

107TH CONGRESS
1ST SESSION

H. R. 3341

To provide a short-term enhanced safety net for Americans losing their jobs and to provide our Nation's economy with a necessary boost.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2001

Mr. McDERMOTT introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide a short-term enhanced safety net for Americans losing their jobs and to provide our Nation's economy with a necessary boost.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Putting Americans
5 First Act".

1 **TITLE I—TEMPORARY UNEM-**
2 **LOYMENT COMPENSATION**

3 **SEC. 101. FEDERAL-STATE AGREEMENTS.**

4 (a) IN GENERAL.—Any State which desires to do so
5 may enter into and participate in an agreement under this
6 title with the Secretary of Labor (hereinafter in this title
7 referred to as the “Secretary”). Any State which is a party
8 to an agreement under this title may, upon providing 30
9 days’ written notice to the Secretary, terminate such
10 agreement.

11 (b) PROVISIONS OF AGREEMENT.—

12 (1) IN GENERAL.—Any agreement under sub-
13 section (a) shall provide that the State agency of the
14 State will make—

15 (A) payments of regular compensation to
16 individuals in amounts and to the extent that
17 they would be determined if the State law were
18 applied with the modifications described in
19 paragraph (2), and

20 (B) payments of temporary supplemental
21 unemployment compensation to individuals
22 who—

23 (i) have exhausted all rights to reg-
24 ular compensation under the State law,

1 (ii) do not, with respect to a week,
2 have any rights to compensation (excluding
3 extended compensation) under the State
4 law of any other State (whether one that
5 has entered into an agreement under this
6 title or otherwise) nor compensation under
7 any other Federal law (other than under
8 the Federal-State Extended Unemployment
9 Compensation Act of 1970), and are not
10 paid or entitled to be paid any additional
11 compensation under any State or Federal
12 law, and

13 (iii) are not receiving compensation
14 with respect to such week under the unem-
15 ployment compensation law of Canada.

16 (2) MODIFICATIONS DESCRIBED.—The modi-
17 fications described in this paragraph are as follows:

18 (A) An individual shall be eligible for reg-
19 ular compensation if the individual would be so
20 eligible, determined by applying—

21 (i) the base period that would other-
22 wise apply under the State law if this title
23 had not been enacted, or

24 (ii) a base period ending at the close
25 of the calendar quarter most recently com-

1 pleted before the date of the individual's
2 application for benefits,
3 whichever results in the greater amount.

4 (B) An individual shall not be denied reg-
5 ular compensation under the State law's provi-
6 sions relating to availability for work, active
7 search for work, or refusal to accept work, sole-
8 ly by virtue of the fact that such individual is
9 seeking, or available for, only part-time (and
10 not full-time) work.

11 (C)(i) Subject to clause (ii), the amount of
12 regular compensation (including dependents' al-
13 lowances) payable for any week shall be equal
14 to the amount determined under the State law
15 (before the application of this subparagraph),
16 plus an additional—

17 (I) 25 percent, or

18 (II) \$65,

19 whichever is greater.

20 (ii) In no event may the total amount de-
21 termined under clause (i) with respect to any
22 individual exceed the average weekly insured
23 wages of that individual in that calendar quar-
24 ter of the base period in which such individual's
25 insured wages were the highest (or one such

1 quarter if his wages were the same for more
2 than one such quarter).

3 (c) NONREDUCTION RULE.—Under the agreement,
4 subsection (b)(2)(C) shall not apply (or shall cease to
5 apply) with respect to a State upon a determination by
6 the Secretary that the method governing the computation
7 of regular compensation under the State law of that State
8 has been modified in a way such that—

9 (1) the average weekly amount of regular com-
10 pensation which will be payable during the period of
11 the agreement (determined disregarding the modi-
12 fications described in subsection (b)(2)) will be less
13 than

14 (2) the average weekly amount of regular com-
15 pensation which would otherwise have been payable
16 during such period under the State law, as in effect
17 on September 11, 2001.

18 (d) COORDINATION RULES.—

19 (1) REGULAR COMPENSATION PAYABLE UNDER
20 A FEDERAL LAW.—The modifications described in
21 subsection (b)(2) shall also apply in determining the
22 amount of benefits payable under any Federal law to
23 the extent that those benefits are determined by ref-
24 erence to regular compensation payable under the
25 State law of the State involved.

1 (2) TSUC TO SERVE AS SECOND-TIER BENE-
2 FITS.—Notwithstanding any other provision of law,
3 extended benefits shall not be payable to any indi-
4 vidual for any week for which temporary supple-
5 mental unemployment compensation is payable to
6 such individual.

7 (e) EXHAUSTION OF BENEFITS.—For purposes of
8 subsection (b)(1)(B)(i), an individual shall be considered
9 to have exhausted such individual’s rights to regular com-
10 pensation under a State law when—

11 (1) no payments of regular compensation can
12 be made under such law because such individual has
13 received all regular compensation available to such
14 individual based on employment or wages during
15 such individual’s base period, or

16 (2) such individual’s rights to such compensa-
17 tion have been terminated by reason of the expira-
18 tion of the benefit year with respect to which such
19 rights existed.

20 (f) WEEKLY BENEFIT AMOUNT, TERMS AND CONDI-
21 TIONS, ETC. RELATING TO TSUC.—For purposes of any
22 agreement under this title—

23 (1) the amount of temporary supplemental un-
24 employment compensation which shall be payable to
25 an individual for any week of total unemployment

1 shall be equal to the amount of regular compensa-
2 tion (including dependents' allowances) payable to
3 such individual under the State law for a week for
4 total unemployment during such individual's benefit
5 year,

6 (2) the terms and conditions of the State law
7 which apply to claims for regular compensation and
8 to the payment thereof shall apply to claims for tem-
9 porary supplemental unemployment compensation
10 and the payment thereof, except where inconsistent
11 with the provisions of this title or with the regula-
12 tions or operating instructions of the Secretary pro-
13 mulgated to carry out this title, and

14 (3) the maximum amount of temporary supple-
15 mental unemployment compensation payable to any
16 individual for whom a temporary supplemental un-
17 employment compensation account is established
18 under section 103 shall not exceed the amount es-
19 tablished in such account for such individual.

