

111TH CONGRESS  
1ST SESSION

# S. 898

To amend the Social Security Act to provide grants and flexibility through demonstration projects for States to provide universal, comprehensive, cost-effective systems of health care coverage, with simplified administration.

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## IN THE SENATE OF THE UNITED STATES

APRIL 24, 2009

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

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## A BILL

To amend the Social Security Act to provide grants and flexibility through demonstration projects for States to provide universal, comprehensive, cost-effective systems of health care coverage, with simplified administration.

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

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

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “States’ Right To Innovate in Health Care Act of 2009”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Findings and purposes.

Sec. 3. Amendment to Social Security Act.

“TITLE XXII—STATE COMPREHENSIVE HEALTH CARE AND COST  
CONTAINMENT DEMONSTRATION PROJECTS

“Sec. 2201. State-based Universal Health Care Coverage Commission.

“Sec. 2202. Planning grants.

“Sec. 2203. Demonstration grants.

“Sec. 2204. State plan requirements.

“Sec. 2205. Interstate arrangements.

“Sec. 2206. Definitions.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—Congress finds the following:

3 (1) In 2006, annual health care expenditures in  
4 the United States totaled \$2.1 trillion, or \$6,800 per  
5 person.

6 (2) In 2006, health care expenditures rep-  
7 resented 16 percent of the gross domestic product  
8 (“GDP”) in the United States and grew at the rate  
9 of 6.7 percent.

10 (3) Health care spending in the United States  
11 is expected to increase at similar levels for the next  
12 decade, reaching \$4 trillion in 2015, or 20 percent  
13 of GDP.

14 (4) Yet, access to health care is a problem for  
15 many citizens of the United States. According to the  
16 Census Bureau, there are now over 46,000,000 citi-  
17 zens who lack health insurance and each year this  
18 figure grows. This figure does not include the mil-  
19 lions of citizens who are under-insured and millions

1 of others who may not have insurance coverage at  
2 some point during a year.

3 (5) There is enough money in the health care  
4 system to ensure that the rationing of health care  
5 services does not need to occur, either explicitly by  
6 design or, as happens currently, implicitly due to an  
7 individual's or family's economic status. Health care  
8 reform is needed to assure that there is universal  
9 health coverage for all citizens of the United States.

10 (6) States are the natural vehicles to test meth-  
11 ods and forms of achieving universal health cov-  
12 erage. There is a well-established tradition for this.  
13 In the past, States have led the way in testing ideas  
14 for national application, involving such areas as  
15 child labor, social security, welfare reform, and envi-  
16 ronmental protection. Several States are embarking  
17 on major health care initiatives to cover residents of  
18 the State who are uninsured. Given past successes in  
19 individual State action that have resulted in national  
20 changes, the Federal Government should invest in a  
21 broad range of efforts in a variety of geographically  
22 dispersed States prior to attempting a national sys-  
23 tem of health care reform.

24 (7) In 2002, in response to a request from the  
25 Secretary of Health and Human Services, the Insti-

1       tute of Medicine of the National Academy of  
2       Sciences established a committee, officially known as  
3       the “Committee on Rapid Advance Demonstration  
4       Projects: Health Care Finance and Delivery Sys-  
5       tems”, with the goal of formulating models for  
6       broader health care reform. The committee rec-  
7       ommended a 10-year commitment to State dem-  
8       onstration projects as a means to encourage States  
9       to develop their own systems of universal health care  
10      and to facilitate innovation.

11      (b) PURPOSE.—The purpose of this Act is to encour-  
12      age States—

13           (1) to develop plans for universal, comprehen-  
14           sive, cost-effective systems of health care with sim-  
15           plified administration to individuals residing in such  
16           States; and

17           (2) to implement such plans by offering transi-  
18           tional grants and by removing Federal statutory and  
19           administrative barriers that may inhibit or discour-  
20           age efforts by States to provide such health care  
21           while maintaining Federal payments for health care  
22           under Federal health care programs.

