

107TH CONGRESS  
1ST SESSION

# H. R. 2630

To amend titles XIX and XXI of the Social Security Act to provide for FamilyCare coverage for parents of enrolled children, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 25, 2001

Mr. DINGELL (for himself, Mr. BROWN of Ohio, Mr. WAXMAN, Mr. STARK, Mr. GEPHARDT, Mr. ALLEN, Mr. BALDACCI, Mr. DOYLE, Mr. FRANK, Mr. FROST, Mr. GREEN of Texas, Mr. MORAN of Virginia, Mr. MOORE, Mr. PALLONE, Ms. SCHAKOWSKY, Ms. NORTON, Mr. BLAGOJEVICH, Mr. RUSH, Mr. TOWNS, Mr. STRICKLAND, Mr. KLECZKA, Mr. BOUCHER, Mrs. CHRISTENSEN, Mrs. THURMAN, Mr. ENGEL, Mr. TIERNEY, Mr. JOHN, Mr. MARKEY, Mr. WATT of North Carolina, Mr. OWENS, Mr. WYNN, Mr. NADLER, Mrs. CAPPS, Mr. MCGOVERN, Mr. GEORGE MILLER of California, Mr. KILDEE, and Mr. JEFFERSON) introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To amend titles XIX and XXI of the Social Security Act to provide for FamilyCare coverage for parents of enrolled children, 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 OF TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “FamilyCare Act of 2001”.

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

- Sec. 1. Short title of title; table of contents.
- Sec. 2. Renaming of title XXI program.
- Sec. 3. FamilyCare coverage of parents under the medicaid program and title XXI.
- Sec. 4. Automatic enrollment of children born to title XXI parents.
- Sec. 5. Optional coverage of legal immigrants under the medicaid program and title XXI.
- Sec. 6. Optional coverage of children through age 20 under the medicaid program and title XXI.
- Sec. 7. Application of simplified title XXI procedures under the medicaid program.
- Sec. 8. Improving welfare-to-work transition under the medicaid program.
- Sec. 9. Elimination of 100 hour rule and other AFDC-related eligibility restrictions.
- Sec. 10. State grant program for market innovation.
- Sec. 11. Limitations on conflicts of interest.
- Sec. 12. Increase in CHIP allotment for each of fiscal years 2002 through 2004.
- Sec. 13. Demonstration programs to improve medicaid and CHIP outreach to homeless individuals and families.
- Sec. 14. Technical and conforming amendments to authority to pay medicaid expansion costs from title XXI appropriation.
- Sec. 15. Additional CHIP revisions.
- Sec. 16. Creation of community access program.

3 **SEC. 2. RENAMING OF TITLE XXI PROGRAM.**

4 (a) IN GENERAL.—The heading of title XXI of the  
 5 Social Security Act (42 U.S.C. 1397aa et seq.) is amended  
 6 to read as follows:

7 “TITLE XXI—FAMILYCARE PROGRAM”.

8 (b) PROGRAM REFERENCES.—Any reference in any  
 9 provision of Federal law or regulation to “SCHIP” or  
 10 “State children’s health insurance program” under title  
 11 XXI of the Social Security Act shall be deemed a reference  
 12 to the FamilyCare program under such title.

1 **SEC. 3. FAMILYCARE COVERAGE OF PARENTS UNDER THE**  
2 **MEDICAID PROGRAM AND TITLE XXI.**

3 (a) INCENTIVES TO IMPLEMENT FAMILYCARE COV-  
4 ERAGE.—

5 (1) UNDER MEDICAID.—

6 (A) ESTABLISHMENT OF NEW OPTIONAL  
7 ELIGIBILITY CATEGORY.—Section  
8 1902(a)(10)(A)(ii) of the Social Security Act  
9 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

10 (i) by striking “or” at the end of sub-  
11 clause (XVII);

12 (ii) by adding “or” at the end of sub-  
13 clause (XVIII); and

14 (iii) by adding at the end the fol-  
15 lowing:

16 “(XIX) who are individuals de-  
17 scribed in subsection (k)(1) (relating  
18 to parents of categorically eligible chil-  
19 dren);”.

20 (B) PARENTS DESCRIBED.—Section 1902  
21 of the Social Security Act is further amended  
22 by inserting after subsection (j) the following:

23 “(k)(1)(A) Individuals described in this paragraph  
24 are individuals—

25 “(i) who are the parents of an individual who  
26 is under 19 years of age (or such higher age as the

1 State may have elected under section 1902(l)(1)(D))  
2 and who is eligible for medical assistance under sub-  
3 section (a)(10)(A);

4 “(ii) who are not otherwise eligible for medical  
5 assistance under such subsection, under section  
6 1931, or under a waiver approved under section  
7 1115 or otherwise (except under subsection  
8 (a)(10)(A)(ii)(XIX)); and

9 “(iii) whose family income exceeds the income  
10 level applicable under the State plan under part A  
11 of title IV as in effect as of July 16, 1996, but does  
12 not exceed the highest income level applicable to a  
13 child in the family under this title.

14 “(B) In establishing an income eligibility level for in-  
15 dividuals described in this paragraph, a State may vary  
16 such level consistent with the various income levels estab-  
17 lished under subsection (l)(2) based on the ages of chil-  
18 dren described in subsection (l)(1) in order to ensure, to  
19 the maximum extent possible, that such individuals shall  
20 be enrolled in the same program as their children.

21 “(C) An individual may not be treated as being de-  
22 scribed in this paragraph unless, at the time of the individ-  
23 ual’s enrollment under this title, the child referred to in  
24 subparagraph (A)(i) of the individual is also enrolled  
25 under this title.

1 “(D) In this subsection, the term ‘parent’ includes  
2 an individual treated as a caregiver for purposes of car-  
3 rying out section 1931.

4 “(2) In the case of a parent described in paragraph  
5 (1) who is also the parent of a child who is eligible for  
6 child health assistance under title XXI, the State may  
7 elect (on a uniform basis) to cover all such parents under  
8 section 2111 or under this title.”.

9 (C) ENHANCED MATCHING FUNDS AVAIL-  
10 ABLE IF CERTAIN CONDITIONS MET.—Section  
11 1905 of the Social Security Act (42 U.S.C.  
12 1396d) is amended—

13 (i) in the fourth sentence of sub-  
14 section (b), by striking “or subsection  
15 (u)(3)” and inserting “, (u)(3), or (u)(4)”;  
16 and

17 (ii) in subsection (u)—

18 (I) by redesignating paragraph  
19 (4) as paragraph (6), and

20 (II) by inserting after paragraph  
21 (3) the following:

22 “(4) For purposes of subsection (b) and section  
23 2105(a)(1):

1           “(A) FAMILYCARE PARENTS.—The expendi-  
2           tures described in this subparagraph are the expendi-  
3           tures described in the following clauses (i) and (ii):

4                   “(i) PARENTS.—If the conditions described  
5                   in clause (iii) are met, expenditures for medical  
6                   assistance for parents described in section  
7                   1902(k)(1) and for parents who would be de-  
8                   scribed in such section but for the fact that  
9                   they are eligible for medical assistance under  
10                  section 1931 or under a waiver approved under  
11                  section 1115.

12                  “(ii) CERTAIN PREGNANT WOMEN.—Ex-  
13                  penditures for medical assistance for pregnant  
14                  women under section 1902(l)(1)(A) in a family  
15                  the income of which exceeds the income level  
16                  applicable under section 1902(l)(2)(A) to a  
17                  family of the size involved as of January 1,  
18                  2000.

19                  “(iii) CONDITIONS.—The conditions de-  
20                  scribed in this clause are the following:

21                          “(I) The State has a State child  
22                          health plan under title XXI which (wheth-  
23                          er implemented under such title or under  
24                          this title) has an effective income level for

1 children that is at least 200 percent of the  
2 poverty line.

3 “(II) Such State child health plan  
4 does not limit the acceptance of applica-  
5 tions, does not use a waiting list for chil-  
6 dren who meet eligibility standards to  
7 qualify for assistance, and provides bene-  
8 fits to all children in the State who apply  
9 for and meet eligibility standards.

10 “(III) The State plans under this title  
11 and title XXI do not provide coverage for  
12 parents with higher family income without  
13 covering parents with a lower family in-  
14 come.

15 “(IV) The State does not apply an in-  
16 come level for parents that is lower than  
17 the effective income level (expressed as a  
18 percent of the poverty line) that has been  
19 specified under the State plan under title  
20 XIX (including under a waiver authorized  
21 by the Secretary or under section  
22 1902(r)(2)), as of January 1, 2000, to be  
23 eligible for medical assistance as a parent  
24 under this title.

1           “(iv) DEFINITIONS.—For purposes of this  
2 subsection:

3           “(I) The term ‘parent’ has the mean-  
4 ing given such term for purposes of section  
5 1902(k)(1).

6           “(II) The term ‘poverty line’ has the  
7 meaning given such term in section  
8 2110(c)(5).”.

9           (D) APPROPRIATION FROM TITLE XXI AL-  
10 LOTMENT FOR CERTAIN MEDICAID EXPANSION  
11 COSTS.—Subparagraph (B) of section  
12 2105(a)(1) of the Social Security Act, as  
13 amended by section 14(a), is amended to read  
14 as follows:

15           “(B) FAMILYCARE PARENTS.—Expendi-  
16 tures for medical assistance that is attributable  
17 to expenditures described in section  
18 1905(u)(4)(A).”.

