

110TH CONGRESS
1ST SESSION

H. R. 3888

To provide for a 5-year SCHIP reauthorization for coverage of low-income children, an expansion of child health care insurance coverage through tax fairness, and a health care Federalism initiative, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 18, 2007

Mrs. MUSGRAVE (for herself, Mr. PRICE of Georgia, Mr. FEENEY, Mr. WALBERG, Mr. BOEHNER, Mr. BLUNT, Mr. CANTOR, Mr. PUTNAM, Mr. KELLER of Florida, Mr. TERRY, Mr. ROSKAM, Mr. THORNBERRY, Mr. SESSIONS, Mr. CHABOT, Mr. DAVID DAVIS of Tennessee, Mr. HELLER of Nevada, Mr. KLINE of Minnesota, Mr. PENCE, Mr. CARTER, Mr. GOHMERT, Mr. WELDON of Florida, Mr. WESTMORELAND, Mr. PITTS, Mr. BISHOP of Utah, Mrs. BLACKBURN, Mr. ISSA, Mr. BARTLETT of Maryland, Mr. SMITH of Nebraska, Mr. HOEKSTRA, Mrs. SCHMIDT, Mr. BROWN of South Carolina, Mr. COBLE, Mr. MILLER of Florida, Mr. BURTON of Indiana, Mr. GINGREY, Mr. BOOZMAN, Mr. SMITH of Texas, Mr. GARY G. MILLER of California, Mr. CRENSHAW, Mr. WAMP, Mrs. CUBIN, and Mr. FRANKS of Arizona) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means and Rules, 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 for a 5-year SCHIP reauthorization for coverage of low-income children, an expansion of child health care insurance coverage through tax fairness, and a health care Federalism initiative, 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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
 5 “More Children, More Choices Act of 2007”.

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

Sec. 1. Short title; table of contents.

TITLE I—SCHIP REAUTHORIZATION

- Sec. 101. Requiring outreach and coverage before expansion of eligibility.
- Sec. 102. Application of citizenship documentation requirements; increased Federal matching rate for citizenship documentation enforcement under Medicaid and SCHIP.
- Sec. 103. Limitations on eligibility based on substantial net assets.
- Sec. 104. Clarification of State authorities.
- Sec. 105. Easing administrative barriers to State cooperation with employer-sponsored insurance coverage.
- Sec. 106. Improving beneficiary choice in SCHIP.
- Sec. 107. Allotment distribution formula.
- Sec. 108. Five-year reauthorization.
- Sec. 109. Enhancing the programmatic focus on children and pregnant women.
- Sec. 110. Grants for outreach and enrollment.

TITLE II—CHILD HEALTH INSURANCE COVERAGE THROUGH TAX FAIRNESS

- Sec. 201. Expansion of child health care insurance coverage through tax fairness.

TITLE III—STATE HEALTH REFORM PROJECTS

- Sec. 301. State health reform projects.

TITLE IV—SENSE OF THE HOUSE OF REPRESENTATIVES

- Sec. 401. Medicare and Medicaid reform and savings.

1 **TITLE I—SCHIP**
2 **REAUTHORIZATION**

3 **SEC. 101. REQUIRING OUTREACH AND COVERAGE BEFORE**
4 **EXPANSION OF ELIGIBILITY.**

5 (a) STATE PLAN REQUIRED TO SPECIFY HOW IT
6 WILL ACHIEVE COVERAGE FOR 90 PERCENT OF TAR-
7 GETED LOW-INCOME CHILDREN.—

8 (1) IN GENERAL.—Section 2102(a) of the So-
9 cial Security Act (42 U.S.C. 1397bb(a)) is amend-
10 ed—

11 (A) in paragraph (6), by striking “and” at
12 the end;

13 (B) in paragraph (7), by striking the pe-
14 riod at the end and inserting “; and”; and

15 (C) by adding at the end the following new
16 paragraph:

17 “(8) how the eligibility and benefits provided
18 for under the plan for each fiscal year (beginning
19 with fiscal year 2009) will allow for the State’s an-
20 nual funding allotment to cover at least 90 percent
21 of the eligible targeted low-income children in the
22 State.”.

23 (2) EFFECTIVE DATE.—The amendments made
24 by paragraph (1) shall apply to State child health

1 plans for fiscal years beginning with fiscal year
2 2009.

3 (b) LIMITATION ON PROGRAM EXPANSIONS UNTIL
4 LOWEST INCOME ELIGIBLE INDIVIDUALS ENROLLED.—
5 Section 2105(c) of such Act (42 U.S.C. 1397dd(c)) is
6 amended by adding at the end the following new para-
7 graph:

8 “(8) LIMITATION ON INCREASED COVERAGE OF
9 HIGHER INCOME CHILDREN.—For child health as-
10 sistance furnished in a fiscal year beginning with fis-
11 cal year 2008:

12 “(A) NO PAYMENT FOR CHILDREN WITH
13 FAMILY INCOME ABOVE 250 PERCENT OF POV-
14 ERTY LINE.—Payment shall not be made under
15 this section for child health assistance for a tar-
16 geted low-income child in a family the income
17 of which exceeds 250 percent of the poverty line
18 applicable to a family of the size involved.

19 “(B) SPECIAL RULES FOR PAYMENT FOR
20 CHILDREN WITH FAMILY INCOME ABOVE 200
21 PERCENT OF POVERTY LINE.—In the case of
22 child health assistance for a targeted low-in-
23 come child in a family the income of which ex-
24 ceeds 200 percent (but does not exceed 250
25 percent) of the poverty line applicable to a fam-

1 ily of the size involved no payment shall be
2 made under this section for such assistance un-
3 less the State demonstrates to the satisfaction
4 of the Secretary that—

5 “(i) the State has met the 90 percent
6 retrospective coverage test specified in sub-
7 paragraph (C)(i) for the previous fiscal
8 year; and

9 “(ii) the State will meet the 90 per-
10 cent prospective coverage test specified in
11 subparagraph (C)(ii) for the fiscal year.

12 “(C) 90 PERCENT COVERAGE TESTS.—

13 “(i) RETROSPECTIVE TEST.—The 90
14 percent retrospective coverage test speci-
15 fied in this clause is, for a State for a fis-
16 cal year, that on average during the fiscal
17 year, the State has enrolled under this title
18 or title XIX at least 90 percent of the indi-
19 viduals residing in the State who—

20 “(I) are children under 19 years
21 of age (or are pregnant women) and
22 are eligible for medical assistance
23 under title XIX; or

24 “(II) are targeted low-income
25 children whose family income does not

1 exceed 200 percent of the poverty line
2 and who are eligible for child health
3 assistance under this title.

4 “(ii) PROSPECTIVE TEST.—The 90
5 percent prospective test specified in this
6 clause is, for a State for a fiscal year, that
7 on average during the fiscal year, the State
8 will enroll under this title or title XIX at
9 least 90 percent of the individuals residing
10 in the State who—

11 “(I) are children under 19 years
12 of age (or are pregnant women) and
13 are eligible for medical assistance
14 under title XIX; or

15 “(II) are targeted low-income
16 children whose family income does not
17 exceed such percent of the poverty
18 line (in excess of 200 percent) as the
19 State elects consistent with this para-
20 graph and who are eligible for child
21 health assistance under this title.

22 “(D) GRANDFATHER.—Subparagraphs (A)
23 and (B) shall not apply to the provision of child
24 health assistance—

1 “(i) to a targeted low-income child
2 who is enrolled for child health assistance
3 under this title as of September 30, 2007;

4 “(ii) to a pregnant woman who is en-
5 rolled for assistance under this title as of
6 September 30, 2007, through the comple-
7 tion of the post-partum period following
8 completion of her pregnancy; and

9 “(iii) for items and services furnished
10 before October 1, 2008, to an individual
11 who is not a targeted low-income child and
12 who is enrolled for assistance under this
13 title as of September 30, 2007.