23      **SEC. 3. AMENDMENT TO SOCIAL SECURITY ACT.**

24      The Social Security Act (42 U.S.C. 301 et seq.) is  
25      amended by adding at the end the following new title:

1 **“TITLE XXII—STATE COM-**  
 2 **PREHENSIVE HEALTH CARE**  
 3 **AND COST CONTAINMENT**  
 4 **DEMONSTRATION PROJECTS**

5 **“SEC. 2201. STATE-BASED UNIVERSAL HEALTH CARE COV-**  
 6 **ERAGE COMMISSION.**

7 “(a) ESTABLISHMENT.—

8 “(1) IN GENERAL.—Not later than 90 days  
 9 after the date of the enactment of this title, the Sec-  
 10 retary shall establish a State-based Universal Health  
 11 Care Coverage Commission (in this section referred  
 12 to as the ‘Commission’).

13 “(2) MEMBERSHIP.—The Commission shall be  
 14 composed of 17 members—

15 “(A) 1 of whom shall be the Secretary;

16 “(B) 4 of whom shall be governors of a  
 17 State who are appointed by the National Gov-  
 18 ernors Association on a bipartisan basis;

19 “(C) 4 of whom shall be State legislators  
 20 who are appointed, on a joint and bipartisan  
 21 basis, by the National Conference of State Leg-  
 22 islators and the American Legislative Exchange  
 23 Council;

24 “(D) 2 of whom shall be appointed by the  
 25 majority leader of the Senate;

1           “(E) 2 of whom shall be appointed by the  
2 minority leader of the Senate;

3           “(F) 2 of whom shall be appointed by the  
4 Speaker of the House of Representatives; and

5           “(G) 2 of whom shall be appointed by the  
6 minority leader of the House of Representa-  
7 tives.

8           “(b) DUTIES OF THE COMMISSION.—

9           “(1) GUIDANCE AND INFORMATION.—The Com-  
10 mission shall—

11           “(A) provide guidance to State health care  
12 officials regarding applications for grants under  
13 this title and exchange information with, and  
14 otherwise assist, such officials upon the request  
15 of the officials;

16           “(B) submit proposed procedures with re-  
17 spect to applications for grants under this title;

18           “(C) review and recommend the approval  
19 of applications for demonstration grants under  
20 section 2203, including providing guidance on  
21 the issuance of appropriate waivers described in  
22 section 2203(f);

23           “(D) suggest appropriate levels of funding  
24 for applications for planning grants approved

1 under section 2202 consistent with such sec-  
2 tion;

3 “(E) provide guidance with respect to such  
4 evaluation, monitoring, compliance, and other  
5 review functions with respect to grants under  
6 this title as may be appropriate;

7 “(F) develop proposed guidelines, stand-  
8 ards, and formats for the evaluation, reporting,  
9 and collection of data by States in order to en-  
10 able the Secretary to monitor State plan admin-  
11 istration and compliance, and to evaluate and  
12 compare the effectiveness of State plans; and

13 “(G) provide guidance on the implementa-  
14 tion of any other requirements or activities nec-  
15 essary and appropriate under this title.

16 “(2) ANNUAL REPORT.—The Commission shall  
17 prepare and submit to the President and to Con-  
18 gress an annual report. Such report shall be sub-  
19 mitted not later than March 30 of each year and  
20 shall include information concerning States that re-  
21 ceive grants under this title and the effectiveness of  
22 any health care programs assisted by such grants  
23 during the previous year.

24 “(3) APPROVAL PROCESS.—The provisions of  
25 section 2106(c) shall apply to State plans and the

1 Secretary under this title in the same manner as  
2 they apply to State plans and the Secretary under  
3 such section.

4 “(4) CONSULTATION.—To the extent feasible,  
5 the Secretary shall carry out the State Comprehen-  
6 sive Health Care and Cost Containment demonstra-  
7 tion projects under this title based on, and in ac-  
8 cordance with, the advice and recommendations of  
9 the Commission.

