-  
17 erage, supplemental coverage consisting  
18 of—

19 “(I) items or services that are  
20 not covered, or are only partially cov-  
21 ered, under the qualified employer-  
22 sponsored coverage; and

23 “(II) cost-sharing protection con-  
24 sistent with section 2103(e).

1           “(ii) RECORD KEEPING REQUIRE-  
2           MENTS.—For purposes of carrying out  
3           clause (i), a State may elect to directly pay  
4           out-of-pocket expenditures for cost-sharing  
5           imposed under the qualified employer-spon-  
6           sored coverage and collect or not collect all  
7           or any portion of such expenditures from  
8           the parent of the child.

9           “(F) APPLICATION OF WAITING PERIOD  
10          IMPOSED UNDER THE STATE.—Any waiting pe-  
11          riod imposed under the State child health plan  
12          prior to the provision of child health assistance  
13          to a targeted low-income child under the State  
14          plan shall apply to the same extent to the provi-  
15          sion of a premium assistance subsidy for the  
16          child under this paragraph.

17          “(G) OPT-OUT PERMITTED FOR ANY  
18          MONTH.—A State shall establish a process for  
19          permitting the parent of a targeted low-income  
20          child receiving a premium assistance subsidy to  
21          disenroll the child from the qualified employer-  
22          sponsored coverage and enroll the child in, and  
23          receive child health assistance under, the State  
24          child health plan, effective on the first day of  
25          any month for which the child is eligible for

1 such assistance and in a manner that ensures  
2 continuity of coverage for the child.

3 “(H) APPLICATION TO PARENTS.—If a  
4 State provides child health assistance or health  
5 benefits coverage to parents of a targeted low-  
6 income child in accordance with section  
7 2111(b), the State may elect to offer a pre-  
8 mium assistance subsidy to a parent of a tar-  
9 geted low-income child who is eligible for such  
10 a subsidy under this paragraph in the same  
11 manner as the State offers such a subsidy for  
12 the enrollment of the child in qualified em-  
13 ployer-sponsored coverage, except that—

14 “(i) the amount of the premium as-  
15 sistance subsidy shall be increased to take  
16 into account the cost of the enrollment of  
17 the parent in the qualified employer-spon-  
18 sored coverage or, at the option of the  
19 State if the State determines it cost-effec-  
20 tive, the cost of the enrollment of the  
21 child’s family in such coverage; and

22 “(ii) any reference in this paragraph  
23 to a child is deemed to include a reference  
24 to the parent or, if applicable under clause  
25 (i), the family of the child.

1           “(I) ADDITIONAL STATE OPTION FOR PRO-  
2           VIDING PREMIUM ASSISTANCE.—

3           “(i) IN GENERAL.—A State may es-  
4           tablish an employer-family premium assist-  
5           ance purchasing pool for employers with  
6           less than 250 employees who have at least  
7           1 employee who is a pregnant woman eligi-  
8           ble for assistance under the State child  
9           health plan (including through the applica-  
10          tion of an option described in section  
11          2112(f)) or a member of a family with at  
12          least 1 targeted low-income child and to  
13          provide a premium assistance subsidy  
14          under this paragraph for enrollment in  
15          coverage made available through such pool.

16          “(ii) ACCESS TO CHOICE OF COV-  
17          ERAGE.—A State that elects the option  
18          under clause (i) shall identify and offer ac-  
19          cess to not less than 2 private health plans  
20          that are health benefits coverage that is  
21          equivalent to the benefits coverage in a  
22          benchmark benefit package described in  
23          section 2103(b) or benchmark-equivalent  
24          coverage that meets the requirements of

1 section 2103(a)(2) for employees described  
2 in clause (i).

3 “(iii) CLARIFICATION OF PAYMENT  
4 FOR ADMINISTRATIVE EXPENDITURES.—

5 Nothing in this subparagraph shall be con-  
6 strued as permitting payment under this  
7 section for administrative expenditures at-  
8 tributable to the establishment or oper-  
9 ation of such pool, except to the extent  
10 that such payment would otherwise be per-  
11 mitted under this title.

12 “(J) NO EFFECT ON PREMIUM ASSISTANCE  
13 WAIVER PROGRAMS.—Nothing in this para-  
14 graph shall be construed as limiting the author-  
15 ity of a State to offer premium assistance under  
16 section 1906 or 1906A, a waiver described in  
17 paragraph (2)(B) or (3), a waiver approved  
18 under section 1115, or other authority in effect  
19 prior to the date of enactment of the Children’s  
20 Health Insurance Program Reauthorization Act  
21 of 2009.

22 “(K) NOTICE OF AVAILABILITY.—If a  
23 State elects to provide premium assistance sub-  
24 sidies in accordance with this paragraph, the  
25 State shall—

1           “(i) include on any application or en-  
2           rollment form for child health assistance a  
3           notice of the availability of premium assist-  
4           ance subsidies for the enrollment of tar-  
5           geted low-income children in qualified em-  
6           ployer-sponsored coverage;

7           “(ii) provide, as part of the applica-  
8           tion and enrollment process under the  
9           State child health plan, information de-  
10          scribing the availability of such subsidies  
11          and how to elect to obtain such a subsidy;  
12          and

13          “(iii) establish such other procedures  
14          as the State determines necessary to en-  
15          sure that parents are fully informed of the  
16          choices for receiving child health assistance  
17          under the State child health plan or  
18          through the receipt of premium assistance  
19          subsidies.

20          “(L) APPLICATION TO QUALIFIED EM-  
21          PLOYER-SPONSORED BENCHMARK COVERAGE.—

22          If a group health plan or health insurance cov-  
23          erage offered through an employer is certified  
24          by an actuary as health benefits coverage that  
25          is equivalent to the benefits coverage in a

1 benchmark benefit package described in section  
2 2103(b) or benchmark-equivalent coverage that  
3 meets the requirements of section 2103(a)(2),  
4 the State may provide premium assistance sub-  
5 sidies for enrollment of targeted low-income  
6 children in such group health plan or health in-  
7 surance coverage in the same manner as such  
8 subsidies are provided under this paragraph for  
9 enrollment in qualified employer-sponsored cov-  
10 erage, but without regard to the requirement to  
11 provide supplemental coverage for benefits and  
12 cost-sharing protection provided under the  
13 State child health plan under subparagraph  
14 (E).

15 “(M) SATISFACTION OF COST-EFFECTIVE-  
16 NESS TEST.—Premium assistance subsidies for  
17 qualified employer-sponsored coverage offered  
18 under this paragraph shall be deemed to meet  
19 the requirement of subparagraph (A) of para-  
20 graph (3).

21 “(N) COORDINATION WITH MEDICAID.—In  
22 the case of a targeted low-income child who re-  
23 ceives child health assistance through a State  
24 plan under title XIX and who voluntarily elects  
25 to receive a premium assistance subsidy under

1           this section, the provisions of section 1906A  
2           shall apply and shall supersede any other provi-  
3           sions of this paragraph that are inconsistent  
4           with such section.”.

5           (2) DETERMINATION OF COST-EFFECTIVENESS  
6           FOR PREMIUM ASSISTANCE OR PURCHASE OF FAM-  
7           ILY COVERAGE.—

8                   (A) IN GENERAL.—Section 2105(c)(3)(A)  
9                   (42 U.S.C. 1397ee(c)(3)(A)) is amended by  
10                   striking “relative to” and all that follows  
11                   through the comma and inserting “relative to

12                           “(i) the amount of expenditures under  
13                           the State child health plan, including ad-  
14                           ministrative expenditures, that the State  
15                           would have made to provide comparable  
16                           coverage of the targeted low-income child  
17                           involved or the family involved (as applica-  
18                           ble); or

19                           “(ii) the aggregate amount of expendi-  
20                           tures that the State would have made  
21                           under the State child health plan, includ-  
22                           ing administrative expenditures, for pro-  
23                           viding coverage under such plan for all  
24                           such children or families.”.

1 (B) NONAPPLICATION TO PREVIOUSLY AP-  
2 PROVED COVERAGE.—The amendment made by  
3 subparagraph (A) shall not apply to coverage  
4 the purchase of which has been approved by the  
5 Secretary under section 2105(c)(3) of the Social  
6 Security Act prior to the date of enactment of  
7 this Act.

8 (b) MEDICAID.—Title XIX is amended by inserting  
9 after section 1906 the following new section:

10 “PREMIUM ASSISTANCE OPTION FOR CHILDREN

11 “SEC. 1906A. (a) IN GENERAL.—A State may elect  
12 to offer a premium assistance subsidy (as defined in sub-  
13 section (c)) for qualified employer-sponsored coverage (as  
14 defined in subsection (b)) to all individuals under age 19  
15 who are entitled to medical assistance under this title (and  
16 to the parent of such an individual) who have access to  
17 such coverage if the State meets the requirements of this  
18 section.

19 “(b) QUALIFIED EMPLOYER-SPONSORED COV-  
20 ERAGE.—

21 “(1) IN GENERAL.—Subject to paragraph (2)),  
22 in this paragraph, the term ‘qualified employer-spon-  
23 sored coverage’ means a group health plan or health  
24 insurance coverage offered through an employer—

1           “(A) that qualifies as creditable coverage  
2 as a group health plan under section 2701(e)(1)  
3 of the Public Health Service Act;

4           “(B) for which the employer contribution  
5 toward any premium for such coverage is at  
6 least 40 percent; and

7           “(C) that is offered to all individuals in a  
8 manner that would be considered a nondiscrim-  
9 inatory eligibility classification for purposes of  
10 paragraph (3)(A)(ii) of section 105(h) of the  
11 Internal Revenue Code of 1986 (but determined  
12 without regard to clause (i) of subparagraph  
13 (B) of such paragraph).

14           “(2) EXCEPTION.—Such term does not include  
15 coverage consisting of—

16           “(A) benefits provided under a health flexi-  
17 ble spending arrangement (as defined in section  
18 106(c)(2) of the Internal Revenue Code of  
19 1986); or

20           “(B) a high deductible health plan (as de-  
21 fined in section 223(c)(2) of such Code), with-  
22 out regard to whether the plan is purchased in  
23 conjunction with a health savings account (as  
24 defined under section 223(d) of such Code).

1           “(3) TREATMENT AS THIRD PARTY LIABIL-  
2           ITY.—The State shall treat the coverage provided  
3           under qualified employer-sponsored coverage as a  
4           third party liability under section 1902(a)(25).

5           “(c) PREMIUM ASSISTANCE SUBSIDY.—In this sec-  
6           tion, the term ‘premium assistance subsidy’ means the  
7           amount of the employee contribution for enrollment in the  
8           qualified employer-sponsored coverage by the individual  
9           under age 19 or by the individual’s family. Premium as-  
10          sistance subsidies under this section shall be considered,  
11          for purposes of section 1903(a), to be a payment for med-  
12          ical assistance.

13          “(d) VOLUNTARY PARTICIPATION.—

14                 “(1) EMPLOYERS.—Participation by an em-  
15                 ployer in a premium assistance subsidy offered by a  
16                 State under this section shall be voluntary. An em-  
17                 ployer may notify a State that it elects to opt-out of  
18                 being directly paid a premium assistance subsidy on  
19                 behalf of an employee.

20                 “(2) BENEFICIARIES.—No subsidy shall be pro-  
21                 vided to an individual under age 19 under this sec-  
22                 tion unless the individual (or the individual’s parent)  
23                 voluntarily elects to receive such a subsidy. A State  
24                 may not require such an election as a condition of  
25                 receipt of medical assistance. State may not require,

1 as a condition of an individual under age 19 (or the  
2 individual's parent) being or remaining eligible for  
3 medical assistance under this title, apply for enroll-  
4 ment in qualified employer-sponsored coverage under  
5 this section.

6 “(3) OPT-OUT PERMITTED FOR ANY MONTH.—  
7 A State shall establish a process for permitting the  
8 parent of an individual under age 19 receiving a pre-  
9 mium assistance subsidy to disenroll the individual  
10 from the qualified employer-sponsored coverage.

11 “(e) REQUIREMENT TO PAY PREMIUMS AND COST-  
12 SHARING AND PROVIDE SUPPLEMENTAL COVERAGE.—In  
13 the case of the participation of an individual under age  
14 19 (or the individual's parent) in a premium assistance  
15 subsidy under this section for qualified employer-spon-  
16 sored coverage, the State shall provide for payment of all  
17 enrollee premiums for enrollment in such coverage and all  
18 deductibles, coinsurance, and other cost-sharing obliga-  
19 tions for items and services otherwise covered under the  
20 State plan under this title (exceeding the amount other-  
21 wise permitted under section 1916 or, if applicable, section  
22 1916A). The fact that an individual under age 19 (or a  
23 parent) elects to enroll in qualified employer-sponsored  
24 coverage under this section shall not change the individ-  
25 ual's (or parent's) eligibility for medical assistance under

1 the State plan, except insofar as section 1902(a)(25) pro-  
2 vides that payments for such assistance shall first be made  
3 under such coverage.”.

4 (c) GAO STUDY AND REPORT.—Not later than Janu-  
5 ary 1, 2010, the Comptroller General of the United States  
6 shall study cost and coverage issues relating to any State  
7 premium assistance programs for which Federal matching  
8 payments are made under title XIX or XXI of the Social  
9 Security Act, including under waiver authority, and shall  
10 submit a report to the Committee on Finance of the Sen-  
11 ate and the Committee on Energy and Commerce of the  
12 House of Representatives on the results of such study.

13 **SEC. 302. OUTREACH, EDUCATION, AND ENROLLMENT AS-**  
14 **SISTANCE.**

15 (a) REQUIREMENT TO INCLUDE DESCRIPTION OF  
16 OUTREACH, EDUCATION, AND ENROLLMENT EFFORTS  
17 RELATED TO PREMIUM ASSISTANCE SUBSIDIES IN STATE  
18 CHILD HEALTH PLAN.—Section 2102(c) (42 U.S.C.  
19 1397bb(c)) is amended by adding at the end the following  
20 new paragraph:

21 “(3) PREMIUM ASSISTANCE SUBSIDIES.—In the  
22 case of a State that provides for premium assistance  
23 subsidies under the State child health plan in ac-  
24 cordance with paragraph (2)(B), (3), or (10) of sec-  
25 tion 2105(c), or a waiver approved under section

1 1115, outreach, education, and enrollment assistance  
2 for families of children likely to be eligible for such  
3 subsidies, to inform such families of the availability  
4 of, and to assist them in enrolling their children in,  
5 such subsidies, and for employers likely to provide  
6 coverage that is eligible for such subsidies, including  
7 the specific, significant resources the State intends  
8 to apply to educate employers about the availability  
9 of premium assistance subsidies under the State  
10 child health plan.”.

11 (b) NONAPPLICATION OF 10 PERCENT LIMIT ON  
12 OUTREACH AND CERTAIN OTHER EXPENDITURES.—Sec-  
13 tion 2105(c)(2)(C) (42 U.S.C. 1397ee(c)(2)(C)), as  
14 amended by section 211(c)(2), is amended by adding at  
15 the end the following new clause:

16 “(iii) EXPENDITURES FOR OUTREACH  
17 TO INCREASE THE ENROLLMENT OF CHIL-  
18 DREN UNDER THIS TITLE AND TITLE XIX  
19 THROUGH PREMIUM ASSISTANCE SUB-  
20 SIDIES.—Expenditures for outreach activi-  
21 ties to families of children likely to be eligi-  
22 ble for premium assistance subsidies in ac-  
23 cordance with paragraph (2)(B), (3), or  
24 (10), or a waiver approved under section  
25 1115, to inform such families of the avail-

1 ability of, and to assist them in enrolling  
 2 their children in, such subsidies, and to  
 3 employers likely to provide qualified em-  
 4 ployer-sponsored coverage (as defined in  
 5 subparagraph (B) of such paragraph), but  
 6 not to exceed an amount equal to 1.25 per-  
 7 cent of the maximum amount permitted to  
 8 be expended under subparagraph (A) for  
 9 items described in subsection (a)(1)(D).”.

10 **Subtitle B—Coordinating Premium**  
 11 **Assistance With Private Coverage**

12 **SEC. 311. SPECIAL ENROLLMENT PERIOD UNDER GROUP**  
 13 **HEALTH PLANS IN CASE OF TERMINATION OF**  
 14 **MEDICAID OR CHIP COVERAGE OR ELIGI-**  
 15 **BILITY FOR ASSISTANCE IN PURCHASE OF**  
 16 **EMPLOYMENT-BASED COVERAGE; COORDINA-**  
 17 **TION OF COVERAGE.**

18 (a) AMENDMENTS TO INTERNAL REVENUE CODE OF  
 19 1986.—Section 9801(f) of the Internal Revenue Code of  
 20 1986 (relating to special enrollment periods) is amended  
 21 by adding at the end the following new paragraph:

22 “(3) SPECIAL RULES RELATING TO MEDICAID  
 23 AND CHIP.—

24 “(A) IN GENERAL.—A group health plan  
 25 shall permit an employee who is eligible, but

1 not enrolled, for coverage under the terms of  
2 the plan (or a dependent of such an employee  
3 if the dependent is eligible, but not enrolled, for  
4 coverage under such terms) to enroll for cov-  
5 erage under the terms of the plan if either of  
6 the following conditions is met:

7 “(i) TERMINATION OF MEDICAID OR  
8 CHIP COVERAGE.—The employee or de-  
9 pendent is covered under a Medicaid plan  
10 under title XIX of the Social Security Act  
11 or under a State child health plan under  
12 title XXI of such Act and coverage of the  
13 employee or dependent under such a plan  
14 is terminated as a result of loss of eligi-  
15 bility for such coverage and the employee  
16 requests coverage under the group health  
17 plan not later than 60 days after the date  
18 of termination of such coverage.

19 “(ii) ELIGIBILITY FOR EMPLOYMENT  
20 ASSISTANCE UNDER MEDICAID OR CHIP.—  
21 The employee or dependent becomes eligi-  
22 ble for assistance, with respect to coverage  
23 under the group health plan under such  
24 Medicaid plan or State child health plan  
25 (including under any waiver or demonstra-

1           tion project conducted under or in relation  
2           to such a plan), if the employee requests  
3           coverage under the group health plan not  
4           later than 60 days after the date the em-  
5           ployee or dependent is determined to be el-  
6           igible for such assistance.

7           “(B) EMPLOYEE OUTREACH AND DISCLO-  
8           SURE.—

9                   “(i) OUTREACH TO EMPLOYEES RE-  
10                  GARDING AVAILABILITY OF MEDICAID AND  
11                  CHIP COVERAGE.—

12                           “(I) IN GENERAL.—Each em-  
13                           ployer that maintains a group health  
14                           plan in a State that provides medical  
15                           assistance under a State Medicaid  
16                           plan under title XIX of the Social Se-  
17                           curity Act, or child health assistance  
18                           under a State child health plan under  
19                           title XXI of such Act, in the form of  
20                           premium assistance for the purchase  
21                           of coverage under a group health  
22                           plan, shall provide to each employee a  
23                           written notice informing the employee  
24                           of potential opportunities then cur-  
25                           rently available in the State in which

1 the employee resides for premium as-  
2 sistance under such plans for health  
3 coverage of the employee or the em-  
4 ployee's dependents. For purposes of  
5 compliance with this clause, the em-  
6 ployer may use any State-specific  
7 model notice developed in accordance  
8 with section 701(f)(3)(B)(i)(II) of the  
9 Employee Retirement Income Security  
10 Act of 1974 (29 U.S.C.  
11 1181(f)(3)(B)(i)(II)).

12 “(II) OPTION TO PROVIDE CON-  
13 CURRENT WITH PROVISION OF PLAN  
14 MATERIALS TO EMPLOYEE.—An em-  
15 ployer may provide the model notice  
16 applicable to the State in which an  
17 employee resides concurrent with the  
18 furnishing of materials notifying the  
19 employee of health plan eligibility,  
20 concurrent with materials provided to  
21 the employee in connection with an  
22 open season or election process con-  
23 ducted under the plan, or concurrent  
24 with the furnishing of the summary  
25 plan description as provided in section

1           104(b) of the Employee Retirement  
2           Income Security Act of 1974 (29  
3           U.S.C. 1024).