19           (E) ONLY COUNTING ENHANCED PORTION  
20 FOR COVERAGE OF ADDITIONAL PREGNANT  
21 WOMEN.—Section 1905 of the Social Security  
22 Act (42 U.S.C. 1396d) is amended—

23           (i) in the fourth sentence of sub-  
24 section (b), by inserting “(except in the

1 case of expenditures described in sub-  
2 section (u)(5))” after “do not exceed”;

3 (ii) in subsection (u), by inserting  
4 after paragraph (4) (as inserted by sub-  
5 paragraph (C)), the following:

6 “(5) For purposes of the fourth sentence of sub-  
7 section (b) and section 2105(a), the following payments  
8 under this title do not count against a State’s allotment  
9 under section 2104:

10 “(A) REGULAR FMAP FOR EXPENDITURES FOR  
11 PREGNANT WOMEN WITH INCOME ABOVE JANUARY  
12 1, 2000 INCOME LEVEL AND BELOW 185 PERCENT OF  
13 POVERTY.—The portion of the payments made for  
14 expenditures described in paragraph (4)(A)(ii) that  
15 represents the amount that would have been paid if  
16 the enhanced FMAP had not been substituted for  
17 the Federal medical assistance percentage.”.

18 (2) UNDER TITLE XXI.—

19 (A) FAMILYCARE COVERAGE.—Title XXI  
20 of the Social Security Act (42 U.S.C. 1397aa et  
21 seq.) is amended by adding at the end the fol-  
22 lowing:

1 **“SEC. 2111. OPTIONAL FAMILYCARE COVERAGE OF PAR-**  
2 **ENTS OF TARGETED LOW-INCOME CHILDREN.**

3 “(a) **OPTIONAL COVERAGE.**—Notwithstanding any  
4 other provision of this title, a State child health plan may  
5 provide for coverage, through an amendment to its State  
6 child health plan under section 2102, of FamilyCare as-  
7 sistance for individuals who are targeted low-income par-  
8 ents in accordance with this section, but only if—

9 “(1) the State meets the conditions described in  
10 section 1905(u)(4)(A)(iii); and

11 “(2) the State elects to provide medical assist-  
12 ance under section 1902(a)(10)(A)(ii)(XIX), under  
13 section 1931, or under a waiver under section 1115  
14 to individuals described in section 1902(k)(1)(A)(i)  
15 and elects an applicable income level for such indi-  
16 viduals that consistent with paragraphs (1)(B) and  
17 (2) of section 1902(k), ensures to the maximum ex-  
18 tent possible, that those individuals shall be enrolled  
19 in the same program as their children if their chil-  
20 dren are eligible for coverage under title XIX (in-  
21 cluding under a waiver authorized by the Secretary  
22 or under section 1902(r)(2)).”.

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

24 “(1) **FAMILYCARE ASSISTANCE.**—The term  
25 ‘FamilyCare assistance’ has the meaning given the  
26 term child health assistance in section 2110(a) as if

1 any reference to targeted low-income children were  
2 a reference to targeted low-income parents.

3 “(2) TARGETED LOW-INCOME PARENT.—The  
4 term ‘targeted low-income parent’ has the meaning  
5 given the term targeted low-income child in section  
6 2110(b) as if the reference to a child were deemed  
7 a reference to a parent (as defined in paragraph (3))  
8 of the child; except that in applying such section—

9 “(A) there shall be substituted for the in-  
10 come level described in paragraph (1)(B)(ii)(I)  
11 the applicable income level in effect for a tar-  
12 geted low-income child;

13 “(B) in paragraph (3), January 1, 2000,  
14 shall be substituted for July 1, 1997; and

15 “(C) in paragraph (4), January 1, 2000,  
16 shall be substituted for March 31, 1997.

17 “(3) PARENT.—The term ‘parent’ includes an  
18 individual treated as a caregiver for purposes of car-  
19 rying out section 1931.

20 “(4) OPTIONAL TREATMENT OF PREGNANT  
21 WOMEN AS PARENTS.—A State child health plan  
22 may treat a pregnant woman who is not otherwise  
23 a parent as a targeted low-income parent for pur-  
24 poses of this section but only if the State has estab-  
25 lished an income level under section 1902(l)(2)(A)(i)

1 for pregnant women that is at least 185 percent of  
2 the income official poverty line described in such sec-  
3 tion.

4 “(c) REFERENCES TO TERMS AND SPECIAL  
5 RULES.—In the case of, and with respect to, a State pro-  
6 viding for coverage of FamilyCare assistance to targeted  
7 low-income parents under subsection (a), the following  
8 special rules apply:

9 “(1) Any reference in this title (other than sub-  
10 section (b)) to a targeted low-income child is deemed  
11 to include a reference to a targeted low-income par-  
12 ent.

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

16 “(3) In applying section 2103(e)(3)(B) in the  
17 case of a family provided coverage under this sec-  
18 tion, the limitation on total annual aggregate cost-  
19 sharing shall be applied to the entire family.

20 “(4) In applying section 2110(b)(4), any ref-  
21 erence to ‘section 1902(l)(2) or 1905(n)(2) (as se-  
22 lected by a State)’ is deemed a reference to the in-  
23 come level applicable to parents under section 1931  
24 or under a waiver approved under section 1115, or,  
25 in the case of a pregnant woman described in sub-

1 section (b)(4), the income level established under  
2 section 1902(l)(2)(A).

3 “(5) In applying section 2102(b)(3)(B), any  
4 reference to children is deemed a reference to par-  
5 ents.”.

6 (B) ADDITIONAL ALLOTMENT FOR STATES  
7 PROVIDING FAMILYCARE.—

8 (i) IN GENERAL.—Section 2104 of the  
9 Social Security Act (42 U.S.C. 1397dd) is  
10 amended by inserting after subsection (c)  
11 the following:

12 “(d) ADDITIONAL ALLOTMENTS FOR STATE PRO-  
13 VIDING FAMILYCARE.—

14 “(1) APPROPRIATION; TOTAL ALLOTMENT.—  
15 For the purpose of providing additional allotments  
16 to States to provide FamilyCare coverage under sec-  
17 tion 2111, there is appropriated, out of any money  
18 in the Treasury not otherwise appropriated—

19 “(A) for fiscal year 2002, \$2,000,000,000;

20 “(B) for fiscal year 2003, \$2,000,000,000;

21 “(C) for fiscal year 2004, \$3,000,000,000;

22 “(D) for fiscal year 2005, \$3,000,000,000;

23 “(E) for fiscal year 2006, \$6,000,000,000;

24 “(F) for fiscal year 2007, \$7,000,000,000;

25 “(G) for fiscal year 2008, \$8,000,000,000;

1           “(H) for fiscal year 2009, \$9,000,000,000;

2           “(I) for fiscal year 2010, \$10,000,000,000;

3           and

4           “(J) for fiscal year 2011 and each fiscal  
5           year thereafter, the amount of the allotment  
6           provided under this paragraph for the preceding  
7           fiscal year increased by the percentage increase  
8           (if any) in the medical care expenditure cat-  
9           egory of the Consumer Price Index for All  
10          Urban Consumers (United States city average).

11          “(2) STATE AND TERRITORIAL ALLOTMENTS.—

12           “(A) IN GENERAL.—In addition to the al-  
13          lotments provided under subsections (b) and  
14          (c), subject to paragraphs (3) and (4), of the  
15          amount available for the additional allotments  
16          under paragraph (1) for a fiscal year, the Sec-  
17          retary shall allot to each State with a State  
18          child health plan approved under this title—

19           “(i) in the case of such a State other  
20          than a commonwealth or territory de-  
21          scribed in clause (ii), the same proportion  
22          as the proportion of the State’s allotment  
23          under subsection (b) (determined without  
24          regard to subsection (f)) to 98.95 percent  
25          of the total amount of the allotments

1 under such section for such States eligible  
2 for an allotment under this subparagraph  
3 for such fiscal year; and

4 “(ii) in the case of a commonwealth or  
5 territory described in subsection (c)(3), the  
6 same proportion as the proportion of the  
7 commonwealth’s or territory’s allotment  
8 under subsection (c) (determined without  
9 regard to subsection (f)) to 1.05 percent of  
10 the total amount of the allotments under  
11 such section for commonwealths and terri-  
12 tories eligible for an allotment under this  
13 subparagraph for such fiscal year.

14 “(B) AVAILABILITY AND REDISTRIBUTION  
15 OF UNUSED ALLOTMENTS.—In applying sub-  
16 sections (e) and (f) with respect to additional  
17 allotments made available under this subsection,  
18 the procedures established under such sub-  
19 sections shall ensure such additional allotments  
20 are only made available to States which have  
21 elected to provide coverage under section 2111.

22 “(3) USE OF ADDITIONAL ALLOTMENT.—Addi-  
23 tional allotments provided under this subsection are  
24 not available for amounts expended before October  
25 1, 2001. Such amounts are available for amounts ex-

1        pended on or after such date for child health assist-  
2        ance for targeted low-income children, as well as for  
3        FamilyCare assistance.

4                “(4) REQUIRING ELECTION TO PROVIDE  
5        FAMILYCARE COVERAGE.—No payments may be  
6        made to a State under this title from an allotment  
7        provided under this subsection unless the State has  
8        made an election to provide FamilyCare assist-  
9        ance.”.

10                       (ii) CONFORMING AMENDMENTS.—  
11                       Section 2104 of the Social Security Act  
12                       (42 U.S.C. 1397dd) is amended—

13                               (I) in subsection (a), by inserting  
14                               “subject to subsection (d),” after  
15                               “under this section,”;

16                               (II) in subsection (b)(1), by in-  
17                               serting “and subsection (d)” after  
18                               “Subject to paragraph (4)”; and

19                               (III) in subsection (c)(1), by in-  
20                               serting “subject to subsection (d),”  
21                               after “for a fiscal year,”.

22                       (C) NO COST-SHARING FOR PREGNANCY-  
23        RELATED BENEFITS.—Section 2103(e)(2) of  
24        the Social Security Act (42 U.S.C.  
25        1397cc(e)(2)) is amended—

1 (i) in the heading, by inserting “AND  
2 PREGNANCY-RELATED SERVICES” after  
3 “PREVENTIVE SERVICES”; and

4 (ii) by inserting before the period at  
5 the end the following: “and for pregnancy-  
6 related services”.

7 (3) EFFECTIVE DATE.—The amendments made  
8 by this subsection apply to items and services fur-  
9 nished on or after October 1, 2001, whether or not  
10 regulations implementing such amendments have  
11 been issued.