10 “(c) PERIOD OF APPOINTMENT; REPRESENTATION  
11 REQUIREMENTS; VACANCIES.—Members shall be ap-  
12 pointed for a term of such time as is needed to complete  
13 the requirements of this section and to carry out the re-  
14 quirements of this section. In appointing members under  
15 subsection (a)(2), the designated appointing individuals  
16 shall ensure the representation of urban and rural areas  
17 and an appropriate geographic distribution of such mem-  
18 bers. Any vacancy in the Commission shall not affect its  
19 powers, but shall be filled in the same manner as the origi-  
20 nal appointment.

21 “(d) CHAIRPERSON, MEETINGS.—

22 “(1) CHAIRPERSON.—The Commission shall se-  
23 lect a Chairperson from among its members.



1           “(2) QUORUM.—Two-thirds of the members of  
2           the Commission shall constitute a quorum, but a  
3           lesser number of members may hold hearings.

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

9           “(e) PERSONNEL MATTERS.—

10           “(1) COMPENSATION.—Each member of the  
11           Commission who is not an officer or employee of the  
12           Federal Government or of a State or local govern-  
13           ment shall be compensated at a rate equal to the  
14           daily equivalent of the annual rate of basic pay pre-  
15           scribed for level IV of the Executive Schedule under  
16           section 5315 of title 5, United States Code, for each  
17           day (including travel time) during which such mem-  
18           ber is engaged in the performance of the duties of  
19           the Commission. All members of the Commission  
20           who are officers or employees of the United States  
21           shall serve without compensation in addition to that  
22           received for their services as officers or employees of  
23           the United States.

24           “(2) TRAVEL EXPENSES.—The members of the  
25           Commission shall be allowed travel expenses, includ-

1       ing per diem in lieu of subsistence, at rates author-  
2       ized for employees of agencies under subchapter I of  
3       chapter 57 of title 5, United States Code, while  
4       away from their homes or regular places of business  
5       in the performance of services for the Commission.

6           “(3) STAFF.—The Chairperson of the Commis-  
7       sion may, without regard to the civil service laws  
8       and regulations, appoint and terminate an executive  
9       director and such other additional personnel as may  
10      be necessary to enable the Commission to perform  
11      its duties. The employment of an executive director  
12      shall be subject to confirmation by the Commission.

13          “(4) DETAIL OF GOVERNMENT EMPLOYEES.—  
14      Any Federal Government employee may be detailed  
15      to the Commission without reimbursement, and such  
16      detail shall be without interruption or loss of civil  
17      service status or privilege.

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

1       “(f) FUNDING.—There are authorized to be appro-  
 2       priated such funds as necessary for the purposes of car-  
 3       rying out this section.

4       **“SEC. 2202. PLANNING GRANTS.**

5       “(a) APPLICATION.—A State may apply to the Sec-  
 6       retary for a State planning grant under this section to  
 7       develop a State plan to offer universal comprehensive  
 8       health care, with simplified administration, and to improve  
 9       the cost-effectiveness of the health care delivery system.

10       “(b) CONTENTS.—The Secretary may not approve  
 11       such a State planning grant for a State unless the applica-  
 12       tion for the grant includes or provides for the following:

13               “(1) BUDGET.—A budget and a budget jus-  
 14       tification.

15               “(2) PLANNING PROCESS.—A description of  
 16       how under the grant the State shall—

17                       “(A) identify options to provide a uni-  
 18       versal, comprehensive, and cost-effective system  
 19       of health care, with simplified administration,  
 20       that is affordable and accessible to all eligible  
 21       beneficiaries in the State; and

22                       “(B) conduct an analysis that compares  
 23       projected overall health expenditures over a 5-  
 24       year period under the proposed system with the

1           projected overall health expenditures that would  
2           otherwise occur during such period.