20 **SEC. 103. TEMPORARY SUPPLEMENTAL UNEMPLOYMENT**
21 **COMPENSATION ACCOUNT.**

22 (a) IN GENERAL.—Any agreement under this title
23 shall provide that the State will establish, for each eligible
24 individual who files an application for temporary supple-

1 mental unemployment compensation, a temporary supple-
2 mental unemployment compensation account.

3 (b) AMOUNT IN ACCOUNT.—

4 (1) IN GENERAL.—The amount established in
5 an account under subsection (a) shall be equal to the
6 product obtained by multiplying an individual's
7 weekly benefit amount by the applicable factor under
8 paragraph (3).

9 (2) WEEKLY BENEFIT AMOUNT.—For purposes
10 of this subsection, an individual's weekly benefit
11 amount for any week is the amount of regular com-
12 pensation (including dependents' allowances) under
13 the State law payable to such individual for a week
14 of total unemployment in such individual's benefit
15 year.

16 (3) APPLICABLE FACTOR.—

17 (A) GENERAL RULE.—The applicable fac-
18 tor under this paragraph is 13, unless the indi-
19 vidual's benefit year begins or ends during a pe-
20 riod of high unemployment within such individ-
21 ual's State, in which case the applicable factor
22 is 26.

23 (B) PERIOD OF HIGH UNEMPLOYMENT.—

24 For purposes of this paragraph, a period of
25 high unemployment within a State shall begin

1 and end, if at all, in a way (to be set forth
2 in the State's agreement under this title) simi-
3 lar to the way in which an extended benefit pe-
4 riod would under section 203 of the Federal-
5 State Extended Unemployment Compensation
6 Act of 1970, subject to the following:

7 (i) To determine if there is a State
8 “on” or “off” indicator, apply section
9 203(f) of such Act, but—

10 (I) substitute “5 percent” for
11 “6.5 percent” in paragraph (1)(A)(i)
12 thereof, and

13 (II) disregard paragraph
14 (1)(A)(ii) thereof and the last sen-
15 tence of paragraph (1) thereof.

16 (ii) To determine the beginning and
17 ending dates of a period of high unemploy-
18 ment within a State, apply section 203(a)
19 and (b) of such Act, except that—

20 (I) in applying such section
21 203(a), deem paragraphs (1) and (2)
22 thereof to be amended by striking
23 “the third week after”, and

24 (II) in applying such section
25 203(b), deem paragraph (1)(A) there-

1 of amended by striking “thirteen” and
2 inserting “twenty-six” and paragraph
3 (1)(B) thereof amended by striking
4 “fourteenth” and inserting “twenty-
5 seventh”.

6 (4) RULE OF CONSTRUCTION.—For purposes of
7 any computation under paragraph (1) (and any de-
8 termination of amount under section 101(f)(1)), the
9 modification described in section 101(b)(2)(C) (re-
10 lating to increased benefits) shall be deemed to have
11 been in effect with respect to the entirety of the ben-
12 efit year involved.

13 (c) ELIGIBILITY PERIOD.—An individual whose ap-
14 plicable factor under subsection (b)(3) is 26 shall be eligi-
15 ble for temporary supplemental unemployment compensa-
16 tion for each week of total unemployment in his benefit
17 year which begins in the State’s period of high unemploy-
18 ment and, if his benefit year ends within such period, any
19 such weeks thereafter which begin in such period of high
20 unemployment, not to exceed a total of 26 weeks.

21 **SEC. 104. PAYMENTS TO STATES HAVING AGREEMENTS**
22 **UNDER THIS TITLE.**

23 (a) GENERAL RULE.—There shall be paid to each
24 State which has entered into an agreement under this title
25 an amount equal to—

1 (1) 100 percent of any regular compensation
2 made payable to individuals by such State by virtue
3 of the modifications which are described in section
4 101(b)(2) and deemed to be in effect with respect to
5 such State pursuant to section 101(b)(1)(A),

6 (2) 100 percent of any regular compensation—

7 (A) which is paid to individuals by such
8 State by reason of the fact that its State law
9 contains provisions comparable to the modifica-
10 tions described in section 101(b)(2)(A)–(B), but
11 only

12 (B) to the extent that those amounts
13 would, if such amounts were instead payable by
14 virtue of the State law's being deemed to be so
15 modified pursuant to section 101(b)(1)(A), have
16 been reimbursable under paragraph (1), and

17 (3) 100 percent of the temporary supplemental
18 unemployment compensation paid to individuals by
19 the State pursuant to such agreement.

20 (b) DETERMINATION OF AMOUNT.—Sums under sub-
21 section (a) payable to any State by reason of such State
22 having an agreement under this title shall be payable, ei-
23 ther in advance or by way of reimbursement (as may be
24 determined by the Secretary), in such amounts as the Sec-
25 retary estimates the State will be entitled to receive under

1 this title for each calendar month, reduced or increased,
2 as the case may be, by any amount by which the Secretary
3 finds that the Secretary's estimates for any prior calendar
4 month were greater or less than the amounts which should
5 have been paid to the State. Such estimates may be made
6 on the basis of such statistical, sampling, or other method
7 as may be agreed upon by the Secretary and the State
8 agency of the State involved.

9 (c) ADMINISTRATIVE EXPENSES, ETC.—There is
10 hereby appropriated out of the employment security ad-
11 ministration account of the Unemployment Trust Fund
12 (as established by section 901(a) of the Social Security
13 Act) \$500,000,000 to reimburse States for the costs of
14 the administration of agreements under this title (includ-
15 ing any improvements in technology in connection there-
16 with) and to provide reemployment services to unemploy-
17 ment compensation claimants in States having agreements
18 under this title. Each State's share of the amount appro-
19 priated by the preceding sentence shall be determined by
20 the Secretary according to the factors described in section
21 302(a) of the Social Security Act and certified by the Sec-
22 retary to the Secretary of the Treasury.

23 **SEC. 105. FINANCING PROVISIONS.**

24 (a) IN GENERAL.—Funds in the extended unemploy-
25 ment compensation account (as established by section

1 905(a) of the Social Security Act), and the Federal unem-
2 ployment account (as established by section 904(g) of the
3 Social Security Act), of the Unemployment Trust Fund
4 shall be used, in accordance with subsection (b), for the
5 making of payments (described in section 103(a)) to
6 States having agreements entered into under this title.