14 “(E) TREATMENT OF PREGNANT
15 WOMEN.—In this paragraph and sections
16 2102(a)(8) and 2104(a)(2), the term ‘targeted
17 low-income child’ includes an individual under
18 age 19, including the period from conception to
19 birth, who is eligible for child health assistance
20 under this title by virtue of the definition of the
21 term ‘child’ under section 457.10 of title 42,
22 Code of Federal Regulations.”.

23 (c) STANDARDIZATION OF INCOME DETERMINA-
24 TIONS.—

1 (1) IN GENERAL.—Section 2110(d) of such Act
2 (42 U.S.C. 1397jj) is amended by adding at the end
3 the following new subsection:

4 “(d) STANDARDIZATION OF INCOME DETERMINA-
5 TIONS.—In determining family income under this title (in-
6 cluding in the case of a State child health plan that pro-
7 vides health benefits coverage in the manner described in
8 section 2101(a)(2)), a State shall base such determination
9 on gross income (including amounts that would be in-
10 cluded in gross income if they were not exempt from in-
11 come taxation) and may only take into consideration such
12 income disregards as the Secretary shall develop.”.

13 (2) EFFECTIVE DATE.—(A) Subject to subpara-
14 graph (B), the amendment made by paragraph (1)
15 shall apply to determinations (and redeterminations)
16 of income made on or after April 1, 2008.

17 (B) In the case of a State child health plan
18 under title XXI of the Social Security Act which the
19 Secretary of Health and Human Services determines
20 requires State legislation (other than legislation ap-
21 propriating funds) in order for the plan to meet the
22 additional requirement imposed by the amendment
23 made by paragraph (1), the State child health plan
24 shall not be regarded as failing to comply with the
25 requirements of such title solely on the basis of its

1 failure to meet this additional requirement before
2 the first day of the first calendar quarter beginning
3 after the close of the first regular session of the
4 State legislature that begins after the date of the en-
5 actment of this Act. For purposes of the previous
6 sentence, in the case of a State that has a 2-year
7 legislative session, each year of such session shall be
8 deemed to be a separate regular session of the State
9 legislature.

10 **SEC. 102. APPLICATION OF CITIZENSHIP DOCUMENTATION**
11 **REQUIREMENTS; INCREASED FEDERAL**
12 **MATCHING RATE FOR CITIZENSHIP DOCU-**
13 **MENTATION ENFORCEMENT UNDER MED-**
14 **ICAID AND SCHIP.**

15 (a) APPLICATION OF REQUIREMENTS.—

16 (1) IN GENERAL.—Section 2105(c) of the So-
17 cial Security Act (42 U.S.C. 1397dd(c)), as amended
18 by section 101(b), is amended by adding at the end
19 the following new paragraph:

20 “(9) APPLICATION OF CITIZENSHIP DOCU-
21 MENTATION REQUIREMENTS.—

22 “(A) IN GENERAL.—Subject to subpara-
23 graph (B), no payment may be made under this
24 section to a State with respect to amounts ex-
25 pended for child health assistance for an indi-

1 vidual who declares under section
2 1137(d)(1)(A) to be a citizen or national of the
3 United States for purposes of establishing eligi-
4 bility for benefits under this title, unless the re-
5 quirement of section 1903(x) is met.

6 “(B) TREATMENT OF PREGNANT
7 WOMEN.—For purposes of applying subpara-
8 graph (A) in the case of a pregnant woman who
9 qualifies for child health assistance by virtue of
10 the application of section 457.10 of title 42,
11 Code of Federal Regulations, the requirement
12 of such section shall be deemed to be satisfied
13 by the presentation of documentation of per-
14 sonal identity described in section
15 274A(b)(1)(D) of the Immigration and Nation-
16 ality Act or any other documentation of per-
17 sonal identity of such other type as the Sec-
18 retary finds, by regulation, provides a reliable
19 means of identification.”.

20 (2) EFFECTIVE DATE.—The amendment made
21 by paragraph (1) shall apply to eligibility determina-
22 tions and redeterminations made on or after April 1,
23 2008.

1 (b) TEMPORARY INCREASE IN FEDERAL MATCHING
2 RATE FOR ADMINISTRATIVE COSTS UNDER MEDICAID
3 AND SCHIP.—

4 (1) MEDICAID.—

5 (A) IN GENERAL.—With respect to admin-
6 istrative costs incurred on or after July 1,
7 2006, and before October 1, 2008, in imple-
8 menting the amendments made by section 6036
9 of the Deficit Reduction Act of 2005 (Public
10 Law 109–171), 75 percent shall be substituted
11 for 50 per centum in section 1903(a)(7) of the
12 Social Security Act (42 U.S.C. 1396b(a)(7)).

13 (B) RETROACTIVE ADJUSTMENT.—The
14 Secretary of Health and Human Services shall
15 take such steps as may be necessary to provide
16 for the adjustment of payments under section
17 1903(a) of the Social Security Act (42 U.S.C.
18 1396b(a)) to take into account the application
19 of subparagraph (A) for periods before the date
20 of the enactment of this Act.

21 (2) SCHIP.—With respect to administrative
22 costs incurred on or after April 1, 2008, and before
23 October 1, 2008 in implementing the amendment
24 made by subsection (a)(1), the enhanced FMAP ap-
25 plied under section 2105(a)(1)(D)(iv) of the Social

1 Security Act (42 U.S.C. 1397d(a)(1)(D)(iv)) shall
2 not be less than 75 percent.

3 **SEC. 103. LIMITATIONS ON ELIGIBILITY BASED ON SUB-**
4 **STANTIAL NET ASSETS.**

5 (a) IN GENERAL.—Section 2110(b) of the Social Se-
6 curity Act (42 U.S.C. 1397jj(b)) is amended—

7 (1) in paragraph (1), by striking “paragraph
8 (2)” and inserting “paragraphs (2) and (5)”; and

9 (2) by adding at the end the following new
10 paragraph:

11 “(5) DISQUALIFICATION FOR INDIVIDUALS IN
12 FAMILIES WITH SUBSTANTIAL NET ASSETS.—An in-
13 dividual in a family is not eligible for child health
14 assistance under this title if the individual’s family
15 has net assets (including the equity interest in any
16 home) that exceeds \$500,000 or unless there is pro-
17 vided a document (in such a form and manner as
18 the Secretary shall specify) signed under penalty of
19 perjury by an applicant for child health assistance
20 on behalf of the individual that the net assets of the
21 individual’s family (including the equity interest in
22 the any home) does not exceed \$500,000. The Sec-
23 retary may increase the dollar amount specified in
24 the previous sentence from year to year beginning
25 with 2013 based on the percentage increase in the

1 consumer price index for all urban consumers (all
2 items; United States city average), rounded to the
3 nearest \$1,000.”.

4 (b) EFFECTIVE DATE.—The amendments made by
5 subsection (a) shall apply to eligibility determinations and
6 redeterminations made on or after April 1, 2008.

7 **SEC. 104. CLARIFICATION OF STATE AUTHORITIES.**

8 Section 2102 of the Social Security Act (42 U.S.C.
9 1397bb) is amended by adding at the end the following
10 new subsection:

11 “(d) CLARIFICATION OF STATE AUTHORITIES.—
12 Nothing in this title shall be construed as preventing a
13 State, under its child health plan, from doing any of the
14 following:

15 “(1) USE OF WAITING PERIODS TO PREVENT
16 CROWD OUT.—From using waiting periods and other
17 tools to prevent crowding out private-sector insur-
18 ance coverage.

19 “(2) USE OF PRIVATE PROVIDERS AND
20 PLANS.—From cooperating or contracting with pri-
21 vate sector providers and plans in order to provide
22 care to targeted low-income children.