3           “(3) OPPORTUNITY FOR PUBLIC PARTICIPA-  
4           TION.—Assurances that the State will include a  
5           process for public contribution and participation in  
6           the planning process.

7           “(c) NUMBER OF STATES; PERIOD OF GRANT.—The  
8           Secretary may not award State planning grants under this  
9           section to more than 10 States. A State planning grant  
10          under this section shall be effective for a period of up to  
11          30 months. In awarding State planning grants under this  
12          section the Secretary shall give preference to States from  
13          a variety of geographic areas in the United States.

14          “(d) AMOUNT.—The amount of a State planning  
15          grant under this section to a State may not exceed  
16          \$4,500,000.

17          “(e) TECHNICAL ASSISTANCE.—The Secretary shall  
18          provide States with technical assistance in applying for  
19          and implementing State planning grants under this sec-  
20          tion. At the request of the Secretary, other Departments  
21          and Offices of the Federal Government shall provide  
22          States with such technical assistance.

23       **“SEC. 2203. DEMONSTRATION GRANTS.**

24          “(a) APPLICATION.—A State that has developed a  
25          State plan may apply to the Secretary for approval of a

1 demonstration grant under this section to achieve a cost-  
2 effective delivery system of universal, comprehensive  
3 health care with simplified administration. The Secretary  
4 shall reach out to States in order to ensure that at least  
5 1 application is for approval of a demonstration grant to  
6 provide a single payer system of health care coverage. The  
7 Secretary shall notify the chief executive officer of all  
8 States of the availability of demonstration grants under  
9 this section.

10       “(b) APPROVAL.—The Secretary shall approve the  
11 applications of not more than 5 States under this section.  
12 In approving grants under this section the Secretary shall  
13 give preference to States from a variety of geographic  
14 areas in the United States and for a variety of policy op-  
15 tions, at least 1 of which shall be a single-payer system  
16 of health care coverage. If the Secretary determines that  
17 a State no longer meets the conditions for approval of the  
18 grant, the Secretary shall notify the State of such deter-  
19 mination and provide the State with an opportunity to cor-  
20 rect deficiencies in a timely manner. If the Secretary fur-  
21 ther determines that a State has not corrected such defi-  
22 ciencies in a timely manner, the Secretary shall terminate  
23 the grant (including waivers authorized under the grant).

24       “(c) PERIOD.—A demonstration grant approved  
25 under this section shall be effective for up to 5 years from

1 the date of final approval of the demonstration grant ap-  
2 plication under subsection (b).

3 “(d) STATE PLAN REQUIRED.—The Secretary may  
4 not approve a demonstration grant under this section un-  
5 less the State has a State plan to carry out the grant con-  
6 sistent with the requirements of section 2204.

7 “(e) FUNDING.—

8 “(1) TRANSITIONAL GRANT AMOUNT.—The  
9 amount awarded under this section to a State with  
10 a demonstration grant approved under this section  
11 may not exceed an aggregate amount of  
12 \$13,000,000 plus \$4 multiplied by the number of el-  
13 igible State residents of the State to assist the State  
14 in the transition of the health care delivery and fi-  
15 nancing infrastructure. Such amount shall be made  
16 available to a State during the period of transition,  
17 as provided in the State plan. The number of eligible  
18 State residents of a State shall be determined based  
19 on the best available Census Bureau data as of the  
20 July 1 before the date the grant under this section  
21 is approved.

22 “(2) MAINTENANCE OF FEDERAL FUNDS  
23 UNDER WAIVERS.—Pursuant to the waivers under  
24 subsection (f), the Federal Government shall pay to  
25 a State amounts for health care under Federal

1 health care programs that would otherwise have  
 2 been payable by the Federal Government but for the  
 3 State’s universal, comprehensive health care system  
 4 under this section.