12 (b) RULES FOR IMPLEMENTATION BEGINNING WITH  
13 FISCAL YEAR 2005.—

14 (1) REQUIRED COVERAGE OF FAMILYCARE PAR-  
15 ENTS.—Section 1902(a)(10)(A)(i) of the Social Se-  
16 curity Act (42 U.S.C. 1396a(a)(10)(A)(i)) is  
17 amended—

18 (A) by striking “or” at the end of sub-  
19 clause (VI);

20 (B) by striking the semicolon at the end of  
21 subclause (VII) and insert “, or”; and

22 (C) by adding at the end the following:

23 “(VIII) who are described in sub-  
24 section (k)(1) (or would be described  
25 if subparagraph (A)(ii) of such sub-

1 section did not apply) and who are in  
2 families with incomes that do not ex-  
3 ceed 100 percent of the poverty line  
4 applicable to a family of the size in-  
5 volved;”.

6 (2) EXPANSION OF AVAILABILITY OF EN-  
7 HANCED MATCH UNDER MEDICAID FOR PRE-CHIP  
8 EXPANSIONS.—Paragraph (4) of section 1905(u) of  
9 the Social Security Act (42 U.S.C. 1396d(u)), as in-  
10 serted by subsection (a)(1)(C), is amended—

11 (A) by amending clause (ii) of subpara-  
12 graph (A) to read as follows:

13 “(ii) CERTAIN PREGNANT WOMEN.—Ex-  
14 penditures for medical assistance for pregnant  
15 women under section 1902(l)(1)(A) in a family  
16 the income of which exceeds the 133 percent of  
17 the income official poverty line.”; and

18 (B) by adding at the end the following:

19 “(B) CHILDREN IN FAMILIES WITH INCOME  
20 ABOVE MEDICAID MANDATORY LEVEL NOT PRE-  
21 VIOUSLY DESCRIBED.—The expenditures described  
22 in this subparagraph are expenditures (other than  
23 expenditures described in paragraph (2) or (3)) for  
24 medical assistance made available to any child who  
25 is eligible for assistance under section

1 1902(a)(10)(A) (other than under clause (i)) and  
2 the income of whose family exceeds the minimum in-  
3 come level required under subsection 1902(l)(2) (or,  
4 if higher, the minimum level required under section  
5 1931 for that State) for a child of the age involved  
6 (treating any child who is 19 or 20 years of age  
7 as being 18 years of age).”.

8 (3) OFFSET OF ADDITIONAL EXPENDITURES  
9 FOR ENHANCED MATCH FOR PRE-CHIP EXPANSION;  
10 ELIMINATION OF OFFSET FOR REQUIRED COVERAGE  
11 OF FAMILYCARE PARENTS.—

12 (A) IN GENERAL.—Section 1905(u)(5) of  
13 the Social Security Act (42 U.S.C.  
14 1396d(u)(5)), as added by subsection (a)(1)(E),  
15 is amended—

16 (i) by amending subparagraph (A) to

17 read as follows:

18 “(A) REGULAR FMAP FOR EXPENDITURES FOR  
19 PREGNANT WOMEN WITH INCOME ABOVE 133 PER-  
20 CENT OF POVERTY.—The portion of the payments  
21 made for expenditures described in paragraph  
22 (4)(A)(ii) that represents the amount that would  
23 have been paid if the enhanced FMAP had not been  
24 substituted for the Federal medical assistance per-  
25 centage.”; and

1 (ii) by adding at the end the fol-  
2 lowing:

3 “(B) FAMILYCARE PARENTS UNDER 100 PER-  
4 CENT OF POVERTY.—Payments for expenditures de-  
5 scribed in paragraph (4)(A)(i) in the case of parents  
6 whose income does not exceed 100 percent of the in-  
7 come official poverty line applicable to a family of  
8 the size involved.

9 “(C) REGULAR FMAP FOR EXPENDITURES FOR  
10 CERTAIN CHILDREN IN FAMILIES WITH INCOME  
11 ABOVE MEDICAID MANDATORY LEVEL.—The portion  
12 of the payments made for expenditures described in  
13 paragraph (4)(B) that represents the amount that  
14 would have been paid if the enhanced FMAP had  
15 not been substituted for the Federal medical assist-  
16 ance percentage.”.

17 (B) CONFORMING AMENDMENTS.—Sub-  
18 paragraph (B) of section 2105(a)(1) of the So-  
19 cial Security Act, as amended by section 14(a)  
20 and subsection (a)(1)(D), is amended to read as  
21 follows:

22 “(B) CERTAIN FAMILYCARE PARENTS AND  
23 OTHERS.—Expenditures for medical assistance  
24 that is attributable to expenditures described in

1 section 1905(u)(4), except as provided in sec-  
2 tion 1905(u)(5).”.

3 (4) EFFECTIVE DATE.—The amendments made  
4 by this subsection apply as of October 1, 2004, to  
5 fiscal years beginning on or after such date and to  
6 expenditures under the State plan on and after such  
7 date, whether or not regulations implementing such  
8 amendments have been issued.

9 (c) MAKING TITLE XXI BASE ALLOTMENTS PERMA-  
10 NENT.—Section 2104(a) of the Social Security Act (42  
11 U.S.C. 1397dd(a)) is amended—

12 (1) by striking “and” at the end of paragraph  
13 (9);

14 (2) by striking the period at the end of para-  
15 graph (10) and inserting “; and”; and

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

17 “(11) for fiscal year 2008 and each fiscal year  
18 thereafter, the amount of the allotment provided  
19 under this subsection for the preceding fiscal year  
20 increased by the percentage increase (if any) in the  
21 medical care expenditure category of the Consumer  
22 Price Index for All Urban Consumers (United States  
23 city average).”.

24 (d) OPTIONAL APPLICATION OF PRESUMPTIVE ELI-  
25 GIBILITY PROVISIONS TO PARENTS.—Section 1920A of

1 the Social Security Act (42 U.S.C. 1396r–1a) is amended  
2 by adding at the end the following:

3 “(e) A State may elect to apply the previous provi-  
4 sions of this section to provide for a period of presumptive  
5 eligibility for medical assistance for a parent (as defined  
6 for purposes of section 1902(k)(1)) of a child with respect  
7 to whom such a period is provided under this section.”.

8 (e) CONFORMING AMENDMENTS.—

9 (1) ELIGIBILITY CATEGORIES.—Section  
10 1905(a) of the Social Security Act (42 U.S.C.  
11 1396d(a)) is amended, in the matter before para-  
12 graph (1)—

13 (A) by striking “or” at the end of clause  
14 (xii);

15 (B) by inserting “or” at the end of clause  
16 (xiii); and

17 (C) by inserting after clause (xiii) the fol-  
18 lowing:

19 “(xiv) who are parents described (or treated as  
20 if described) in section 1902(k)(1),”.

21 (2) INCOME LIMITATIONS.—Section 1903(f)(4)  
22 of the Social Security Act (42 U.S.C. 1396b(f)(4))  
23 is amended—

1 (A) effective October 1, 2004, by inserting  
 2 “1902(a)(10)(A)(i)(VIII),” after  
 3 “1902(a)(10)(A)(i)(VII),”; and  
 4 (B) by inserting  
 5 “1902(a)(10)(A)(ii)(XIX),” after  
 6 “1902(a)(10)(A)(ii)(XVIII),”.

7 (3) CONFORMING AMENDMENT RELATING TO  
 8 NO WAITING PERIOD FOR PREGNANT WOMEN.—Sec-  
 9 tion 2102(b)(1)(B) of the Social Security Act (42  
 10 U.S.C. 1397bb(b)(1)(B)) is amended—

11 (A) by striking “, and” at the end of  
 12 clause (i) and inserting a semicolon;

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

15 (C) by adding at the end the following:

16 “(iii) may not apply a waiting period  
 17 (including a waiting period to carry out  
 18 paragraph (3)(C)) in the case of a targeted  
 19 low-income parent who is pregnant.”.

20 **SEC. 4. AUTOMATIC ENROLLMENT OF CHILDREN BORN TO**  
 21 **TITLE XXI PARENTS.**

22 Section 2102(b)(1) of the Social Security Act (42  
 23 U.S.C. 1397bb(b)(1)) is amended by adding at the end  
 24 the following:

1           “(C) AUTOMATIC ELIGIBILITY OF CHIL-  
2           DREN BORN TO A PARENT BEING PROVIDED  
3           FAMILYCARE.—Such eligibility standards shall  
4           provide for automatic coverage of a child born  
5           to an individual who is provided assistance  
6           under this title in the same manner as medical  
7           assistance would be provided under section  
8           1902(e)(4) to a child described in such sec-  
9           tion.”.

10 **SEC. 5. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**  
11                           **UNDER THE MEDICAID PROGRAM AND TITLE**  
12                           **XXI.**

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

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

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

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

1 wise eligible for such assistance, within any of the fol-  
2 lowing eligibility categories:

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

6 “(ii) CHILDREN.—Children (as defined under  
7 such plan), including optional targeted low-income  
8 children described in section 1905(u)(2)(B).

9 “(iii) PARENTS.—If the State has elected the  
10 eligibility category described in clause (ii), caretaker  
11 relatives who are parents (including individuals  
12 treated as a caregiver for purposes of carrying out  
13 section 1931) of children (described in such clause  
14 or otherwise) who are eligible for medical assistance  
15 under the plan.

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

23 (b) TITLE XXI.—Section 2107(e)(1) of the Social  
24 Security Act (42 U.S.C. 1397gg(e)(1)) is amended by add-  
25 ing at the end the following:

1           “(E) Section 1903(v)(4) (relating to op-  
2           tional coverage of categories of lawful resident  
3           alien children and parents), but only with re-  
4           spect to an eligibility category under this title,  
5           if the same eligibility category has been elected  
6           under such section for purposes of title XIX.”.

7           (c) EFFECTIVE DATE.—The amendments made by  
8           this section take effect on October 1, 2001, and apply to  
9           medical assistance and child health assistance furnished  
10          on or after such date, whether or not regulations imple-  
11          menting such amendments have been issued.