23 “(3) USE OF STATE FUNDS FOR INELIGIBLE
24 INDIVIDUALS.—From providing medical benefits for

1 individuals who are not targeted low-income children
2 with State funds.”.

3 **SEC. 105. EASING ADMINISTRATIVE BARRIERS TO STATE**
4 **COOPERATION WITH EMPLOYER-SPONSORED**
5 **INSURANCE COVERAGE.**

6 (a) **REQUIRING SOME COVERAGE FOR EMPLOYER-**
7 **SPONSORED INSURANCE.—**

8 (1) **IN GENERAL.—**Section 2102(a) of the So-
9 cial Security Act (42 U.S.C. 1397b(a)), as amended
10 by section 101(a), is amended—

11 (A) in paragraph (7), by striking “and” at
12 the end;

13 (B) in paragraph (8), by striking the pe-
14 riod at the end and inserting “; and”; and

15 (C) by adding at the end the following new
16 paragraph:

17 “(9) effective for plan years beginning on or
18 after October 1, 2008, how the plan will provide for
19 child health assistance with respect to targeted low-
20 income children covered under a group health
21 plan.”.

22 (2) **EFFECTIVE DATE.—**The amendment made
23 by paragraph (1) shall apply beginning with fiscal
24 year 2009.

1 (b) FEDERAL FINANCIAL PARTICIPATION FOR EM-
2 PLOYER-SPONSORED INSURANCE.—Section 2105 of such
3 Act (42 U.S.C. 1397d) is amended—

4 (1) in subsection (a)(1)(C), by inserting before
5 the semicolon at the end the following: “and, subject
6 to paragraph (3)(C), in the form of payment of the
7 premiums for coverage under a group health plan
8 that includes coverage of targeted low-income chil-
9 dren and benefits supplemental to such coverage”;
10 and

11 (2) paragraph (3) of subsection (c) is amended
12 to read as follows:

13 “(3) PURCHASE OF EMPLOYER-SPONSORED IN-
14 SURANCE.—

15 “(A) IN GENERAL.—Payment may be
16 made to a State under subsection (a)(1)(C),
17 subject to the provisions of this paragraph, for
18 the purchase of family coverage under a group
19 health plan that includes coverage of targeted
20 low-income children unless such coverage would
21 otherwise substitute for coverage that would be
22 provided to such children but for the purchase
23 of family coverage.

1 “(B) WAIVER OF CERTAIN PROVISIONS.—
2 With respect to coverage described in subpara-
3 graph (A)—

4 “(i) notwithstanding section 2102, no
5 minimum benefits requirement (other than
6 those otherwise applicable with respect to
7 services referred to in section 2102(a)(7))
8 under this title shall apply; and

9 “(ii) no limitation on beneficiary cost-
10 sharing otherwise applicable under this
11 title or title XIX shall apply.

12 “(C) REQUIRED PROVISION OF SUPPLE-
13 MENTAL BENEFITS.—If the coverage described
14 in subparagraph (A) does not provide coverage
15 for the services referred to in section
16 2102(a)(7), the State child health plan shall
17 provide coverage of such services as supple-
18 mental benefits.

19 “(D) LIMITATION ON FFP.—The amount
20 of the payment under paragraph (1)(C) for cov-
21 erage described in subparagraph (A) (and sup-
22 plemental benefits under subparagraph (C) for
23 individuals so covered) during a fiscal year may
24 not exceed the product of—

1 “(i) the national per capita expendi-
2 ture under this title (taking into account
3 both Federal and State expenditures) for
4 the previous fiscal year (as determined by
5 the Secretary using the best available
6 data);

7 “(ii) the enhanced FMAP for the
8 State and fiscal year involved; and

9 “(iii) the number of targeted low-in-
10 come children for whom such coverage is
11 provided.

12 “(E) VOLUNTARY ENROLLMENT.—A State
13 child health plan—

14 “(i) may not require a targeted low-
15 income child to enroll in coverage described
16 in subparagraph (A) in order to obtain
17 child health assistance under this title;

18 “(ii) before providing such child
19 health assistance for such coverage of a
20 child, shall make available (which may be
21 through an Internet website or other
22 means) to the parent or guardian of the
23 child information on the coverage available
24 under this title, including benefits and
25 cost-sharing; and

1 “(iii) shall provide at least one oppor-
2 tunity per fiscal year for beneficiaries to
3 switch coverage under this title from cov-
4 erage described in subparagraph (A) to the
5 coverage that is otherwise made available
6 under this title.

7 “(F) INFORMATION ON COVERAGE OP-
8 TIONS.—A State child health plan shall—

9 “(i) describe how the State will notify
10 potential beneficiaries of coverage de-
11 scribed in subparagraph (A);

12 “(ii) provide such notification in writ-
13 ing at least during the initial application
14 for enrollment under this title and during
15 redeterminations of eligibility if the indi-
16 vidual was enrolled before October 1, 2008;
17 and

18 “(iii) post a description of these cov-
19 erage options on any official website that
20 may be established by the State in connec-
21 tion with the plan.

22 “(G) SEMIANNUAL VERIFICATION OF COV-
23 ERAGE.—If coverage described in subparagraph
24 (A) is provided under a group health plan with
25 respect to a targeted low-income child, the

1 State child health plan shall provide for the col-
2 lection, at least once every six months, of proof
3 from the plan that the child is enrolled in such
4 coverage.

5 “(H) RULE OF CONSTRUCTION.—Nothing
6 in this section is to be construed to prohibit a
7 State from—

8 “(i) offering wrap around benefits in
9 order for a group health plan to meet any
10 State-established minimum benefit require-
11 ments;

12 “(ii) establishing a cost-effectiveness
13 test to qualify for coverage under such a
14 plan;

15 “(iii) establishing limits on beneficiary
16 cost-sharing under such a plan;

17 “(iv) paying all or part of a bene-
18 ficiary’s cost-sharing requirements under
19 such a plan;

20 “(v) paying less than the full cost of
21 the employee’s share of the premium under
22 such a plan, including prorating the cost of
23 the premium to pay for only what the
24 State determines is the portion of the pre-

1 mium that covers targeted low-income chil-
2 dren;

3 “(vi) using State funds to pay for
4 benefits above the Federal upper limit es-
5 tablished under subparagraph (C);

6 “(vii) allowing beneficiaries enrolled in
7 group health plans from changing plans to
8 another coverage option available under
9 this title at any time; or

10 “(viii) providing any guidance or in-
11 formation it deems appropriate in order to
12 help beneficiaries make an informed deci-
13 sion regarding the option to enroll in cov-
14 erage described in subparagraph (A).

15 “(I) GROUP HEALTH PLAN DEFINED.—In
16 this paragraph, the term ‘group health plan’
17 has the meaning given such term in section
18 2791(a)(1) of the Public Health Service Act (42
19 U.S.C. 300gg–91(a)(1)).”.

20 **SEC. 106. IMPROVING BENEFICIARY CHOICE IN SCHIP.**

21 (a) **REQUIRING OFFERING OF ALTERNATIVE COV-**
22 **ERAGE OPTIONS.**—Section 2102 of the Social Security Act
23 (42 U.S.C. 1397b), as amended by sections 101(a), 104,
24 and 105(a), is amended—

25 (1) in subsection (a)—

1 (A) in paragraph (8), by striking “and” at
2 the end;

3 (B) in paragraph (9), by striking the pe-
4 riod at the end and inserting “; and”; and

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

7 “(10) effective for plan years beginning on or
8 after October 1, 2008, how the plan will provide for
9 child health assistance with respect to targeted low-
10 income children through alternative coverage options
11 in accordance with subsection (e).”; and

12 (2) by adding at the end the following new sub-
13 section:

14 “(e) ALTERNATIVE COVERAGE OPTIONS.—

15 “(1) IN GENERAL.—Effective October 1, 2008,
16 a State child health plan shall provide for the offer-
17 ing of any qualified alternative coverage that a
18 qualified entity seeks to offer to targeted low-income
19 children through the plan in the State.