5 “(3) GENERAL 3 PERCENTAGE POINTS IN-  
 6 CREASE IN FMAP FOR CALENDAR QUARTERS OCCUR-  
 7 RING DURING THE PERIOD OF THE DEMONSTRATION  
 8 GRANT.—

9 “(A) IN GENERAL.—Notwithstanding any  
 10 other provision of law, for each State for which  
 11 a demonstration grant is approved under this  
 12 section, the FMAP of the State shall be in-  
 13 creased by 3 percentage points for each cal-  
 14 endar quarter occurring during the period re-  
 15 ferred to in subsection (c).

16 “(B) FMAP.—In this paragraph, the term  
 17 ‘FMAP’ means the Federal medical assistance  
 18 percentage, as defined in section 1905(b).

19 “(f) WAIVER OF ERISA PREEMPTION AND WAIVERS  
 20 TO POOL FUNDS.—As part of a demonstration grant  
 21 under this section and subject to the benefit maintenance  
 22 requirements applicable under section 2204(b), a State  
 23 may request (and the Secretary may grant) the following  
 24 waivers of requirements and provisions to the extent nec-  
 25 essary to carry out the State plan under section 2204:

1           “(1) ERISA.—Waiving application of section  
2       514 of the Employee Retirement Income Security  
3       Act of 1974.

4           “(2) MEDICARE.—Waiving provisions necessary  
5       to permit the State—

6               “(A) to use funds otherwise paid under  
7       title XVIII for beneficiaries residing in the  
8       State; and

9               “(B) to permit the State to enter into an  
10      arrangement with the Secretary under which el-  
11      igible State residents who are not otherwise en-  
12      rolled for benefits under parts A and B of such  
13      title are enrolled for such benefits under such  
14      title and the State provides for such actuarially  
15      appropriate reimbursement to the Secretary  
16      with respect to coverage of such benefits for  
17      such residents as is necessary to assure that the  
18      Federal Hospital Insurance Trust Fund and  
19      the Federal Supplementary Medical Insurance  
20      Trust Fund under such title are not adversely  
21      affected by virtue of such waiver, such reim-  
22      bursement subject to—

23               “(i) an independent audit, to be re-  
24      viewed by the Comptroller General of the  
25      United States, assuring that such reim-



1                   bursement does not adversely affect in any  
2                   way such Trust Funds; and

3                   “(ii) in the case that the audit deter-  
4                   mines that additional reimbursement to the  
5                   Secretary is required, such additional reim-  
6                   bursement, with appropriate adjustments  
7                   for interest attributable to the late reim-  
8                   bursement.

9                   “(3) MEDICAID.—Waiving provisions necessary  
10                  to permit the State to use funds otherwise paid to  
11                  the State under title XIX.

12                  “(4) CHIP.—Waiving provisions necessary to  
13                  permit the State to use funds otherwise paid to the  
14                  State under title XXI.

15                  “(5) FEHBP.—Waiving provisions necessary to  
16                  permit the State to use funds otherwise paid under  
17                  chapter 89 of title 5, United States Code, or allow-  
18                  ing the Office of Personnel Management to purchase  
19                  health care coverage for Federal employees and re-  
20                  tires in the State under the State plan.

21                  “(6) USE OF OTHER FUNDS.—Waiving provi-  
22                  sions necessary to permit the State to use funds oth-  
23                  erwise provided under other Federal programs for  
24                  the provision of health care coverage or services, as  
25                  identified by the State.

1           “(7) OTHER LAWS.—Waiving of other provi-  
 2           sions of Federal law identified by the State under  
 3           section 2204(f)(3) only if the Secretary determines  
 4           such a waiver to be appropriate after consultation  
 5           with the head of the Federal agency or department  
 6           concerned.

7   The Secretary may grant a waiver under this subsection  
 8   only if the State provides the Secretary with satisfactory  
 9   assurances that necessary safeguards have been taken to  
 10   protect the health and welfare of individuals provided serv-  
 11   ices under the waiver and that financial accountability is  
 12   maintained for any funds expended under the waiver. The  
 13   Secretary may grant a waiver under paragraph (1) only  
 14   with the concurrence of the Secretary of Labor.