12   **SEC. 6. OPTIONAL COVERAGE OF CHILDREN THROUGH AGE**  
13                   **20 UNDER THE MEDICAID PROGRAM AND**  
14                   **TITLE XXI.**

15          (a) MEDICAID.—

16           (1) IN GENERAL.—Section 1902(l)(1)(D) of the  
17          Social Security Act (42 U.S.C. 1396a(l)(1)(D)) is  
18          amended by inserting “(or, at the election of a  
19          State, 20 or 21 years of age)” after “19 years of  
20          age”.

21          (2) CONFORMING AMENDMENTS.—

22           (A) Section 1902(e)(3)(A) of the Social Se-  
23          curity Act (42 U.S.C. 1396a(e)(3)(A)) is  
24          amended by inserting “(or 1 year less than the

1 age the State has elected under subsection  
2 (l)(1)(D))” after “18 years of age”.

3 (B) Section 1902(e)(12) of the Social Se-  
4 curity Act (42 U.S.C. 1396a(e)(12)) is amend-  
5 ed by inserting “or such higher age as the State  
6 has elected under subsection (l)(1)(D)” after  
7 “19 years of age”.

8 (C) Section 1920A(b)(1) of the Social Se-  
9 curity Act (42 U.S.C. 1396r-1a(b)(1)) is  
10 amended by inserting “or such higher age as  
11 the State has elected under section  
12 1902(l)(1)(D)” after “19 years of age”.

13 (D) Section 1928(h)(1) of the Social Secu-  
14 rity Act (42 U.S.C. 1396s(h)(1)) is amended by  
15 inserting “or 1 year less than the age the State  
16 has elected under section 1902(l)(1)(D)” before  
17 the period at the end.

18 (E) Section 1932(a)(2)(A) of the Social  
19 Security Act (42 U.S.C. 1396u-2(a)(2)(A)) is  
20 amended by inserting “(or such higher age as  
21 the State has elected under section  
22 1902(l)(1)(D))” after “19 years of age”.

23 (b) TITLE XXI.—Section 2110(c)(1) of the Social  
24 Security Act (42 U.S.C. 1397jj(c)(1)) is amended by in-

1 serting “(or such higher age as the State has elected under  
2 section 1902(l)(1)(D))”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section take effect on October 1, 2001, and apply to  
5 medical assistance and child health assistance provided on  
6 or after such date, whether or not regulations imple-  
7 menting such amendments have been issued.

8 **SEC. 7. APPLICATION OF SIMPLIFIED TITLE XXI PROCE-**  
9 **DURES UNDER THE MEDICAID PROGRAM.**

10 (a) APPLICATION UNDER MEDICAID.—

11 (1) IN GENERAL.—Section 1902(l) of the Social  
12 Security Act (42 U.S.C. 1396a(l)) is amended—

13 (A) in paragraph (3), by inserting “subject  
14 to paragraph (5)”, after “Notwithstanding sub-  
15 section (a)(17),”; and

16 (B) by adding at the end the following:

17 “(5) With respect to determining the eligibility of in-  
18 dividuals under 19 years of age (or such higher age as  
19 the State has elected under paragraph (1)(D)) for medical  
20 assistance under subsection (a)(10)(A) and, separately,  
21 with respect to determining the eligibility of individuals  
22 for medical assistance under subsection  
23 (a)(10)(A)(i)(VIII) or (a)(10)(A)(ii)(XIX), notwith-  
24 standing any other provision of this title, if the State has  
25 established a State child health plan under title XXI—

1           “(A) the State may not apply a resource stand-  
2           ard;

3           “(B) the State shall use the same simplified eli-  
4           gibility form (including, if applicable, permitting ap-  
5           plication other than in person) as the State uses  
6           under such State child health plan with respect to  
7           such individuals;

8           “(C) the State shall provide for initial eligibility  
9           determinations and redeterminations of eligibility  
10          using verification policies, forms, and frequency that  
11          are no less restrictive than the policies, forms, and  
12          frequency the State uses for such purposes under  
13          such State child health plan with respect to such in-  
14          dividuals; and

15          “(D) the State shall not require a face-to-face  
16          interview for purposes of initial eligibility determina-  
17          tions and redeterminations unless the State requires  
18          such an interview for such purposes under such child  
19          health plan with respect to such individuals.”.

20               (2) EFFECTIVE DATE.—The amendments made  
21               by paragraph (1) apply to determinations of eligi-  
22               bility made on or after the date that is 1 year after  
23               the date of the enactment of this Act, whether or  
24               not regulations implementing such amendments have  
25               been issued.

1 (b) PRESUMPTIVE ELIGIBILITY.—

2 (1) IN GENERAL.—Section 1920A(b)(3)(A)(i) of  
3 the Social Security Act (42 U.S.C. 1396r–  
4 1a(b)(3)(A)(i)) is amended by inserting “a child care  
5 resource and referral agency,” after “a State or trib-  
6 al child support enforcement agency,”.

7 (2) APPLICATION TO PRESUMPTIVE ELIGIBILITY  
8 FOR PREGNANT WOMEN UNDER MEDICAID.—Section  
9 1920(b) of the Social Security Act (42 U.S.C.  
10 1396r–1(b)) is amended by adding at the end after  
11 and below paragraph (2) the following flush sen-  
12 tence:

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

15 (3) APPLICATION UNDER TITLE XXI.—

16 (A) IN GENERAL.—Section 2107(e)(1)(D)  
17 of the Social Security Act (42 U.S.C.  
18 1397gg(e)(1)) is amended to read as follows:

19 “(D) Sections 1920 and 1920A (relating to  
20 presumptive eligibility).”.

21 (B) CONFORMING ELIMINATION OF RE-  
22 SOURCE TEST.—Section 2102(b)(1)(A) of such  
23 Act (42 U.S.C. 1397bb(b)(1)(A)) is amended—

24 (i) by striking “ and resources (in-  
25 cluding any standards relating to

1 spenddowns and disposition of resources)”;

2 and

3 (ii) by adding at the end the fol-  
4 lowing: “Effective 1 year after the date of  
5 the enactment of the FamilyCare Act of  
6 2001, such standards may not include the  
7 application of a resource standard or  
8 test.”.

9 (c) AUTOMATIC REASSESSMENT OF ELIGIBILITY FOR  
10 TITLE XXI AND MEDICAID BENEFITS FOR CHILDREN  
11 LOSING MEDICAID OR TITLE XXI ELIGIBILITY.—

12 (1) LOSS OF MEDICAID ELIGIBILITY.—Section  
13 1902(a) of the Social Security Act (42 U.S.C.  
14 1396a(a)) is amended—

15 (A) by striking the period at the end of  
16 paragraph (65) and inserting “; and”, and

17 (B) by inserting after paragraph (65) the  
18 following:

19 “(66) provide, in the case of a State with a  
20 State child health plan under title XXI, that before  
21 medical assistance to a child (or a parent of a child)  
22 is discontinued under this title, a determination of  
23 whether the child (or parent) is eligible for benefits  
24 under title XXI shall be made and, if determined to  
25 be so eligible, the child (or parent) shall be auto-

1 matically enrolled in the program under such title  
2 without the need for a new application.”.

3 (2) LOSS OF TITLE XXI ELIGIBILITY AND CO-  
4 ORDINATION WITH MEDICAID.—Section 2102(b) (42  
5 U.S.C. 1397bb(b)) is amended—

6 (A) in paragraph (3), by redesignating  
7 subparagraphs (D) and (E) as subparagraphs  
8 (E) and (F), respectively, and by inserting after  
9 subparagraph (C) the following:

10 “(D) that before health assistance to a  
11 child (or a parent of a child) is discontinued  
12 under this title, a determination of whether the  
13 child (or parent) is eligible for benefits under  
14 title XIX is made and, if determined to be so  
15 eligible, the child (or parent) is automatically  
16 enrolled in the program under such title with-  
17 out the need for a new application;”;

18 (B) by redesignating paragraph (4) as  
19 paragraph (5); and

20 (C) by inserting after paragraph (3) the  
21 following new paragraph:

22 “(4) COORDINATION WITH MEDICAID.—The  
23 State shall coordinate the screening and enrollment  
24 of individuals under this title and under title XIX  
25 consistent with the following:

1           “(A) Information that is collected under  
2 this title or under title XIX which is needed to  
3 make an eligibility determination under the  
4 other title shall be transmitted to the appro-  
5 priate administering entity under such other  
6 title in a timely manner so that coverage is not  
7 delayed and families do not have to submit the  
8 same information twice. Families shall be pro-  
9 vided the information they need to complete the  
10 application process for coverage under both ti-  
11 tles and be given appropriate notice of any de-  
12 terminations made on their applications for  
13 such coverage.

14           “(B) If a State does not use a joint appli-  
15 cation under this title and such title, the State  
16 shall—

17                   “(i) promptly inform a child’s parent  
18 or caretaker in writing and, if appropriate,  
19 orally, that a child has been found likely to  
20 be eligible under title XIX;

21                   “(ii) provide the family with an appli-  
22 cation for medical assistance under such  
23 title and offer information about what (if  
24 any) further information, documentation,

1 or other steps are needed to complete such  
2 application process;

3 “(iii) offer assistance in completing  
4 such application process; and

5 “(iv) promptly transmit the separate  
6 application under this title or the informa-  
7 tion obtained through such application,  
8 and all other relevant information and doc-  
9 umentation, including the results of the  
10 screening process, to the State agency  
11 under title XIX for a final determination  
12 on eligibility under such title.

13 “(C) Applicants are notified in writing  
14 of—

15 “(i) benefits (including restrictions on  
16 cost-sharing) under title XIX; and

17 “(ii) eligibility rules that prohibit chil-  
18 dren who have been screened eligible for  
19 medical assistance under such title from  
20 being enrolled under this title, other than  
21 provisional temporary enrollment while a  
22 final eligibility determination is being made  
23 under such title.