20 “(2) APPLICATION OF UNIFORM FINANCIAL
21 LIMITATION FOR ALL ALTERNATIVE COVERAGE OP-
22 TIONS.—With respect to all qualified alternative cov-
23 erage offered in a State, the State child health plan
24 shall establish a uniform dollar limitation on the per
25 capita monthly amount that will be paid by the

1 State to the qualified entity with respect to such
2 coverage provided to a targeted low-income child.
3 Such limitation may not be less than 90 percent of
4 the per capita monthly payment made for coverage
5 offered under the State child health plan that is not
6 in the form of an alternative coverage option. Noth-
7 ing in this paragraph shall be construed—

8 “(A) as requiring a State to provide for
9 the full payment of premiums for qualified al-
10 ternative coverage;

11 “(B) as preventing a State from charging
12 additional premiums to cover the difference be-
13 tween the cost of qualified alternative coverage
14 and the amount of such payment limitation;

15 “(C) as preventing a State from using its
16 own funds to provide a dollar limitation that ex-
17 ceeds the Federal financial participation as lim-
18 ited under section 2105(c)(10).

19 “(3) QUALIFIED ALTERNATIVE COVERAGE DE-
20 FINED.—In this section, the term ‘qualified alter-
21 native coverage’ means health insurance coverage
22 that—

23 “(A) meets the coverage requirements of
24 section 2103 (other than cost-sharing require-
25 ments of such section); and

1 “(B) is offered by a qualified insurer, and
2 not directly by the State.

3 “(4) QUALIFIED INSURER DEFINED.—In this
4 section, the term ‘qualified insurer’ means, with re-
5 spect to a State, an entity that is licensed to offer
6 health insurance coverage in the State.”.

7 (b) FEDERAL FINANCIAL PARTICIPATION FOR
8 QUALIFIED ALTERNATIVE COVERAGE.—Section 2105 of
9 such Act (42 U.S.C. 1397d) is amended—

10 (1) in subsection (a)(1)(C), as amended by sec-
11 tion 105(b), by inserting before the semicolon at the
12 end the following: “and, subject to paragraph
13 (8)(C), in the form of payment of the premiums for
14 coverage for qualified alternative coverage”; and

15 (2) in subsection (c), as amended by sections
16 101(b) and 102(a)(1), by adding at the end the fol-
17 lowing new paragraph:

18 “(10) PURCHASE OF QUALIFIED ALTERNATIVE
19 COVERAGE.—

20 “(A) IN GENERAL.—Payment may be
21 made to a State under subsection (a)(1)(C),
22 subject to the provisions of this paragraph, for
23 the purchase of qualified alternative coverage.

24 “(B) WAIVER OF CERTAIN PROVISIONS.—
25 With respect to coverage described in subpara-

1 graph (A), no limitation on beneficiary cost-
2 sharing otherwise applicable under this title or
3 title XIX shall apply.

4 “(C) LIMITATION ON FFP.—The amount of
5 the payment under paragraph (1)(C) for cov-
6 erage described in subparagraph (A) during a
7 fiscal year in the aggregate for all such cov-
8 erage in the State may not exceed the product
9 of—

10 “(i) the national per capita expendi-
11 ture under this title (taking into account
12 both Federal and State expenditures) for
13 the previous fiscal year (as determined by
14 the Secretary using the best available
15 data);

16 “(ii) the enhanced FMAP for the
17 State and fiscal year involved; and

18 “(iii) the number of targeted low-in-
19 come children for whom such coverage is
20 provided.

21 “(D) VOLUNTARY ENROLLMENT.—A State
22 child health plan—

23 “(i) may not require a targeted low-
24 income child to enroll in coverage described

1 in subparagraph (A) in order to obtain
2 child health assistance under this title;

3 “(ii) before providing such child
4 health assistance for such coverage of a
5 child, shall make available (which may be
6 through an Internet website or other
7 means) to the parent or guardian of the
8 child information on the coverage available
9 under this title, including benefits and
10 cost-sharing; and

11 “(iii) shall provide at least one oppor-
12 tunity per fiscal year for beneficiaries to
13 switch coverage under this title from cov-
14 erage described in subparagraph (A) to the
15 coverage that is otherwise made available
16 under this title.

17 “(E) INFORMATION ON COVERAGE OP-
18 TIONS.—A State child health plan shall—

19 “(i) describe how the State will notify
20 potential beneficiaries of coverage de-
21 scribed in subparagraph (A);

22 “(ii) provide such notification in writ-
23 ing at least during the initial application
24 for enrollment under this title and during
25 redeterminations of eligibility if the indi-

1 vidual was enrolled before October 1, 2008;
2 and

3 “(iii) post a description of these cov-
4 erage options on any official website that
5 may be established by the State in connec-
6 tion with the plan.

7 “(F) RULE OF CONSTRUCTION.—Nothing
8 in this section is to be construed to prohibit a
9 State from—

10 “(i) establishing limits on beneficiary
11 cost-sharing under such alternative cov-
12 erage;

13 “(ii) paying all or part of a bene-
14 ficiary’s cost-sharing requirements under
15 such coverage;

16 “(iii) paying less than the full cost of
17 a child’s share of the premium under such
18 coverage, insofar as the premium for such
19 coverage exceeds the limitation established
20 by the State under subparagraph (C);

21 “(iv) using State funds to pay for
22 benefits above the Federal upper limit es-
23 tablished under subparagraph (C); or

24 “(v) providing any guidance or infor-
25 mation it deems appropriate in order to

1 help beneficiaries make an informed deci-
2 sion regarding the option to enroll in cov-
3 erage described in subparagraph (A).”.

4 **SEC. 107. ALLOTMENT DISTRIBUTION FORMULA.**

5 (a) ALLOTMENTS TO 50 STATES AND THE DISTRICT
6 OF COLUMBIA.—

7 (1) IN GENERAL.—Section 2104(b) of the So-
8 cial Security Act (42 U.S.C. 1397dd(b)) is amend-
9 ed—

10 (A) in paragraph (1), by striking “the
11 same proportion” and all that follows and in-
12 serting “the product of the number of SCHIP
13 targeted children, as determined under para-
14 graph (2) for the second preceding fiscal year,
15 the State and Federal per capita SCHIP ex-
16 penditures for the second preceding fiscal year,
17 as determined under such paragraph, and the
18 enhanced FMAP for the State for the second
19 preceding fiscal year.”;

20 (B) by amending paragraph (2) to read as
21 follows:

22 “(2) NUMBER OF SCHIP TARGETED CHILDREN
23 AND PREGNANT WOMEN AND NATIONAL PER CAPITA
24 SCHIP EXPENDITURES.—

1 “(A) IN GENERAL.—By not later than
2 September 30 of each year (beginning with
3 2007), the Secretary (in consultation with the
4 Director of the Bureau of the Census and using
5 the best available data for the fiscal year ending
6 in the previous year) shall determine and pub-
7 lish in the Federal Register—

8 “(i) the average number of low-income
9 targeted children (described in subpara-
10 graph (B)) for any month during such pre-
11 ceding fiscal year; and

12 “(ii) the combined State and Federal
13 per capita SCHIP expenditures (described
14 in subparagraph (C)) for such preceding
15 fiscal year.