15       “(g) REENROLLMENT OF ELIGIBLE STATE RESI-  
 16   DENTS WHO MOVE FROM A PARTICIPATING STATE.—In  
 17   the case of an eligible State resident who is covered under  
 18   a State plan under section 2204, who (but for such cov-  
 19   erage) is eligible to be enrolled in a program described in  
 20   subsection (f) (including the Medicare and Medicaid pro-  
 21   grams), and who is not enrolled in such a program because  
 22   of such coverage, if the resident leaves the State to reside  
 23   in a State that does not have such a State plan in effect,  
 24   the resident shall be permitted, notwithstanding any other  
 25   provision of law, to enroll immediately in such a program

1 if the resident is still otherwise eligible to be so enrolled.  
 2 In the case of such enrollment in the Medicare program,  
 3 the resident shall be treated for purposes of section  
 4 1882(s)(2) (relating to availability of medicare supple-  
 5 mental policies without underwriting) as if the resident  
 6 had turned 65 years of age on the date the resident enrolls  
 7 in the Medicare program.

8 **“SEC. 2204. STATE PLAN REQUIREMENTS.**

9 “(a) COVERAGE.—

10 “(1) IN GENERAL.—A State plan shall provide  
 11 a process and a timeline for achieving coverage of all  
 12 eligible State residents statewide, without regard to  
 13 employment status, income, health status or pre-  
 14 existing condition, or location of residency within the  
 15 State.

16 “(2) OUTREACH MECHANISMS.—A State plan  
 17 shall describe the outreach mechanisms to be used to  
 18 assure coverage of all eligible individuals, including  
 19 measures to assure coverage of individuals in hard-  
 20 to-reach populations and to assure benefits are pro-  
 21 vided to eligible individuals located in underserved  
 22 areas.

23 “(b) BENEFITS.—

24 “(1) IN GENERAL.—

1           “(A) BASIC BENEFITS.—A State plan shall  
 2           provide for health benefits that are at least ac-  
 3           tuarily equivalent to the standard Blue Cross/  
 4           Blue Shield preferred provider option service  
 5           benefit plan, described in and offered under sec-  
 6           tion 8903(1) of title 5, United States Code.

7           “(B) ITEMS AND SERVICES.—A State plan  
 8           shall include benefits for at least the following  
 9           items and services:

10           “(i) Inpatient and outpatient hospital  
 11           services, including emergency services  
 12           available 24 hours a day.

13           “(ii) Long-term, acute, and chronic  
 14           care services, including skilled nursing fa-  
 15           cility services, intermediate care facility  
 16           services, home health services, home and  
 17           community-based long-term care services,  
 18           hospice care, and services in intermediate  
 19           care facilities for individuals diagnosed  
 20           with mental retardation.

21           “(iii) Professional services of health  
 22           care practitioners authorized to provide  
 23           health care services under State law.

24           “(iv) Community-based primary  
 25           health care services, including rural health

1 clinic services and federally qualified health  
2 center services.

3 “(v) Laboratory, x-ray services, and  
4 diagnostic tests.

5 “(vi) Preventive care, including pre-  
6 natal, well-baby, and well-child care, appro-  
7 priate immunizations, pap smears, screen-  
8 ing mammography, colorectal cancer  
9 screening, physical examinations, and fam-  
10 ily planning.

11 “(vii) Prescription drugs and  
12 biologicals, including insulin and medical  
13 foods.

14 “(viii) Mental health services.

15 “(ix) Substance use disorder services.

16 “(x) Vision services, including routine  
17 eye examinations, eyeglasses, and contact  
18 lenses.

19 “(xi) Hearing services, including hear-  
20 ing aids.

21 “(xii) Dental services, including rou-  
22 tine check ups.