4           “(ii) DISCLOSURE ABOUT GROUP  
5           HEALTH PLAN BENEFITS TO STATES FOR  
6           MEDICAID AND CHIP ELIGIBLE INDIVID-  
7           UALS.—In the case of a participant or ben-  
8           eficiary of a group health plan who is cov-  
9           ered under a Medicaid plan of a State  
10          under title XIX of the Social Security Act  
11          or under a State child health plan under  
12          title XXI of such Act, the plan adminis-  
13          trator of the group health plan shall dis-  
14          close to the State, upon request, informa-  
15          tion about the benefits available under the  
16          group health plan in sufficient specificity,  
17          as determined under regulations of the  
18          Secretary of Health and Human Services  
19          in consultation with the Secretary that re-  
20          quire use of the model coverage coordina-  
21          tion disclosure form developed under sec-  
22          tion 311(b)(1)(C) of the Children’s Health  
23          Insurance Program Reauthorization Act of  
24          2009, so as to permit the State to make a  
25          determination (under paragraph (2)(B),

1           (3), or (10) of section 2105(c) of the So-  
 2           cial Security Act or otherwise) concerning  
 3           the cost-effectiveness of the State pro-  
 4           viding medical or child health assistance  
 5           through premium assistance for the pur-  
 6           chase of coverage under such group health  
 7           plan and in order for the State to provide  
 8           supplemental benefits required under para-  
 9           graph (10)(E) of such section or other au-  
 10          thority.”.

11          (b) CONFORMING AMENDMENTS.—

12           (1) AMENDMENTS TO EMPLOYEE RETIREMENT  
 13          INCOME SECURITY ACT.—

14           (A) IN GENERAL.—Section 701(f) of the  
 15          Employee Retirement Income Security Act of  
 16          1974 (29 U.S.C. 1181(f)) is amended by adding  
 17          at the end the following new paragraph:

18           “(3) SPECIAL RULES FOR APPLICATION IN CASE  
 19          OF MEDICAID AND CHIP.—

20           “(A) IN GENERAL.—A group health plan,  
 21          and a health insurance issuer offering group  
 22          health insurance coverage in connection with a  
 23          group health plan, shall permit an employee  
 24          who is eligible, but not enrolled, for coverage  
 25          under the terms of the plan (or a dependent of

1 such an employee if the dependent is eligible,  
2 but not enrolled, for coverage under such  
3 terms) to enroll for coverage under the terms of  
4 the plan if either of the following conditions is  
5 met:

6 “(i) TERMINATION OF MEDICAID OR  
7 CHIP COVERAGE.—The employee or de-  
8 pendent is covered under a Medicaid plan  
9 under title XIX of the Social Security Act  
10 or under a State child health plan under  
11 title XXI of such Act and coverage of the  
12 employee or dependent under such a plan  
13 is terminated as a result of loss of eligi-  
14 bility for such coverage and the employee  
15 requests coverage under the group health  
16 plan (or health insurance coverage) not  
17 later than 60 days after the date of termi-  
18 nation of such coverage.

19 “(ii) ELIGIBILITY FOR EMPLOYMENT  
20 ASSISTANCE UNDER MEDICAID OR CHIP.—  
21 The employee or dependent becomes eligi-  
22 ble for assistance, with respect to coverage  
23 under the group health plan or health in-  
24 surance coverage, under such Medicaid  
25 plan or State child health plan (including

1 under any waiver or demonstration project  
2 conducted under or in relation to such a  
3 plan), if the employee requests coverage  
4 under the group health plan or health in-  
5 surance coverage not later than 60 days  
6 after the date the employee or dependent is  
7 determined to be eligible for such assist-  
8 ance.

9 “(B) COORDINATION WITH MEDICAID AND  
10 CHIP.—

11 “(i) OUTREACH TO EMPLOYEES RE-  
12 GARDING AVAILABILITY OF MEDICAID AND  
13 CHIP COVERAGE.—

14 “(I) IN GENERAL.—Each em-  
15 ployer that maintains a group health  
16 plan in a State that provides medical  
17 assistance under a State Medicaid  
18 plan under title XIX of the Social Se-  
19 curity Act, or child health assistance  
20 under a State child health plan under  
21 title XXI of such Act, in the form of  
22 premium assistance for the purchase  
23 of coverage under a group health  
24 plan, shall provide to each employee a  
25 written notice informing the employee

1 of potential opportunities then cur-  
2 rently available in the State in which  
3 the employee resides for premium as-  
4 sistance under such plans for health  
5 coverage of the employee or the em-  
6 ployee’s dependents.

7 “(II) MODEL NOTICE.—Not later  
8 than 1 year after the date of enact-  
9 ment of the Children’s Health Insur-  
10 ance Program Reauthorization Act of  
11 2009, the Secretary and the Secretary  
12 of Health and Human Services, in  
13 consultation with Directors of State  
14 Medicaid agencies under title XIX of  
15 the Social Security Act and Directors  
16 of State CHIP agencies under title  
17 XXI of such Act, shall jointly develop  
18 national and State-specific model no-  
19 tices for purposes of subparagraph  
20 (A). The Secretary shall provide em-  
21 ployers with such model notices so as  
22 to enable employers to timely comply  
23 with the requirements of subpara-  
24 graph (A). Such model notices shall  
25 include information regarding how an

1 employee may contact the State in  
2 which the employee resides for addi-  
3 tional information regarding potential  
4 opportunities for such premium assist-  
5 ance, including how to apply for such  
6 assistance.

7 “(III) OPTION TO PROVIDE CON-  
8 CURRENT WITH PROVISION OF PLAN  
9 MATERIALS TO EMPLOYEE.—An em-  
10 ployer may provide the model notice  
11 applicable to the State in which an  
12 employee resides concurrent with the  
13 furnishing of materials notifying the  
14 employee of health plan eligibility,  
15 concurrent with materials provided to  
16 the employee in connection with an  
17 open season or election process con-  
18 ducted under the plan, or concurrent  
19 with the furnishing of the summary  
20 plan description as provided in section  
21 104(b).

22 “(ii) DISCLOSURE ABOUT GROUP  
23 HEALTH PLAN BENEFITS TO STATES FOR  
24 MEDICAID AND CHIP ELIGIBLE INDIVID-  
25 UALS.—In the case of a participant or ben-

1           efficiary of a group health plan who is cov-  
2           ered under a Medicaid plan of a State  
3           under title XIX of the Social Security Act  
4           or under a State child health plan under  
5           title XXI of such Act, the plan adminis-  
6           trator of the group health plan shall dis-  
7           close to the State, upon request, informa-  
8           tion about the benefits available under the  
9           group health plan in sufficient specificity,  
10          as determined under regulations of the  
11          Secretary of Health and Human Services  
12          in consultation with the Secretary that re-  
13          quire use of the model coverage coordina-  
14          tion disclosure form developed under sec-  
15          tion 311(b)(1)(C) of the Children’s Health  
16          Insurance Program Reauthorization Act of  
17          2009, so as to permit the State to make a  
18          determination (under paragraph (2)(B),  
19          (3), or (10) of section 2105(c) of the So-  
20          cial Security Act or otherwise) concerning  
21          the cost-effectiveness of the State pro-  
22          viding medical or child health assistance  
23          through premium assistance for the pur-  
24          chase of coverage under such group health  
25          plan and in order for the State to provide

1 supplemental benefits required under para-  
 2 graph (10)(E) of such section or other au-  
 3 thority.”.

4 (B) CONFORMING AMENDMENT.—Section  
 5 102(b) of the Employee Retirement Income Se-  
 6 curity Act of 1974 (29 U.S.C. 1022(b)) is  
 7 amended—

8 (i) by striking “and the remedies”  
 9 and inserting “, the remedies”; and

10 (ii) by inserting before the period the  
 11 following: “, and if the employer so elects  
 12 for purposes of complying with section  
 13 701(f)(3)(B)(i), the model notice applicable  
 14 to the State in which the participants and  
 15 beneficiaries reside”.

16 (C) WORKING GROUP TO DEVELOP MODEL  
 17 COVERAGE COORDINATION DISCLOSURE  
 18 FORM.—

19 (i) MEDICAID, CHIP, AND EMPLOYER-  
 20 SPONSORED COVERAGE COORDINATION  
 21 WORKING GROUP.—

22 (I) IN GENERAL.—Not later than  
 23 60 days after the date of enactment of  
 24 this Act, the Secretary of Health and  
 25 Human Services and the Secretary of

1 Labor shall jointly establish a Med-  
2 icaid, CHIP, and Employer-Sponsored  
3 Coverage Coordination Working  
4 Group (in this subparagraph referred  
5 to as the “Working Group”). The  
6 purpose of the Working Group shall  
7 be to develop the model coverage co-  
8 ordination disclosure form described  
9 in subclause (II) and to identify the  
10 impediments to the effective coordina-  
11 tion of coverage available to families  
12 that include employees of employers  
13 that maintain group health plans and  
14 members who are eligible for medical  
15 assistance under title XIX of the So-  
16 cial Security Act or child health as-  
17 sistance or other health benefits cov-  
18 erage under title XXI of such Act.

19 (II) MODEL COVERAGE COORDI-  
20 NATION DISCLOSURE FORM DE-  
21 SCRIBED.—The model form described  
22 in this subclause is a form for plan  
23 administrators of group health plans  
24 to complete for purposes of permitting  
25 a State to determine the availability

1 and cost-effectiveness of the coverage  
2 available under such plans to employ-  
3 ees who have family members who are  
4 eligible for premium assistance offered  
5 under a State plan under title XIX or  
6 XXI of such Act and to allow for co-  
7 ordination of coverage for enrollees of  
8 such plans. Such form shall provide  
9 the following information in addition  
10 to such other information as the  
11 Working Group determines appro-  
12 priate:

13 (aa) A determination of  
14 whether the employee is eligible  
15 for coverage under the group  
16 health plan.

17 (bb) The name and contract  
18 information of the plan adminis-  
19 trator of the group health plan.

20 (cc) The benefits offered  
21 under the plan.

22 (dd) The premiums and  
23 cost-sharing required under the  
24 plan.

1 (ee) Any other information  
2 relevant to coverage under the  
3 plan.

4 (ii) MEMBERSHIP.—The Working  
5 Group shall consist of not more than 30  
6 members and shall be composed of rep-  
7 resentatives of—

8 (I) the Department of Labor;

9 (II) the Department of Health  
10 and Human Services;

11 (III) State directors of the Med-  
12 icaid program under title XIX of the  
13 Social Security Act;

14 (IV) State directors of the State  
15 Children’s Health Insurance Program  
16 under title XXI of the Social Security  
17 Act;

18 (V) employers, including owners  
19 of small businesses and their trade or  
20 industry representatives and certified  
21 human resource and payroll profes-  
22 sionals;

23 (VI) plan administrators and  
24 plan sponsors of group health plans  
25 (as defined in section 607(1) of the

1 Employee Retirement Income Security  
2 Act of 1974);

3 (VII) health insurance issuers;  
4 and

5 (VIII) children and other bene-  
6 ficiaries of medical assistance under  
7 title XIX of the Social Security Act or  
8 child health assistance or other health  
9 benefits coverage under title XXI of  
10 such Act.

11 (iii) COMPENSATION.—The members  
12 of the Working Group shall serve without  
13 compensation.

14 (iv) ADMINISTRATIVE SUPPORT.—The  
15 Department of Health and Human Serv-  
16 ices and the Department of Labor shall  
17 jointly provide appropriate administrative  
18 support to the Working Group, including  
19 technical assistance. The Working Group  
20 may use the services and facilities of either  
21 such Department, with or without reim-  
22 bursement, as jointly determined by such  
23 Departments.

24 (v) REPORT.—

1 (I) REPORT BY WORKING GROUP  
2 TO THE SECRETARIES.—Not later  
3 than 18 months after the date of the  
4 enactment of this Act, the Working  
5 Group shall submit to the Secretary of  
6 Labor and the Secretary of Health  
7 and Human Services the model form  
8 described in clause (i)(II) along with a  
9 report containing recommendations  
10 for appropriate measures to address  
11 the impediments to the effective co-  
12 ordination of coverage between group  
13 health plans and the State plans  
14 under titles XIX and XXI of the So-  
15 cial Security Act.

16 (II) REPORT BY SECRETARIES TO  
17 THE CONGRESS.—Not later than 2  
18 months after receipt of the report  
19 pursuant to subclause (I), the Secre-  
20 taries shall jointly submit a report to  
21 each House of the Congress regarding  
22 the recommendations contained in the  
23 report under such subclause.

24 (vi) TERMINATION.—The Working  
25 Group shall terminate 30 days after the

1 date of the issuance of its report under  
2 clause (v).

3 (D) EFFECTIVE DATES.—The Secretary of  
4 Labor and the Secretary of Health and Human  
5 Services shall develop the initial model notices  
6 under section 701(f)(3)(B)(i)(II) of the Em-  
7 ployee Retirement Income Security Act of 1974,  
8 and the Secretary of Labor shall provide such  
9 notices to employers, not later than the date  
10 that is 1 year after the date of enactment of  
11 this Act, and each employer shall provide the  
12 initial annual notices to such employer’s em-  
13 ployees beginning with the first plan year that  
14 begins after the date on which such initial  
15 model notices are first issued. The model cov-  
16 erage coordination disclosure form developed  
17 under subparagraph (C) shall apply with re-  
18 spect to requests made by States beginning  
19 with the first plan year that begins after the  
20 date on which such model coverage coordination  
21 disclosure form is first issued.

22 (E) ENFORCEMENT.—Section 502 of the  
23 Employee Retirement Income Security Act of  
24 1974 (29 U.S.C. 1132) is amended—

1 (i) in subsection (a)(6), by striking  
2 “or (8)” and inserting “(8), or (9)”; and

3 (ii) in subsection (c), by redesignating  
4 paragraph (9) as paragraph (10), and by  
5 inserting after paragraph (8) the following:

6 “(9)(A) The Secretary may assess a civil penalty  
7 against any employer of up to \$100 a day from the date  
8 of the employer’s failure to meet the notice requirement  
9 of section 701(f)(3)(B)(i)(I). For purposes of this sub-  
10 paragraph, each violation with respect to any single em-  
11 ployee shall be treated as a separate violation.

12 “(B) The Secretary may assess a civil penalty against  
13 any plan administrator of up to \$100 a day from the date  
14 of the plan administrator’s failure to timely provide to any  
15 State the information required to be disclosed under sec-  
16 tion 701(f)(3)(B)(ii). For purposes of this subparagraph,  
17 each violation with respect to any single participant or  
18 beneficiary shall be treated as a separate violation.”.

19 (2) AMENDMENTS TO PUBLIC HEALTH SERVICE  
20 ACT.—Section 2701(f) of the Public Health Service  
21 Act (42 U.S.C. 300gg(f)) is amended by adding at  
22 the end the following new paragraph:

23 “(3) SPECIAL RULES FOR APPLICATION IN CASE  
24 OF MEDICAID AND CHIP.—

1           “(A) IN GENERAL.—A group health plan,  
2           and a health insurance issuer offering group  
3           health insurance coverage in connection with a  
4           group health plan, shall permit an employee  
5           who is eligible, but not enrolled, for coverage  
6           under the terms of the plan (or a dependent of  
7           such an employee if the dependent is eligible,  
8           but not enrolled, for coverage under such  
9           terms) to enroll for coverage under the terms of  
10          the plan if either of the following conditions is  
11          met:

12                   “(i) TERMINATION OF MEDICAID OR  
13                   CHIP COVERAGE.—The employee or de-  
14                   pendent is covered under a Medicaid plan  
15                   under title XIX of the Social Security Act  
16                   or under a State child health plan under  
17                   title XXI of such Act and coverage of the  
18                   employee or dependent under such a plan  
19                   is terminated as a result of loss of eligi-  
20                   bility for such coverage and the employee  
21                   requests coverage under the group health  
22                   plan (or health insurance coverage) not  
23                   later than 60 days after the date of termi-  
24                   nation of such coverage.

1           “(ii) ELIGIBILITY FOR EMPLOYMENT  
2 ASSISTANCE UNDER MEDICAID OR CHIP.—  
3 The employee or dependent becomes eligi-  
4 ble for assistance, with respect to coverage  
5 under the group health plan or health in-  
6 surance coverage, under such Medicaid  
7 plan or State child health plan (including  
8 under any waiver or demonstration project  
9 conducted under or in relation to such a  
10 plan), if the employee requests coverage  
11 under the group health plan or health in-  
12 surance coverage not later than 60 days  
13 after the date the employee or dependent is  
14 determined to be eligible for such assist-  
15 ance.

16           “(B) COORDINATION WITH MEDICAID AND  
17 CHIP.—

18           “(i) OUTREACH TO EMPLOYEES RE-  
19 GARDING AVAILABILITY OF MEDICAID AND  
20 CHIP COVERAGE.—

21           “(I) IN GENERAL.—Each em-  
22 ployer that maintains a group health  
23 plan in a State that provides medical  
24 assistance under a State Medicaid  
25 plan under title XIX of the Social Se-

1 security Act, or child health assistance  
2 under a State child health plan under  
3 title XXI of such Act, in the form of  
4 premium assistance for the purchase  
5 of coverage under a group health  
6 plan, shall provide to each employee a  
7 written notice informing the employee  
8 of potential opportunities then cur-  
9 rently available in the State in which  
10 the employee resides for premium as-  
11 sistance under such plans for health  
12 coverage of the employee or the em-  
13 ployee's dependents. For purposes of  
14 compliance with this subclause, the  
15 employer may use any State-specific  
16 model notice developed in accordance  
17 with section 701(f)(3)(B)(i)(II) of the  
18 Employee Retirement Income Security  
19 Act of 1974 (29 U.S.C.  
20 1181(f)(3)(B)(i)(II)).

21 “(II) OPTION TO PROVIDE CON-  
22 CURRENT WITH PROVISION OF PLAN  
23 MATERIALS TO EMPLOYEE.—An em-  
24 ployer may provide the model notice  
25 applicable to the State in which an

1 employee resides concurrent with the  
2 furnishing of materials notifying the  
3 employee of health plan eligibility,  
4 concurrent with materials provided to  
5 the employee in connection with an  
6 open season or election process con-  
7 ducted under the plan, or concurrent  
8 with the furnishing of the summary  
9 plan description as provided in section  
10 104(b) of the Employee Retirement  
11 Income Security Act of 1974.

12 “(ii) DISCLOSURE ABOUT GROUP  
13 HEALTH PLAN BENEFITS TO STATES FOR  
14 MEDICAID AND CHIP ELIGIBLE INDIVID-  
15 UALS.—In the case of an enrollee in a  
16 group health plan who is covered under a  
17 Medicaid plan of a State under title XIX  
18 of the Social Security Act or under a State  
19 child health plan under title XXI of such  
20 Act, the plan administrator of the group  
21 health plan shall disclose to the State,  
22 upon request, information about the bene-  
23 fits available under the group health plan  
24 in sufficient specificity, as determined  
25 under regulations of the Secretary of

1 Health and Human Services in consulta-  
 2 tion with the Secretary that require use of  
 3 the model coverage coordination disclosure  
 4 form developed under section 311(b)(1)(C)  
 5 of the Children’s Health Insurance Reau-  
 6 thorization Act of 2009, so as to permit  
 7 the State to make a determination (under  
 8 paragraph (2)(B), (3), or (10) of section  
 9 2105(c) of the Social Security Act or oth-  
 10 erwise) concerning the cost-effectiveness of  
 11 the State providing medical or child health  
 12 assistance through premium assistance for  
 13 the purchase of coverage under such group  
 14 health plan and in order for the State to  
 15 provide supplemental benefits required  
 16 under paragraph (10)(E) of such section  
 17 or other authority.”.