7 (b) CERTIFICATION.—The Secretary shall from time
8 to time certify to the Secretary of the Treasury for pay-
9 ment to each State the sums described in section 103(a)
10 which are payable to such State under this title. The Sec-
11 retary of the Treasury, prior to audit or settlement by the
12 General Accounting Office, shall make payments to the
13 State in accordance with such certification by transfers
14 from the extended unemployment compensation account
15 (or, to the extent that there are insufficient funds in that
16 account, from the Federal unemployment account) to the
17 account of such State in the Unemployment Trust Fund.

18 **SEC. 106. FRAUD AND OVERPAYMENTS.**

19 (a) IN GENERAL.—If an individual knowingly has
20 made, or caused to be made by another, a false statement
21 or representation of a material fact, or knowingly has
22 failed, or caused another to fail, to disclose a material fact,
23 and as a result of such false statement or representation
24 or of such nondisclosure such individual has received any
25 regular compensation or temporary supplemental unem-

1 ployment compensation under this title to which he was
2 not entitled, such individual—

3 (1) shall be ineligible for any further benefits
4 under this title in accordance with the provisions of
5 the applicable State unemployment compensation
6 law relating to fraud in connection with a claim for
7 unemployment compensation, and

8 (2) shall be subject to prosecution under section
9 1001 of title 18, United States Code.

10 (b) REPAYMENT.—In the case of individuals who
11 have received any regular compensation or temporary sup-
12 plemental unemployment compensation under this title to
13 which they were not entitled, the State shall require such
14 individuals to repay those benefits to the State agency,
15 except that the State agency may waive such repayment
16 if it determines that—

17 (1) the payment of such benefits was without
18 fault on the part of any such individual, and

19 (2) such repayment would be contrary to equity
20 and good conscience.

21 (c) RECOVERY BY STATE AGENCY.—

22 (1) IN GENERAL.—The State agency may re-
23 cover the amount to be repaid, or any part thereof,
24 by deductions from any regular compensation or
25 temporary supplemental unemployment compensa-

1 tion payable to such individual under this title or
2 from any unemployment compensation payable to
3 such individual under any Federal unemployment
4 compensation law administered by the State agency
5 or under any other Federal law administered by the
6 State agency which provides for the payment of any
7 assistance or allowance with respect to any week of
8 unemployment, during the 3-year period after the
9 date such individuals received the payment of the
10 regular compensation or temporary supplemental un-
11 employment compensation to which they were not
12 entitled, except that no single deduction may exceed
13 50 percent of the weekly benefit amount from which
14 such deduction is made.

15 (2) OPPORTUNITY FOR HEARING.—No repay-
16 ment shall be required, and no deduction shall be
17 made, until a determination has been made, notice
18 thereof and an opportunity for a fair hearing has
19 been given to the individual, and the determination
20 has become final.

21 (d) REVIEW.—Any determination by a State agency
22 under this section shall be subject to review in the same
23 manner and to the same extent as determinations under
24 the State unemployment compensation law, and only in
25 that manner and to that extent.

1 **SEC. 107. DEFINITIONS.**

2 For purposes of this title:

3 (1) IN GENERAL.—The terms “compensation”,
4 “regular compensation”, “extended compensation”,
5 “additional compensation”, “benefit year”, “base pe-
6 riod”, “State”, “State agency”, “State law”, and
7 “week” have the respective meanings given such
8 terms under section 205 of the Federal-State Ex-
9 tended Unemployment Compensation Act of 1970,
10 subject to paragraph (2).

11 (2) STATE LAW AND REGULAR COMPENSA-
12 TION.—In the case of a State entering into an
13 agreement under this title—

14 (A) “State law” shall be considered to
15 refer to the State law of such State, applied in
16 conformance with the modifications described in
17 section 101(b)(2), subject to section 101(c),
18 and

19 (B) “regular compensation” shall be con-
20 sidered to refer to such compensation, deter-
21 mined under its State law (applied in the man-
22 ner described in subparagraph (A)),
23 except as otherwise provided or where the context
24 clearly indicates otherwise.

1 **SEC. 108. APPLICABILITY.**

2 (a) IN GENERAL.—An agreement entered into under
3 this title shall apply to weeks of unemployment—

4 (1) beginning after the date on which such
5 agreement is entered into, and

6 (2) ending before January 1, 2003.

7 (b) SPECIFIC RULES.—Under such an agreement—

8 (1) the modification described in section
9 101(b)(2)(A) (relating to alternative base periods)
10 shall not apply except in the case of initial claims
11 filed after September 11, 2001,

12 (2) the modifications described in section
13 101(b)(2)(B)–(C) (relating to part-time employment
14 and increased benefits, respectively) shall apply to
15 weeks of unemployment (described in subsection
16 (a)), irrespective of the date on which an individual’s
17 claim for benefits is filed, and

18 (3) the payments described in section
19 101(b)(1)(B) (relating to temporary supplemental
20 unemployment compensation) shall not apply except
21 in the case of individuals exhausting their rights to
22 regular compensation (as described in clause (i)
23 thereof) after September 11, 2001.

1 **TITLE II—HEALTH INSURANCE**
2 **COVERAGE OPTIONS FOR RE-**
3 **CENTLY UNEMPLOYED INDI-**
4 **VIDUALS AND THEIR FAMI-**
5 **LIES**

6 **SEC. 201. PREMIUM ASSISTANCE FOR COBRA CONTINU-**
7 **ATION COVERAGE FOR INDIVIDUALS AND**
8 **THEIR FAMILIES.**

9 (a) ESTABLISHMENT.—

10 (1) IN GENERAL.—Not later than 30 days after
11 the date of enactment of this Act, the Secretary of
12 the Treasury, in consultation with the Secretary of
13 Labor, shall establish a program under which 75
14 percent of the premium for COBRA continuation
15 coverage shall be provided for an individual who—

16 (A) at any time during the period that be-
17 gins on September 11, 2001, and ends on De-
18 cember 31, 2002, is separated from employ-
19 ment; and

20 (B) is eligible for, and has elected coverage
21 under, COBRA continuation coverage.