23 “(xiii) Durable medical equipment, in-  
24 cluding home dialysis supplies and equip-  
25 ment.

1 “(xiv) Emergency ambulance services.

2 “(xv) Prosthetics.

3 “(xvi) Outpatient therapy, including  
4 physical therapy, occupational therapy, and  
5 speech language pathology services and re-  
6 lated services.

7 “(2) ASSURANCE THAT BENEFITS ARE NOT RE-  
8 DUCED FOR INDIVIDUALS COVERED UNDER FED-  
9 ERAL PROGRAMS.—Insofar as the State under the  
10 plan incorporates funding provided by Federal pro-  
11 grams described in section 2203(f), the State plan  
12 may not provide for a reduction in benefits (includ-  
13 ing coverage, access, availability, duration, and bene-  
14 ficiary rights, and, if applicable, vaccine benefits  
15 under section 1928) otherwise provided for under  
16 such programs or an increase in cost-sharing and  
17 premiums otherwise provided for under such pro-  
18 grams.

19 “(c) QUALITY ASSURANCE.—

20 “(1) IN GENERAL.—A State plan shall provide,  
21 and describe, mechanisms to be used to assure, mon-  
22 itor, and maintain the quality of items and services  
23 furnished under the plan.

24 “(2) HEALTH OUTCOMES.—A State plan shall  
25 describe the plan’s projected effect on health out-

1 comes in the State, including estimates of health  
 2 benefits, decreased morbidity and mortality, and im-  
 3 proved productivity resulting from reduction in the  
 4 number of individuals without health benefits.

5 “(d) PROGRAMS FOR MEDICAL EDUCATION.—A  
 6 State plan shall describe health professions training and  
 7 graduate medical education activities applicable under the  
 8 plan, and shall provide, under the State plan, for payment  
 9 from Federal, State, and local governments for such train-  
 10 ing and education activities in the amounts that would  
 11 otherwise be payable by such governments but for the  
 12 State’s universal, comprehensive health care system under  
 13 the State plan.

14 “(e) FINANCING.—

15 “(1) BUDGET.—A State plan shall incorporate  
 16 a budget which contains—

17 “(A) detailed projections of health care ex-  
 18 penditures prior to and under the proposed sys-  
 19 tem, including an identification and calculation  
 20 of the amount of funding to be provided by  
 21 Federal, State, and local governments under the  
 22 plan and an assurance that the amount of ex-  
 23 penditures made by the State and local govern-  
 24 ments will not be reduced as a result of the im-  
 25 plementation of the plan; and

1           “(B) a description (and an estimate of the  
2           costs) of transitional activities to be undertaken  
3           in implementing the proposed system.

4           “(2) COST CONTAINMENT.—A State plan shall  
5           describe the means to be used to contain costs under  
6           the plan, including when and how the plan will in-  
7           crease efficiencies.

8           “(3) FEDERAL EXPENDITURE LIMIT.—A State  
9           plan shall contain assurances that aggregate Federal  
10          expenditures on health care (including Federal ex-  
11          penditures under titles 5, 10, and 38 of the United  
12          States Code, and under this Act) under the plan will  
13          not exceed aggregate Federal expenditures that  
14          would have been incurred in the absence of such  
15          plan.

16          “(f) IMPLEMENTATION.—

17               “(1) IN GENERAL.—A State plan shall describe  
18               the method (including a timetable and period of  
19               transition) for implementing the plan.

20               “(2) COORDINATION.—A State plan shall iden-  
21               tify all Federal, State, and local programs that pro-  
22               vide health care services in the State and describe  
23               how such programs would be incorporated in, or co-  
24               ordinated with, the health coverage system under the  
25               plan.



1           “(3) FEDERAL WAIVERS REQUIRED.—A State  
2       plan shall identify any waivers of Federal law re-  
3       quired to implement the plan, including the use of  
4       any pooled Federal funds and other waivers de-  
5       scribed in section 2203(f).