18 **TITLE IV—STRENGTHENING**  
 19 **QUALITY OF CARE AND**  
 20 **HEALTH OUTCOMES**

21 **SEC. 401. CHILD HEALTH QUALITY IMPROVEMENT ACTIVI-**  
 22 **TIES FOR CHILDREN ENROLLED IN MED-**  
 23 **ICAID OR CHIP.**

24 (a) DEVELOPMENT OF CHILD HEALTH QUALITY  
 25 MEASURES FOR CHILDREN ENROLLED IN MEDICAID OR

1 CHIP.—Title XI (42 U.S.C. 1301 et seq.) is amended by  
2 inserting after section 1139 the following new section:

3 **“SEC. 1139A. CHILD HEALTH QUALITY MEASURES.**

4 “(a) DEVELOPMENT OF AN INITIAL CORE SET OF  
5 HEALTH CARE QUALITY MEASURES FOR CHILDREN EN-  
6 ROLLED IN MEDICAID OR CHIP.—

7 “(1) IN GENERAL.—Not later than January 1,  
8 2010, the Secretary shall identify and publish for  
9 general comment an initial, recommended core set of  
10 child health quality measures for use by State pro-  
11 grams administered under titles XIX and XXI,  
12 health insurance issuers and managed care entities  
13 that enter into contracts with such programs, and  
14 providers of items and services under such pro-  
15 grams.

16 “(2) IDENTIFICATION OF INITIAL CORE MEAS-  
17 URES.—In consultation with the individuals and en-  
18 tities described in subsection (b)(3), the Secretary  
19 shall identify existing quality of care measures for  
20 children that are in use under public and privately  
21 sponsored health care coverage arrangements, or  
22 that are part of reporting systems that measure both  
23 the presence and duration of health insurance cov-  
24 erage over time.

1           “(3) RECOMMENDATIONS AND DISSEMINA-  
2           TION.—Based on such existing and identified meas-  
3           ures, the Secretary shall publish an initial core set  
4           of child health quality measures that includes (but  
5           is not limited to) the following:

6                   “(A) The duration of children’s health in-  
7                   surance coverage over a 12-month time period.

8                   “(B) The availability and effectiveness of a  
9                   full range of—

10                           “(i) preventive services, treatments,  
11                           and services for acute conditions, including  
12                           services to promote healthy birth, prevent  
13                           and treat premature birth, and detect the  
14                           presence or risk of physical or mental con-  
15                           ditions that could adversely affect growth  
16                           and development; and

17                           “(ii) treatments to correct or amelio-  
18                           rate the effects of physical and mental con-  
19                           ditions, including chronic conditions, in in-  
20                           fants, young children, school-age children,  
21                           and adolescents.

22                   “(C) The availability of care in a range of  
23                   ambulatory and inpatient health care settings  
24                   in which such care is furnished.

1           “(D) The types of measures that, taken to-  
2           gether, can be used to estimate the overall na-  
3           tional quality of health care for children, includ-  
4           ing children with special needs, and to perform  
5           comparative analyses of pediatric health care  
6           quality and racial, ethnic, and socioeconomic  
7           disparities in child health and health care for  
8           children.

9           “(4) ENCOURAGE VOLUNTARY AND STANDARD-  
10          IZED REPORTING.—Not later than 2 years after the  
11          date of enactment of the Children’s Health Insur-  
12          ance Program Reauthorization Act of 2009, the Sec-  
13          retary, in consultation with States, shall develop a  
14          standardized format for reporting information and  
15          procedures and approaches that encourage States to  
16          use the initial core measurement set to voluntarily  
17          report information regarding the quality of pediatric  
18          health care under titles XIX and XXI.

19          “(5) ADOPTION OF BEST PRACTICES IN IMPLE-  
20          MENTING QUALITY PROGRAMS.—The Secretary shall  
21          disseminate information to States regarding best  
22          practices among States with respect to measuring  
23          and reporting on the quality of health care for chil-  
24          dren, and shall facilitate the adoption of such best  
25          practices. In developing best practices approaches,

1 the Secretary shall give particular attention to State  
2 measurement techniques that ensure the timeliness  
3 and accuracy of provider reporting, encourage pro-  
4 vider reporting compliance, encourage successful  
5 quality improvement strategies, and improve effi-  
6 ciency in data collection using health information  
7 technology.

8 “(6) REPORTS TO CONGRESS.—Not later than  
9 January 1, 2011, and every 3 years thereafter, the  
10 Secretary shall report to Congress on—

11 “(A) the status of the Secretary’s efforts  
12 to improve—

13 “(i) quality related to the duration  
14 and stability of health insurance coverage  
15 for children under titles XIX and XXI;

16 “(ii) the quality of children’s health  
17 care under such titles, including preventive  
18 health services, health care for acute condi-  
19 tions, chronic health care, and health serv-  
20 ices to ameliorate the effects of physical  
21 and mental conditions and to aid in growth  
22 and development of infants, young chil-  
23 dren, school-age children, and adolescents  
24 with special health care needs; and

1           “(iii) the quality of children’s health  
2           care under such titles across the domains  
3           of quality, including clinical quality, health  
4           care safety, family experience with health  
5           care, health care in the most integrated  
6           setting, and elimination of racial, ethnic,  
7           and socioeconomic disparities in health and  
8           health care;

9           “(B) the status of voluntary reporting by  
10          States under titles XIX and XXI, utilizing the  
11          initial core quality measurement set; and

12          “(C) any recommendations for legislative  
13          changes needed to improve the quality of care  
14          provided to children under titles XIX and XXI,  
15          including recommendations for quality reporting  
16          by States.

17          “(7) TECHNICAL ASSISTANCE.—The Secretary  
18          shall provide technical assistance to States to assist  
19          them in adopting and utilizing core child health  
20          quality measures in administering the State plans  
21          under titles XIX and XXI.

22          “(8) DEFINITION OF CORE SET.—In this sec-  
23          tion, the term ‘core set’ means a group of valid, reli-  
24          able, and evidence-based quality measures that,  
25          taken together—

1           “(A) provide information regarding the  
2           quality of health coverage and health care for  
3           children;

4           “(B) address the needs of children  
5           throughout the developmental age span; and

6           “(C) allow purchasers, families, and health  
7           care providers to understand the quality of care  
8           in relation to the preventive needs of children,  
9           treatments aimed at managing and resolving  
10          acute conditions, and diagnostic and treatment  
11          services whose purpose is to correct or amelio-  
12          rate physical, mental, or developmental condi-  
13          tions that could, if untreated or poorly treated,  
14          become chronic.

15          “(b) ADVANCING AND IMPROVING PEDIATRIC QUAL-  
16          ITY MEASURES.—

17                 “(1) ESTABLISHMENT OF PEDIATRIC QUALITY  
18                 MEASURES PROGRAM.—Not later than January 1,  
19                 2011, the Secretary shall establish a pediatric qual-  
20                 ity measures program to—

21                         “(A) improve and strengthen the initial  
22                         core child health care quality measures estab-  
23                         lished by the Secretary under subsection (a);

24                         “(B) expand on existing pediatric quality  
25                         measures used by public and private health care

1 purchasers and advance the development of  
2 such new and emerging quality measures; and

3 “(C) increase the portfolio of evidence-  
4 based, consensus pediatric quality measures  
5 available to public and private purchasers of  
6 children’s health care services, providers, and  
7 consumers.

8 “(2) EVIDENCE-BASED MEASURES.—The meas-  
9 ures developed under the pediatric quality measures  
10 program shall, at a minimum, be—

11 “(A) evidence-based and, where appro-  
12 priate, risk adjusted;

13 “(B) designed to identify and eliminate ra-  
14 cial and ethnic disparities in child health and  
15 the provision of health care;

16 “(C) designed to ensure that the data re-  
17 quired for such measures is collected and re-  
18 ported in a standard format that permits com-  
19 parison of quality and data at a State, plan,  
20 and provider level;

21 “(D) periodically updated; and

22 “(E) responsive to the child health needs,  
23 services, and domains of health care quality de-  
24 scribed in clauses (i), (ii), and (iii) of subsection  
25 (a)(6)(A).

1           “(3) PROCESS FOR PEDIATRIC QUALITY MEAS-  
2           URES PROGRAM.—In identifying gaps in existing pe-  
3           diatric quality measures and establishing priorities  
4           for development and advancement of such measures,  
5           the Secretary shall consult with—

6                   “(A) States;

7                   “(B) pediatricians, children’s hospitals,  
8                   and other primary and specialized pediatric  
9                   health care professionals (including members of  
10                  the allied health professions) who specialize in  
11                  the care and treatment of children, particularly  
12                  children with special physical, mental, and de-  
13                  velopmental health care needs;

14                  “(C) dental professionals, including pedi-  
15                  atric dental professionals;

16                  “(D) health care providers that furnish  
17                  primary health care to children and families  
18                  who live in urban and rural medically under-  
19                  served communities or who are members of dis-  
20                  tinct population sub-groups at heightened risk  
21                  for poor health outcomes;

22                  “(E) national organizations representing  
23                  children, including children with disabilities and  
24                  children with chronic conditions;

1           “(F) national organizations representing  
2 consumers and purchasers of children’s health  
3 care;

4           “(G) national organizations and individuals  
5 with expertise in pediatric health quality meas-  
6 urement; and

7           “(H) voluntary consensus standards set-  
8 ting organizations and other organizations in-  
9 volved in the advancement of evidence-based  
10 measures of health care.

11           “(4) DEVELOPING, VALIDATING, AND TESTING  
12 A PORTFOLIO OF PEDIATRIC QUALITY MEASURES.—  
13 As part of the program to advance pediatric quality  
14 measures, the Secretary shall—

15           “(A) award grants and contracts for the  
16 development, testing, and validation of new,  
17 emerging, and innovative evidence-based meas-  
18 ures for children’s health care services across  
19 the domains of quality described in clauses (i),  
20 (ii), and (iii) of subsection (a)(6)(A); and

21           “(B) award grants and contracts for—

22           “(i) the development of consensus on  
23 evidence-based measures for children’s  
24 health care services;

1           “(ii) the dissemination of such meas-  
2           ures to public and private purchasers of  
3           health care for children; and

4           “(iii) the updating of such measures  
5           as necessary.

6           “(5) REVISING, STRENGTHENING, AND IMPROV-  
7           ING INITIAL CORE MEASURES.—Beginning no later  
8           than January 1, 2013, and annually thereafter, the  
9           Secretary shall publish recommended changes to the  
10          core measures described in subsection (a) that shall  
11          reflect the testing, validation, and consensus process  
12          for the development of pediatric quality measures  
13          described in subsection paragraphs (1) through (4).

14          “(6) DEFINITION OF PEDIATRIC QUALITY  
15          MEASURE.—In this subsection, the term ‘pediatric  
16          quality measure’ means a measurement of clinical  
17          care that is capable of being examined through the  
18          collection and analysis of relevant information, that  
19          is developed in order to assess 1 or more aspects of  
20          pediatric health care quality in various institutional  
21          and ambulatory health care settings, including the  
22          structure of the clinical care system, the process of  
23          care, the outcome of care, or patient experiences in  
24          care.

1           “(7) CONSTRUCTION.—Nothing in this section  
2 shall be construed as supporting the restriction of  
3 coverage, under title XIX or XXI or otherwise, to  
4 only those services that are evidence-based.

5           “(c) ANNUAL STATE REPORTS REGARDING STATE-  
6 SPECIFIC QUALITY OF CARE MEASURES APPLIED UNDER  
7 MEDICAID OR CHIP.—

8           “(1) ANNUAL STATE REPORTS.—Each State  
9 with a State plan approved under title XIX or a  
10 State child health plan approved under title XXI  
11 shall annually report to the Secretary on the—

12           “(A) State-specific child health quality  
13 measures applied by the States under such  
14 plans, including measures described in subpara-  
15 graphs (A) and (B) of subsection (a)(6); and

16           “(B) State-specific information on the  
17 quality of health care furnished to children  
18 under such plans, including information col-  
19 lected through external quality reviews of man-  
20 aged care organizations under section 1932 of  
21 the Social Security Act (42 U.S.C. 1396u-4)  
22 and benchmark plans under sections 1937 and  
23 2103 of such Act (42 U.S.C. 1396u-7, 1397cc).

24           “(2) PUBLICATION.—Not later than September  
25 30, 2010, and annually thereafter, the Secretary

1 shall collect, analyze, and make publicly available the  
2 information reported by States under paragraph (1).

3 “(d) DEMONSTRATION PROJECTS FOR IMPROVING  
4 THE QUALITY OF CHILDREN’S HEALTH CARE AND THE  
5 USE OF HEALTH INFORMATION TECHNOLOGY.—

6 “(1) IN GENERAL.—During the period of fiscal  
7 years 2009 through 2013, the Secretary shall award  
8 not more than 10 grants to States and child health  
9 providers to conduct demonstration projects to  
10 evaluate promising ideas for improving the quality of  
11 children’s health care provided under title XIX or  
12 XXI, including projects to—

13 “(A) experiment with, and evaluate the use  
14 of, new measures of the quality of children’s  
15 health care under such titles (including testing  
16 the validity and suitability for reporting of such  
17 measures);

18 “(B) promote the use of health information  
19 technology in care delivery for children under  
20 such titles;

21 “(C) evaluate provider-based models which  
22 improve the delivery of children’s health care  
23 services under such titles, including care man-  
24 agement for children with chronic conditions  
25 and the use of evidence-based approaches to im-

1           prove the effectiveness, safety, and efficiency of  
2           health care services for children; or

3           “(D) demonstrate the impact of the model  
4           electronic health record format for children de-  
5           veloped and disseminated under subsection (f)  
6           on improving pediatric health, including the ef-  
7           fects of chronic childhood health conditions, and  
8           pediatric health care quality as well as reducing  
9           health care costs.

10          “(2) REQUIREMENTS.—In awarding grants  
11          under this subsection, the Secretary shall ensure  
12          that—

13                 “(A) only 1 demonstration project funded  
14                 under a grant awarded under this subsection  
15                 shall be conducted in a State; and

16                 “(B) demonstration projects funded under  
17                 grants awarded under this subsection shall be  
18                 conducted evenly between States with large  
19                 urban areas and States with large rural areas.

20          “(3) AUTHORITY FOR MULTISTATE  
21          PROJECTS.—A demonstration project conducted with  
22          a grant awarded under this subsection may be con-  
23          ducted on a multistate basis, as needed.

1           “(4) FUNDING.—\$20,000,000 of the amount  
2           appropriated under subsection (i) for a fiscal year  
3           shall be used to carry out this subsection.

4           “(e) CHILDHOOD OBESITY DEMONSTRATION  
5 PROJECT.—

6           “(1) AUTHORITY TO CONDUCT DEMONSTRA-  
7           TION.—The Secretary, in consultation with the Ad-  
8           ministrators of the Centers for Medicare & Medicaid  
9           Services, shall conduct a demonstration project to  
10          develop a comprehensive and systematic model for  
11          reducing childhood obesity by awarding grants to eli-  
12          gible entities to carry out such project. Such model  
13          shall—

14                 “(A) identify, through self-assessment, be-  
15                 havioral risk factors for obesity among children;

16                 “(B) identify, through self-assessment,  
17                 needed clinical preventive and screening benefits  
18                 among those children identified as target indi-  
19                 viduals on the basis of such risk factors;

20                 “(C) provide ongoing support to such tar-  
21                 get individuals and their families to reduce risk  
22                 factors and promote the appropriate use of pre-  
23                 ventive and screening benefits; and

24                 “(D) be designed to improve health out-  
25                 comes, satisfaction, quality of life, and appro-

1           appropriate use of items and services for which med-  
2           ical assistance is available under title XIX or  
3           child health assistance is available under title  
4           XXI among such target individuals.

5           “(2) ELIGIBILITY ENTITIES.—For purposes of  
6           this subsection, an eligible entity is any of the fol-  
7           lowing:

8                   “(A) A city, county, or Indian tribe.

9                   “(B) A local or tribal educational agency.

10                  “(C) An accredited university, college, or  
11           community college.

12                  “(D) A Federally-qualified health center.

13                  “(E) A local health department.

14                  “(F) A health care provider.

15                  “(G) A community-based organization.

16                  “(H) Any other entity determined appro-  
17           priate by the Secretary, including a consortia or  
18           partnership of entities described in any of sub-  
19           paragraphs (A) through (G).

20           “(3) USE OF FUNDS.—An eligible entity award-  
21           ed a grant under this subsection shall use the funds  
22           made available under the grant to—

23                   “(A) carry out community-based activities  
24           related to reducing childhood obesity, including  
25           by—

1           “(i) forming partnerships with enti-  
2 ties, including schools and other facilities  
3 providing recreational services, to establish  
4 programs for after school and weekend  
5 community activities that are designed to  
6 reduce childhood obesity;

7           “(ii) forming partnerships with  
8 daycare facilities to establish programs  
9 that promote healthy eating behaviors and  
10 physical activity; and

11           “(iii) developing and evaluating com-  
12 munity educational activities targeting  
13 good nutrition and promoting healthy eat-  
14 ing behaviors;

15           “(B) carry out age-appropriate school-  
16 based activities that are designed to reduce  
17 childhood obesity, including by—

18           “(i) developing and testing edu-  
19 cational curricula and intervention pro-  
20 grams designed to promote healthy eating  
21 behaviors and habits in youth, which may  
22 include—

23           “(I) after hours physical activity  
24 programs; and

1                   “(II) science-based interventions  
2                   with multiple components to prevent  
3                   eating disorders including nutritional  
4                   content, understanding and respond-  
5                   ing to hunger and satiety, positive  
6                   body image development, positive self-  
7                   esteem development, and learning life  
8                   skills (such as stress management,  
9                   communication skills, problemsolving  
10                  and decisionmaking skills), as well as  
11                  consideration of cultural and develop-  
12                  mental issues, and the role of family,  
13                  school, and community;

14                  “(ii) providing education and training  
15                  to educational professionals regarding how  
16                  to promote a healthy lifestyle and a  
17                  healthy school environment for children;

18                  “(iii) planning and implementing a  
19                  healthy lifestyle curriculum or program  
20                  with an emphasis on healthy eating behav-  
21                  iors and physical activity; and

22                  “(iv) planning and implementing  
23                  healthy lifestyle classes or programs for  
24                  parents or guardians, with an emphasis on

1 healthy eating behaviors and physical ac-  
2 tivity for children;

3 “(C) carry out educational, counseling,  
4 promotional, and training activities through the  
5 local health care delivery systems including  
6 by—

7 “(i) promoting healthy eating behav-  
8 iors and physical activity services to treat  
9 or prevent eating disorders, being over-  
10 weight, and obesity;

11 “(ii) providing patient education and  
12 counseling to increase physical activity and  
13 promote healthy eating behaviors;

14 “(iii) training health professionals on  
15 how to identify and treat obese and over-  
16 weight individuals which may include nu-  
17 trition and physical activity counseling;  
18 and

19 “(iv) providing community education  
20 by a health professional on good nutrition  
21 and physical activity to develop a better  
22 understanding of the relationship between  
23 diet, physical activity, and eating disorders,  
24 obesity, or being overweight; and

1           “(D) provide, through qualified health pro-  
2           fessionals, training and supervision for commu-  
3           nity health workers to—

4                   “(i) educate families regarding the re-  
5                   lationship between nutrition, eating habits,  
6                   physical activity, and obesity;

7                   “(ii) educate families about effective  
8                   strategies to improve nutrition, establish  
9                   healthy eating patterns, and establish ap-  
10                  propriate levels of physical activity; and

11                  “(iii) educate and guide parents re-  
12                  garding the ability to model and commu-  
13                  nicate positive health behaviors.