24 “(D) If the agency administering this title  
25 is different from the agency administering a

1 State plan under title XIX, such agencies shall  
2 coordinate the screening and enrollment of ap-  
3 plicants for such coverage under both titles.

4 “(E) The coordination procedures estab-  
5 lished between the program under this title and  
6 under title XIX shall apply not only to the ini-  
7 tial eligibility determination of a family but also  
8 to any renewals or redeterminations of such eli-  
9 gibility.”.

10 (3) EFFECTIVE DATE.—The amendments made  
11 by paragraphs (1) and (2) apply to individuals who  
12 lose eligibility under the medicaid program under  
13 title XIX, or under a State child health insurance  
14 plan under title XXI, respectively, of the Social Se-  
15 curity Act on or after October 1, 2001 (or, if later,  
16 60 days after the date of the enactment of this Act),  
17 whether or not regulations implementing such  
18 amendments have been issued.

19 (d) PROVISION OF MEDICAID AND CHIP APPLICA-  
20 TIONS AND INFORMATION UNDER THE SCHOOL LUNCH  
21 PROGRAM.—Section 9(b)(2)(B) of the Richard B. Russell  
22 National School Lunch Act (42 U.S.C. 1758(b)(2)(B)) is  
23 amended—

24 (1) by striking “(B) Applications” and inserting  
25 “(B)(i) Applications”; and

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

2 “(ii)(I) Applications for free and reduced price  
3 lunches that are distributed pursuant to clause (i) to par-  
4 ents or guardians of children in attendance at schools par-  
5 ticipating in the school lunch program under this Act shall  
6 also contain information on the availability of medical as-  
7 sistance under title XIX of the Social Security Act (42  
8 U.S.C. 1396 et seq.) and of child health and FamilyCare  
9 assistance under title XXI of such Act, including informa-  
10 tion on how to obtain an application for assistance under  
11 such programs.

12 “(II) Information on the programs referred to in sub-  
13 clause (I) shall be provided on a form separate from the  
14 application form for free and reduced price lunches under  
15 clause (i).”.

16 (e) 12-MONTHS CONTINUOUS ELIGIBILITY.—

17 (1) MEDICAID.—Section 1902(e)(12) of the So-  
18 cial Security Act (42 U.S.C. 1396a(e)(12)) is  
19 amended—

20 (A) by striking “At the option of the State,  
21 the plan may” and inserting “The plan shall”;

22 (B) by striking “an age specified by the  
23 State (not to exceed 19 years of age)” and in-  
24 serting “19 years of age (or such higher age as  
25 the State has elected under subsection

1 (l)(1)(D)) or, at the option of the State, who is  
2 eligible for medical assistance as the parent of  
3 such a child”; and

4 (C) in subparagraph (A), by striking “a  
5 period (not to exceed 12 months) ” and insert-  
6 ing “the 12-month period beginning on the  
7 date”.

8 (2) TITLE XXI.—Section 2102(b)(2) of such  
9 Act (42 U.S.C. 1397bb(b)(2)) is amended by adding  
10 at the end the following: “Such methods shall pro-  
11 vide 12-months continuous eligibility for children  
12 under this title in the same manner that section  
13 1902(e)(12) provides 12-months continuous eligi-  
14 bility for children described in such section under  
15 title XIX. If a State has elected to apply section  
16 1902(e)(12) to parents, such methods may provide  
17 12-months continuous eligibility for parents under  
18 this title in the same manner that such section pro-  
19 vides 12-months continuous eligibility for parents  
20 described in such section under title XIX.”.

21 (3) EFFECTIVE DATE.—

22 (A) IN GENERAL.—The amendments made  
23 by this subsection shall take effect on October  
24 1, 2001 (or, if later, 60 days after the date of  
25 the enactment of this Act), whether or not reg-

1           ulations implementing such amendments have  
2           been issued.

3 **SEC. 8. IMPROVING WELFARE-TO-WORK TRANSITION**  
4                                   **UNDER THE MEDICAID PROGRAM.**

5           (a) MAKING PROVISION PERMANENT.—

6                 (1) IN GENERAL.—Subsection (f) of section  
7           1925 of the Social Security Act (42 U.S.C. 1396r–  
8           6) is repealed.

9                 (2) CONFORMING AMENDMENT.—Section  
10           1902(e)(1) of the Social Security Act (42 U.S.C.  
11           1396a(e)(1)) is repealed.

12           (b) STATE OPTION OF INITIAL 12-MONTH ELIGI-  
13           BILITY.—Section 1925 of the Social Security Act (42  
14           U.S.C. 1396r–6) is amended—

15                 (1) in subsection (a), by adding at the end the  
16           following:

17                         “(5) OPTION OF 12-MONTH INITIAL ELIGIBILITY  
18           PERIOD.—A State may elect to treat any reference  
19           in this subsection to a 6-month period (or 6 months)  
20           as a reference to a 12-month period (or 12 months).  
21           In the case of such an election, subsection (b) shall  
22           not apply.”; and

23                 (2) in subsection (b)(1), by inserting “and sub-  
24           section (a)(5)” after “paragraph (3)”.

25           (c) SIMPLIFICATION.—

1           (1) REMOVAL OF ADMINISTRATIVE REPORTING  
2           REQUIREMENTS FOR ADDITIONAL 6-MONTH EXTEN-  
3           SION.—Section 1925(b)(2) of the Social Security Act  
4           (42 U.S.C. 1396r-6(b)(2)) is amended—

5                   (A) by striking subparagraph (B);

6                   (B) in subparagraph (A)(i)—

7                           (i) in the heading, by striking “AND  
8                           REQUIREMENTS”;

9                           (ii) by striking “(I)” and all that fol-  
10                           lows through “(II)” and inserting “(i)”;

11                           (iii) by striking “, and (III)” and in-  
12                           serting “and (ii)”;

13                           (iv) by redesignating such subpara-  
14                           graph as subparagraph (A) (with appro-  
15                           priate indentation); and

16                   (C) in subparagraph (A)(ii)—

17                           (i) in the heading, by striking “RE-  
18                           PORTING REQUIREMENTS AND”;

19                           (ii) by striking “notify the family of  
20                           the reporting requirement under subpara-  
21                           graph (B)(ii) and” and inserting “provide  
22                           the family with notification of”; and

23                           (iii) by redesignating such subpara-  
24                           graph as subparagraph (B) (with appro-  
25                           priate indentation).

1           (2) REMOVAL OF REQUIREMENT FOR PREVIOUS  
2 RECEIPT OF MEDICAL ASSISTANCE.—Section  
3 1925(a)(1) of the Social Security Act (42 U.S.C.  
4 1396r-6(a)(1)) is amended—

5           (A) by inserting “but subject to subpara-  
6 graph (B)” after “any other provision of this  
7 title”;

8           (B) by redesignating the matter after “RE-  
9 QUIREMENT.—” as a subparagraph (A) with  
10 the heading “IN GENERAL.—” and with the  
11 same indentation as subparagraph (B) (as  
12 added by subparagraph (C)); and

13           (C) by adding at the end the following:

14           “(B) STATE OPTION TO WAIVE REQUIRE-  
15 MENT FOR 3 MONTHS PREVIOUS RECEIPT OF  
16 MEDICAL ASSISTANCE.—A State may, at its op-  
17 tion, elect also to apply subparagraph (A) in  
18 the case of a family that had applied for and  
19 was eligible for such aid for fewer than 3  
20 months during the 6 immediately preceding  
21 months described in such subparagraph.”.

22           (3) PERMITTING INCREASE OR WAIVER OF 185  
23 PERCENT OF POVERTY EARNING LIMIT.—Section  
24 1925(b)(3)(A)(iii)(III) of the Social Security Act (42  
25 U.S.C. 1396r-6(b)(3)(A)(iii)(III)) is amended—

1 (A) by inserting “(at its option)” after  
2 “the State”; and

3 (B) by inserting “(or such higher percent  
4 as the State may specify)” after “185 percent”.

5 (4) EXEMPTION FOR STATES COVERING NEEDY  
6 FAMILIES UP TO 185 PERCENT OF POVERTY.—Sec-  
7 tion 1925 of the Social Security Act (42 U.S.C.  
8 1396r–6), as amended by subsection (a), is  
9 amended—

10 (A) in each of subsections (a)(1) and  
11 (b)(1), by inserting “but subject to subsection  
12 (f),” after “Notwithstanding any other provi-  
13 sion of this title,”; and

14 (B) by adding at the end the following:  
15 “(f) EXEMPTION FOR STATE COVERING NEEDY  
16 FAMILIES UP TO 185 PERCENT OF POVERTY.—

17 “(1) IN GENERAL.—At State option, the provi-  
18 sions of this section shall not apply to a State that  
19 uses the authority under section  
20 1902(a)(10)(A)(ii)(XIX), section 1931(b)(2)(C), or  
21 otherwise to make medical assistance available under  
22 the State plan under this title to eligible individuals  
23 described in section 1902(k)(1), or all individuals de-  
24 scribed in section 1931(b)(1), and who are in fami-  
25 lies with gross incomes (determined without regard

1 to work-related child care expenses of such individ-  
2 uals) at or below 185 percent of the income official  
3 poverty line (as defined by the Office of Manage-  
4 ment and Budget, and revised annually in accord-  
5 ance with section 673(2) of the Omnibus Budget  
6 Reconciliation Act of 1981) applicable to a family of  
7 the size involved.

8 “(2) APPLICATION TO OTHER PROVISIONS OF  
9 THIS TITLE.—The State plan of a State described in  
10 paragraph (1) shall be deemed to meet the require-  
11 ments of section 1902(a)(10)(A)(i)(I).”.

12 (d) EFFECTIVE DATE.—The amendments made by  
13 this section take effect on October 1, 2001, whether or  
14 not regulations implementing such amendments have been  
15 issued.