22 (2) INCLUSION OF CERTAIN INDIVIDUALS.—For
23 purposes of paragraph (1), the spouse, child, or
24 other individual who was an insured under health in-
25 surance coverage of an individual who was killed as

1 a result of the terrorist-related aircraft crashes on
2 September 11, 2001, or as a result of any other ter-
3 rorist-related event occurring during the period de-
4 scribed in that paragraph, and who is eligible for,
5 and has elected coverage under, COBRA continu-
6 ation coverage shall be eligible for premium assist-
7 ance under the program established under this sec-
8 tion.

9 (3) STATE OPTION TO ELECT ADMINISTRATION
10 OF PROGRAM.—

11 (A) IN GENERAL.—A State may elect to
12 administer the premium assistance program es-
13 tablished under this section if the State submits
14 to the Secretary of the Treasury, not later than
15 January 1, 2002, a plan that describes how the
16 State will administer such program on behalf of
17 the individuals described in paragraph (1) or
18 (2) who reside in the State beginning on that
19 date.

20 (B) STATE ENTITLEMENT.—In the case of
21 a State that submits a plan under subpara-
22 graph (A), the Secretary of the Treasury shall
23 pay to each such State an amount for each
24 quarter equal to the total amount of premium

1 subsidies provided in that quarter on behalf of
2 such individuals.

3 (4) IMMEDIATE IMPLEMENTATION.—The pro-
4 gram established under this section shall be imple-
5 mented without regard to whether or not final regu-
6 lations to carry out such program have been promul-
7 gated by the date described in paragraph (1).

8 (b) LIMITATION OF PERIOD OF PREMIUM ASSIST-
9 ANCE.—

10 (1) IN GENERAL.—Premium assistance pro-
11 vided in accordance with this section shall end with
12 respect to an individual on the earlier of—

13 (A) the date the individual is no longer
14 covered under COBRA continuation coverage;
15 or

16 (B) 12 months after the date the indi-
17 vidual is first enrolled in the premium assist-
18 ance program established under this section.

19 (2) NO ASSISTANCE AFTER DECEMBER 31,
20 2002.—No premium assistance (including payment
21 for such assistance) may be provided under this sec-
22 tion after December 31, 2002.

23 (c) PAYMENT ARRANGEMENTS; CREDITING OF AS-
24 SISTANCE.—

25 (1) PROVISION OF ASSISTANCE.—

1 (A) IN GENERAL.—Premium assistance
2 shall be provided under the program established
3 under this section through direct payment ar-
4 rangements with a group health plan (including
5 a multiemployer plan), an issuer of health in-
6 surance coverage, an administrator, or an em-
7 ployer as appropriate with respect to the indi-
8 vidual provided such assistance.

9 (B) ADDITIONAL OPTION FOR STATE-RUN
10 PROGRAM.—In the case of a State that elects to
11 administer the program established under this
12 section, such assistance may be provided
13 through the State public employment office or
14 other agency responsible for administering the
15 State unemployment compensation program.

16 (2) PREMIUMS PAYABLE BY INDIVIDUAL RE-
17 DUCED BY AMOUNT OF ASSISTANCE.—Premium as-
18 sistance provided under this section shall be credited
19 by the group health plan, issuer of health insurance
20 coverage, or an administrator against the premium
21 otherwise owed by the individual involved for
22 COBRA continuation coverage.

23 (d) PROGRAM REQUIREMENTS.—Premium assistance
24 shall be provided under the program established under this
25 section consistent with the following:

1 (1) ALL QUALIFYING INDIVIDUALS MAY
2 APPLY.—All individuals described in paragraph (1)
3 or (2) of subsection (a) may apply for such assist-
4 ance at any time during the period described in sub-
5 section (a)(1)(A).

6 (2) SELECTION ON FIRST-COME, FIRST-SERVED
7 BASIS.—Such assistance shall be provided to such
8 individuals who apply for the assistance in the order
9 in which they apply.

10 (e) LIMITATION ON ENTITLEMENT.—Nothing in this
11 section shall be construed as establishing any entitlement
12 of individuals described in paragraph (1) or (2) of sub-
13 section (a) to premium assistance under this section.

14 (f) DISREGARD OF SUBSIDIES FOR PURPOSES OF
15 FEDERAL AND STATE PROGRAMS.—Notwithstanding any
16 other provision of law, any premium assistance provided
17 to, or on behalf of, an individual under this section, shall
18 not be considered income or resources in determining eligi-
19 bility for, or the amount of assistance or benefits provided
20 under, any other Federal public benefit or State or local
21 public benefit.

22 (g) CHANGE IN COBRA NOTICE.—

23 (1) GENERAL NOTICE.—

24 (A) IN GENERAL.—In the case of notices
25 provided under section 4980B(f)(6) of the In-

1 ternal Revenue Code of 1986, section 2206 of
2 the Public Health Service Act (42 U.S.C.
3 300bb–6), section 606 of the Employee Retirement
4 Income Security Act of 1974 (29 U.S.C.
5 1166), or section 8905a(f)(2)(A) of title 5,
6 United States Code, with respect to individuals
7 who, during the period described in subsection
8 (a)(1)(A), become entitled to elect COBRA con-
9 tinuation coverage, such notices shall include an
10 additional notification to the recipient of the
11 availability of premium assistance for such cov-
12 erage under this section and for temporary
13 medicaid assistance under section 203 for the
14 remaining portion of COBRA continuation pre-
15 miums.

16 (B) ALTERNATIVE NOTICE.—In the case of
17 COBRA continuation coverage to which the no-
18 tice provision under such sections does not
19 apply, the Secretary of the Treasury, in con-
20 sultation with the Secretary of Labor, shall, in
21 coordination with administrators of the group
22 health plans (or other entities) that provide or
23 administer the COBRA continuation coverage
24 involved, assure the provision of such notice.

1 (C) FORM.—The requirement of the addi-
2 tional notification under this paragraph may be
3 met by amendment of existing notice forms or
4 by inclusion of a separate document with the
5 notice otherwise required.