14           “(4) PRIORITY.—In awarding grants under  
15           paragraph (1), the Secretary shall give priority to  
16           awarding grants to eligible entities—

17                   “(A) that demonstrate that they have pre-  
18                   viously applied successfully for funds to carry  
19                   out activities that seek to promote individual  
20                   and community health and to prevent the inci-  
21                   dence of chronic disease and that can cite pub-  
22                   lished and peer-reviewed research dem-  
23                   onstrating that the activities that the entities  
24                   propose to carry out with funds made available  
25                   under the grant are effective;

1           “(B) that will carry out programs or ac-  
2           tivities that seek to accomplish a goal or goals  
3           set by the State in the Healthy People 2010  
4           plan of the State;

5           “(C) that provide non-Federal contribu-  
6           tions, either in cash or in-kind, to the costs of  
7           funding activities under the grants;

8           “(D) that develop comprehensive plans  
9           that include a strategy for extending program  
10          activities developed under grants in the years  
11          following the fiscal years for which they receive  
12          grants under this subsection;

13          “(E) located in communities that are medi-  
14          cally underserved, as determined by the Sec-  
15          retary;

16          “(F) located in areas in which the average  
17          poverty rate is at least 150 percent or higher of  
18          the average poverty rate in the State involved,  
19          as determined by the Secretary; and

20          “(G) that submit plans that exhibit multi-  
21          sectoral, cooperative conduct that includes the  
22          involvement of a broad range of stakeholders,  
23          including—

24                  “(i) community-based organizations;

25                  “(ii) local governments;

- 1 “(iii) local educational agencies;  
2 “(iv) the private sector;  
3 “(v) State or local departments of  
4 health;  
5 “(vi) accredited colleges, universities,  
6 and community colleges;  
7 “(vii) health care providers;  
8 “(viii) State and local departments of  
9 transportation and city planning; and  
10 “(ix) other entities determined appro-  
11 priate by the Secretary.

12 “(5) PROGRAM DESIGN.—

13 “(A) INITIAL DESIGN.—Not later than 1  
14 year after the date of enactment of the Chil-  
15 dren’s Health Insurance Program Reauthoriza-  
16 tion Act of 2009, the Secretary shall design the  
17 demonstration project. The demonstration  
18 should draw upon promising, innovative models  
19 and incentives to reduce behavioral risk factors.  
20 The Administrator of the Centers for Medicare  
21 & Medicaid Services shall consult with the Di-  
22 rector of the Centers for Disease Control and  
23 Prevention, the Director of the Office of Minor-  
24 ity Health, the heads of other agencies in the  
25 Department of Health and Human Services,

1           and such professional organizations, as the Sec-  
2           retary determines to be appropriate, on the de-  
3           sign, conduct, and evaluation of the demonstra-  
4           tion.

5                   “(B) NUMBER AND PROJECT AREAS.—Not  
6           later than 2 years after the date of enactment  
7           of the Children’s Health Insurance Program  
8           Reauthorization Act of 2009, the Secretary  
9           shall award 1 grant that is specifically designed  
10          to determine whether programs similar to pro-  
11          grams to be conducted by other grantees under  
12          this subsection should be implemented with re-  
13          spect to the general population of children who  
14          are eligible for child health assistance under  
15          State child health plans under title XXI in  
16          order to reduce the incidence of childhood obe-  
17          sity among such population.

18                   “(6) REPORT TO CONGRESS.—Not later than 3  
19          years after the date the Secretary implements the  
20          demonstration project under this subsection, the  
21          Secretary shall submit to Congress a report that de-  
22          scribes the project, evaluates the effectiveness and  
23          cost effectiveness of the project, evaluates the bene-  
24          ficiary satisfaction under the project, and includes

1 any such other information as the Secretary deter-  
2 mines to be appropriate.

3 “(7) DEFINITIONS.—In this subsection:

4 “(A) FEDERALLY-QUALIFIED HEALTH  
5 CENTER.—The term ‘Federally-qualified health  
6 center’ has the meaning given that term in sec-  
7 tion 1905(l)(2)(B).

8 “(B) INDIAN TRIBE.—The term ‘Indian  
9 tribe’ has the meaning given that term in sec-  
10 tion 4 of the Indian Health Care Improvement  
11 Act (25 U.S.C. 1603).

12 “(C) SELF-ASSESSMENT.—The term ‘self-  
13 assessment’ means a form that—

14 “(i) includes questions regarding—

15 “(I) behavioral risk factors;

16 “(II) needed preventive and  
17 screening services; and

18 “(III) target individuals’ pref-  
19 erences for receiving follow-up infor-  
20 mation;

21 “(ii) is assessed using such computer  
22 generated assessment programs; and

23 “(iii) allows for the provision of such  
24 ongoing support to the individual as the  
25 Secretary determines appropriate.

1           “(D) ONGOING SUPPORT.—The term ‘on-  
2           going support’ means—

3                   “(i) to provide any target individual  
4                   with information, feedback, health coach-  
5                   ing, and recommendations regarding—

6                           “(I) the results of a self-assess-  
7                           ment given to the individual;

8                           “(II) behavior modification based  
9                           on the self-assessment; and

10                           “(III) any need for clinical pre-  
11                           ventive and screening services or  
12                           treatment including medical nutrition  
13                           therapy;

14                           “(ii) to provide any target individual  
15                           with referrals to community resources and  
16                           programs available to assist the target in-  
17                           dividual in reducing health risks; and

18                           “(iii) to provide the information de-  
19                           scribed in clause (i) to a health care pro-  
20                           vider, if designated by the target individual  
21                           to receive such information.

22           “(8) AUTHORIZATION OF APPROPRIATIONS.—  
23           There is authorized to be appropriated to carry out  
24           this subsection, \$25,000,000 for the period of fiscal  
25           years 2009 through 2013.

1       “(f) DEVELOPMENT OF MODEL ELECTRONIC  
2 HEALTH RECORD FORMAT FOR CHILDREN ENROLLED IN  
3 MEDICAID OR CHIP.—

4           “(1) IN GENERAL.—Not later than January 1,  
5 2010, the Secretary shall establish a program to en-  
6 courage the development and dissemination of a  
7 model electronic health record format for children  
8 enrolled in the State plan under title XIX or the  
9 State child health plan under title XXI that is—

10           “(A) subject to State laws, accessible to  
11 parents, caregivers, and other consumers for  
12 the sole purpose of demonstrating compliance  
13 with school or leisure activity requirements,  
14 such as appropriate immunizations or physicals;

15           “(B) designed to allow interoperable ex-  
16 changes that conform with Federal and State  
17 privacy and security requirements;

18           “(C) structured in a manner that permits  
19 parents and caregivers to view and understand  
20 the extent to which the care their children re-  
21 ceive is clinically appropriate and of high qual-  
22 ity; and

23           “(D) capable of being incorporated into,  
24 and otherwise compatible with, other standards  
25 developed for electronic health records.

1           “(2) FUNDING.—\$5,000,000 of the amount ap-  
2           propriated under subsection (i) for a fiscal year shall  
3           be used to carry out this subsection.

4           “(g) STUDY OF PEDIATRIC HEALTH AND HEALTH  
5 CARE QUALITY MEASURES.—

6           “(1) IN GENERAL.—Not later than July 1,  
7           2010, the Institute of Medicine shall study and re-  
8           port to Congress on the extent and quality of efforts  
9           to measure child health status and the quality of  
10          health care for children across the age span and in  
11          relation to preventive care, treatments for acute con-  
12          ditions, and treatments aimed at ameliorating or  
13          correcting physical, mental, and developmental con-  
14          ditions in children. In conducting such study and  
15          preparing such report, the Institute of Medicine  
16          shall—

17                  “(A) consider all of the major national  
18                  population-based reporting systems sponsored  
19                  by the Federal Government that are currently  
20                  in place, including reporting requirements  
21                  under Federal grant programs and national  
22                  population surveys and estimates conducted di-  
23                  rectly by the Federal Government;

24                  “(B) identify the information regarding  
25                  child health and health care quality that each

1 system is designed to capture and generate, the  
2 study and reporting periods covered by each  
3 system, and the extent to which the information  
4 so generated is made widely available through  
5 publication;

6 “(C) identify gaps in knowledge related to  
7 children’s health status, health disparities  
8 among subgroups of children, the effects of so-  
9 cial conditions on children’s health status and  
10 use and effectiveness of health care, and the re-  
11 lationship between child health status and fam-  
12 ily income, family stability and preservation,  
13 and children’s school readiness and educational  
14 achievement and attainment; and

15 “(D) make recommendations regarding im-  
16 proving and strengthening the timeliness, qual-  
17 ity, and public transparency and accessibility of  
18 information about child health and health care  
19 quality.

20 “(2) FUNDING.—Up to \$1,000,000 of the  
21 amount appropriated under subsection (i) for a fis-  
22 cal year shall be used to carry out this subsection.

23 “(h) RULE OF CONSTRUCTION.—Notwithstanding  
24 any other provision in this section, no evidence based qual-  
25 ity measure developed, published, or used as a basis of

1 measurement or reporting under this section may be used  
2 to establish an irrebuttable presumption regarding either  
3 the medical necessity of care or the maximum permissible  
4 coverage for any individual child who is eligible for and  
5 receiving medical assistance under title XIX or child  
6 health assistance under title XXI.

7 “(i) APPROPRIATION.—Out of any funds in the  
8 Treasury not otherwise appropriated, there is appro-  
9 priated for each of fiscal years 2009 through 2013,  
10 \$45,000,000 for the purpose of carrying out this section  
11 (other than subsection (e)). Funds appropriated under  
12 this subsection shall remain available until expended.”.

13 (b) INCREASED MATCHING RATE FOR COLLECTING  
14 AND REPORTING ON CHILD HEALTH MEASURES.—Sec-  
15 tion 1903(a)(3)(A) (42 U.S.C. 1396b(a)(3)(A)), is amend-  
16 ed—

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

18 and

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

21 “(iii) an amount equal to the Federal med-  
22 ical assistance percentage (as defined in section  
23 1905(b)) of so much of the sums expended dur-  
24 ing such quarter (as found necessary by the  
25 Secretary for the proper and efficient adminis-

1           tration of the State plan) as are attributable to  
 2           such developments or modifications of systems  
 3           of the type described in clause (i) as are nec-  
 4           essary for the efficient collection and reporting  
 5           on child health measures; and”.

6 **SEC. 402. IMPROVED AVAILABILITY OF PUBLIC INFORMA-**  
 7                   **TION REGARDING ENROLLMENT OF CHIL-**  
 8                   **DREN IN CHIP AND MEDICAID.**

9           (a) INCLUSION OF PROCESS AND ACCESS MEASURES  
 10 IN ANNUAL STATE REPORTS.—Section 2108 (42 U.S.C.  
 11 1397hh) is amended—

12           (1) in subsection (a), in the matter preceding  
 13 paragraph (1), by striking “The State” and insert-  
 14 ing “Subject to subsection (e), the State”; and

15           (2) by adding at the end the following new sub-  
 16 section:

17           “(e) INFORMATION REQUIRED FOR INCLUSION IN  
 18 STATE ANNUAL REPORT.—The State shall include the fol-  
 19 lowing information in the annual report required under  
 20 subsection (a):

21           “(1) Eligibility criteria, enrollment, and reten-  
 22 tion data (including data with respect to continuity  
 23 of coverage or duration of benefits).

24           “(2) Data regarding the extent to which the  
 25 State uses process measures with respect to deter-

1 mining the eligibility of children under the State  
2 child health plan, including measures such as 12-  
3 month continuous eligibility, self-declaration of in-  
4 come for applications or renewals, or presumptive  
5 eligibility.

6 “(3) Data regarding denials of eligibility and  
7 redeterminations of eligibility.

8 “(4) Data regarding access to primary and spe-  
9 cialty services, access to networks of care, and care  
10 coordination provided under the State child health  
11 plan, using quality care and consumer satisfaction  
12 measures included in the Consumer Assessment of  
13 Healthcare Providers and Systems (CAHPS) survey.

14 “(5) If the State provides child health assist-  
15 ance in the form of premium assistance for the pur-  
16 chase of coverage under a group health plan, data  
17 regarding the provision of such assistance, including  
18 the extent to which employer-sponsored health insur-  
19 ance coverage is available for children eligible for  
20 child health assistance under the State child health  
21 plan, the range of the monthly amount of such as-  
22 sistance provided on behalf of a child or family, the  
23 number of children or families provided such assist-  
24 ance on a monthly basis, the income of the children  
25 or families provided such assistance, the benefits

1 and cost-sharing protection provided under the State  
2 child health plan to supplement the coverage pur-  
3 chased with such premium assistance, the effective  
4 strategies the State engages in to reduce any admin-  
5 istrative barriers to the provision of such assistance,  
6 and, the effects, if any, of the provision of such as-  
7 sistance on preventing the coverage provided under  
8 the State child health plan from substituting for cov-  
9 erage provided under employer-sponsored health in-  
10 surance offered in the State.

11 “(6) To the extent applicable, a description of  
12 any State activities that are designed to reduce the  
13 number of uncovered children in the State, including  
14 through a State health insurance connector program  
15 or support for innovative private health coverage ini-  
16 tiatives.”.

17 (b) STANDARDIZED REPORTING FORMAT.—

18 (1) IN GENERAL.—Not later than 1 year after  
19 the date of enactment of this Act, the Secretary  
20 shall specify a standardized format for States to use  
21 for reporting the information required under section  
22 2108(e) of the Social Security Act, as added by sub-  
23 section (a)(2).

24 (2) TRANSITION PERIOD FOR STATES.—Each  
25 State that is required to submit a report under sub-

1 section (a) of section 2108 of the Social Security Act  
2 that includes the information required under sub-  
3 section (e) of such section may use up to 3 reporting  
4 periods to transition to the reporting of such infor-  
5 mation in accordance with the standardized format  
6 specified by the Secretary under paragraph (1).

7 (c) ADDITIONAL FUNDING FOR THE SECRETARY TO  
8 IMPROVE TIMELINESS OF DATA REPORTING AND ANAL-  
9 YSIS FOR PURPOSES OF DETERMINING ENROLLMENT IN-  
10 CREASES UNDER MEDICAID AND CHIP.—

11 (1) APPROPRIATION.—There is appropriated,  
12 out of any money in the Treasury not otherwise ap-  
13 propriated, \$5,000,000 to the Secretary for fiscal  
14 year 2009 for the purpose of improving the timeli-  
15 ness of the data reported and analyzed from the  
16 Medicaid Statistical Information System (MSIS) for  
17 purposes of providing more timely data on enroll-  
18 ment and eligibility of children under Medicaid and  
19 CHIP and to provide guidance to States with re-  
20 spect to any new reporting requirements related to  
21 such improvements. Amounts appropriated under  
22 this paragraph shall remain available until expended.

23 (2) REQUIREMENTS.—The improvements made  
24 by the Secretary under paragraph (1) shall be de-  
25 signed and implemented (including with respect to

1 any necessary guidance for States to report such in-  
2 formation in a complete and expeditious manner) so  
3 that, beginning no later than October 1, 2009, data  
4 regarding the enrollment of low-income children (as  
5 defined in section 2110(c)(4) of the Social Security  
6 Act (42 U.S.C. 1397jj(c)(4)) of a State enrolled in  
7 the State plan under Medicaid or the State child  
8 health plan under CHIP with respect to a fiscal year  
9 shall be collected and analyzed by the Secretary  
10 within 6 months of submission.

11 (d) GAO STUDY AND REPORT ON ACCESS TO PRI-  
12 MARY AND SPECIALITY SERVICES.—

13 (1) IN GENERAL.—The Comptroller General of  
14 the United States shall conduct a study of children’s  
15 access to primary and specialty services under Med-  
16 icaid and CHIP, including—

17 (A) the extent to which providers are will-  
18 ing to treat children eligible for such programs;

19 (B) information on such children’s access  
20 to networks of care;

21 (C) geographic availability of primary and  
22 specialty services under such programs;

23 (D) the extent to which care coordination  
24 is provided for children’s care under Medicaid  
25 and CHIP; and

1 (E) as appropriate, information on the de-  
2 gree of availability of services for children under  
3 such programs.

4 (2) REPORT.—Not later than 2 years after the  
5 date of enactment of this Act, the Comptroller Gen-  
6 eral shall submit a report to the Committee on Fi-  
7 nance of the Senate and the Committee on Energy  
8 and Commerce of the House of Representatives on  
9 the study conducted under paragraph (1) that in-  
10 cludes recommendations for such Federal and State  
11 legislative and administrative changes as the Comp-  
12 troller General determines are necessary to address  
13 any barriers to access to children’s care under Med-  
14 icaid and CHIP that may exist.

15 **SEC. 403. APPLICATION OF CERTAIN MANAGED CARE**  
16 **QUALITY SAFEGUARDS TO CHIP.**

17 (a) IN GENERAL.—Section 2103(f) of Social Security  
18 Act (42 U.S.C. 1397bb(f)) is amended by adding at the  
19 end the following new paragraph:

20 “(3) COMPLIANCE WITH MANAGED CARE RE-  
21 QUIREMENTS.—The State child health plan shall  
22 provide for the application of subsections (a)(4),  
23 (a)(5), (b), (c), (d), and (e) of section 1932 (relating  
24 to requirements for managed care) to coverage,  
25 State agencies, enrollment brokers, managed care

1 entities, and managed care organizations under this  
2 title in the same manner as such subsections apply  
3 to coverage and such entities and organizations  
4 under title XIX.”.

5 (b) EFFECTIVE DATE.—The amendment made by  
6 subsection (a) shall apply to contract years for health  
7 plans beginning on or after July 1, 2009.

8 **TITLE V—IMPROVING ACCESS**  
9 **TO BENEFITS**

10 **SEC. 501. DENTAL BENEFITS.**

11 (a) COVERAGE.—

12 (1) IN GENERAL.—Section 2103 (42 U.S.C.  
13 1397cc) is amended—

14 (A) in subsection (a)—

15 (i) in the matter before paragraph  
16 (1), by striking “subsection (c)(5)” and in-  
17 serting “paragraphs (5) and (7) of sub-  
18 section (c)”;

19 (ii) in paragraph (1), by inserting “at  
20 least” after “that is”; and

21 (B) in subsection (c)—

22 (i) by redesignating paragraph (5) as  
23 paragraph (7); and

24 (ii) by inserting after paragraph (4),  
25 the following:

1 “(5) DENTAL BENEFITS.—

2 “(A) IN GENERAL.—The child health as-  
3 sistance provided to a targeted low-income child  
4 shall include coverage of dental services nec-  
5 essary to prevent disease and promote oral  
6 health, restore oral structures to health and  
7 function, and treat emergency conditions.

8 “(B) PERMITTING USE OF DENTAL  
9 BENCHMARK PLANS BY CERTAIN STATES.—A  
10 State may elect to meet the requirement of sub-  
11 paragraph (A) through dental coverage that is  
12 equivalent to a benchmark dental benefit pack-  
13 age described in subparagraph (C).

14 “(C) BENCHMARK DENTAL BENEFIT PACK-  
15 AGES.—The benchmark dental benefit packages  
16 are as follows:

17 “(i) FEHBP CHILDREN’S DENTAL  
18 COVERAGE.—A dental benefits plan under  
19 chapter 89A of title 5, United States Code,  
20 that has been selected most frequently by  
21 employees seeking dependent coverage,  
22 among such plans that provide such de-  
23 pendent coverage, in either of the previous  
24 2 plan years.

1                   “(ii) STATE EMPLOYEE DEPENDENT  
2                   DENTAL COVERAGE.—A dental benefits  
3                   plan that is offered and generally available  
4                   to State employees in the State involved  
5                   and that has been selected most frequently  
6                   by employees seeking dependent coverage,  
7                   among such plans that provide such de-  
8                   pendent coverage, in either of the previous  
9                   2 plan years.

10                   “(iii) COVERAGE OFFERED THROUGH  
11                   COMMERCIAL DENTAL PLAN.—A dental  
12                   benefits plan that has the largest insured  
13                   commercial, non-medicaid enrollment of  
14                   dependent covered lives of such plans that  
15                   is offered in the State involved.”.

16                   (2) ASSURING ACCESS TO CARE.—Section  
17                   2102(a)(7)(B) (42 U.S.C. 1397bb(c)(2)) is amended  
18                   by inserting “and services described in section  
19                   2103(c)(5)” after “emergency services”.

20                   (3) EFFECTIVE DATE.—The amendments made  
21                   by paragraphs (1) and (2) shall apply to coverage of  
22                   items and services furnished on or after October 1,  
23                   2009.