16 “(B) LOW-INCOME SCHIP TARGETED CHIL-
17 DREN.—Low-income targeted children described
18 in this subparagraph with respect to a sub-
19 section (b) State are children (including preg-
20 nant women described in section 2105(c)(8)(E))
21 residing in the State who are not covered under
22 a group health plan or health insurance cov-
23 erage (as defined for purposes of section
24 2110(b)(1)(C)) and whose family income—

25 “(i) exceeds the lesser of—

1 “(I) the Medicaid applicable in-
2 come level (as defined in section
3 2110(b)(4)); or

4 “(II) 150 percent of the poverty
5 line; but

6 “(ii) does not 200 percent of the pov-
7 erty line.

8 “(C) STATE AND FEDERAL PER CAPITA
9 SCHIP EXPENDITURES.—The State and Federal
10 per capita SCHIP expenditures for a fiscal year
11 is equal to—

12 “(i) the aggregate Federal and State
13 expenditures made that are attributable to
14 allotments under this title for subsection
15 (b) States for the fiscal year; divided by

16 “(ii) the average total number of tar-
17 geted low-income children (including preg-
18 nant women described in section
19 2105(c)(8)(E)) for whom health assistance
20 was made available from such allotments
21 for such fiscal year.”; and

22 (C) by striking paragraphs (3) and (4) and
23 inserting the following:

1 “(3) SUBSECTION (B) STATE DEFINED.—In this
2 subsection, the term ‘subsection (b) State’ means
3 one of the 50 States or the District of Columbia.

4 “(4) PROPORTIONAL REDUCTION IF TOTAL AL-
5 LOTMENTS EXCEED AMOUNT AVAILABLE.—If the
6 Secretary estimates that the total of the allotments
7 under this subsection for a fiscal year (in combina-
8 tion with allotments made under subsection (c)) will
9 exceed the aggregate amount available for allotments
10 for such fiscal year under subsection (a), the Sec-
11 retary shall reduce the amount of each allotment
12 under this subsection in a pro-rata manner so that
13 such total does not exceed the aggregate amount
14 available for allotments.”.

15 (2) EFFECTIVE DATE.—The amendment made
16 by paragraph (1) shall apply to allotments for fiscal
17 years beginning with fiscal year 2008.

18 (b) NO REDISTRIBUTION OF UNUSED ALLOT-
19 MENTS.—

20 (1) IN GENERAL.—Section 2104(f) of such Act
21 (42 U.S.C. 1397dd) is amended to read as follows:

22 “(f) NO REDISTRIBUTION OF UNUSED ALLOT-
23 MENTS.—There shall be no redistribution of allotments
24 from States that are not expended within the period of
25 availability under subsection (e).”.

1 (2) EFFECTIVE DATE.—The amendment made
2 by paragraph (1) shall apply to allotments for fiscal
3 years beginning with fiscal year 2005.

4 **SEC. 108. FIVE-YEAR REAUTHORIZATION.**

5 (a) IN GENERAL.—Section 2104(a) of the Social Se-
6 curity Act (42 U.S.C. 1397dd(a)) is amended—

7 (1) by striking “and” at the end of paragraph
8 (9);

9 (2) by striking the period at the end of para-
10 graph (10) and inserting a semicolon; and

11 (3) by adding at the end the following new
12 paragraphs:

13 “(11) for fiscal year 2008, \$7,000,000,000;

14 “(12) for fiscal year 2009, \$7,000,000,000;

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

16 “(14) for fiscal year 2011, \$7,500,000,000; and

17 “(15) for fiscal year 2012, \$8,000,000,000.”.

18 (b) CONTINUATION OF ADDITIONAL ALLOTMENTS TO
19 TERRITORIES.—Section 2104(c)(4)(B) of the Social Secu-
20 rity Act (42 U.S.C. 1397dd(c)(4)(B)) is amended by strik-
21 ing “fiscal year 2007” and inserting “each of fiscal years
22 2007 through 2012”.

23 (c) APPLICATION TO OTHER SCHIP FUNDING FOR
24 FISCAL YEAR 2008.—Notwithstanding any other provi-
25 sion of law, if funds are appropriated under any law (other

1 than this Act) to provide allotments to States under title
2 XXI of the Social Security Act for all (or any portion)
3 of fiscal year 2008—

4 (1) any amounts that are so appropriated that
5 are not so allotted and obligated before the date of
6 the enactment of this Act are rescinded; and

7 (2) any amount provided for such title XXI al-
8 lotments to a State under this Act (and the amend-
9 ments made by this Act) for such fiscal year shall
10 be reduced by the amount of such appropriations so
11 allotted and obligated before such date.

12 **SEC. 109. ENHANCING THE PROGRAMMATIC FOCUS ON**
13 **CHILDREN AND PREGNANT WOMEN.**

14 (a) **IN GENERAL.**—Section 2107(f) of the Social Se-
15 curity Act (42 U.S.C. 1397gg(f)) is amended by striking
16 “childless”.

17 (b) **EFFECTIVE DATE.**—The amendment made by
18 subsection (a) shall take effect on the date of the enact-
19 ment of this Act but shall not apply to projects, including
20 extensions, amendments, or renewals to such projects, that
21 are in effect or have been approved on the date of the
22 enactment of this Act.

1 **SEC. 110. GRANTS FOR OUTREACH AND ENROLLMENT.**

2 (a) GRANTS.—Title XXI of the Social Security Act
3 (42 U.S.C. 1397aa et seq.) is amended by adding at the
4 end the following:

5 **“SEC. 2111. GRANTS TO IMPROVE OUTREACH AND ENROLL-**
6 **MENT.**

7 “(a) OUTREACH AND ENROLLMENT GRANTS; NA-
8 TIONAL CAMPAIGN.—

9 “(1) IN GENERAL.—From the amounts appro-
10 priated for a fiscal year under subsection (f), subject
11 to paragraph (2), the Secretary shall award grants
12 to eligible entities to conduct outreach and enroll-
13 ment efforts that are designed to increase the enroll-
14 ment and participation of eligible children under this
15 title and title XIX.

16 “(2) 10 PERCENT SET ASIDE FOR NATIONAL
17 ENROLLMENT CAMPAIGN.—An amount equal to 10
18 percent of such amounts for the fiscal year shall be
19 used by the Secretary for expenditures during the
20 fiscal year to carry out a national enrollment cam-
21 paign in accordance with subsection (g).

22 “(b) AWARD OF GRANTS.—

23 “(1) PRIORITY FOR AWARDING.—

24 “(A) IN GENERAL.—In awarding grants
25 under subsection (a), the Secretary shall give
26 priority to eligible entities that—

1 “(i) propose to target geographic
2 areas with high rates of—

3 “(I) eligible but unenrolled chil-
4 dren, including such children who re-
5 side in rural areas; or

6 “(II) racial and ethnic minorities
7 and health disparity populations, in-
8 cluding those proposals that address
9 cultural and linguistic barriers to en-
10 rollment; and

11 “(ii) submit the most demonstrable
12 evidence required under paragraphs (1)
13 and (2) of subsection (c).

14 “(B) 10 PERCENT SET ASIDE FOR OUT-
15 REACH TO INDIAN CHILDREN.—An amount
16 equal to 10 percent of the funds appropriated
17 under subsection (f) for a fiscal year shall be
18 used by the Secretary to award grants to In-
19 dian Health Service providers and urban Indian
20 organizations receiving funds under title V of
21 the Indian Health Care Improvement Act (25
22 U.S.C. 1651 et seq.) for outreach to, and en-
23 rollment of, children who are Indians.

24 “(2) 2-YEAR AVAILABILITY.—A grant awarded
25 under this section for a fiscal year shall remain

1 available for expenditure through the end of the suc-
2 ceeding fiscal year.

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

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

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

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

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

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

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

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

13 “(d) SUPPLEMENT, NOT SUPPLANT.—Federal funds
14 awarded under this section shall be used to supplement,
15 not supplant, non-Federal funds that are otherwise avail-
16 able for activities funded under this section.