6 (2) SPECIFIC REQUIREMENTS.—Each additional
7 notification under paragraph (1) shall include—

8 (A) the forms necessary for establishing
9 eligibility and enrollment in the premium assist-
10 ance program established under this section in
11 connection with the coverage with respect to
12 each covered employee or other qualified bene-
13 ficiary;

14 (B) the name, address, and telephone num-
15 ber necessary to contact the administrator and
16 any other person maintaining relevant informa-
17 tion in connection with the premium assistance;
18 and

19 (C) the following statement displayed in a
20 prominent manner:

21 “You may be eligible to receive assistance with pay-
22 ment of 75 percent of your COBRA continuation coverage
23 premiums and with temporary medicaid coverage for the
24 remaining premium portion for a duration of not to exceed
25 12 months.”.

1 (3) NOTICE RELATING TO RETROACTIVE COV-
2 ERAGE.—In the case of such notices previously
3 transmitted before the date of enactment of this Act
4 in the case of an individual described in paragraph
5 (1) who has elected (or is still eligible to elect)
6 COBRA continuation coverage as of the date of en-
7 actment of this Act, the administrator of the group
8 health plan (or other entity) involved or the Sec-
9 retary of the Treasury, in consultation with the Sec-
10 retary of Labor, (in the case described in the para-
11 graph (1)(B)) shall provide (within 60 days after the
12 date of enactment of this Act) for the additional no-
13 tification required to be provided under paragraph
14 (1).

15 (4) MODEL NOTICES.—Not later than 30 days
16 after the date of enactment of this Act, the Sec-
17 retary of the Treasury shall prescribe models for the
18 additional notification required under this sub-
19 section.

20 (h) REPORTS.—Beginning on January 1, 2002, and
21 every 3 months thereafter until January 1, 2003, the Sec-
22 retary of the Treasury shall submit a report to Congress
23 regarding the premium assistance program established
24 under this section that includes the following:

1 (1) The status of the implementation of the
2 program.

3 (2) The number of individuals provided assist-
4 ance under the program as of the date of the report.

5 (3) The average dollar amount (monthly and
6 annually) of the premium assistance provided under
7 the program.

8 (4) The number and identification of the States
9 that have elected to administer the program.

10 (5) The total amount of expenditures incurred
11 (with administrative expenditures noted separately)
12 under the program as of the date of the report.

13 (i) APPROPRIATION.—

14 (1) IN GENERAL.—Out of any funds in the
15 Treasury not otherwise appropriated, there is appro-
16 priated to carry out this section, such sums as are
17 necessary for each of fiscal years 2002 and 2003.

18 (2) OBLIGATION OF FUNDS.—This section con-
19 stitutes budget authority in advance of appropria-
20 tions Acts and represents the obligation of the Fed-
21 eral Government to provide for the payment of pre-
22 mium assistance under this section.

23 (j) SUNSET.—No premium assistance (including pay-
24 ment for such assistance) may be provided under this sec-
25 tion after December 31, 2002.

1 **SEC. 202. STATE OPTION TO PROVIDE TEMPORARY MED-**
2 **ICAID COVERAGE FOR CERTAIN UNINSURED**
3 **INDIVIDUALS.**

4 (a) STATE OPTION.—Notwithstanding any other pro-
5 vision of law, a State may elect to provide under its med-
6 icaid program under title XIX of the Social Security Act
7 medical assistance in the case of an individual—

8 (1) who at any time during the period that be-
9 gins on September 11, 2001, and ends on December
10 31, 2002, is separated from employment;

11 (2) who is not eligible for COBRA continuation
12 coverage;

13 (3) who is uninsured; and

14 (4) whose assets, resources, and earned or un-
15 earned income (or both) do not exceed such limita-
16 tions (if any) as the State may establish.

17 (b) LIMITATION OF PERIOD OF COVERAGE.—Medical
18 assistance provided in accordance with this section shall
19 end with respect to an individual on the earlier of—

20 (1) the date the individual is no longer unin-
21 sured; or

22 (2) subject to subsection (c)(4), 12 months
23 after the date the individual first receives such as-
24 sistance.

25 (c) SPECIAL RULES.—In the case of medical assist-
26 ance provided under this section—

1 (1) the Federal medical assistance percentage
2 under section 1905(b) of the Social Security Act (42
3 U.S.C. 1396d(b)) shall be the enhanced FMAP (as
4 defined in section 2105(b) of such Act (42 U.S.C.
5 1397ee(b)));

6 (2) a State may elect to apply any income,
7 asset, or resource limitation permitted under the
8 State medicaid plan or under title XIX of such Act;

9 (3) the provisions of section 1916(g) of the So-
10 cial Security Act (42 U.S.C. 1396o) shall apply to
11 the provision of such assistance in the same manner
12 as the provisions of such section apply with respect
13 to individuals provided medical assistance only under
14 subclause (XV) or (XVI) of section
15 1902(a)(10)(A)(ii) of such Act (42 U.S.C.
16 1396a(a)(10)(A)(ii));

17 (4) a State may elect to provide such assistance
18 in accordance with section 1902(a)(34) of the Social
19 Security Act (42 U.S.C. 1396a(a)(34)) and any as-
20 sistance provided with respect to a month described
21 in that section shall not be included in the deter-
22 mination of the 12-month period under subsection
23 (b)(2);

24 (5) a State may elect to make eligible for such
25 medical assistance a dependent spouse or children of

1 an individual eligible for medical assistance under
2 subsection (a), if such spouse or children are unin-
3 sured;

4 (6) individuals eligible for medical assistance
5 under this section shall be deemed to be described
6 in the list of individuals described in the matter pre-
7 ceding paragraph (1) of section 1905(a) of such Act
8 (42 U.S.C. 1396d(a));

9 (7) a State may elect to provide such medical
10 assistance without regard to any limitation under
11 sections 401(a), 402(b), 403, and 421 of the Per-
12 sonal Responsibility and Work Opportunity Rec-
13 onciliation Act of 1996 (8 U.S.C. 1611(a), 1612(b),
14 1613, and 1631) and no debt shall accrue under an
15 affidavit of support against any sponsor of an indi-
16 vidual who is an alien who is provided such assist-
17 ance, and the cost of such assistance shall not be
18 considered as an unreimbursed cost; and

19 (8) the Secretary of Health and Human Serv-
20 ices shall not count, for purposes of section 1108(f)
21 of the Social Security Act (42 U.S.C. 1308(f)), such
22 amount of payments under this section as bears a
23 reasonable relationship to the average national pro-
24 portion of payments made under this section for the
25 50 States and the District of Columbia to the pay-

1 ments otherwise made under title XIX for such
2 States and District.