24                   (b) STATE OPTION TO PROVIDE DENTAL-ONLY SUP-  
25                   PLEMENTAL COVERAGE.—

1           (1) IN GENERAL.—Section 2110(b) (42  
2 U.S.C. 1397jj(b)) is amended—

3           (A) in paragraph (1)(C), by inserting “,  
4 subject to paragraph (5),” after “under title  
5 XIX or”; and

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

8           “(5) STATE OPTION TO PROVIDE DENTAL-ONLY  
9 SUPPLEMENTAL COVERAGE.—

10           “(A) IN GENERAL.—Subject to subpara-  
11 graphs (B) and (C), in the case of any child  
12 who is enrolled in a group health plan or health  
13 insurance coverage offered through an employer  
14 who would, but for the application of paragraph  
15 (1)(C), satisfy the requirements for being a tar-  
16 geted low-income child under the State child  
17 health plan, a State may waive the application  
18 of such paragraph to the child in order to pro-  
19 vide—

20           “(i) dental coverage consistent with  
21 the requirements of subsection (c)(5) of  
22 section 2103; or

23           “(ii) cost-sharing protection for dental  
24 coverage consistent with such requirements

1           and the requirements of subsection  
2           (e)(3)(B) of such section.

3           “(B) LIMITATION.—A State may limit the  
4           application of a waiver of paragraph (1)(C) to  
5           children whose family income does not exceed a  
6           level specified by the State, so long as the level  
7           so specified does not exceed the maximum in-  
8           come level otherwise established for other chil-  
9           dren under the State child health plan.

10           “(C) CONDITIONS.—A State may not offer  
11           dental-only supplemental coverage under this  
12           paragraph unless the State satisfies the fol-  
13           lowing conditions:

14                   “(i) INCOME ELIGIBILITY.—The State  
15                   child health plan (whether implemented  
16                   under title XIX or this title)—

17                           “(I) has the highest income eligi-  
18                           bility standard permitted under this  
19                           title (or a waiver) as of January 1,  
20                           2009;

21                           “(II) does not limit the accept-  
22                           ance of applications for children or  
23                           impose any numerical limitation, wait-  
24                           ing list, or similar limitation on the  
25                           eligibility of such children for child

1 health assistance under such State  
2 plan; and

3 “(III) provides benefits to all  
4 children in the State who apply for  
5 and meet eligibility standards.

6 “(ii) NO MORE FAVORABLE TREAT-  
7 MENT.—The State child health plan may  
8 not provide more favorable dental coverage  
9 or cost-sharing protection for dental cov-  
10 erage to children provided dental-only sup-  
11 plemental coverage under this paragraph  
12 than the dental coverage and cost-sharing  
13 protection for dental coverage provided to  
14 targeted low-income children who are eligi-  
15 ble for the full range of child health assist-  
16 ance provided under the State child health  
17 plan.”.

18 (2) STATE OPTION TO WAIVE WAITING PE-  
19 RIOD.—Section 2102(b)(1)(B) (42 U.S.C.  
20 1397bb(b)(1)(B)), as amended by section 111(b)(2),  
21 is amended—

22 (A) in clause (ii), by striking “and” at the  
23 end;

24 (B) in clause (iii), by striking the period  
25 and inserting “; and”; and

1 (C) by adding at the end the following new  
2 clause:

3 “(iv) at State option, may not apply a  
4 waiting period in the case of a child pro-  
5 vided dental-only supplemental coverage  
6 under section 2110(b)(5).”.

7 (3) APPLICATION OF ENHANCED MATCH UNDER  
8 MEDICAID.—Section 1905 (42 U.S.C. 1396d) is  
9 amended—

10 (A) in subsection (b), in the fourth sen-  
11 tence, by striking “or subsection (u)(3)” and  
12 inserting “, (u)(3), or (u)(4)”; and

13 (B) in subsection (u)—

14 (i) by redesignating paragraph (4) as  
15 paragraph (5); and

16 (ii) by inserting after paragraph (3)  
17 the following new paragraph:

18 “(4) For purposes of subsection (b), the ex-  
19 penditures described in this paragraph are expendi-  
20 tures for dental-only supplemental coverage for chil-  
21 dren described in section 2110(b)(5).”.

22 (c) DENTAL EDUCATION FOR PARENTS OF  
23 NEWBORNS.—The Secretary shall develop and implement,  
24 through entities that fund or provide perinatal care serv-  
25 ices to targeted low-income children under a State child

1 health plan under title XXI of the Social Security Act,  
2 a program to deliver oral health educational materials that  
3 inform new parents about risks for, and prevention of,  
4 early childhood caries and the need for a dental visit with-  
5 in their newborn's first year of life.

6 (d) PROVISION OF DENTAL SERVICES THROUGH  
7 FQHCS.—

8 (1) MEDICAID.—Section 1902(a) (42 U.S.C.  
9 1396a(a)) is amended—

10 (A) by striking “and” at the end of para-  
11 graph (70);

12 (B) by striking the period at the end of  
13 paragraph (71) and inserting “; and”; and

14 (C) by inserting after paragraph (71) the  
15 following new paragraph:

16 “(72) provide that the State will not prevent a  
17 Federally-qualified health center from entering into  
18 contractual relationships with private practice dental  
19 providers in the provision of Federally-qualified  
20 health center services.”.

21 (2) CHIP.—Section 2107(e)(1) (42 U.S.C.  
22 1397g(e)(1)), as amended by subsections (a)(2) and  
23 (d)(2) of section 203, is amended by inserting after  
24 subparagraph (B) the following new subparagraph

1 (and redesignating the succeeding subparagraphs ac-  
2 cordingly):

3 “(C) Section 1902(a)(72) (relating to lim-  
4 iting FQHC contracting for provision of dental  
5 services).”.

6 (3) EFFECTIVE DATE.—The amendments made  
7 by this subsection shall take effect on January 1,  
8 2009.

9 (e) REPORTING INFORMATION ON DENTAL  
10 HEALTH.—

11 (1) MEDICAID.—Section 1902(a)(43)(D)(iii)  
12 (42 U.S.C. 1396a(a)(43)(D)(iii)) is amended by in-  
13 sserting “and other information relating to the provi-  
14 sion of dental services to such children described in  
15 section 2108(e)” after “receiving dental services,”.

16 (2) CHIP.—Section 2108 (42 U.S.C. 1397hh)  
17 is amended by adding at the end the following new  
18 subsection:

19 “(e) INFORMATION ON DENTAL CARE FOR CHIL-  
20 DREN.—

21 “(1) IN GENERAL.—Each annual report under  
22 subsection (a) shall include the following information  
23 with respect to care and services described in section  
24 1905(r)(3) provided to targeted low-income children

1 enrolled in the State child health plan under this  
2 title at any time during the year involved:

3 “(A) The number of enrolled children by  
4 age grouping used for reporting purposes under  
5 section 1902(a)(43).

6 “(B) For children within each such age  
7 grouping, information of the type contained in  
8 questions 12(a)–(c) of CMS Form 416 (that  
9 consists of the number of enrolled targeted low  
10 income children who receive any, preventive, or  
11 restorative dental care under the State plan).

12 “(C) For the age grouping that includes  
13 children 8 years of age, the number of such  
14 children who have received a protective sealant  
15 on at least one permanent molar tooth.

16 “(2) INCLUSION OF INFORMATION ON ENROLL-  
17 EES IN MANAGED CARE PLANS.—The information  
18 under paragraph (1) shall include information on  
19 children who are enrolled in managed care plans and  
20 other private health plans and contracts with such  
21 plans under this title shall provide for the reporting  
22 of such information by such plans to the State.”.

23 (3) EFFECTIVE DATE.—The amendments made  
24 by this subsection shall be effective for annual re-

1 ports submitted for years beginning after date of en-  
2 actment.

3 (f) IMPROVED ACCESSIBILITY OF DENTAL PROVIDER  
4 INFORMATION TO ENROLLEES UNDER MEDICAID AND  
5 CHIP.—The Secretary shall—

6 (1) work with States, pediatric dentists, and  
7 other dental providers (including providers that are,  
8 or are affiliated with, a school of dentistry) to in-  
9 clude, not later than 6 months after the date of the  
10 enactment of this Act, on the Insure Kids Now  
11 website (<http://www.insurekidsnow.gov/>) and hotline  
12 (1-877-KIDS-NOW) (or on any successor websites  
13 or hotlines) a current and accurate list of all such  
14 dentists and providers within each State that provide  
15 dental services to children enrolled in the State plan  
16 (or waiver) under Medicaid or the State child health  
17 plan (or waiver) under CHIP, and shall ensure that  
18 such list is updated at least quarterly; and

19 (2) work with States to include, not later than  
20 6 months after the date of the enactment of this  
21 Act, a description of the dental services provided  
22 under each State plan (or waiver) under Medicaid  
23 and each State child health plan (or waiver) under  
24 CHIP on such Insure Kids Now website, and shall  
25 ensure that such list is updated at least annually.

1 (g) INCLUSION OF STATUS OF EFFORTS TO IMPROVE  
 2 DENTAL CARE IN REPORTS ON THE QUALITY OF CHIL-  
 3 DREN’S HEALTH CARE UNDER MEDICAID AND CHIP.—

4 Section 1139A(a), as added by section 401(a), is amend-  
 5 ed—

6 (1) in paragraph (3)(B)(ii), by inserting “and,  
 7 with respect to dental care, conditions requiring the  
 8 restoration of teeth, relief of pain and infection, and  
 9 maintenance of dental health” after “chronic condi-  
 10 tions”; and

11 (2) in paragraph (6)(A)(ii), by inserting “dental  
 12 care,” after “preventive health services,”.

13 (h) GAO STUDY AND REPORT.—

14 (1) STUDY.—The Comptroller General of the  
 15 United States shall provide for a study that exam-  
 16 ines—

17 (A) access to dental services by children in  
 18 underserved areas;

19 (B) children’s access to oral health care,  
 20 including preventive and restorative services,  
 21 under Medicaid and CHIP, including—

22 (i) the extent to which dental pro-  
 23 viders are willing to treat children eligible  
 24 for such programs;

1                   (ii) information on such children’s ac-  
2                   cess to networks of care, including such  
3                   networks that serve special needs children;  
4                   and

5                   (iii) geographic availability of oral  
6                   health care, including preventive and re-  
7                   storative services, under such programs;  
8                   and

9                   (C) the feasibility and appropriateness of  
10                  using qualified mid-level dental health pro-  
11                  viders, in coordination with dentists, to improve  
12                  access for children to oral health services and  
13                  public health overall.

14               (2) REPORT.—Not later than 18 months year  
15               after the date of the enactment of this Act, the  
16               Comptroller General shall submit to Congress a re-  
17               port on the study conducted under paragraph (1).  
18               The report shall include recommendations for such  
19               Federal and State legislative and administrative  
20               changes as the Comptroller General determines are  
21               necessary to address any barriers to access to oral  
22               health care, including preventive and restorative  
23               services, under Medicaid and CHIP that may exist.

1 **SEC. 502. MENTAL HEALTH PARITY IN CHIP PLANS.**

2 (a) ASSURANCE OF PARITY.—Section 2103(c) (42  
3 U.S.C. 1397cc(c)), as amended by section 501(a)(1)(B),  
4 is amended by inserting after paragraph (5), the following:

5 “(6) MENTAL HEALTH SERVICES PARITY.—

6 “(A) IN GENERAL.—In the case of a State  
7 child health plan that provides both medical  
8 and surgical benefits and mental health or sub-  
9 stance use disorder benefits, such plan shall en-  
10 sure that the financial requirements and treat-  
11 ment limitations applicable to such mental  
12 health or substance use disorder benefits com-  
13 ply with the requirements of section 2705(a) of  
14 the Public Health Service Act in the same man-  
15 ner as such requirements apply to a group  
16 health plan.

17 “(B) DEEMED COMPLIANCE.—To the ex-  
18 tent that a State child health plan includes cov-  
19 erage with respect to an individual described in  
20 section 1905(a)(4)(B) and covered under the  
21 State plan under section 1902(a)(10)(A) of the  
22 services described in section 1905(a)(4)(B) (re-  
23 lating to early and periodic screening, diag-  
24 nostic, and treatment services defined in section  
25 1905(r)) and provided in accordance with sec-

1           tion 1902(a)(43), such plan shall be deemed to  
2           satisfy the requirements of subparagraph (A).”.

3           (b) CONFORMING AMENDMENTS.—Section 2103 (42  
4 U.S.C. 1397cc) is amended—

5           (1) in subsection (a), as amended by section  
6           501(a)(1)(A)(i), in the matter preceding paragraph  
7           (1), by inserting “, (6),” after “(5)”; and

8           (2) in subsection (c)(2), by striking subpara-  
9           graph (B) and redesignating subparagraphs (C) and  
10          (D) as subparagraphs (B) and (C), respectively.

11 **SEC. 503. APPLICATION OF PROSPECTIVE PAYMENT SYS-**  
12 **TEM FOR SERVICES PROVIDED BY FEDER-**  
13 **ALLY-QUALIFIED HEALTH CENTERS AND**  
14 **RURAL HEALTH CLINICS.**

15           (a) APPLICATION OF PROSPECTIVE PAYMENT SYS-  
16 TEM.—

17           (1) IN GENERAL.—Section 2107(e)(1) (42  
18 U.S.C. 1397gg(e)(1)), as amended by section  
19 501(c)(2) is amended by inserting after subpara-  
20 graph (C) the following new subparagraph (and re-  
21 designating the succeeding subparagraphs accord-  
22 ingly):

23           “(D) Section 1902(bb) (relating to pay-  
24           ment for services provided by Federally-quali-  
25           fied health centers and rural health clinics).”.

1           (2) EFFECTIVE DATE.—The amendment made  
2           by paragraph (1) shall apply to services provided on  
3           or after October 1, 2009.

4           (b) TRANSITION GRANTS.—

5           (1) APPROPRIATION.—Out of any funds in the  
6           Treasury not otherwise appropriated, there is appro-  
7           priated to the Secretary for fiscal year 2009,  
8           \$5,000,000, to remain available until expended, for  
9           the purpose of awarding grants to States with State  
10          child health plans under CHIP that are operated  
11          separately from the State Medicaid plan under title  
12          XIX of the Social Security Act (including any waiver  
13          of such plan), or in combination with the State Med-  
14          icaid plan, for expenditures related to transitioning  
15          to compliance with the requirement of section  
16          2107(e)(1)(D) of the Social Security Act (as added  
17          by subsection (a)) to apply the prospective payment  
18          system established under section 1902(bb) of the  
19          such Act (42 U.S.C. 1396a(bb)) to services provided  
20          by Federally-qualified health centers and rural  
21          health clinics.

22          (2) MONITORING AND REPORT.—The Secretary  
23          shall monitor the impact of the application of such  
24          prospective payment system on the States described  
25          in paragraph (1) and, not later than October 1,

1 2011, shall report to Congress on any effect on ac-  
2 cess to benefits, provider payment rates, or scope of  
3 benefits offered by such States as a result of the ap-  
4 plication of such payment system.

5 **SEC. 504. PREMIUM GRACE PERIOD.**

6 (a) IN GENERAL.—Section 2103(e)(3) (42 U.S.C.  
7 1397cc(e)(3)) is amended by adding at the end the fol-  
8 lowing new subparagraph:

9 “(C) PREMIUM GRACE PERIOD.—The State  
10 child health plan—

11 “(i) shall afford individuals enrolled  
12 under the plan a grace period of at least  
13 30 days from the beginning of a new cov-  
14 erage period to make premium payments  
15 before the individual’s coverage under the  
16 plan may be terminated; and

17 “(ii) shall provide to such an indi-  
18 vidual, not later than 7 days after the first  
19 day of such grace period, notice—

20 “(I) that failure to make a pre-  
21 mium payment within the grace pe-  
22 riod will result in termination of cov-  
23 erage under the State child health  
24 plan; and

1                   “(II) of the individual’s right to  
2                   challenge the proposed termination  
3                   pursuant to the applicable Federal  
4                   regulations.

5                   For purposes of clause (i), the term ‘new cov-  
6                   erage period’ means the month immediately fol-  
7                   lowing the last month for which the premium  
8                   has been paid.”.

9                   (b) EFFECTIVE DATE.—The amendment made by  
10                  subsection (a) shall apply to new coverage periods begin-  
11                  ning on or after the date of the enactment of this Act.

12                  **SEC. 505. CLARIFICATION OF COVERAGE OF SERVICES**  
13                                 **PROVIDED THROUGH SCHOOL-BASED**  
14                                 **HEALTH CENTERS.**

15                  (a) IN GENERAL.—Section 2103(c) (42 U.S.C.  
16                  1397cc(c)), as amended by section 501(a)(1)(B), is  
17                  amended by adding at the end the following new para-  
18                  graph:

19                         “(8) AVAILABILITY OF COVERAGE FOR ITEMS  
20                         AND SERVICES FURNISHED THROUGH SCHOOL-  
21                         BASED HEALTH CENTERS.—Nothing in this title  
22                         shall be construed as limiting a State’s ability to  
23                         provide child health assistance for covered items and  
24                         services that are furnished through school-based  
25                         health centers (as defined in section 2110(c)(9)).”.

1 (b) DEFINITION.—Section 2110(c) (42 U.S.C.  
2 1397jj) is amended by adding at the end the following:

3 “(9) SCHOOL-BASED HEALTH CENTER.—

4 “(A) IN GENERAL.—The term ‘school-  
5 based health center’ means a health clinic  
6 that—

7 “(i) is located in or near a school fa-  
8 cility of a school district or board or of an  
9 Indian tribe or tribal organization;

10 “(ii) is organized through school, com-  
11 munity, and health provider relationships;

12 “(iii) is administered by a sponsoring  
13 facility;

14 “(iv) provides through health profes-  
15 sionals primary health services to children  
16 in accordance with State and local law, in-  
17 cluding laws relating to licensure and cer-  
18 tification; and

19 “(v) satisfies such other requirements  
20 as a State may establish for the operation  
21 of such a clinic.

22 “(B) SPONSORING FACILITY.—For pur-  
23 poses of subparagraph (A)(iii), the term ‘spon-  
24 soring facility’ includes any of the following:

25 “(i) A hospital.

1 “(ii) A public health department.

2 “(iii) A community health center.

3 “(iv) A nonprofit health care agency.

4 “(v) A school or school system.

5 “(vi) A program administered by the  
6 Indian Health Service or the Bureau of In-  
7 dian Affairs or operated by an Indian tribe  
8 or a tribal organization.”.

9 **SEC. 506. MEDICAID AND CHIP PAYMENT AND ACCESS COM-**  
10 **MISSION.**

11 (a) IN GENERAL.—Title XIX (42 U.S.C. 1396 et  
12 seq.) is amended by inserting before section 1901 the fol-  
13 lowing new section:

14 “MEDICAID AND CHIP PAYMENT AND ACCESS  
15 COMMISSION

16 “SEC. 1900. (a) ESTABLISHMENT.—There is hereby  
17 established the Medicaid and CHIP Payment and Access  
18 Commission (in this section referred to as ‘MACPAC’).

19 “(b) DUTIES.—

20 “(1) REVIEW OF ACCESS POLICIES AND AN-  
21 NUAL REPORTS.—MACPAC shall—

22 “(A) review policies of the Medicaid pro-  
23 gram established under this title (in this section  
24 referred to as ‘Medicaid’) and the State Chil-  
25 dren’s Health Insurance Program established  
26 under title XXI (in this section referred to as

1           ‘CHIP’) affecting children’s access to covered  
2 items and services, including topics described in  
3 paragraph (2);

4           “(B) make recommendations to Congress  
5 concerning such access policies;

6           “(C) by not later than March 1 of each  
7 year (beginning with 2010), submit a report to  
8 Congress containing the results of such reviews  
9 and MACPAC’s recommendations concerning  
10 such policies; and

11           “(D) by not later than June 1 of each year  
12 (beginning with 2010), submit a report to Con-  
13 gress containing an examination of issues af-  
14 fecting Medicaid and CHIP, including the im-  
15 plications of changes in health care delivery in  
16 the United States and in the market for health  
17 care services on such programs.