16 **SEC. 9. ELIMINATION OF 100 HOUR RULE AND OTHER**  
17 **AFDC-RELATED ELIGIBILITY RESTRICTIONS.**

18 (a) IN GENERAL.—Section 1931(b)(1)(A)(ii) of the  
19 Social Security Act (42 U.S.C. 1396u–1(b)(1)(A)(ii)) is  
20 amended by inserting “other than the requirement that  
21 the child be deprived of parental support or care by reason  
22 of the death, continued absence from the home, incapacity,  
23 or unemployment of a parent,” after “section 407(a),”.

24 (b) CONFORMING AMENDMENT.—Section 1905(a) of  
25 the Social Security Act (42 U.S.C. 1396d(a)) is amended,

1 in the matter before paragraph (1), in clause (ii), by strik-  
2 ing “if such child is (or would, if needy, be) a dependent  
3 child under part A of title IV”.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section apply to eligibility determinations made on or  
6 after October 1, 2001, whether or not regulations imple-  
7 menting such amendments have been issued.

8 **SEC. 10. STATE GRANT PROGRAM FOR MARKET INNOVA-**  
9 **TION.**

10 (a) IN GENERAL.—The Secretary of Health and  
11 Human Services (in this section referred to as the “Sec-  
12 retary”) shall establish a program (in this section referred  
13 to as the “program”) to award demonstration grants  
14 under this section to States to allow States to demonstrate  
15 the effectiveness of innovative ways to increase access to  
16 health insurance through market reforms and other inno-  
17 vative means. Such innovative means may include any of  
18 the following:

19 (1) Alternative group purchasing or pooling ar-  
20 rangements, such as purchasing cooperatives for  
21 small businesses, reinsurance pools, or high risk  
22 pools.

23 (2) Individual or small group market reforms.

24 (3) Consumer education and outreach.

1           (4) Subsidies to individuals, employers, or both,  
2           in obtaining health insurance.

3           (b) SCOPE; DURATION.—The program shall be lim-  
4           ited to not more than 10 States and to a total period of  
5           5 years, beginning on the date the first demonstration  
6           grant is made.

7           (c) CONDITIONS FOR DEMONSTRATION GRANTS.—

8           (1) IN GENERAL.—The Secretary may not pro-  
9           vide for a demonstration grant to a State under the  
10          program unless the Secretary finds that under the  
11          proposed demonstration grant—

12                 (A) the State will provide for demonstrated  
13                 increase of access for some portion of the exist-  
14                 ing uninsured population through a market in-  
15                 novation (other than merely through a financial  
16                 expansion of a program initiated before the  
17                 date of the enactment of this Act);

18                 (B) the State will comply with applicable  
19                 Federal laws;

20                 (C) the State will not discriminate among  
21                 participants on the basis of any health status-  
22                 related factor (as defined in section 2791(d)(9)  
23                 of the Public Health Service Act (42 U.S.C.  
24                 300gg–91(d)(9)), except to the extent a State  
25                 wishes to focus on populations that otherwise

1 would not obtain health insurance because of  
2 such factors; and

3 (D) the State will provide for such evalua-  
4 tion, in coordination with the evaluation re-  
5 quired under subsection (d), as the Secretary  
6 may specify.

7 (2) APPLICATION.—The Secretary shall not  
8 provide a demonstration grant under the program to  
9 a State unless—

10 (A) the State submits to the Secretary  
11 such an application, in such a form and man-  
12 ner, as the Secretary specifies;

13 (B) the application includes information  
14 regarding how the demonstration grant will ad-  
15 dress issues such as governance, targeted popu-  
16 lation, expected cost, and the continuation after  
17 the completion of the demonstration grant pe-  
18 riod; and

19 (C) the Secretary determines that the dem-  
20 onstration grant will be used consistent with  
21 this section.

22 (3) FOCUS.—A demonstration grant proposal  
23 under this section need not cover all uninsured indi-  
24 viduals in a State or all health care benefits with re-  
25 spect to such individuals.

1           (d) EVALUATION.—The Secretary shall enter into a  
2 contract with an appropriate entity outside the Depart-  
3 ment of Health and Human Services to conduct an overall  
4 evaluation of the program at the end of the program pe-  
5 riod. Such evaluation shall include an analysis of improve-  
6 ments in access, costs, quality of care, or choice of cov-  
7 erage, under different demonstration grants.

8           (e) OPTION TO PROVIDE FOR INITIAL PLANNING  
9 GRANTS.—Notwithstanding the previous provisions of this  
10 section, under the program the Secretary may provide for  
11 a portion of the amounts appropriated under subsection  
12 (f) (not to exceed \$5,000,000) to be made available to any  
13 State for initial planning grants to permit States to de-  
14 velop demonstration grant proposals under the previous  
15 provisions of this section.

16           (f) AUTHORIZATION OF APPROPRIATIONS.—There  
17 are authorized to be appropriated \$100,000,000 for each  
18 fiscal year to carry out this section. Amounts appropriated  
19 under this subsection shall remain available until ex-  
20 pended.

21           (g) STATE DEFINED.—In this section, the term  
22 “State” has the meaning given such term for purposes of  
23 title XIX of the Social Security Act (42 U.S.C. 1396 et  
24 seq.).

1 **SEC. 11. LIMITATIONS ON CONFLICTS OF INTEREST.**

2 (a) LIMITATION ON CONFLICTS OF INTEREST IN  
3 MARKETING ACTIVITIES.—

4 (1) TITLE XXI.—Section 2105(c) of the Social  
5 Security Act (42 U.S.C. 300aa–5(c)) is amended by  
6 adding at the end the following:

7 “(8) LIMITATION ON EXPENDITURES FOR MAR-  
8 KETING ACTIVITIES.—Amounts expended by a State  
9 for the use of an administrative vendor in marketing  
10 health benefits coverage to low-income children  
11 under this title shall not be considered, for purposes  
12 of subsection (a)(2)(D), to be reasonable costs to ad-  
13 minister the plan unless the following conditions are  
14 met with respect to the vendor:

15 “(A) The vendor is independent of any en-  
16 tity offering the coverage in the same area of  
17 the State in which the vendor is conducting  
18 marketing activities.

19 “(B) No person who is an owner, em-  
20 ployee, consultant, or has a contract with the  
21 vendor either has any direct or indirect finan-  
22 cial interest with such an entity or has been ex-  
23 cluded from participation in the program under  
24 this title or title XVIII or XIX or debarred by  
25 any Federal agency, or subject to a civil money  
26 penalty under this Act.”.

1 (b) PROHIBITION OF AFFILIATION WITH DEBARRED  
2 INDIVIDUALS.—

3 (1) MEDICAID.—Section 1903(i) of the Social  
4 Security Act (42 U.S.C. 1396b(i)) is amended—

5 (A) by striking the period at the end of  
6 paragraph (20) and inserting “; or”; and

7 (B) by inserting after paragraph (20) the  
8 following:

9 “(21) with respect to any amounts expended for  
10 an entity that receives payments under the plan  
11 unless—

12 “(A) no person with an ownership or con-  
13 trol interest (as defined in section 1124(a)(3))  
14 in the entity is a person that is debarred, sus-  
15 pended, or otherwise excluded from partici-  
16 pating in procurement or non-procurement ac-  
17 tivities under the Federal Acquisition Regula-  
18 tion; and

19 “(B) such entity has not entered into an  
20 employment, consulting, or other agreement for  
21 the provision of items or services that are mate-  
22 rial to such entity’s obligations under the plan  
23 with a person described in subparagraph (A).”.

24 (2) TITLE XXI.—Section 2107(e)(1) of the So-  
25 cial Security Act (42 U.S.C. 1397gg(e)(1)), as

1 amended by sections 5(b) and 7(b)(3), is further  
2 amended—

3 (A) in subparagraph (B), by striking “and  
4 (17)” and inserting “(17), and (21)”; and

5 (B) by adding at the end the following:

6 “(F) Section 1902(a)(67) (relating to pro-  
7 hibition of affiliation with debarred individ-  
8 uals).”.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to expenditures made on or after  
11 October 1, 2001, whether or not regulations implementing  
12 such amendments have been issued.

13 **SEC. 12. INCREASE IN CHIP ALLOTMENT FOR EACH OF FIS-**  
14 **CAL YEARS 2002 THROUGH 2004.**

15 Paragraphs (5), (6), and (7) of section 2104(a) of  
16 the Social Security Act (42 U.S.C. 1397dd(a)) are amend-  
17 ed by striking “\$3,150,000,000” each place it appears and  
18 inserting “\$4,150,000,000”.

19 **SEC. 13. DEMONSTRATION PROGRAMS TO IMPROVE MED-**  
20 **ICAID AND CHIP OUTREACH TO HOMELESS**  
21 **INDIVIDUALS AND FAMILIES.**

22 (a) AUTHORITY.—The Secretary of Health and  
23 Human Services may award demonstration grants to not  
24 more than 7 States (or other qualified entities) to conduct  
25 innovative programs that are designed to improve out-

1 reach to homeless individuals and families under the pro-  
2 grams described in subsection (b) with respect to enroll-  
3 ment of such individuals and families under such pro-  
4 grams and the provision of services (and coordinating the  
5 provision of such services) under such programs.

6 (b) PROGRAMS FOR HOMELESS DESCRIBED.—The  
7 programs described in this subsection are as follows:

8 (1) MEDICAID.—The program under title XIX  
9 of the Social Security Act (42 U.S.C. 1396 et seq.).

10 (2) CHIP.—The program under title XXI of  
11 the Social Security Act (42 U.S.C. 1397aa et seq.).

12 (3) TANF.—The program under part A of title  
13 IV of the Social Security Act (42 U.S.C. 601 et  
14 seq.).

15 (4) SAMHSA BLOCK GRANTS.—The program  
16 of grants under part B of title XIX of the Public  
17 Health Service Act (42 U.S.C. 300x–1 et seq.).

18 (5) FOOD STAMP PROGRAM.—The program  
19 under the Food Stamp Act of 1977 (7 U.S.C. 2011  
20 et seq.).

21 (6) WORKFORCE INVESTMENT ACT.—The pro-  
22 gram under the Workforce Investment Act of 1999  
23 (29 U.S.C. 2801 et seq.).