3 (d) SUNSET.—No medical assistance may be provided
4 under this section after December 31, 2002.

5 **SEC. 203. STATE OPTION TO PROVIDE TEMPORARY COV-**
6 **ERAGE UNDER MEDICAID FOR THE UNSUB-**
7 **SIDIZED PORTION OF COBRA CONTINUATION**
8 **PREMIUMS.**

9 (a) STATE OPTION.—

10 (1) IN GENERAL.—Notwithstanding any other
11 provision of law, a State may elect to provide under
12 its medicaid program under title XIX of the Social
13 Security Act medical assistance in the form of pay-
14 ment for the portion of the premium for COBRA
15 continuation coverage for which an individual does
16 not receive a subsidy under the premium assistance
17 program established under section 201 in the case of
18 an individual—

19 (A) who at any time during the period that
20 begins on September 11, 2001, and ends on De-
21 cember 31, 2002, is separated from employ-
22 ment;

23 (B) who is eligible for, and has elected cov-
24 erage under, COBRA continuation coverage;

1 (C) who is receiving premium assistance
2 under the program established under section
3 201; and

4 (D) whose family income does not exceed
5 200 percent of the poverty line.

6 (2) INCLUSION OF CERTAIN INDIVIDUALS.—For
7 purposes of paragraph (1), the spouse, child, or
8 other individual who was an insured under health in-
9 surance coverage of an individual who was killed as
10 a result of the terrorist-related aircraft crashes on
11 September 11, 2001, or as a result of any other ter-
12 rorist-related event occurring during the period de-
13 scribed in that paragraph, and who satisfies the re-
14 quirements of subparagraphs (B), (C), and (D) of
15 paragraph (1) shall be eligible for medical assistance
16 under this section.

17 (b) LIMITATION OF PERIOD OF COVERAGE.—Medical
18 assistance provided in accordance with this section shall
19 end with respect to an individual on the earlier of—

20 (1) the date the individual is no longer covered
21 under COBRA continuation coverage; or

22 (2) 12 months after the date the individual first
23 receives such assistance under this section.

24 (c) SPECIAL RULES.—In the case of medical assist-
25 ance provided under this section—

1 (1) such assistance may be provided without re-
2 gard to—

3 (A) whether the State otherwise has elect-
4 ed to make medical assistance available for
5 COBRA premiums under section
6 1902(a)(10)(F) of the Social Security Act (42
7 U.S.C. 1396a(a)(10)(F)); or

8 (B) the conditions otherwise imposed for
9 the provision of medical assistance for such
10 COBRA premiums under clause (XII) of the
11 matter following section 1902(a)(10)(G) of the
12 Social Security Act (42 U.S.C.
13 1396a(a)(10)(G)), or paragraphs (1)(B),
14 (1)(C), (1)(D), and (4) of section 1902(u) of
15 such Act (42 U.S.C. 1396a(u)); and

16 (2) paragraphs (1), (2), (4), (5), (7), and (8)
17 of subsection (c) of section 202 apply to such assist-
18 ance in the same manner as such paragraphs apply
19 to the provision of medical assistance under that sec-
20 tion.

21 (d) SUNSET.—No medical assistance may be provided
22 under this section after December 31, 2002.

1 **SEC. 204. TEMPORARY INCREASES OF MEDICAID FMAP FOR**
2 **FISCAL YEAR 2002.**

3 (a) PERMITTING MAINTENANCE OF FISCAL YEAR
4 2001 FMAP.—Notwithstanding any other provision of
5 law, but subject to subsection (d), if the FMAP deter-
6 mined without regard to this section for a State for fiscal
7 year 2002 is less than the FMAP as so determined for
8 fiscal year 2001, the FMAP for the State for fiscal year
9 2001 shall be substituted for the State’s FMAP for fiscal
10 year 2002, before the application of this section.

11 (b) GENERAL 1.50 PERCENTAGE POINTS IN-
12 CREASE.—Notwithstanding any other provision of law, but
13 subject to subsections (d) and (e), for each State for each
14 calendar quarter in fiscal year 2002, the FMAP (taking
15 into account the application of subsection (a)) shall be in-
16 creased by 1.50 percentage points.

17 (c) FURTHER INCREASE FOR STATES WITH HIGH
18 UNEMPLOYMENT RATES.—

19 (1) IN GENERAL.—Notwithstanding any other
20 provision of law, but subject to subsections (d) and
21 (e), the FMAP for a high unemployment State for
22 a calendar quarter in fiscal year 2002 (and any sub-
23 sequent calendar quarter in such fiscal year regard-
24 less of whether the State continues to be a high un-
25 employment State for a calendar quarter in such fis-

1 cal year) shall be increased (after the application of
2 subsections (a) and (b)) by 1.50 percentage points.

3 (2) HIGH UNEMPLOYMENT STATE.—For pur-
4 poses of this subsection, a State is a high unemploy-
5 ment State for a calendar quarter if, for any 3 con-
6 secutive months beginning on or after June 2001
7 and ending with the second month before the begin-
8 ning of the calendar quarter, the State has an unem-
9 ployment rate that exceeds the national average un-
10 employment rate. Such unemployment rates for such
11 months shall be determined based on publications of
12 the Bureau of Labor Statistics of the Department of
13 Labor.

14 (d) 1-YEAR INCREASE IN CAP ON MEDICAID PAY-
15 MENTS TO TERRITORIES.—Notwithstanding any other
16 provision of law, with respect to fiscal year 2002, the
17 amounts otherwise determined for Puerto Rico, the Virgin
18 Islands, Guam, the Northern Mariana Islands, and Amer-
19 ican Samoa under section 1108 of the Social Security Act
20 (42 U.S.C. 1308) shall each be increased by an amount
21 equal to 3.093 percentage points of such amounts.

22 (e) SCOPE OF APPLICATION.—The increases in the
23 FMAP for a State under this section shall apply only for
24 purposes of title XIX of the Social Security Act and shall
25 not apply with respect to—

1 (1) disproportionate share hospital payments
2 described in section 1923 of such Act (42 U.S.C.
3 1396r-4); and

4 (2) payments under titles IV and XXI of such
5 Act (42 U.S.C. 601 et seq. and 1397aa et seq.).