18           “(2) SPECIFIC TOPICS TO BE REVIEWED.—Spe-  
19 cifically, MACPAC shall review and assess the fol-  
20 lowing:

21           “(A) MEDICAID AND CHIP PAYMENT POLI-  
22 CIES.—Payment policies under Medicaid and  
23 CHIP, including—

24           “(i) the factors affecting expenditures  
25 for items and services in different sectors,

1 including the process for updating hospital,  
 2 skilled nursing facility, physician, Feder-  
 3 ally-qualified health center, rural health  
 4 center, and other fees;

5 “(ii) payment methodologies; and

6 “(iii) the relationship of such factors  
 7 and methodologies to access and quality of  
 8 care for Medicaid and CHIP beneficiaries.

9 “(B) INTERACTION OF MEDICAID AND  
 10 CHIP PAYMENT POLICIES WITH HEALTH CARE  
 11 DELIVERY GENERALLY.—The effect of Medicaid  
 12 and CHIP payment policies on access to items  
 13 and services for children and other Medicaid  
 14 and CHIP populations other than under this  
 15 title or title XXI and the implications of  
 16 changes in health care delivery in the United  
 17 States and in the general market for health  
 18 care items and services on Medicaid and CHIP.

19 “(C) OTHER ACCESS POLICIES.—The ef-  
 20 fect of other Medicaid and CHIP policies on ac-  
 21 cess to covered items and services, including  
 22 policies relating to transportation and language  
 23 barriers.

24 “(3) CREATION OF EARLY-WARNING SYSTEM.—  
 25 MACPAC shall create an early-warning system to

1 identify provider shortage areas or any other prob-  
2 lems that threaten access to care or the health care  
3 status of Medicaid and CHIP beneficiaries.

4 “(4) COMMENTS ON CERTAIN SECRETARIAL RE-  
5 PORTS.—If the Secretary submits to Congress (or a  
6 committee of Congress) a report that is required by  
7 law and that relates to access policies, including with  
8 respect to payment policies, under Medicaid or  
9 CHIP, the Secretary shall transmit a copy of the re-  
10 port to MACPAC. MACPAC shall review the report  
11 and, not later than 6 months after the date of sub-  
12 mittal of the Secretary’s report to Congress, shall  
13 submit to the appropriate committees of Congress  
14 written comments on such report. Such comments  
15 may include such recommendations as MACPAC  
16 deems appropriate.

17 “(5) AGENDA AND ADDITIONAL REVIEWS.—  
18 MACPAC shall consult periodically with the chair-  
19 men and ranking minority members of the appro-  
20 priate committees of Congress regarding MACPAC’s  
21 agenda and progress towards achieving the agenda.  
22 MACPAC may conduct additional reviews, and sub-  
23 mit additional reports to the appropriate committees  
24 of Congress, from time to time on such topics relat-  
25 ing to the program under this title or title XXI as

1 may be requested by such chairmen and members  
2 and as MACPAC deems appropriate.

3 “(6) AVAILABILITY OF REPORTS.—MACPAC  
4 shall transmit to the Secretary a copy of each report  
5 submitted under this subsection and shall make such  
6 reports available to the public.

7 “(7) APPROPRIATE COMMITTEE OF CON-  
8 GRESS.—For purposes of this section, the term ‘ap-  
9 propriate committees of Congress’ means the Com-  
10 mittee on Energy and Commerce of the House of  
11 Representatives and the Committee on Finance of  
12 the Senate.

13 “(8) VOTING AND REPORTING REQUIRE-  
14 MENTS.—With respect to each recommendation con-  
15 tained in a report submitted under paragraph (1),  
16 each member of MACPAC shall vote on the rec-  
17 ommendation, and MACPAC shall include, by mem-  
18 ber, the results of that vote in the report containing  
19 the recommendation.

20 “(9) EXAMINATION OF BUDGET CON-  
21 SEQUENCES.—Before making any recommendations,  
22 MACPAC shall examine the budget consequences of  
23 such recommendations, directly or through consulta-  
24 tion with appropriate expert entities.

25 “(c) MEMBERSHIP.—

1           “(1) NUMBER AND APPOINTMENT.—MACPAC  
2 shall be composed of 17 members appointed by the  
3 Comptroller General of the United States.

4           “(2) QUALIFICATIONS.—

5           “(A) IN GENERAL.—The membership of  
6 MACPAC shall include individuals who have  
7 had direct experience as enrollees or parents of  
8 enrollees in Medicaid or CHIP and individuals  
9 with national recognition for their expertise in  
10 Federal safety net health programs, health fi-  
11 nance and economics, actuarial science, health  
12 facility management, health plans and inte-  
13 grated delivery systems, reimbursement of  
14 health facilities, health information technology,  
15 pediatric physicians, dentists, and other pro-  
16 viders of health services, and other related  
17 fields, who provide a mix of different profes-  
18 sionals, broad geographic representation, and a  
19 balance between urban and rural representa-  
20 tives.

21           “(B) INCLUSION.—The membership of  
22 MACPAC shall include (but not be limited to)  
23 physicians and other health professionals, em-  
24 ployers, third-party payers, and individuals with  
25 expertise in the delivery of health services. Such

1 membership shall also include consumers rep-  
2 resenting children, pregnant women, the elderly,  
3 and individuals with disabilities, current or  
4 former representatives of State agencies respon-  
5 sible for administering Medicaid, and current or  
6 former representatives of State agencies respon-  
7 sible for administering CHIP.

8 “(C) MAJORITY NONPROVIDERS.—Individ-  
9 uals who are directly involved in the provision,  
10 or management of the delivery, of items and  
11 services covered under Medicaid or CHIP shall  
12 not constitute a majority of the membership of  
13 MACPAC.

14 “(D) ETHICAL DISCLOSURE.—The Comp-  
15 troller General of the United States shall estab-  
16 lish a system for public disclosure by members  
17 of MACPAC of financial and other potential  
18 conflicts of interest relating to such members.  
19 Members of MACPAC shall be treated as em-  
20 ployees of Congress for purposes of applying  
21 title I of the Ethics in Government Act of 1978  
22 (Public Law 95–521).

23 “(3) TERMS.—

24 “(A) IN GENERAL.—The terms of mem-  
25 bers of MACPAC shall be for 3 years except

1           that the Comptroller General of the United  
2           States shall designate staggered terms for the  
3           members first appointed.

4           “(B) VACANCIES.—Any member appointed  
5           to fill a vacancy occurring before the expiration  
6           of the term for which the member’s predecessor  
7           was appointed shall be appointed only for the  
8           remainder of that term. A member may serve  
9           after the expiration of that member’s term until  
10          a successor has taken office. A vacancy in  
11          MACPAC shall be filled in the manner in which  
12          the original appointment was made.

13          “(4) COMPENSATION.—While serving on the  
14          business of MACPAC (including travel time), a  
15          member of MACPAC shall be entitled to compensa-  
16          tion at the per diem equivalent of the rate provided  
17          for level IV of the Executive Schedule under section  
18          5315 of title 5, United States Code; and while so  
19          serving away from home and the member’s regular  
20          place of business, a member may be allowed travel  
21          expenses, as authorized by the Chairman of  
22          MACPAC. Physicians serving as personnel of  
23          MACPAC may be provided a physician comparability  
24          allowance by MACPAC in the same manner as Gov-  
25          ernment physicians may be provided such an allow-

1       ance by an agency under section 5948 of title 5,  
2       United States Code, and for such purpose subsection  
3       (i) of such section shall apply to MACPAC in the  
4       same manner as it applies to the Tennessee Valley  
5       Authority. For purposes of pay (other than pay of  
6       members of MACPAC) and employment benefits,  
7       rights, and privileges, all personnel of MACPAC  
8       shall be treated as if they were employees of the  
9       United States Senate.

10           “(5) CHAIRMAN; VICE CHAIRMAN.—The Comp-  
11       troller General of the United States shall designate  
12       a member of MACPAC, at the time of appointment  
13       of the member as Chairman and a member as Vice  
14       Chairman for that term of appointment, except that  
15       in the case of vacancy of the Chairmanship or Vice  
16       Chairmanship, the Comptroller General of the  
17       United States may designate another member for  
18       the remainder of that member’s term.

19           “(6) MEETINGS.—MACPAC shall meet at the  
20       call of the Chairman.

21           “(d) DIRECTOR AND STAFF; EXPERTS AND CON-  
22       SULTANTS.—Subject to such review as the Comptroller  
23       General of the United States deems necessary to assure  
24       the efficient administration of MACPAC, MACPAC  
25       may—

1           “(1) employ and fix the compensation of an Ex-  
2           ecutive Director (subject to the approval of the  
3           Comptroller General of the United States) and such  
4           other personnel as may be necessary to carry out its  
5           duties (without regard to the provisions of title 5,  
6           United States Code, governing appointments in the  
7           competitive service);

8           “(2) seek such assistance and support as may  
9           be required in the performance of its duties from ap-  
10          propriate Federal departments and agencies;

11          “(3) enter into contracts or make other ar-  
12          rangements, as may be necessary for the conduct of  
13          the work of MACPAC (without regard to section  
14          3709 of the Revised Statutes (41 U.S.C. 5));

15          “(4) make advance, progress, and other pay-  
16          ments which relate to the work of MACPAC;

17          “(5) provide transportation and subsistence for  
18          persons serving without compensation; and

19          “(6) prescribe such rules and regulations as it  
20          deems necessary with respect to the internal organi-  
21          zation and operation of MACPAC.

22          “(e) POWERS.—

23                 “(1) OBTAINING OFFICIAL DATA.—MACPAC  
24                 may secure directly from any department or agency  
25                 of the United States information necessary to enable

1 it to carry out this section. Upon request of the  
2 Chairman, the head of that department or agency  
3 shall furnish that information to MACPAC on an  
4 agreed upon schedule.

5 “(2) DATA COLLECTION.—In order to carry out  
6 its functions, MACPAC shall—

7 “(A) utilize existing information, both pub-  
8 lished and unpublished, where possible, collected  
9 and assessed either by its own staff or under  
10 other arrangements made in accordance with  
11 this section;

12 “(B) carry out, or award grants or con-  
13 tracts for, original research and experimen-  
14 tation, where existing information is inad-  
15 equate; and

16 “(C) adopt procedures allowing any inter-  
17 ested party to submit information for  
18 MACPAC’s use in making reports and rec-  
19 ommendations.

20 “(3) ACCESS OF GAO TO INFORMATION.—The  
21 Comptroller General of the United States shall have  
22 unrestricted access to all deliberations, records, and  
23 nonproprietary data of MACPAC, immediately upon  
24 request.

1           “(4) PERIODIC AUDIT.—MACPAC shall be sub-  
2           ject to periodic audit by the Comptroller General of  
3           the United States.

4           “(f) AUTHORIZATION OF APPROPRIATIONS.—

5           “(1) REQUEST FOR APPROPRIATIONS.—  
6           MACPAC shall submit requests for appropriations  
7           in the same manner as the Comptroller General of  
8           the United States submits requests for appropria-  
9           tions, but amounts appropriated for MACPAC shall  
10          be separate from amounts appropriated for the  
11          Comptroller General of the United States.

12          “(2) AUTHORIZATION.—There are authorized to  
13          be appropriated such sums as may be necessary to  
14          carry out the provisions of this section.”.

15          (b) DEADLINE FOR INITIAL APPOINTMENTS.—Not  
16          later than January 1, 2010, the Comptroller General of  
17          the United States shall appoint the initial members of the  
18          Medicaid and CHIP Payment and Access Commission es-  
19          tablished under section 1900 of the Social Security Act  
20          (as added by subsection (a)).

21          (c) ANNUAL REPORT ON MEDICAID.—Not later than  
22          January 1, 2010, and annually thereafter, the Secretary,  
23          in consultation with the Secretary of the Treasury, the  
24          Secretary of Labor, and the States (as defined for pur-  
25          poses of Medicaid), shall submit an annual report to Con-

1 gress on the financial status of, enrollment in, and spend-  
2 ing trends for, Medicaid for the fiscal year ending on Sep-  
3 tember 30 of the preceding year.

4 **TITLE VI—PROGRAM INTEGRITY**  
5 **AND OTHER MISCELLANEOUS**  
6 **PROVISIONS**

7 **Subtitle A—Program Integrity and**  
8 **Data Collection**

9 **SEC. 601. PAYMENT ERROR RATE MEASUREMENT (“PERM”).**

10 (a) EXPENDITURES RELATED TO COMPLIANCE WITH  
11 REQUIREMENTS.—

12 (1) ENHANCED PAYMENTS.—Section 2105(c)  
13 (42 U.S.C. 1397ee(c)), as amended by section  
14 301(a), is amended by adding at the end the fol-  
15 lowing new paragraph:

16 “(11) ENHANCED PAYMENTS.—Notwith-  
17 standing subsection (b), the enhanced FMAP with  
18 respect to payments under subsection (a) for ex-  
19 penditures related to the administration of the pay-  
20 ment error rate measurement (PERM) requirements  
21 applicable to the State child health plan in accord-  
22 ance with the Improper Payments Information Act  
23 of 2002 and parts 431 and 457 of title 42, Code of  
24 Federal Regulations (or any related or successor

1 guidance or regulations) shall in no event be less  
2 than 90 percent.”.

3 (2) EXCLUSION OF FROM CAP ON ADMINISTRA-  
4 TIVE EXPENDITURES.—Section 2105(c)(2)(C) (42  
5 U.S.C. 1397ee(c)(2)C)), as amended by section  
6 302(b)), is amended by adding at the end the fol-  
7 lowing:

8 “(iv) PAYMENT ERROR RATE MEAS-  
9 UREMENT (PERM) EXPENDITURES.—Ex-  
10 penditures related to the administration of  
11 the payment error rate measurement  
12 (PERM) requirements applicable to the  
13 State child health plan in accordance with  
14 the Improper Payments Information Act of  
15 2002 and parts 431 and 457 of title 42,  
16 Code of Federal Regulations (or any re-  
17 lated or successor guidance or regula-  
18 tions).”.

19 (b) FINAL RULE REQUIRED TO BE IN EFFECT FOR  
20 ALL STATES.—Notwithstanding parts 431 and 457 of  
21 title 42, Code of Federal Regulations (as in effect on the  
22 date of enactment of this Act), the Secretary shall not cal-  
23 culate or publish any national or State-specific error rate  
24 based on the application of the payment error rate meas-  
25 urement (in this section referred to as “PERM”) require-

1 ments to CHIP until after the date that is 6 months after  
2 the date on which a new final rule (in this section referred  
3 to as the “new final rule”) promulgated after the date of  
4 the enactment of this Act and implementing such require-  
5 ments in accordance with the requirements of subsection  
6 (c) is in effect for all States. Any calculation of a national  
7 error rate or a State specific error rate after such new  
8 final rule in effect for all States may only be inclusive of  
9 errors, as defined in such new final rule or in guidance  
10 issued within a reasonable time frame after the effective  
11 date for such new final rule that includes detailed guid-  
12 ance for the specific methodology for error determinations.

13 (c) REQUIREMENTS FOR NEW FINAL RULE.—For  
14 purposes of subsection (b), the requirements of this sub-  
15 section are that the new final rule implementing the  
16 PERM requirements shall—

17 (1) include—

18 (A) clearly defined criteria for errors for  
19 both States and providers;

20 (B) a clearly defined process for appealing  
21 error determinations by—

22 (i) review contractors; or

23 (ii) the agency and personnel de-  
24 scribed in section 431.974(a)(2) of title 42,  
25 Code of Federal Regulations, as in effect

1 on September 1, 2007, responsible for the  
2 development, direction, implementation,  
3 and evaluation of eligibility reviews and as-  
4 sociated activities; and

5 (C) clearly defined responsibilities and  
6 deadlines for States in implementing any cor-  
7 rective action plans; and

8 (2) provide that the payment error rate deter-  
9 mined for a State shall not take into account pay-  
10 ment errors resulting from the State's verification of  
11 an applicant's self-declaration or self-certification of  
12 eligibility for, and the correct amount of, medical as-  
13 sistance or child health assistance, if the State proc-  
14 ess for verifying an applicant's self-declaration or  
15 self-certification satisfies the requirements for such  
16 process applicable under regulations promulgated by  
17 the Secretary or otherwise approved by the Sec-  
18 retary.

19 (d) OPTION FOR APPLICATION OF DATA FOR STATES  
20 IN FIRST APPLICATION CYCLE UNDER THE INTERIM  
21 FINAL RULE.—After the new final rule implementing the  
22 PERM requirements in accordance with the requirements  
23 of subsection (c) is in effect for all States, a State for  
24 which the PERM requirements were first in effect under  
25 an interim final rule for fiscal year 2007 or under a final

1 rule for fiscal year 2008 may elect to accept any payment  
2 error rate determined in whole or in part for the State  
3 on the basis of data for that fiscal year or may elect to  
4 not have any payment error rate determined on the basis  
5 of such data and, instead, shall be treated as if fiscal year  
6 2010 or fiscal year 2011 were the first fiscal year for  
7 which the PERM requirements apply to the State.

8 (e) HARMONIZATION OF MEQC AND PERM.—

9 (1) REDUCTION OF REDUNDANCIES.—The Sec-  
10 retary shall review the Medicaid Eligibility Quality  
11 Control (in this subsection referred to as the  
12 “MEQC”) requirements with the PERM require-  
13 ments and coordinate consistent implementation of  
14 both sets of requirements, while reducing  
15 redundancies.

16 (2) STATE OPTION TO APPLY PERM DATA.—A  
17 State may elect, for purposes of determining the er-  
18 roneous excess payments for medical assistance ratio  
19 applicable to the State for a fiscal year under section  
20 1903(u) of the Social Security Act (42 U.S.C.  
21 1396b(u)) to substitute data resulting from the ap-  
22 plication of the PERM requirements to the State  
23 after the new final rule implementing such require-  
24 ments is in effect for all States for data obtained

1 from the application of the MEQC requirements to  
2 the State with respect to a fiscal year.

3 (3) STATE OPTION TO APPLY MEQC DATA.—For  
4 purposes of satisfying the requirements of subpart Q  
5 of part 431 of title 42, Code of Federal Regulations,  
6 relating to Medicaid eligibility reviews, a State may  
7 elect to substitute data obtained through MEQC re-  
8 views conducted in accordance with section 1903(u)  
9 of the Social Security Act (42 U.S.C. 1396b(u)) for  
10 data required for purposes of PERM requirements,  
11 but only if the State MEQC reviews are based on a  
12 broad, representative sample of Medicaid applicants  
13 or enrollees in the States.

14 (f) IDENTIFICATION OF IMPROVED STATE-SPECIFIC  
15 SAMPLE SIZES.—The Secretary shall establish State-spe-  
16 cific sample sizes for application of the PERM require-  
17 ments with respect to State child health plans for fiscal  
18 years beginning with the first fiscal year that begins on  
19 or after the date on which the new final rule is in effect  
20 for all States, on the basis of such information as the Sec-  
21 retary determines appropriate. In establishing such sam-  
22 ple sizes, the Secretary shall, to the greatest extent prac-  
23 ticable—

24 (1) minimize the administrative cost burden on  
25 States under Medicaid and CHIP; and

1           (2) maintain State flexibility to manage such  
2           programs.

3 **SEC. 602. IMPROVING DATA COLLECTION.**

4           (a)        INCREASED        APPROPRIATION.—Section  
5 2109(b)(2) (42 U.S.C. 1397ii(b)(2)) is amended by strik-  
6 ing “\$10,000,000 for fiscal year 2000” and inserting  
7 “\$20,000,000 for fiscal year 2009”.

8           (b) USE OF ADDITIONAL FUNDS.—Section 2109(b)  
9 (42 U.S.C. 1397ii(b)), as amended by subsection (a), is  
10 amended—

11           (1) by redesignating paragraph (2) as para-  
12           graph (4); and

13           (2) by inserting after paragraph (1), the fol-  
14           lowing new paragraphs:

15           “(2) ADDITIONAL REQUIREMENTS.—In addition  
16           to making the adjustments required to produce the  
17           data described in paragraph (1), with respect to  
18           data collection occurring for fiscal years beginning  
19           with fiscal year 2009, in appropriate consultation  
20           with the Secretary of Health and Human Services,  
21           the Secretary of Commerce shall do the following:

22           “(A) Make appropriate adjustments to the  
23           Current Population Survey to develop more ac-  
24           curate State-specific estimates of the number of

1 children enrolled in health coverage under title  
2 XIX or this title.