1           (7) WELFARE-TO-WORK.—The welfare-to-work  
2           program under section 403(a)(5) of the Social Secu-  
3           rity Act (42 U.S.C. 603(a)(5)).

4           (8) OTHER PROGRAMS.—Other public and pri-  
5           vate benefit programs that serve low-income individ-  
6           uals.

7           (c) APPROPRIATIONS.—For the purposes of carrying  
8           out this section, there is appropriated for fiscal year 2002,  
9           out of any funds in the Treasury not otherwise appro-  
10          priated, \$10,000,000, to remain available until expended.

11 **SEC. 14. TECHNICAL AND CONFORMING AMENDMENTS TO**  
12                           **AUTHORITY TO PAY MEDICAID EXPANSION**  
13                           **COSTS FROM TITLE XXI APPROPRIATION.**

14          (a) AUTHORITY TO PAY MEDICAID EXPANSION  
15          COSTS FROM TITLE XXI APPROPRIATION.—Section  
16          2105(a) of the Social Security Act (42 U.S.C. 1397ee(a))  
17          is amended to read as follows:

18           “(a) ALLOWABLE EXPENDITURES.—

19                   “(1) IN GENERAL.—Subject to the succeeding  
20                   provisions of this section, the Secretary shall pay to  
21                   each State with a plan approved under this title,  
22                   from its allotment under section 2104, an amount  
23                   for each quarter equal to the enhanced FMAP of the  
24                   following expenditures in the quarter:

1           “(A) CHILD HEALTH ASSISTANCE UNDER  
2 MEDICAID.—Expenditures for child health as-  
3 sistance under the plan for targeted low-income  
4 children in the form of providing medical assist-  
5 ance for expenditures described in the fourth  
6 sentence of section 1905(b).

7           “(B) RESERVED.—[reserved].

8           “(C) CHILD HEALTH ASSISTANCE UNDER  
9 THIS TITLE.—Expenditures for child health as-  
10 sistance under the plan for targeted low-income  
11 children in the form of providing health benefits  
12 coverage that meets the requirements of section  
13 2103.

14           “(D) ASSISTANCE AND ADMINISTRATIVE  
15 EXPENDITURES SUBJECT TO LIMIT.—Expendi-  
16 tures only to the extent permitted consistent  
17 with subsection (c)—

18                   “(i) for other child health assistance  
19 for targeted low-income children;

20                   “(ii) for expenditures for health serv-  
21 ices initiatives under the plan for improv-  
22 ing the health of children (including tar-  
23 geted low-income children and other low-  
24 income children);

1                   “(iii) for expenditures for outreach ac-  
2                   tivities as provided in section 2102(e)(1)  
3                   under the plan; and

4                   “(iv) for other reasonable costs in-  
5                   curred by the State to administer the plan.

6                   “(2) ORDER OF PAYMENTS.—Payments under a  
7                   subparagraph of paragraph (1) from a State’s allot-  
8                   ment for expenditures described in each such sub-  
9                   paragraph shall be made on a quarterly basis in the  
10                  order of such subparagraph in such paragraph.

11                  “(3) NO DUPLICATIVE PAYMENT.—In the case  
12                  of expenditures for which payment is made under  
13                  paragraph (1), no payment shall be made under title  
14                  XIX.”.

15                  (b) CONFORMING AMENDMENTS.—

16                  (1) SECTION 1905(u).—Section 1905(u)(1)(B)  
17                  of the Social Security Act (42 U.S.C.  
18                  1396d(u)(1)(B)) is amended by inserting “and sec-  
19                  tion 2105(a)(1)” after “subsection (b)”.

20                  (2) SECTION 2105(c).—Section 2105(c)(2)(A) of  
21                  the Social Security Act (42 U.S.C. 1397ee(c)(2)(A))  
22                  is amended by striking “subparagraphs (A), (C),  
23                  and (D) of”.

24                  (c) EFFECTIVE DATE.—The amendments made by  
25                  this section shall be effective as if included in the enact-

1 ment of the Balanced Budget Act of 1997 (Public Law  
2 105–33; 111 Stat. 251), whether or not regulations imple-  
3 menting such amendments have been issued.

4 **SEC. 15. ADDITIONAL CHIP REVISIONS.**

5 (a) LIMITING COST-SHARING TO 2.5 PERCENT FOR  
6 FAMILIES WITH INCOME BELOW 150 PERCENT OF POV-  
7 ERTY.—Section 2103(e)(3)(A) of the Social Security Act  
8 (42 U.S.C. 1397cc(e)(3)(A)) is amended—

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

10 (2) by striking the period at the end of clause

11 (ii) and inserting “; and”; and

12 (3) by adding at the end the following new  
13 clause:

14 “(iii) total annual aggregate cost-  
15 sharing described in clauses (i) and (ii)  
16 with respect to all such targeted low-in-  
17 come children in a family under this title  
18 that exceeds 2.5 percent of such family’s  
19 income for the year involved.”.

20 (b) REPORTING OF ENROLLMENT DATA.—

21 (1) QUARTERLY REPORTS.—Section 2107(b)(1)  
22 of such Act (42 U.S.C. 1397gg(b)(1)) is amended by  
23 adding at the end the following: “In quarterly re-  
24 ports on enrollment required under this paragraph,  
25 a State shall include information on the age, gender,

1 race, ethnicity, service delivery system, and family  
2 income of individuals enrolled.”.

3 (2) ANNUAL REPORTS.—Section  
4 2108(b)(1)(B)(i) of such Act (42 U.S.C.  
5 1397hh(b)(1)(B)(i)) is amended by inserting “pri-  
6 mary language of enrollees,” after “family income,”.

7 (c) EMPLOYER COVERAGE WAIVER CHANGES.—Sec-  
8 tion 2105(c)(3) of such Act (42 U.S.C. 1397ee(c)(3)) is  
9 amended—

10 (1) by redesignating subparagraphs (A) and  
11 (B) as clauses (i) and (ii) and indenting appro-  
12 priately;

13 (2) by designating the matter beginning with  
14 “Payment may be made” as a subparagraph (A)  
15 with the heading “IN GENERAL” and indenting ap-  
16 propriately; and

17 (3) by adding at the end the following new sub-  
18 paragraphs:

19 “(B) APPLICATION OF REQUIREMENTS.—

20 In carrying out subparagraph (A)—

21 “(i) the Secretary shall not require a  
22 minimum employer contribution level that  
23 is separate from the requirement of cost-  
24 effectiveness under subparagraph (A)(i),  
25 but a State shall identify a reasonable min-

1           imum employer contribution level that is  
2           based on data demonstrating that such a  
3           level is representative to the employer-  
4           sponsored insurance market in the State  
5           and shall monitor employer contribution  
6           levels over time to determine whether sub-  
7           stitution is occurring and report the find-  
8           ings in annual reports under section  
9           2108(a);

10           “(ii) the State shall establish a wait-  
11           ing period of at least 6 months without  
12           group health coverage, but may establish  
13           reasonable exceptions to such period and  
14           shall not apply such a waiting period to a  
15           child who is provided coverage under a  
16           group health plan under section 1906;

17           “(iii) subject to clause (iv), the State  
18           shall provide satisfactory assurances that  
19           the minimum benefits and cost-sharing  
20           protections established under this title are  
21           provided, either through the coverage  
22           under subparagraph (A) or as a supple-  
23           ment to such coverage; and

24           “(iv) coverage under such subpara-  
25           graph shall not be considered to violate

1 clause (iii) because it does not comply with  
2 requirements relating to reviews of health  
3 service decisions if the enrollee involved is  
4 provided the option of being provided bene-  
5 fits directly under this title.

6 “(C) ACCESS TO EXTERNAL REVIEW PROC-  
7 ESS.—In carrying out subparagraph (A), if a  
8 State provides coverage under a group health  
9 plan that does not meet the following external  
10 review requirements, the State must give appli-  
11 cants and enrollees (at initial enrollment and at  
12 each redetermination of eligibility) the option to  
13 obtain health benefits coverage other than  
14 through that group health plan:

15 “(i) The enrollee has an opportunity  
16 for external review of a—

17 “(I) delay, denial, reduction, sus-  
18 pension, or termination of health serv-  
19 ices, in whole or in part, including a  
20 determination about the type or level  
21 of services; and

22 “(II) failure to approve, furnish,  
23 or provide payment for health services  
24 in a timely manner.

1           “(ii) The external review is conducted  
2 by the State or a impartial contractor  
3 other than the contractor responsible for  
4 the matter subject to external review.

5           “(iii) The external review decision is  
6 made on a timely basis in accordance with  
7 the medical needs of the patient. If the  
8 medical needs of the patient do not dictate  
9 a shorter time frame, the review must be  
10 completed—

11           “(I) within 90 calendar days of  
12 the date of the request for internal or  
13 external review; or

14           “(II) within 72 hours if the en-  
15 rollee’s physician or plan determines  
16 that the deadline under subclause (I)  
17 could seriously jeopardize the enroll-  
18 ee’s life or health or ability to attain,  
19 maintain, or regain maximum func-  
20 tion (except that a State may extend  
21 the 72-hour deadline by up to 14 days  
22 if the enrollee requests an extension).

23           “(iv) The external review decision  
24 shall be in writing.

1                   “(v) Applicants and enrollees have an  
2 opportunity—

3                   “(I) to represent themselves or  
4 have representatives of their choosing  
5 in the review process;

6                   “(II) timely review their files and  
7 other applicable information relevant  
8 to the review of the decision; and

9                   “(III) fully participate in the re-  
10 view process, whether the review is  
11 conducted in person or in writing, in-  
12 cluding by presenting supplemental  
13 information during the review proc-  
14 ess.”.

15       (d) EFFECTIVE DATE.—The amendments made by  
16 this section apply as of October 1, 2001, whether or not  
17 regulations implementing such amendments have been  
18 issued.