6 (f) STATE ELIGIBILITY.—A State is eligible for an
7 increase in its FMAP under subsection (b) or (c) only if
8 the eligibility under its State plan under title XIX of the
9 Social Security Act (including any waiver under such title
10 or under section 1115 of such Act (42 U.S.C. 1315)) is
11 no more restrictive than the eligibility under such plan (or
12 waiver) as in effect on October 1, 2001.

13 **SEC. 205. DEFINITIONS.**

14 In this title:

15 (1) ADMINISTRATOR.—The term “adminis-
16 trator” has the meaning given that term in section
17 3(16)(A) of the Employee Retirement Income Secu-
18 rity Act of 1974 (29 U.S.C. 1002(16)(A)).

19 (2) COBRA CONTINUATION COVERAGE.—

20 (A) IN GENERAL.—The term “COBRA
21 continuation coverage” means coverage under a
22 group health plan provided by an employer pur-
23 suant to title XXII of the Public Health Service
24 Act, section 4980B of the Internal Revenue
25 Code of 1986, part 6 of subtitle B of title I of

1 the Employee Retirement Income Security Act
2 of 1974, or section 8905a of title 5, United
3 States Code.

4 (B) APPLICATION TO EMPLOYERS IN
5 STATES REQUIRING SUCH COVERAGE.—Such
6 term includes such coverage provided by an em-
7 ployer in a State that has enacted a law that
8 requires the employer to provide such coverage
9 even though the employer would not otherwise
10 be required to provide such coverage under the
11 provisions of law referred to in subparagraph
12 (A).

13 (3) COVERED EMPLOYEE.—The term “covered
14 employee” has the meaning given that term in sec-
15 tion 607(2) of the Employee Retirement Income Se-
16 curity Act of 1974 (29 U.S.C. 1167(2)).

17 (4) FEDERAL PUBLIC BENEFIT.—The term
18 “Federal public benefit” has the meaning given that
19 term in section 401(c) of the Personal Responsibility
20 and Work Opportunity Reconciliation Act of 1996 (8
21 U.S.C. 1611(c)).

22 (5) FMAP.—The term “FMAP” means the
23 Federal medical assistance percentage, as defined in
24 section 1905(b) of the Social Security Act (42
25 U.S.C. 1396d(b)).

1 (6) GROUP HEALTH PLAN.—The term “group
2 health plan” has the meaning given that term in sec-
3 tion 2791(a) of the Public Health Service Act (42
4 U.S.C. 300gg–91(a)) and in section 607(1) of the
5 Employee Retirement Income Security Act of 1974
6 (29 U.S.C. 1167(1)).

7 (7) HEALTH INSURANCE COVERAGE.—The term
8 “health insurance coverage” has the meaning given
9 that term in section 2791(b)(1) of the Public Health
10 Service Act (42 U.S.C. 300gg–91(b)(1)).

11 (8) MULTIEMPLOYER PLAN.—The term “multi-
12 employer plan” has the meaning given that term in
13 section 3(37) of the Employee Retirement Income
14 Security Act of 1974 (29 U.S.C. 1002(37)).

15 (9) POVERTY LINE.—The term “poverty line”
16 has the meaning given that term in section
17 2110(c)(5) of the Social Security Act (42 U.S.C.
18 1397jj(c)(5)).

19 (10) QUALIFIED BENEFICIARY.—The term
20 “qualified beneficiary” has the meaning given that
21 term in section 607(3) of the Employee Retirement
22 Income Security Act of 1974 (29 U.S.C. 1167(3)).

23 (11) STATE.—The term “State” has the mean-
24 ing given such term for purposes of title XIX of the
25 Social Security Act (42 U.S.C. 1396 et seq.).

1 (12) STATE OR LOCAL PUBLIC BENEFIT.—The
2 term “State or local public benefit” has the meaning
3 given that term in section 411(c) of the Personal
4 Responsibility and Work Opportunity Reconciliation
5 Act of 1996 (8 U.S.C. 1621(c)).

6 (13) UNINSURED.—

7 (A) IN GENERAL.—The term “uninsured”
8 means, with respect to an individual, that the
9 individual is not covered under—

10 (i) a group health plan;

11 (ii) health insurance coverage; or

12 (iii) a program under title XVIII,
13 XIX, or XXI of the Social Security Act
14 (other than under such title XIX pursuant
15 to section 202).

16 (B) EXCLUSION.—Such coverage under
17 clause (i) or (ii) shall not include coverage con-
18 sisting solely of coverage of excepted benefits
19 (as defined in section 2791(c) of the Public
20 Health Service Act (42 U.S.C. 300gg–91(c)).

1 **TITLE III—TANF SUPPLE-**
2 **MENTAL GRANTS FOR POPU-**
3 **LATION INCREASES**

4 **SEC. 301. REAUTHORIZATION OF TANF SUPPLEMENTAL**
5 **GRANTS FOR POPULATION INCREASES FOR**
6 **FISCAL YEAR 2002.**

7 Section 403(a)(3) of the Social Security Act (42
8 U.S.C. 603(a)(3)) is amended by adding at the end the
9 following:

10 “(H) REAUTHORIZATION OF GRANTS FOR
11 FISCAL YEAR 2002.—Notwithstanding any other
12 provision of this paragraph—

13 “(i) any State that was a qualifying
14 State under this paragraph for fiscal year
15 2001 or any prior fiscal year shall be enti-
16 tled to receive from the Secretary for fiscal
17 year 2002 a grant in an amount equal to
18 the amount required to be paid to the
19 State under this paragraph for the most
20 recent fiscal year in which the State was a
21 qualifying State;

22 “(ii) subparagraph (G) shall be ap-
23 plied as if ‘2002’ were substituted for
24 ‘2001’; and

1 “(iii) out of any money in the Treas-
2 ury of the United States not otherwise ap-
3 propriated, there are appropriated for fis-
4 cal year 2002 such sums as are necessary
5 for grants under this subparagraph.”.