3 “(B) Make appropriate adjustments to the  
4 Current Population Survey to improve the sur-  
5 vey estimates used to determine the child popu-  
6 lation growth factor under section  
7 2104(m)(5)(B) and any other data necessary  
8 for carrying out this title.

9 “(C) Include health insurance survey infor-  
10 mation in the American Community Survey re-  
11 lated to children.

12 “(D) Assess whether American Community  
13 Survey estimates, once such survey data are  
14 first available, produce more reliable estimates  
15 than the Current Population Survey with re-  
16 spect to the purposes described in subparagraph  
17 (B).

18 “(E) On the basis of the assessment re-  
19 quired under subparagraph (D), recommend to  
20 the Secretary of Health and Human Services  
21 whether American Community Survey estimates  
22 should be used in lieu of, or in some combina-  
23 tion with, Current Population Survey estimates  
24 for the purposes described in subparagraph (B).

1           “(F) Continue making the adjustments de-  
2           scribed in the last sentence of paragraph (1)  
3           with respect to expansion of the sample size  
4           used in State sampling units, the number of  
5           sampling units in a State, and using an appro-  
6           priate verification element.

7           “(3) AUTHORITY FOR THE SECRETARY OF  
8           HEALTH AND HUMAN SERVICES TO TRANSITION TO  
9           THE USE OF ALL, OR SOME COMBINATION OF, ACS  
10          ESTIMATES UPON RECOMMENDATION OF THE SEC-  
11          RETARY OF COMMERCE.—If, on the basis of the as-  
12          sessment required under paragraph (2)(D), the Sec-  
13          retary of Commerce recommends to the Secretary of  
14          Health and Human Services that American Commu-  
15          nity Survey estimates should be used in lieu of, or  
16          in some combination with, Current Population Sur-  
17          vey estimates for the purposes described in para-  
18          graph (2)(B), the Secretary of Health and Human  
19          Services, in consultation with the States, may pro-  
20          vide for a period during which the Secretary may  
21          transition from carrying out such purposes through  
22          the use of Current Population Survey estimates to  
23          the use of American Community Survey estimates  
24          (in lieu of, or in combination with the Current Popu-  
25          lation Survey estimates, as recommended), provided

1 that any such transition is implemented in a manner  
2 that is designed to avoid adverse impacts upon  
3 States with approved State child health plans under  
4 this title.”.

5 **SEC. 603. UPDATED FEDERAL EVALUATION OF CHIP.**

6 Section 2108(c) (42 U.S.C. 1397hh(c)) is amended  
7 by striking paragraph (5) and inserting the following:

8 “(5) SUBSEQUENT EVALUATION USING UP-  
9 DATED INFORMATION.—

10 “(A) IN GENERAL.—The Secretary, di-  
11 rectly or through contracts or interagency  
12 agreements, shall conduct an independent sub-  
13 sequent evaluation of 10 States with approved  
14 child health plans.

15 “(B) SELECTION OF STATES AND MAT-  
16 TERS INCLUDED.—Paragraphs (2) and (3) shall  
17 apply to such subsequent evaluation in the  
18 same manner as such provisions apply to the  
19 evaluation conducted under paragraph (1).

20 “(C) SUBMISSION TO CONGRESS.—Not  
21 later than December 31, 2011, the Secretary  
22 shall submit to Congress the results of the eval-  
23 uation conducted under this paragraph.

24 “(D) FUNDING.—Out of any money in the  
25 Treasury of the United States not otherwise ap-



1 **SEC. 605. NO FEDERAL FUNDING FOR ILLEGAL ALIENS; DIS-**  
 2 **ALLOWANCE FOR UNAUTHORIZED EXPENDI-**  
 3 **TURES.**

4 Nothing in this Act allows Federal payment for indi-  
 5 viduals who are not legal residents. Titles XI, XIX, and  
 6 XXI of the Social Security Act provide for the disallow-  
 7 ance of Federal financial participation for erroneous ex-  
 8 penditures under Medicaid and under CHIP, respectively.

9 **Subtitle B—Miscellaneous Health**  
 10 **Provisions**

11 **SEC. 611. DEFICIT REDUCTION ACT TECHNICAL CORREC-**  
 12 **TIONS.**

13 (a) CLARIFICATION OF REQUIREMENT TO PROVIDE  
 14 EPSDT SERVICES FOR ALL CHILDREN IN BENCHMARK  
 15 BENEFIT PACKAGES UNDER MEDICAID.—Section  
 16 1937(a)(1) (42 U.S.C. 1396u–7(a)(1)), as inserted by sec-  
 17 tion 6044(a) of the Deficit Reduction Act of 2005 (Public  
 18 Law 109–171, 120 Stat. 88), is amended—

19 (1) in subparagraph (A)—

20 (A) in the matter before clause (i)—

21 (i) by striking “Notwithstanding any  
 22 other provision of this title” and inserting  
 23 “Notwithstanding section 1902(a)(1) (re-  
 24 lating to statewideness), section  
 25 1902(a)(10)(B) (relating to comparability)  
 26 and any other provision of this title which

1 would be directly contrary to the authority  
2 under this section and subject to sub-  
3 section (E)”; and

4 (ii) by striking “enrollment in cov-  
5 erage that provides” and inserting “cov-  
6 erage that”;

7 (B) in clause (i), by inserting “provides”  
8 after “(i)”; and

9 (C) by striking clause (ii) and inserting the  
10 following:

11 “(ii) for any individual described in  
12 section 1905(a)(4)(B) who is eligible under  
13 the State plan in accordance with para-  
14 graphs (10) and (17) of section 1902(a),  
15 consists of the items and services described  
16 in section 1905(a)(4)(B) (relating to early  
17 and periodic screening, diagnostic, and  
18 treatment services defined in section  
19 1905(r)) and provided in accordance with  
20 the requirements of section 1902(a)(43).”;

21 (2) in subparagraph (C)—

22 (A) in the heading, by striking “**WRAP-**  
23 **AROUND**” and inserting “**ADDITIONAL**”; and

24 (B) by striking “wrap-around or”; and

1           (3) by adding at the end the following new sub-  
2 paragraph:

3           “(E) RULE OF CONSTRUCTION.—Nothing  
4 in this paragraph shall be construed as—

5           “(i) requiring a State to offer all or  
6 any of the items and services required by  
7 subparagraph (A)(ii) through an issuer of  
8 benchmark coverage described in sub-  
9 section (b)(1) or benchmark equivalent  
10 coverage described in subsection (b)(2);

11           “(ii) preventing a State from offering  
12 all or any of the items and services re-  
13 quired by subparagraph (A)(ii) through an  
14 issuer of benchmark coverage described in  
15 subsection (b)(1) or benchmark equivalent  
16 coverage described in subsection (b)(2); or

17           “(iii) affecting a child’s entitlement to  
18 care and services described in subsections  
19 (a)(4)(B) and (r) of section 1905 and pro-  
20 vided in accordance with section  
21 1902(a)(43) whether provided through  
22 benchmark coverage, benchmark equivalent  
23 coverage, or otherwise.”.

24           (b) CORRECTION OF REFERENCE TO CHILDREN IN  
25 FOSTER CARE RECEIVING CHILD WELFARE SERVICES.—

1 Section 1937(a)(2)(B)(viii) (42 U.S.C. 1396u–  
2 7(a)(2)(B)(viii)), as inserted by section 6044(a) of the  
3 Deficit Reduction Act of 2005, is amended by striking  
4 “aid or assistance is made available under part B of title  
5 IV to children in foster care and individuals” and inserting  
6 “child welfare services are made available under part B  
7 of title IV on the basis of being a child in foster care or”.

8 (c) TRANSPARENCY.—Section 1937 (42 U.S.C.  
9 1396u–7), as inserted by section 6044(a) of the Deficit  
10 Reduction Act of 2005, is amended by adding at the end  
11 the following:

12 “(c) PUBLICATION OF PROVISIONS AFFECTED.—  
13 With respect to a State plan amendment to provide bench-  
14 mark benefits in accordance with subsections (a) and (b)  
15 that is approved by the Secretary, the Secretary shall pub-  
16 lish on the Internet website of the Centers for Medicare  
17 & Medicaid Services, a list of the provisions of this title  
18 that the Secretary has determined do not apply in order  
19 to enable the State to carry out the plan amendment and  
20 the reason for each such determination on the date such  
21 approval is made, and shall publish such list in the Fed-  
22 eral Register and not later than 30 days after such date  
23 of approval.”.

24 (d) EFFECTIVE DATE.—The amendments made by  
25 subsections (a), (b), and (c) of this section shall take effect

1 as if included in the amendment made by section 6044(a)  
2 of the Deficit Reduction Act of 2005.

3 **SEC. 612. REFERENCES TO TITLE XXI.**

4 Section 704 of the Medicare, Medicaid, and SCHIP  
5 Balanced Budget Refinement Act of 1999, as enacted into  
6 law by division B of Public Law 106–113 (113 Stat.  
7 1501A–402) is repealed.

8 **SEC. 613. PROHIBITING INITIATION OF NEW HEALTH OP-  
9 PORTUNITY ACCOUNT DEMONSTRATION PRO-  
10 GRAMS.**

11 After the date of the enactment of this Act, the Sec-  
12 retary of Health and Human Services may not approve  
13 any new demonstration programs under section 1938 of  
14 the Social Security Act (42 U.S.C. 1396u–8).

15 **SEC. 614. ADJUSTMENT IN COMPUTATION OF MEDICAID  
16 FMAP TO DISREGARD AN EXTRAORDINARY  
17 EMPLOYER PENSION CONTRIBUTION.**

18 (a) IN GENERAL.—Only for purposes of computing  
19 the FMAP (as defined in subsection (e)) for a State for  
20 a fiscal year (beginning with fiscal year 2006) and apply-  
21 ing the FMAP under title XIX of the Social Security Act,  
22 any significantly disproportionate employer pension or in-  
23 surance fund contribution described in subsection (b) shall  
24 be disregarded in computing the per capita income of such  
25 State, but shall not be disregarded in computing the per

1 capita income for the continental United States (and Alas-  
2 ka) and Hawaii.

3 (b) SIGNIFICANTLY DISPROPORTIONATE EMPLOYER  
4 PENSION AND INSURANCE FUND CONTRIBUTION.—

5 (1) IN GENERAL.—For purposes of this section,  
6 a significantly disproportionate employer pension  
7 and insurance fund contribution described in this  
8 subsection with respect to a State is any identifiable  
9 employer contribution towards pension or other em-  
10 ployee insurance funds that is estimated to accrue to  
11 residents of such State for a calendar year (begin-  
12 ning with calendar year 2003) if the increase in the  
13 amount so estimated exceeds 25 percent of the total  
14 increase in personal income in that State for the  
15 year involved.

16 (2) DATA TO BE USED.—For estimating and  
17 adjustment a FMAP already calculated as of the  
18 date of the enactment of this Act for a State with  
19 a significantly disproportionate employer pension  
20 and insurance fund contribution, the Secretary shall  
21 use the personal income data set originally used in  
22 calculating such FMAP.

23 (3) SPECIAL ADJUSTMENT FOR NEGATIVE  
24 GROWTH.—If in any calendar year the total personal  
25 income growth in a State is negative, an employer

1 pension and insurance fund contribution for the pur-  
2 poses of calculating the State's FMAP for a cal-  
3 endar year shall not exceed 125 percent of the  
4 amount of such contribution for the previous cal-  
5 endar year for the State.

6 (c) HOLD HARMLESS.—No State shall have its  
7 FMAP for a fiscal year reduced as a result of the applica-  
8 tion of this section.

9 (d) REPORT.—Not later than May 15, 2009, the Sec-  
10 retary shall submit to the Congress a report on the prob-  
11 lems presented by the current treatment of pension and  
12 insurance fund contributions in the use of Bureau of Eco-  
13 nomic Affairs calculations for the FMAP and for Medicaid  
14 and on possible alternative methodologies to mitigate such  
15 problems.

16 (e) FMAP DEFINED.—For purposes of this section,  
17 the term “FMAP” means the Federal medical assistance  
18 percentage, as defined in section 1905(b) of the Social Se-  
19 curity Act (42 U.S.C. 1396(d)).

20 **SEC. 615. CLARIFICATION TREATMENT OF REGIONAL MED-**  
21 **ICAL CENTER.**

22 (a) IN GENERAL.—Nothing in section 1903(w) of the  
23 Social Security Act (42 U.S.C. 1396b(w)) shall be con-  
24 strued by the Secretary of Health and Human Services  
25 as prohibiting a State's use of funds as the non-Federal

1 share of expenditures under title XIX of such Act where  
2 such funds are transferred from or certified by a publicly-  
3 owned regional medical center located in another State  
4 and described in subsection (b), so long as the Secretary  
5 determines that such use of funds is proper and in the  
6 interest of the program under title XIX.

7 (b) CENTER DESCRIBED.—A center described in this  
8 subsection is a publicly-owned regional medical center  
9 that—

10 (1) provides level 1 trauma and burn care serv-  
11 ices;

12 (2) provides level 3 neonatal care services;

13 (3) is obligated to serve all patients, regardless  
14 of ability to pay;

15 (4) is located within a Standard Metropolitan  
16 Statistical Area (SMSA) that includes at least 3  
17 States;

18 (5) provides services as a tertiary care provider  
19 for patients residing within a 125-mile radius; and

20 (6) meets the criteria for a disproportionate  
21 share hospital under section 1923 of such Act (42  
22 U.S.C. 1396r-4) in at least one State other than the  
23 State in which the center is located.

1 **SEC. 616. EXTENSION OF MEDICAID DSH ALLOTMENTS FOR**  
2 **TENNESSEE AND HAWAII.**

3 Section 1923(f)(6) (42 U.S.C. 1396r-4(f)(6)), as  
4 amended by section 202 of the Medicare Improvements  
5 for Patients and Providers Act of 2008 (Public Law 110-  
6 275) is amended—

7 (1) in the paragraph heading, by striking “2009  
8 AND THE FIRST CALENDAR QUARTER OF FISCAL  
9 YEAR 2010” and inserting “2011 AND THE FIRST CAL-  
10 ENDAR QUARTER OF FISCAL YEAR 2012”;

11 (2) in subparagraph (A)—

12 (A) in clause (i)—

13 (i) in the second sentence—

14 (I) by striking “and 2009” and  
15 inserting “, 2009, 2010, and 2011”;  
16 and

17 (II) by striking “such portion  
18 of”; and

19 (ii) in the third sentence, by striking  
20 “2010 for the period ending on December  
21 31, 2009” and inserting “2012 for the pe-  
22 riod ending on December 31, 2011”;

23 (B) in clause (ii), by striking “or for a pe-  
24 riod in fiscal year 2010” and inserting “2010,  
25 2011, or for period in fiscal year 2012”; and

26 (C) in clause (iv)—

1 (i) in the clause heading, by striking  
 2 “2009 AND THE FIRST CALENDAR QUARTER  
 3 OF FISCAL YEAR 2010” and inserting “2011  
 4 AND THE FIRST CALENDAR QUARTER OF  
 5 FISCAL YEAR 2012”; and

6 (ii) in each of subclauses (I) and (II),  
 7 by striking “ or for a period in fiscal year  
 8 2010” and inserting “2010, 2011, or for a  
 9 period in fiscal year 2012”; and

10 (3) in subparagraph (B)—

11 (A) in clause (i)—

12 (i) in the first sentence, by striking  
 13 “2009” and inserting “2011”; and

14 (ii) in the second sentence, by striking  
 15 “2010 for the period ending on December  
 16 31, 2009” and inserting “2012 for the pe-  
 17 riod ending on December 31, 2011”.

18 **SEC. 617. GAO REPORT ON MEDICAID MANAGED CARE PAY-**  
 19 **MENT RATES.**

20 Not later than 18 months after the date of the enact-  
 21 ment of this Act, the Comptroller General of the United  
 22 States shall submit a report to the Committee on Finance  
 23 of the Senate and the Committee on Energy and Com-  
 24 merce of the House of Representatives analyzing the ex-

1 tent to which State payment rates for medicaid managed  
2 care organizations under Medicaid are actuarially sound.

### 3 **Subtitle C—Other Provisions**

#### 4 **SEC. 621. OUTREACH REGARDING HEALTH INSURANCE OP-** 5 **TIONS AVAILABLE TO CHILDREN.**

6 (a) DEFINITIONS.—In this section—

7 (1) the terms “Administration” and “Adminis-  
8 trator” means the Small Business Administration  
9 and the Administrator thereof, respectively;

10 (2) the term “certified development company”  
11 means a development company participating in the  
12 program under title V of the Small Business Invest-  
13 ment Act of 1958 (15 U.S.C. 695 et seq.);

14 (3) the term “Medicaid program” means the  
15 program established under title XIX of the Social  
16 Security Act (42 U.S.C. 1396 et seq.);

17 (4) the term “Service Corps of Retired Execu-  
18 tives” means the Service Corps of Retired Execu-  
19 tives authorized by section 8(b)(1) of the Small  
20 Business Act (15 U.S.C. 637(b)(1));

21 (5) the term “small business concern” has the  
22 meaning given that term in section 3 of the Small  
23 Business Act (15 U.S.C. 632);

24 (6) the term “small business development cen-  
25 ter” means a small business development center de-

1       scribed in section 21 of the Small Business Act (15  
2       U.S.C. 648);

3               (7) the term “State” has the meaning given  
4       that term for purposes of title XXI of the Social Se-  
5       curity Act (42 U.S.C. 1397aa et seq.);

6               (8) the term “State Children’s Health Insur-  
7       ance Program” means the State Children’s Health  
8       Insurance Program established under title XXI of  
9       the Social Security Act (42 U.S.C. 1397aa et seq.);

10              (9) the term “task force” means the task force  
11       established under subsection (b)(1); and

12              (10) the term “women’s business center” means  
13       a women’s business center described in section 29 of  
14       the Small Business Act (15 U.S.C. 656).

15       (b) ESTABLISHMENT OF TASK FORCE.—

16              (1) ESTABLISHMENT.—There is established a  
17       task force to conduct a nationwide campaign of edu-  
18       cation and outreach for small business concerns re-  
19       garding the availability of coverage for children  
20       through private insurance options, the Medicaid pro-  
21       gram, and the State Children’s Health Insurance  
22       Program.

23              (2) MEMBERSHIP.—The task force shall consist  
24       of the Administrator, the Secretary of Health and

1 Human Services, the Secretary of Labor, and the  
2 Secretary of the Treasury.

3 (3) RESPONSIBILITIES.—The campaign con-  
4 ducted under this subsection shall include—

5 (A) efforts to educate the owners of small  
6 business concerns about the value of health cov-  
7 erage for children;

8 (B) information regarding options available  
9 to the owners and employees of small business  
10 concerns to make insurance more affordable, in-  
11 cluding Federal and State tax deductions and  
12 credits for health care-related expenses and  
13 health insurance expenses and Federal tax ex-  
14 clusion for health insurance options available  
15 under employer-sponsored cafeteria plans under  
16 section 125 of the Internal Revenue Code of  
17 1986;

18 (C) efforts to educate the owners of small  
19 business concerns about assistance available  
20 through public programs; and

21 (D) efforts to educate the owners and em-  
22 ployees of small business concerns regarding  
23 the availability of the hotline operated as part  
24 of the Insure Kids Now program of the Depart-  
25 ment of Health and Human Services.

1           (4) IMPLEMENTATION.—In carrying out this  
2 subsection, the task force may—

3           (A) use any business partner of the Ad-  
4 ministration, including—

5           (i) a small business development cen-

6           ter;

7           (ii) a certified development company;

8           (iii) a women’s business center; and

9           (iv) the Service Corps of Retired Ex-  
10          ecutives;

11          (B) enter into—

12          (i) a memorandum of understanding  
13          with a chamber of commerce; and

14          (ii) a partnership with any appro-  
15          priate small business concern or health ad-  
16          vocacy group; and

17          (C) designate outreach programs at re-  
18          gional offices of the Department of Health and  
19          Human Services to work with district offices of  
20          the Administration.