17 “(e) DEFINITIONS.—In this section:

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

20 “(A) A State with an approved child health
21 plan under this title.

22 “(B) A local government.

23 “(C) An Indian tribe or tribal consortium,
24 a tribal organization, an urban Indian organiza-
25 tion receiving funds under title V of the Indian

1 Health Care Improvement Act (25 U.S.C. 1651
2 et seq.), or an Indian Health Service provider.

3 “(D) A Federal health safety net organiza-
4 tion.

5 “(E) A State, national, local, or commu-
6 nity-based public or nonprofit private organiza-
7 tion.

8 “(F) A faith-based organization or con-
9 sortia, to the extent that a grant awarded to
10 such an entity is consistent with the require-
11 ments of section 1955 of the Public Health
12 Service Act (42 U.S.C. 300x-65) relating to a
13 grant award to non-governmental entities.

14 “(G) An elementary or secondary school.

15 “(H) A national, local, or community-based
16 public or nonprofit private organization, includ-
17 ing organizations that use community health
18 workers or community-based doula programs.

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

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

1 “(B) a hospital defined as a disproportio-
2 nate share hospital for purposes of section
3 1923;

4 “(C) a covered entity described in section
5 340B(a)(4) of the Public Health Service Act
6 (42 U.S.C. 256b(a)(4)); and

7 “(D) any other entity or consortium that
8 serves children under a federally-funded pro-
9 gram, including the special supplemental nutri-
10 tion program for women, infants, and children
11 (WIC) established under section 17 of the Child
12 Nutrition Act of 1966 (42 U.S.C. 1786), the
13 head start and early head start programs under
14 the Head Start Act (42 U.S.C. 9801 et seq.),
15 the school lunch program established under the
16 Richard B. Russell National School Lunch Act,
17 and an elementary or secondary school.

18 “(3) INDIANS; INDIAN TRIBE; TRIBAL ORGANI-
19 ZATION; URBAN INDIAN ORGANIZATION.—The terms
20 ‘Indian’, ‘Indian tribe’, ‘tribal organization’, and
21 ‘urban Indian organization’ have the meanings given
22 such terms in section 4 of the Indian Health Care
23 Improvement Act (25 U.S.C. 1603).

24 “(4) COMMUNITY HEALTH WORKER.—The term
25 ‘community health worker’ means an individual who

1 promotes health or nutrition within the community
2 in which the individual resides—

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

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

7 “(C) by enhancing community residents’
8 ability to effectively communicate with health
9 care providers;

10 “(D) by providing culturally and linguis-
11 tically appropriate health or nutrition edu-
12 cation;

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

15 “(F) by providing referral and followup
16 services.

17 “(f) APPROPRIATION.—

18 “(1) IN GENERAL.—There is appropriated, out
19 of any money in the Treasury not otherwise appro-
20 priated, for the purpose of awarding grants under
21 this section \$100,000,000 for each of fiscal years
22 2008 through 2012.

23 “(2) GRANTS IN ADDITION TO OTHER AMOUNTS
24 PAID.—Amounts appropriated and paid under the
25 authority of this section shall be in addition to

1 amounts appropriated under section 2104 and paid
2 to States in accordance with section 2105, including
3 with respect to expenditures for outreach activities
4 in accordance with subsections (a)(1)(D)(iii) and
5 (e)(2)(C) of that section.

6 “(g) NATIONAL ENROLLMENT CAMPAIGN.—From
7 the amounts made available under subsection (a)(2) for
8 a fiscal year, the Secretary shall develop and implement
9 a national enrollment campaign to improve the enrollment
10 of underserved child populations in the programs estab-
11 lished under this title and title XIX. Such campaign may
12 include—

13 “(1) the establishment of partnerships with the
14 Secretary of Education and the Secretary of Agri-
15 culture to develop national campaigns to link the eli-
16 gibility and enrollment systems for the assistance
17 programs each Secretary administers that often
18 serve the same children;

19 “(2) the integration of information about the
20 programs established under this title and title XIX
21 in public health awareness campaigns administered
22 by the Secretary;

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

1 “(4) the establishment of joint public awareness
2 outreach initiatives with the Secretary of Education
3 and the Secretary of Labor regarding the impor-
4 tance of health insurance to building strong commu-
5 nities and the economy;

6 “(5) the development of special outreach mate-
7 rials for Native Americans or for individuals with
8 limited English proficiency; and

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

12 (b) NONAPPLICATION OF ADMINISTRATIVE EXPENDI-
13 TURES CAP.—Section 2105(c)(2) of the Social Security
14 Act (42 U.S.C. 1397ee(c)(2)) is amended by adding at the
15 end the following:

16 “(C) NONAPPLICATION TO EXPENDITURES
17 FOR OUTREACH AND ENROLLMENT.—The limi-
18 tation under subparagraph (A) shall not apply
19 with respect to expenditures for outreach activi-
20 ties under section 2102(c)(1), or for enrollment
21 activities, for children eligible for child health
22 assistance under the State child health plan or
23 medical assistance under the State plan under
24 title XIX.”.

1 **TITLE II—CHILD HEALTH INSUR-**
2 **ANCE COVERAGE THROUGH**
3 **TAX FAIRNESS**

4 **SEC. 201. EXPANSION OF CHILD HEALTH CARE INSURANCE**
5 **COVERAGE THROUGH TAX FAIRNESS.**

6 (a) IN GENERAL.—Subpart C of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 (relating to refundable credits) is amended by redес-
9 ignating section 36 as section 37 and by inserting after
10 section 35 the following new section:

11 **“SEC. 36. CHILD HEALTH INSURANCE COSTS.**

12 “(a) IN GENERAL.—In the case of an eligible tax-
13 payer, there shall be allowed as a credit against the tax
14 imposed by this subtitle an amount equal to the amount
15 paid by the taxpayer during the taxable year for qualified
16 health insurance for any dependent child of such taxpayer.

17 “(b) LIMITATIONS.—

18 “(1) IN GENERAL.—The amount allowed as a
19 credit under subsection (a) to an eligible taxpayer
20 for the taxable year shall not exceed the sum of the
21 monthly limitations for coverage months during such
22 taxable year for the individual referred to in sub-
23 section (a) for whom such taxpayer paid during the
24 taxable year any amount for coverage under quali-
25 fied health insurance.

1 “(2) MONTHLY LIMITATION.—The monthly lim-
2 itation for an individual for each coverage month of
3 such individual during the taxable year is the
4 amount equal to $\frac{1}{12}$ th of \$1,400.

5 “(3) COVERAGE MONTH.—For purposes of this
6 subsection—

7 “(A) IN GENERAL.—The term ‘coverage
8 month’ means, with respect to an individual,
9 any month if—

10 “(i) as of the first day of such month
11 such individual is covered by qualified
12 health insurance, and

13 “(ii) the premium for coverage under
14 such insurance for such month is paid by
15 an eligible taxpayer.

16 “(B) MEDICARE AND MEDICAID.—Such
17 term shall not include any month with respect
18 to an individual if, as of the first day of such
19 month, such individual—

20 “(i) is entitled to any benefits under
21 title XVIII of the Social Security Act, or

22 “(ii) is a participant in the program
23 under title XIX or XXI of such Act.

24 “(C) CERTAIN OTHER COVERAGE.—Such
25 term shall not include any month during a tax-

1 able year with respect to an individual if, at any
2 time during such year, any benefit is provided
3 to such individual under chapter 89 of title 5,
4 United States Code.

5 “(D) INSUFFICIENT PRESENCE IN UNITED
6 STATES.—Such term shall not include any
7 month during a taxable year with respect to an
8 individual if such individual is present in the
9 United States on fewer than 183 days during
10 such year (determined in accordance with sec-
11 tion 7701(b)(7)).