19 **SEC. 16. CREATION OF COMMUNITY ACCESS PROGRAM.**

20       Part D of title III of the Public Health Service Act  
21 (42 U.S.C. 254b et seq.) is amended by inserting after  
22 subpart IV the following new subpart:

1 “Subpart V—Community Access Program

2 **“SEC. 340. GRANTS TO STRENGTHEN THE EFFECTIVENESS,**  
3 **EFFICIENCY, AND COORDINATION OF SERV-**  
4 **ICES FOR THE UNINSURED AND UNDER-**  
5 **INSURED.**

6 “(a) IN GENERAL.—The Secretary may make grants  
7 for the purpose of assisting the development of integrated  
8 health care delivery systems—

9 “(1) to serve communities of individuals who  
10 are uninsured and individuals who are underinsured;

11 “(2) to expand the scope of services provided;  
12 and

13 “(3) to improve the efficiency and coordination  
14 among the providers of such services.

15 “(b) ELIGIBLE ENTITIES.—To be eligible to receive  
16 a grant under this section, an entity must—

17 “(1) be a public or nonprofit private entity such  
18 as—

19 “(A) a Federally qualified health center  
20 (as defined under section 1861(aa)(4) of the  
21 Social Security Act);

22 “(B) a hospital that meets the require-  
23 ments of section 340B(a)(4)(L) (or, if none are  
24 available in the area, a hospital that is a pro-  
25 vider of a substantial volume of non-emergency

1 health services to uninsured individuals and  
2 families without regard to their ability to pay)  
3 without regard to 340B(a)(4)(L)(iii); or

4 “(C) a public health department; and

5 “(2) represent a consortium of providers and,  
6 as appropriate, related agencies or entities—

7 “(A) whose principal purpose is to provide  
8 a broad range of coordinated health care serv-  
9 ices for a community defined in the entity’s  
10 grant application (which may be a special popu-  
11 lation group such as migrant and seasonal farm  
12 workers, homeless persons or individuals with  
13 disabilities);

14 “(B) that includes all health care providers  
15 that serve the community and that have tradi-  
16 tionally provided care (beyond emergency serv-  
17 ices) to uninsured and underinsured individuals  
18 without regard to the individuals’ ability to pay  
19 (if there are any such providers) unless any  
20 such provider or providers declines to partici-  
21 pate; and

22 “(C) that may include other health care  
23 providers and related agencies and organiza-  
24 tions;

1 except that preference shall be given to applicants that  
2 are health care providers identified in paragraph (1).

3 “(c) APPLICATIONS.—To be eligible to receive a grant  
4 under this section, an eligible entity shall submit to the  
5 Secretary an application, in such form and manner as the  
6 Secretary shall prescribe, that shall—

7 “(1) define a community of uninsured and  
8 underinsured individuals that consists of all such  
9 individuals—

10 “(A) in a specified geographical area; or

11 “(B) in a specified population within such  
12 an area;

13 “(2) identify the providers who will participate  
14 in the consortium’s program under the grant, and  
15 specify each one’s contribution to the care of unin-  
16 sured and underinsured individuals in the commu-  
17 nity, including the volume of care it provides to  
18 medicare and medicaid beneficiaries and to privately  
19 paid patients;

20 “(3) describe the activities that the applicant  
21 and the consortium propose to perform under the  
22 grant to further the purposes of this section;

23 “(4) demonstrate the consortium’s ability to  
24 build on the current system for serving uninsured  
25 and underinsured individuals by involving providers

1 who have traditionally provided a significant volume  
2 of care for that community;

3 “(5) demonstrate the consortium’s ability to de-  
4 velop coordinated systems of care that either directly  
5 provide or ensure the prompt provision of a broad  
6 range of high-quality, accessible services, including,  
7 as appropriate, primary, secondary, and tertiary  
8 services, as well as substance abuse treatment and  
9 mental health services in a manner which assures  
10 continuity of care in the community;

11 “(6) provide evidence of community involvement  
12 in the development, implementation, and direction of  
13 the program that it proposes to operate;

14 “(7) demonstrate the consortium’s ability to en-  
15 sure that individuals participating in the program  
16 are enrolled in public insurance programs for which  
17 they are eligible;

18 “(8) present a plan for leveraging other sources  
19 of revenue, which may include State and local  
20 sources and private grant funds, and integrating  
21 current and proposed new funding sources in a way  
22 to assure long-term sustainability;

23 “(9) describe a plan for evaluation of the activi-  
24 ties carried out under the grant, including measure-

1       ment of progress toward the goals and objectives of  
2       the program;

3             “(10) demonstrate fiscal responsibility through  
4       the use of appropriate accounting procedures and  
5       appropriate management systems;

6             “(11) include such other information as the  
7       Secretary may prescribe; and

8             “(12) demonstrate the commitment to serve the  
9       community without regard to the ability of the indi-  
10      vidual or family to pay by arranging for or providing  
11      free or reduced charge care for the poor.

12      “(d) PRIORITIES.—In awarding grants under this  
13      section, the Secretary may accord priority to applicants—

14             “(1) whose consortium includes public hospitals,  
15      Federally qualified health centers (as defined in sec-  
16      tion 1905(l)(2)(B) of the Social Security Act), and  
17      other providers that are covered entities as defined  
18      by section 340B(a)(4) of this Act (or that would be  
19      covered entities as so defined but for subparagraph  
20      (L)(iii) of such section);

21             “(2) that identify a community whose geo-  
22      graphical area has a high or increasing percentage  
23      of individuals who are uninsured;

24             “(3) whose consortium includes other health  
25      care providers that have a tradition of serving unin-

1       sured individuals and underinsured individuals in  
2       the community;

3             “(4) who show evidence that the program would  
4       expand utilization of preventive and primary care  
5       services for uninsured and underinsured individuals  
6       and families in the community, including mental  
7       health services or substance abuse services;

8             “(5) whose proposed program would improve  
9       coordination between health care providers and ap-  
10      propriate social service providers, including local and  
11      regional human services agencies, school systems,  
12      and agencies on aging;

13            “(6) that demonstrate collaboration with State  
14      and local governments;

15            “(7) that make use of non-Federal contribu-  
16      tions to the greatest extent possible; or

17            “(8) that demonstrate a likelihood that the pro-  
18      posed program will continue after support under this  
19      section ceases.

20      “(e) USE OF FUNDS.—

21            “(1) USE BY GRANTEES.—

22            “(A) IN GENERAL.—Except as provided in  
23      paragraphs (2) and (3), a grantee may use  
24      amounts provided under this section only for—

1           “(i) direct expenses associated with  
2           planning, developing, and operating the  
3           greater integration of a health care deliv-  
4           ery system so that it either directly pro-  
5           vides or ensures the provision of a broad  
6           range of services, as appropriate, including  
7           primary, secondary, and tertiary services,  
8           as well as substance abuse treatment and  
9           mental health services; and

10           “(ii) direct patient care and service  
11           expansions to fill identified or documented  
12           gaps within an integrated delivery system.

13           “(B) SPECIFIC USES.—The following are  
14           examples of purposes for which a grantee may  
15           use grant funds, when such use meets the con-  
16           ditions stated in subparagraph (A):

17           “(i) Increase in outreach activities.

18           “(ii) Improvements to case manage-  
19           ment.

20           “(iii) Improvements to coordination of  
21           transportation to health care facilities.

22           “(iv) Development of provider net-  
23           works.

24           “(v) Recruitment, training, and com-  
25           pensation of necessary personnel.

1                   “(vi) Acquisition of technology.

2                   “(vii) Identifying and closing gaps in  
3 services being provided.

4                   “(viii) Improvements to provider com-  
5 munication, including implementation of  
6 shared information systems or shared clin-  
7 ical systems.

8                   “(ix) Other activities that may be ap-  
9 propriate to a community that would in-  
10 crease access to the uninsured.

11                   “(2) DIRECT PATIENT CARE LIMITATION.—No  
12 more than 15 percent of the funds provided under  
13 a grant may be used for providing direct patient  
14 care and services.

15                   “(3) RESERVATION OF FUNDS FOR NATIONAL  
16 PROGRAM PURPOSES.—The Secretary may use not  
17 more than 3 percent of funds appropriated to carry  
18 out this section for technical assistance to grantees,  
19 obtaining assistance of experts and consultants,  
20 meetings, dissemination of information, evaluation,  
21 and activities that will extend the benefits of funded  
22 programs to communities other than the one funded.

23                   “(f) MAINTENANCE OF EFFORT.—With respect to  
24 activities for which a grant under this section is author-  
25 ized, the Secretary may award such a grant only if the

1 recipient of the grant and each of the participating pro-  
2 viders agree that each one will maintain its expenditures  
3 of non-Federal funds for such activities at a level that is  
4 not less than the level of such expenditures during the year  
5 immediately preceding the fiscal year for which the appli-  
6 cant is applying to receive such grant.

7 “(g) REPORTS TO THE SECRETARY.—The recipient  
8 of a grant under this section shall report to the Secretary  
9 annually regarding—

10 “(1) progress in meeting the goals stated in its  
11 grant application; and

12 “(2) such additional information as the Sec-  
13 retary may require.

14 The Secretary may not renew an annual grant under this  
15 section unless the Secretary is satisfied that the consor-  
16 tium has made reasonable and demonstrable progress in  
17 meeting the goals set forth in its grant application for the  
18 preceding year.

19 “(h) AUDITS.—Each entity which receives a grant  
20 under this section shall provide for an independent annual  
21 financial audit of all records that relate to the disposition  
22 of funds received through this grant.

23 “(i) TECHNICAL ASSISTANCE.—The Secretary may,  
24 either directly or by grant or contract, provide any funded

1 entity with technical and other non-financial assistance  
2 necessary to meet the requirements of this section.

3       “(j) AUTHORIZATION OF APPROPRIATIONS.—For the  
4 purpose of carrying out this section, there are authorized  
5 to be appropriated \$250,000,000 in fiscal year 2002 and  
6 such sums as may be necessary for each of fiscal years  
7 2003 through 2006.”.

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