6 **SEC. 303. FISCAL YEAR 2002 TANF PAYMENTS.**

7 Notwithstanding any other provision of law, any pay-
8 ment under section 403 of the Social Security Act (42
9 U.S.C. 603) that would otherwise be sent to a State on
10 September 30, 2002, by the Secretary of the Treasury
11 shall be sent on October 1, 2002.

12 **SEC. 304. TANF BONUSES FOR HIGH PERFORMANCE**
13 **STATES.**

14 (a) RESCISSION.—Effective upon the date of enact-
15 ment of this Act or October 1, 2001, whichever is later,
16 \$319,000,000 of the amount appropriated under section
17 403(a)(4)(F) of the Social Security Act (42 U.S.C.
18 603(a)(4)(F)) is rescinded.

19 (b) APPROPRIATION.—Effective October 1, 2002, out
20 of any money in the Treasury of the United States not
21 otherwise appropriated, there is appropriated
22 \$319,000,000 for bonus grants under section 403(a)(4)
23 of the Social Security Act (42 U.S.C. 603(a)(4)). Amounts
24 appropriated under this subsection shall be in addition to

1 amounts appropriated under subparagraph (F) of section
2 403(a)(4) of such Act (42 U.S.C. 603(a)(4)).

3 **TITLE IV—TANF CONTINGENCY**
4 **FUND**

5 **SEC. 401. 1-YEAR EXTENSION AND MODIFICATION OF TANF**
6 **CONTINGENCY FUND.**

7 (a) IN GENERAL.—Section 403(b) of the Social Secu-
8 rity Act (42 U.S.C. 603(b)(5)) is amended by adding at
9 the end the following:

10 “(9) SPECIAL RULES FOR FISCAL YEAR 2002.—
11 Notwithstanding the preceding provisions of this
12 subsection, with respect to fiscal year 2002, the fol-
13 lowing shall apply:

14 “(A) DEPOSITS INTO FUND.—Out of any
15 money in the Treasury of the United States not
16 otherwise appropriated, there are appropriated
17 for fiscal year 2002 such sums as are necessary
18 for payments under this subsection for that fis-
19 cal year.

20 “(B) INCREASE IN STATE FAMILY ASSIST-
21 ANCE GRANT.—

22 “(i) IN GENERAL.—For each quarter
23 in which a State is determined to be a
24 needy State, the Secretary shall provide a
25 contingency fund grant equal to 7 percent

1 of the quarterly TANF grant, as defined in
2 clause (ii).

3 “(ii) DEFINITION OF QUARTERLY
4 TANF GRANT.—In this paragraph, the term
5 ‘quarterly TANF grant’ means, with re-
6 spect to a State, $\frac{1}{4}$ of the State family as-
7 sistance grant under subsection (a)(1) for
8 fiscal year 2002.

9 “(C) NEEDY STATE.—

10 “(i) IN GENERAL.—A State is a needy
11 State for purposes of this paragraph if—

12 “(I) the average rate of total un-
13 employment in the State (seasonally
14 adjusted) for the most recent 3
15 months for which data are available
16 for all States—

17 “(aa) is at least 6.5 percent;

18 or

19 “(bb) has increased by the
20 lesser of 50 percent, or 1.5 per-
21 centage points, over the lesser of
22 the average rate of total unem-
23 ployment in the State (seasonally
24 adjusted) for a comparable 3-

1 month period in fiscal year 2001
2 or fiscal year 2000; and

3 “(II) the amount of the unobli-
4 gated Federal funds to be paid to the
5 State under this part is less than the
6 amount equal to 50 percent of the
7 State family assistance grant under
8 subsection (a)(1) for fiscal year 2001,
9 as measured, at the option of the
10 State—

11 “(aa) as of September 30,
12 2001; or

13 “(bb) for the most recently
14 completed quarter of fiscal year
15 2002, as determined under clause
16 (ii).

17 “(ii) DETERMINATION OF UNOBLI-
18 GATED FEDERAL FUNDS.—For purposes of
19 clause (i)(bb), the unobligated Federal
20 funds to be paid to the State under this
21 part for the most recently completed quar-
22 ter of fiscal year 2002 are the difference
23 between—

1 “(I) the unobligated Federal
2 funds to be paid to the State at the
3 end of fiscal year 2001; and

4 “(II) the difference between—

5 “(aa) the total Federal ex-
6 penditures and obligations under
7 this part (regardless of the year
8 in which the Federal funds were
9 awarded) for the most recently
10 completed quarter of fiscal year
11 2002 and all previous quarters in
12 fiscal year 2002; and

13 “(bb) the sum of the total of
14 the quarterly TANF grants (as
15 defined in subparagraph (B)(ii))
16 awarded to the State for the
17 most recently completed quarter
18 of fiscal year 2002, and the total
19 of the quarterly supplemental
20 grants (as defined in clause (iii)),
21 if any, made to the State for
22 such most recent quarter.

23 “(iii) DEFINITION OF QUARTERLY
24 SUPPLEMENTAL GRANT.—In this para-
25 graph, the term ‘quarterly supplemental

1 grant' means, with respect to a State, $\frac{1}{4}$
2 of the grant made to the State (if any)
3 under subsection (a)(3) for fiscal year
4 2002.

5 “(D) NONAPPLICATION OF ANNUAL REC-
6 ONCILIATION REQUIREMENT.—Paragraph (6)
7 shall not apply to payments made under this
8 subsection for fiscal year 2002.”.

9 (b) REALIGNMENT OF RELATED MAINTENANCE OF
10 EFFORT REQUIREMENT.—Section 409(a)(10) of the So-
11 cial Security Act (42 U.S.C. 609(a)(10)) is amended by
12 striking “100 percent” and inserting “the applicable per-
13 centage (as defined in paragraph (7)(B)(ii) of this sub-
14 section)”.

15 (c) NOT EXTENDED IN BASELINE.—Notwith-
16 standing paragraph (2) of section 257(b) the Balanced
17 Budget and Emergency Deficit Control Act of 1985 (2
18 U.S.C. 907(b)), the contingency fund grants made under
19 section 403(b)(9) of the Social Security Act (42 U.S.C.
20 603(b)(9)), as added by subsection (a), shall be assumed
21 to expire upon the conclusion of fiscal year 2002 for pur-
22 poses of that Act.

○