12 “(4) INDEXING.—For each taxable year begin-
13 ning after December 31, 2008, the dollar amount in
14 paragraph (2) (as adjusted for the preceding taxable
15 year by reason of this paragraph) shall be increased
16 or decreased by the percentage change in the aver-
17 age cost of private health insurance for family cov-
18 erage for such taxable year as compared to such pre-
19 ceding taxable year as computed by the Office of the
20 Actuary of the Centers for Medicare and Medicaid
21 Services, rounded to the nearest whole dollar
22 amount.

23 “(c) QUALIFIED HEALTH INSURANCE.—For pur-
24 poses of this section—

1 “(1) IN GENERAL.—The term ‘qualified health
2 insurance’ means insurance which constitutes med-
3 ical care as defined in section 213(d) without regard
4 to—

5 “(A) paragraph (1)(C) thereof, and

6 “(B) so much of paragraph (1)(D) thereof
7 as relates to qualified long-term care insurance
8 contracts.

9 “(2) EXCLUSION OF CERTAIN OTHER CON-
10 TRACTS.—Such term shall not include insurance if a
11 substantial portion of its benefits are excepted bene-
12 fits (as defined in section 9832(e)).

13 “(d) ELIGIBLE TAXPAYER; DEPENDENT; CHILD.—
14 For purposes of this section—

15 “(1) ELIGIBLE TAXPAYER.—The term ‘eligible
16 taxpayer’ means any taxpayer whose income exceeds
17 200 percent but not 300 percent of the poverty level
18 applicable to a family of the size involved, as deter-
19 mined in accordance with criteria established by the
20 Director of the Office of Management and Budget.

21 “(2) DEPENDENT.—The term ‘dependent’ has
22 the meaning given such term by section 152. An in-
23 dividual to whom section 152(e) applies shall be
24 treated as a dependent of the custodial parent for a

1 coverage month unless the custodial and noncusto-
2 dial parent provide otherwise.

3 “(3) CHILD.—The term ‘child’ means a quali-
4 fying child (as defined in section 152(e).

5 “(e) SPECIAL RULES.—

6 “(1) COORDINATION WITH MEDICAL DEDUC-
7 TION, ETC.—Any amount paid by an eligible tax-
8 payer for insurance to which subsection (a) applies
9 shall not be taken into account in computing the
10 amount allowable to such taxpayer as a credit under
11 section 35, as a deduction under section 213(a) or
12 162(l), or as an exclusion from gross income under
13 section 106 or 125.

14 “(2) DENIAL OF CREDIT TO DEPENDENTS.—No
15 credit shall be allowed under this section to any indi-
16 vidual with respect to whom a deduction under sec-
17 tion 151 is allowable to another taxpayer for a tax-
18 able year beginning in the calendar year in which
19 such individual’s taxable year begins.

20 “(3) MARRIED COUPLES MUST FILE JOINT RE-
21 TURN.—

22 “(A) IN GENERAL.—If an eligible taxpayer
23 is married at the close of the taxable year, the
24 credit shall be allowed under subsection (a) only

1 if the taxpayer and his spouse file a joint return
2 for the taxable year.

3 “(B) MARITAL STATUS; CERTAIN MARRIED
4 INDIVIDUALS LIVING APART.—Rules similar to
5 the rules of paragraphs (3) and (4) of section
6 21(e) shall apply for purposes of this para-
7 graph.

8 “(4) VERIFICATION OF COVERAGE, ETC.—No
9 credit shall be allowed under this section with re-
10 spect to any individual unless such individual’s cov-
11 erage (and such related information as the Secretary
12 may require) is verified in such manner as the Sec-
13 retary may prescribe.

14 “(5) INSURANCE WHICH COVERS OTHER INDI-
15 VIDUALS; TREATMENT OF PAYMENTS.—Rules similar
16 to the rules of paragraphs (7) and (8) of section
17 35(g) shall apply for purposes of this section.

18 “(6) ELECTION NOT TO CLAIM CREDIT.—This
19 section shall not apply to an eligible taxpayer for
20 any taxable year if such taxpayer elects to have this
21 section not apply for such taxable year.

22 “(f) COORDINATION WITH ADVANCE PAYMENTS.—
23 With respect to any taxable year, the amount which would
24 (but for this subsection) be allowed as a credit to an eligi-
25 ble taxpayer under subsection (a) shall be reduced (but

1 not below zero) by the aggregate amount paid on behalf
 2 of such taxpayer under section 7527A for months begin-
 3 ning in such taxable year.”.

4 (b) INFORMATION REPORTING.—

5 (1) IN GENERAL.—Subpart B of part III of
 6 subchapter A of chapter 61 of the Internal Revenue
 7 Code of 1986 (relating to information concerning
 8 transactions with other persons) is amended by in-
 9 serting after section 6050V the following new sec-
 10 tion:

11 **“SEC. 6050W. RETURNS RELATING TO PAYMENTS FOR**
 12 **QUALIFIED HEALTH INSURANCE.**

13 “(a) IN GENERAL.—Any person who, in connection
 14 with a trade or business conducted by such person, re-
 15 ceives payments during any calendar year from any indi-
 16 vidual for coverage of such individual or any other indi-
 17 vidual under qualified health insurance (as defined in sec-
 18 tion 36(c)), shall make the return described in subsection
 19 (b) (at such time as the Secretary may by regulations pre-
 20 scribe) with respect to each individual from whom such
 21 payments were received.

22 “(b) FORM AND MANNER OF RETURNS.—A return
 23 is described in this subsection if such return—

24 “(1) is in such form as the Secretary may pre-
 25 scribe, and

1 “(2) contains—

2 “(A) the name, address, and TIN of the
3 individual from whom payments described in
4 subsection (a) were received,

5 “(B) the name, address, and TIN of each
6 individual who was provided by such person
7 with coverage under qualified health insurance
8 (as so defined) by reason of such payments and
9 the period of such coverage, and

10 “(C) such other information as the Sec-
11 retary may reasonably prescribe.

12 “(c) STATEMENTS TO BE FURNISHED TO INDIVID-
13 UALS WITH RESPECT TO WHOM INFORMATION IS RE-
14 QUIRED.—Every person required to make a return under
15 subsection (a) shall furnish to each individual whose name
16 is required under subsection (b)(2)(A) to be set forth in
17 such return a written statement showing—

18 “(1) the name and address of the person re-
19 quired to make such return and the phone number
20 of the information contact for such person,

21 “(2) the aggregate amount of payments de-
22 scribed in subsection (a) received by the person re-
23 quired to make such return from the individual to
24 whom the statement is required to be furnished, and

1 “(3) the information required under subsection
2 (b)(2)(B) with respect to such payments.

3 The written statement required under the preceding sen-
4 tence shall be furnished on or before January 31 of the
5 year following the calendar year for which the return
6 under subsection (a) is required to be made.

7 “(d) RETURNS WHICH WOULD BE REQUIRED TO BE
8 MADE BY 2 OR MORE PERSONS.—Except to the extent
9 provided in regulations prescribed by the Secretary, in the
10 case of any amount received by any person on behalf of
11 another person, only the person first receiving such
12 amount shall be required to make the return under sub-
13 section (a).”.

14 (2) ASSESSABLE PENALTIES.—

15 (A) Subparagraph (B) of section
16 6724(d)(1) of such Code (relating to defini-
17 tions) is amended by redesignating clauses (xv)
18 through (xx) as clauses (xvi) through (xxi), re-
19 spectively, and by inserting after clause (xi) the
20 following new clause:

21 “(xv) section 6050W (relating to re-
22 turns relating to payments for qualified
23 health insurance),”.