21          (5) WEBSITE.—The Administrator shall ensure  
22          that links to information on the eligibility and enroll-  
23          ment requirements for the Medicaid program and  
24          State Children’s Health Insurance Program of each

1 State are prominently displayed on the website of  
2 the Administration.

3 (6) REPORT.—

4 (A) IN GENERAL.—Not later than 2 years  
5 after the date of enactment of this Act, and  
6 every 2 years thereafter, the Administrator  
7 shall submit to the Committee on Small Busi-  
8 ness and Entrepreneurship of the Senate and  
9 the Committee on Small Business of the House  
10 of Representatives a report on the status of the  
11 nationwide campaign conducted under para-  
12 graph (1).

13 (B) CONTENTS.—Each report submitted  
14 under subparagraph (A) shall include a status  
15 update on all efforts made to educate owners  
16 and employees of small business concerns on  
17 options for providing health insurance for chil-  
18 dren through public and private alternatives.

19 **SEC. 622. SENSE OF THE SENATE REGARDING ACCESS TO**  
20 **AFFORDABLE AND MEANINGFUL HEALTH IN-**  
21 **SURANCE COVERAGE.**

22 (a) FINDINGS.—The Senate finds the following:

23 (1) There are approximately 45 million Ameri-  
24 cans currently without health insurance.

1           (2) More than half of uninsured workers are  
2 employed by businesses with less than 25 employees  
3 or are self-employed.

4           (3) Health insurance premiums continue to rise  
5 at more than twice the rate of inflation for all con-  
6 sumer goods.

7           (4) Individuals in the small group and indi-  
8 vidual health insurance markets usually pay more  
9 for similar coverage than those in the large group  
10 market.

11          (5) The rapid growth in health insurance costs  
12 over the last few years has forced many employers,  
13 particularly small employers, to increase deductibles  
14 and co-pays or to drop coverage completely.

15 (b) SENSE OF THE SENATE.—The Senate—

16          (1) recognizes the necessity to improve afford-  
17 ability and access to health insurance for all Ameri-  
18 cans;

19          (2) acknowledges the value of building upon the  
20 existing private health insurance market; and

21          (3) affirms its intent to enact legislation this  
22 year that, with appropriate protection for con-  
23 sumers, improves access to affordable and meaning-  
24 ful health insurance coverage for employees of small  
25 businesses and individuals by—

1 (A) facilitating pooling mechanisms, in-  
2 cluding pooling across State lines, and

3 (B) providing assistance to small busi-  
4 nesses and individuals, including financial as-  
5 sistance and tax incentives, for the purchase of  
6 private insurance coverage.

## 7 **TITLE VII—REVENUE** 8 **PROVISIONS**

### 9 **SEC. 701. INCREASE IN EXCISE TAX RATE ON TOBACCO** 10 **PRODUCTS.**

11 (a) CIGARS.—Section 5701(a) of the Internal Rev-  
12 enue Code of 1986 is amended—

13 (1) by striking “\$1.828 cents per thousand  
14 (\$1.594 cents per thousand on cigars removed dur-  
15 ing 2000 or 2001)” in paragraph (1) and inserting  
16 “\$50.33 per thousand”,

17 (2) by striking “20.719 percent (18.063 percent  
18 on cigars removed during 2000 or 2001)” in para-  
19 graph (2) and inserting “52.75 percent”, and

20 (3) by striking “\$48.75 per thousand (\$42.50  
21 per thousand on cigars removed during 2000 or  
22 2001)” in paragraph (2) and inserting “40.26 cents  
23 per cigar”.

24 (b) CIGARETTES.—Section 5701(b) of such Code is  
25 amended—

1           (1) by striking “\$19.50 per thousand (\$17 per  
2           thousand on cigarettes removed during 2000 or  
3           2001)” in paragraph (1) and inserting “\$50.33 per  
4           thousand”, and

5           (2) by striking “\$40.95 per thousand (\$35.70  
6           per thousand on cigarettes removed during 2000 or  
7           2001)” in paragraph (2) and inserting “\$105.69 per  
8           thousand”.

9           (c) CIGARETTE PAPERS.—Section 5701(c) of such  
10          Code is amended by striking “1.22 cents (1.06 cents on  
11          cigarette papers removed during 2000 or 2001)” and in-  
12          serting “3.15 cents”.

13          (d) CIGARETTE TUBES.—Section 5701(d) of such  
14          Code is amended by striking “2.44 cents (2.13 cents on  
15          cigarette tubes removed during 2000 or 2001)” and in-  
16          serting “6.30 cents”.

17          (e) SMOKELESS TOBACCO.—Section 5701(e) of such  
18          Code is amended—

19                 (1) by striking “58.5 cents (51 cents on snuff  
20                 removed during 2000 or 2001)” in paragraph (1)  
21                 and inserting “\$1.51”, and

22                 (2) by striking “19.5 cents (17 cents on chew-  
23                 ing tobacco removed during 2000 or 2001)” in para-  
24                 graph (2) and inserting “50.33 cents”.

1 (f) PIPE TOBACCO.—Section 5701(f) of such Code is  
2 amended by striking “\$1.0969 cents (95.67 cents on pipe  
3 tobacco removed during 2000 or 2001)” and inserting  
4 “\$2.8311 cents”.

5 (g) ROLL-YOUR-OWN TOBACCO.—Section 5701(g) of  
6 such Code is amended by striking “\$1.0969 cents (95.67  
7 cents on roll-your-own tobacco removed during 2000 or  
8 2001)” and inserting “\$24.78”.

9 (h) FLOOR STOCKS TAXES.—

10 (1) IMPOSITION OF TAX.—On tobacco products  
11 (other than cigars described in section 5701(a)(2) of  
12 the Internal Revenue Code of 1986) and cigarette  
13 papers and tubes manufactured in or imported into  
14 the United States which are removed before April 1,  
15 2009, and held on such date for sale by any person,  
16 there is hereby imposed a tax in an amount equal  
17 to the excess of—

18 (A) the tax which would be imposed under  
19 section 5701 of such Code on the article if the  
20 article had been removed on such date, over

21 (B) the prior tax (if any) imposed under  
22 section 5701 of such Code on such article.

23 (2) CREDIT AGAINST TAX.—Each person shall  
24 be allowed as a credit against the taxes imposed by  
25 paragraph (1) an amount equal to \$500. Such credit

1 shall not exceed the amount of taxes imposed by  
2 paragraph (1) on April 1, 2009, for which such per-  
3 son is liable.

4 (3) LIABILITY FOR TAX AND METHOD OF PAY-  
5 MENT.—

6 (A) LIABILITY FOR TAX.—A person hold-  
7 ing tobacco products, cigarette papers, or ciga-  
8 rette tubes on April 1, 2009, to which any tax  
9 imposed by paragraph (1) applies shall be liable  
10 for such tax.

11 (B) METHOD OF PAYMENT.—The tax im-  
12 posed by paragraph (1) shall be paid in such  
13 manner as the Secretary shall prescribe by reg-  
14 ulations.

15 (C) TIME FOR PAYMENT.—The tax im-  
16 posed by paragraph (1) shall be paid on or be-  
17 fore August 1, 2009.

18 (4) ARTICLES IN FOREIGN TRADE ZONES.—  
19 Notwithstanding the Act of June 18, 1934 (com-  
20 monly known as the Foreign Trade Zone Act, 48  
21 Stat. 998, 19 U.S.C. 81a et seq.) or any other provi-  
22 sion of law, any article which is located in a foreign  
23 trade zone on April 1, 2009, shall be subject to the  
24 tax imposed by paragraph (1) if—

1 (A) internal revenue taxes have been deter-  
2 mined, or customs duties liquidated, with re-  
3 spect to such article before such date pursuant  
4 to a request made under the 1st proviso of sec-  
5 tion 3(a) of such Act, or

6 (B) such article is held on such date under  
7 the supervision of an officer of the United  
8 States Customs and Border Protection of the  
9 Department of Homeland Security pursuant to  
10 the 2d proviso of such section 3(a).

11 (5) DEFINITIONS.—For purposes of this sub-  
12 section—

13 (A) IN GENERAL.—Any term used in this  
14 subsection which is also used in section 5702 of  
15 the Internal Revenue Code of 1986 shall have  
16 the same meaning as such term has in such  
17 section.

18 (B) SECRETARY.—The term “Secretary”  
19 means the Secretary of the Treasury or the  
20 Secretary’s delegate.

21 (6) CONTROLLED GROUPS.—Rules similar to  
22 the rules of section 5061(e)(3) of such Code shall  
23 apply for purposes of this subsection.

24 (7) OTHER LAWS APPLICABLE.—All provisions  
25 of law, including penalties, applicable with respect to

1 the taxes imposed by section 5701 of such Code  
2 shall, insofar as applicable and not inconsistent with  
3 the provisions of this subsection, apply to the floor  
4 stocks taxes imposed by paragraph (1), to the same  
5 extent as if such taxes were imposed by such section  
6 5701. The Secretary may treat any person who bore  
7 the ultimate burden of the tax imposed by para-  
8 graph (1) as the person to whom a credit or refund  
9 under such provisions may be allowed or made.

10 (i) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to articles removed (as defined in  
12 section 5702(j) of the Internal Revenue Code of 1986)  
13 after March 31, 2009.

14 **SEC. 702. ADMINISTRATIVE IMPROVEMENTS.**

15 (a) PERMIT, INVENTORIES, REPORTS, AND RECORDS  
16 REQUIREMENTS FOR MANUFACTURERS AND IMPORTERS  
17 OF PROCESSED TOBACCO.—

18 (1) PERMIT.—

19 (A) APPLICATION.—Section 5712 of the  
20 Internal Revenue Code of 1986 is amended by  
21 inserting “or processed tobacco” after “tobacco  
22 products”.

23 (B) ISSUANCE.—Section 5713(a) of such  
24 Code is amended by inserting “or processed to-  
25 bacco” after “tobacco products”.

1 (2) INVENTORIES, REPORTS, AND PACKAGES.—

2 (A) INVENTORIES.—Section 5721 of such  
3 Code is amended by inserting “, processed to-  
4 bacco,” after “tobacco products”.

5 (B) REPORTS.—Section 5722 of such Code  
6 is amended by inserting “, processed tobacco,”  
7 after “tobacco products”.

8 (C) PACKAGES, MARKS, LABELS, AND NO-  
9 TICES.—Section 5723 of such Code is amended  
10 by inserting “, processed tobacco,” after “to-  
11 bacco products” each place it appears.

12 (3) RECORDS.—Section 5741 of such Code is  
13 amended by inserting “, processed tobacco,” after  
14 “tobacco products”.

15 (4) MANUFACTURER OF PROCESSED TO-  
16 BACCO.—Section 5702 of such Code is amended by  
17 adding at the end the following new subsection:

18 “(p) MANUFACTURER OF PROCESSED TOBACCO.—

19 “(1) IN GENERAL.—The term ‘manufacturer of  
20 processed tobacco’ means any person who processes  
21 any tobacco other than tobacco products.

22 “(2) PROCESSED TOBACCO.—The processing of  
23 tobacco shall not include the farming or growing of  
24 tobacco or the handling of tobacco solely for sale,

1 shipment, or delivery to a manufacturer of tobacco  
2 products or processed tobacco.”.

3 (5) CONFORMING AMENDMENTS.—

4 (A) Section 5702(h) of such Code is  
5 amended by striking “tobacco products and cig-  
6 arette papers and tubes” and inserting “tobacco  
7 products or cigarette papers or tubes or any  
8 processed tobacco”.

9 (B) Sections 5702(j) and 5702(k) of such  
10 Code are each amended by inserting “, or any  
11 processed tobacco,” after “tobacco products or  
12 cigarette papers or tubes”.

13 (6) EFFECTIVE DATE.—The amendments made  
14 by this subsection shall take effect on April 1, 2009.

15 (b) BASIS FOR DENIAL, SUSPENSION, OR REVOCATION  
16 OF PERMITS.—

17 (1) DENIAL.—Paragraph (3) of section 5712 of  
18 such Code is amended to read as follows:

19 “(3) such person (including, in the case of a  
20 corporation, any officer, director, or principal stock-  
21 holder and, in the case of a partnership, a part-  
22 ner)—

23 “(A) is, by reason of his business experi-  
24 ence, financial standing, or trade connections or  
25 by reason of previous or current legal pro-

1           ceedings involving a felony violation of any  
2           other provision of Federal criminal law relating  
3           to tobacco products, processed tobacco, ciga-  
4           rette paper, or cigarette tubes, not likely to  
5           maintain operations in compliance with this  
6           chapter,

7           “(B) has been convicted of a felony viola-  
8           tion of any provision of Federal or State crimi-  
9           nal law relating to tobacco products, processed  
10          tobacco, cigarette paper, or cigarette tubes, or

11          “(C) has failed to disclose any material in-  
12          formation required or made any material false  
13          statement in the application therefor.”.

14          (2) SUSPENSION OR REVOCATION.—Subsection  
15          (b) of section 5713 of such Code is amended to read  
16          as follows:

17          “(b) SUSPENSION OR REVOCATION.—

18                 “(1) SHOW CAUSE HEARING.—If the Secretary  
19                 has reason to believe that any person holding a per-  
20                 mit—

21                         “(A) has not in good faith complied with  
22                         this chapter, or with any other provision of this  
23                         title involving intent to defraud,

24                         “(B) has violated the conditions of such  
25                         permit,

1           “(C) has failed to disclose any material in-  
2           formation required or made any material false  
3           statement in the application for such permit,

4           “(D) has failed to maintain his premises in  
5           such manner as to protect the revenue,

6           “(E) is, by reason of previous or current  
7           legal proceedings involving a felony violation of  
8           any other provision of Federal criminal law re-  
9           lating to tobacco products, processed tobacco,  
10          cigarette paper, or cigarette tubes, not likely to  
11          maintain operations in compliance with this  
12          chapter, or

13          “(F) has been convicted of a felony viola-  
14          tion of any provision of Federal or State crimi-  
15          nal law relating to tobacco products, processed  
16          tobacco, cigarette paper, or cigarette tubes,  
17          the Secretary shall issue an order, stating the facts  
18          charged, citing such person to show cause why his  
19          permit should not be suspended or revoked.

20          “(2) ACTION FOLLOWING HEARING.—If, after  
21          hearing, the Secretary finds that such person has  
22          not shown cause why his permit should not be sus-  
23          pended or revoked, such permit shall be suspended  
24          for such period as the Secretary deems proper or  
25          shall be revoked.”.

1           (3) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall take effect on the date of the  
3           enactment of this Act.

4           (c) APPLICATION OF INTERNAL REVENUE CODE  
5 STATUTE OF LIMITATIONS FOR ALCOHOL AND TOBACCO  
6 EXCISE TAXES.—

7           (1) IN GENERAL.—Section 514(a) of the Tariff  
8           Act of 1930 (19 U.S.C. 1514(a)) is amended by  
9           striking “and section 520 (relating to refunds)” and  
10          inserting “section 520 (relating to refunds), and sec-  
11          tion 6501 of the Internal Revenue Code of 1986  
12          (but only with respect to taxes imposed under chap-  
13          ters 51 and 52 of such Code)”.

14          (2) EFFECTIVE DATE.—The amendment made  
15          by this subsection shall apply to articles imported  
16          after the date of the enactment of this Act.

17          (d) EXPANSION OF DEFINITION OF ROLL-YOUR-OWN  
18 TOBACCO.—

19          (1) IN GENERAL.—Section 5702(o) of the In-  
20          ternal Revenue Code of 1986 is amended by insert-  
21          ing “or cigars, or for use as wrappers thereof” be-  
22          fore the period at the end.

23          (2) EFFECTIVE DATE.—The amendment made  
24          by this subsection shall apply to articles removed (as

1 defined in section 5702(j) of the Internal Revenue  
2 Code of 1986) after March 31, 2009.

3 (e) TIME OF TAX FOR UNLAWFULLY MANUFAC-  
4 TURED TOBACCO PRODUCTS.—

5 (1) IN GENERAL.—Section 5703(b)(2) of such  
6 Code is amended by adding at the end the following  
7 new subparagraph:

8 “(F) SPECIAL RULE FOR UNLAWFULLY  
9 MANUFACTURED TOBACCO PRODUCTS.—In the  
10 case of any tobacco products, cigarette paper,  
11 or cigarette tubes manufactured in the United  
12 States at any place other than the premises of  
13 a manufacturer of tobacco products, cigarette  
14 paper, or cigarette tubes that has filed the bond  
15 and obtained the permit required under this  
16 chapter, tax shall be due and payable imme-  
17 diately upon manufacture.”.

18 (2) EFFECTIVE DATE.—The amendment made  
19 by this subsection shall take effect on the date of the  
20 enactment of this Act.

21 (f) DISCLOSURE.—

22 (1) IN GENERAL.—Paragraph (1) of section  
23 6103(o) of such Code is amended by designating the  
24 text as subparagraph (A), moving such text 2 ems  
25 to the right, striking “Returns” and inserting “(A)

1 IN GENERAL.—Returns”, and by inserting after sub-  
2 paragraph (A) (as so redesignated) the following  
3 new subparagraph:

4 “(B) USE IN CERTAIN PROCEEDINGS.—Re-  
5 turns and return information disclosed to a  
6 Federal agency under subparagraph (A) may be  
7 used in an action or proceeding (or in prepara-  
8 tion for such action or proceeding) brought  
9 under section 625 of the American Jobs Cre-  
10 ation Act of 2004 for the collection of any un-  
11 paid assessment or penalty arising under such  
12 Act.”.

13 (2) CONFORMING AMENDMENT.—Section  
14 6103(p)(4) of such Code is amended by striking  
15 “(o)(1)” both places it appears and inserting  
16 “(o)(1)(A)”.

17 (3) EFFECTIVE DATE.—The amendments made  
18 by this subsection shall apply on or after the date  
19 of the enactment of this Act.

20 (g) TRANSITIONAL RULE.—Any person who—

21 (1) on April 1 is engaged in business as a man-  
22 ufacturer of processed tobacco or as an importer of  
23 processed tobacco, and

24 (2) before the end of the 90-day period begin-  
25 ning on such date, submits an application under

1 subchapter B of chapter 52 of such Code to engage  
2 in such business, may, notwithstanding such sub-  
3 chapter B, continue to engage in such business  
4 pending final action on such application. Pending  
5 such final action, all provisions of such chapter 52  
6 shall apply to such applicant in the same manner  
7 and to the same extent as if such applicant were a  
8 holder of a permit under such chapter 52 to engage  
9 in such business.

10 **SEC. 703. TREASURY STUDY CONCERNING MAGNITUDE OF**  
11 **TOBACCO SMUGGLING IN THE UNITED**  
12 **STATES.**

13 Not later than one year after the date of the enact-  
14 ment of this Act, the Secretary of the Treasury shall con-  
15 duct a study concerning the magnitude of tobacco smug-  
16 gling in the United States and submit to Congress rec-  
17 ommendations for the most effective steps to reduce to-  
18 bacco smuggling. Such study shall also include a review  
19 of the loss of Federal tax receipts due to illicit tobacco  
20 trade in the United States and the role of imported to-  
21 bacco products in the illicit tobacco trade in the United  
22 States.

1 **SEC. 704. TIME FOR PAYMENT OF CORPORATE ESTIMATED**  
2 **TAXES.**

3       The percentage under subparagraph (C) of section  
4 401(1) of the Tax Increase Prevention and Reconciliation  
5 Act of 2005 in effect on the date of the enactment of this  
6 Act is increased by 0.5 percentage point.

**Calendar No. 17**

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**S. 275**

---

---

**A BILL**

To amend title XXI of the Social Security Act to extend and improve the Children's Health Insurance Program, and for other purposes.

---

---

JANUARY 16, 2009

Read twice and placed on the calendar