6           “(4) APPROVAL OF STATE LEGISLATURE.—A  
7       State plan shall provide that State approvals and  
8       commitments (including approval of the State legis-  
9       lature) necessary for the implementation of the plan  
10      will be obtained by not later than 1 year after the  
11      date of the Secretary’s approval of the plan. Any ap-  
12      proval of a grant is conditioned upon the timely  
13      completion of such approvals and commitments.

14          “(g) EVALUATION.—A State plan shall provide for a  
15      process for its evaluation, and shall comply with any eval-  
16      uation, reporting, or data collection requirements imposed  
17      by the Secretary.

18          “(h) CONSTRUCTION.—Nothing in this title shall be  
19      construed as preempting State laws that provide greater  
20      protections or benefits than the protections or benefits re-  
21      quired under this title.

22      **“SEC. 2205. INTERSTATE ARRANGEMENTS.**

23          “(a) IN GENERAL.—One or more contiguous States  
24      in a geographic region may file a joint application for  
25      planning and demonstration grants under this title.

1       “(b) CONGRESSIONAL APPROVAL.—Congress hereby  
 2 authorizes and approves States entering into Interstate  
 3 Compacts in order to conduct joint health care programs  
 4 under such a grant.

5       “(c) REFERENCES TO STATE.—In the case of a joint  
 6 application described in subsection (a), any reference in  
 7 this title to a State is deemed to refer to all of the States  
 8 that have filed the application, and the approval of a grant  
 9 with respect to such a joint application shall be counted  
 10 as 1 State for purposes of applying sections 2202(c) and  
 11 2203(b).

12 **“SEC. 2206. DEFINITIONS.**

13       “In this title:

14           “(1) ELIGIBLE STATE RESIDENT.—The term  
 15 ‘eligible State resident’ means any resident of the  
 16 United States who is a citizen or national of the  
 17 United States, or lawful resident alien, and who re-  
 18 sides in any particular State. Such term may in-  
 19 clude, at the option of a State, the following:

20           “(A) State employees and dependents of  
 21 such employees.

22           “(B) Employees, and dependents of such  
 23 employees, working in a work site of a business  
 24 located in the State.

1           “(C) One or more classes of non-  
 2           immigrants (as defined in section 101(a)(15) of  
 3           the Immigration and Nationality Act) specified  
 4           in the State plan.

5           “(2) **LAWFUL RESIDENT ALIEN.**—The term  
 6           ‘lawful resident alien’ means an alien lawfully admit-  
 7           ted for permanent residence and any other alien law-  
 8           fully residing permanently in the United States  
 9           under color of law, including an alien granted asy-  
 10          lum or with lawful temporary resident status under  
 11          section 210, 210A, or 245A of the Immigration and  
 12          Nationality Act.

13          “(3) **SECRETARY.**—The term ‘Secretary’ means  
 14          the Secretary of Health and Human Services.

15          “(4) **SINGLE PAYER SYSTEM.**—The term ‘single  
 16          payer system’ means an approach to health care fi-  
 17          nancing with only 1 source of money for paying  
 18          health care providers. The payer may be either a  
 19          governmental unit or other entity (such as an insur-  
 20          ance company). The elements of a single payer sys-  
 21          tem offer administrative simplicity for patients and  
 22          providers, and savings in overhead costs.

23          “(5) **STATE.**—Subject to section 2205(c), the  
 24          term ‘State’ means a State, the District of Colum-  
 25          bia, the Commonwealth of Puerto Rico, the United

1 States Virgin Islands, Guam, American Samoa, and  
2 the Commonwealth of the Northern Mariana Is-  
3 lands.

4 “(6) STATE PLAN.—The term ‘State plan’  
5 means a comprehensive health care plan of a State  
6 participating in a State Comprehensive Health Care  
7 and Cost Containment demonstration project under  
8 this title that meets the requirements of section  
9 2204.”.

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