24 (B) Paragraph (2) of section 6724(d) of
25 such Code is amended by striking the period at

1 the end of subparagraph (CC) and inserting “,
 2 or” and by adding at the end the following new
 3 subparagraph:

4 “(DD) section 6050W(c) (relating to re-
 5 turns relating to payments for qualified health
 6 insurance).”.

7 (3) CLERICAL AMENDMENT.—The table of sec-
 8 tions for subpart B of part III of subchapter A of
 9 chapter 61 of such Code is amended by inserting
 10 after the item relating to section 6050V the fol-
 11 lowing new item:

“Sec. 6050W. Returns relating to payments for qualified health insurance.”.

12 (c) ADVANCE PAYMENT OF CREDIT FOR PUR-
 13 CHASERS OF QUALIFIED HEALTH INSURANCE.—

14 (1) IN GENERAL.—Chapter 77 of the Internal
 15 Revenue Code of 1986 (relating to miscellaneous
 16 provisions) is amended by adding at the end the fol-
 17 lowing new section:

18 **“SEC. 7529. ADVANCE PAYMENT OF HEALTH INSURANCE**
 19 **CREDIT FOR PURCHASERS OF QUALIFIED**
 20 **HEALTH INSURANCE.**

21 “(a) GENERAL RULE.—In the case of an eligible indi-
 22 vidual, the Secretary shall make payments to the provider
 23 of such individual’s qualified health insurance equal to
 24 such individual’s qualified health insurance credit advance
 25 amount with respect to such provider.

1 “(b) ELIGIBLE INDIVIDUAL.—For purposes of this
2 section, the term ‘eligible individual’ means any indi-
3 vidual—

4 “(1) who purchases qualified health insurance
5 (as defined in section 36(c)), and

6 “(2) for whom a qualified health insurance
7 credit eligibility certificate is in effect.

8 “(c) QUALIFIED HEALTH INSURANCE CREDIT ELIGI-
9 BILITY CERTIFICATE.—For purposes of this section, a
10 qualified health insurance credit eligibility certificate is a
11 statement furnished by an individual to the Secretary
12 which—

13 “(1) certifies that the individual will be eligible
14 to receive the credit provided by section 36 for the
15 taxable year,

16 “(2) estimates the amount of such credit for
17 such taxable year, and

18 “(3) provides such other information as the
19 Secretary may require for purposes of this section.

20 “(d) QUALIFIED HEALTH INSURANCE CREDIT AD-
21 VANCE AMOUNT.—For purposes of this section, the term
22 ‘qualified health insurance credit advance amount’ means,
23 with respect to any provider of qualified health insurance,
24 the Secretary’s estimate of the amount of credit allowable
25 under section 36 to the individual for the taxable year

1 which is attributable to the insurance provided to the indi-
2 vidual by such provider.

3 “(e) REGULATIONS.—The Secretary shall prescribe
4 such regulations as may be necessary to carry out the pur-
5 poses of this section.”.

6 (2) CLERICAL AMENDMENT.—The table of sec-
7 tions for chapter 77 of such Code is amended by
8 adding at the end the following new item:

“Sec. 7529. Advance payment of health insurance credit for purchasers of
qualified health insurance.”.

9 (d) CONFORMING AMENDMENTS.—

10 (1) Paragraph (2) of section 1324(b) of title
11 31, United States Code, is amended by inserting be-
12 fore the period “, or from section 36 of such Code”.

13 (2) The table of sections for subpart C of part
14 IV of subchapter A of chapter 1 of the Internal Rev-
15 enue Code of 1986 is amended by striking the last
16 item and inserting the following new items:

“Sec. 36. Health insurance costs.

“Sec. 37. Overpayments of tax.”.

17 (e) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 2007.

1 **TITLE III—STATE HEALTH**
2 **REFORM PROJECTS**

3 **SEC. 301. STATE HEALTH REFORM PROJECTS.**

4 (a) PURPOSES; ESTABLISHMENT OF STATE HEALTH
5 CARE EXPANSION AND IMPROVEMENT PROGRAM.—

6 (1) PURPOSES.—The purposes of the programs
7 approved under this section shall include, but not be
8 limited to—

9 (A) achieving the goals of increased health
10 coverage and access; and

11 (B) testing alternative reforms, such as
12 building on the public or private health systems,
13 or creating new systems, to achieve the objec-
14 tives of this Act.

15 (2) INTENT OF CONGRESS.—It is the intent of
16 Congress that—

17 (A) the programs approved under this sec-
18 tion each comprise significant coverage expan-
19 sions;

20 (B) taken as a whole, such programs
21 should be diverse and balanced in their ap-
22 proaches to covering the uninsured; and

23 (C) each such program should be rigor-
24 ously and objectively evaluated, so that the
25 State programs developed pursuant to this sec-

1 tion may guide the development of future State
2 and national policy.

3 (b) APPLICATIONS BY STATES AND LOCAL GOVERN-
4 MENTS.—

5 (1) ENTITIES THAT MAY APPLY.—

6 (A) IN GENERAL.—A State may apply for
7 a State health care expansion and improvement
8 program for the entire State (or for regions of
9 the State) under paragraph (2).

10 (B) REGIONAL AND SUB-STATE GROUPS.—

11 A regional entity consisting of more than one
12 State or one or more local governments within
13 a State may apply for a multi-State or a sub-
14 state health care expansion and improvement
15 program for the region or area involved.

16 (C) DEFINITION.—In this section, the
17 term “State” means the 50 States, the District
18 of Columbia, and the Commonwealth of Puerto
19 Rico. Such term shall include a regional entity
20 described in subparagraph (B).

21 (2) SUBMISSION OF APPLICATION.—In accord-
22 ance with this section, each State or regional entity
23 desiring to implement a State health care expansion
24 and improvement program may submit an applica-
25 tion to the State Health Coverage Innovation Com-

1 mission under subsection (c) (referred to in this sec-
2 tion as the “Commission”) for approval.

3 (3) LOCAL GOVERNMENT APPLICATIONS.—

4 Where a State fails to submit an application under
5 this section, a unit of local government of such
6 State, or a consortium of such units of local govern-
7 ments, may submit an application directly to the
8 Commission for programs or projects under this sub-
9 section. Such an application shall be subject to the
10 requirements of this section.

11 (c) STATE HEALTH COVERAGE INNOVATION COM-
12 MISSION.—

13 (1) IN GENERAL.—Within 90 days after the
14 date of the enactment of this Act, the Secretary of
15 Health and Human Services (in this section referred
16 to as the “Secretary”) shall establish a State Health
17 Coverage Innovation Commission that—

18 (A) shall be comprised of—

19 (i) the Secretary;

20 (ii) four State governors to be ap-
21 pointed by the National Governors Associa-
22 tion on a bipartisan basis;

23 (iii) two members of a State legisla-
24 ture to be appointed, on a joint and bipar-
25 tisan basis, by the National Conference of

1 State Legislators and the American Legis-
2 lative Exchange Council;

3 (iv) two county officials to be ap-
4 pointed by the National Association of
5 Counties on a bipartisan basis;

6 (v) two mayors to be appointed, on a
7 joint and bipartisan basis, by the National
8 League of Cities and by the United States
9 Conference of Mayors;

10 (vi) two individuals to be appointed by
11 the Speaker of the House of Representa-
12 tives;

13 (vii) two individuals to be appointed
14 by the minority leader of the House of
15 Representatives;

16 (viii) two individuals to be appointed
17 by the majority leader of the Senate; and

18 (ix) two individuals to be appointed by
19 the minority leader of the Senate;

20 (B) shall request States to submit pro-
21 posals, which may include a variety of reform
22 options such as tax credit approaches, expan-
23 sions of public programs such as Medicaid and
24 the State Children's Health Insurance Pro-
25 gram, the creation of purchasing pooling ar-

1 rangements similar to the Federal Employees
2 Health Benefits Program, individual market
3 purchasing options, single risk pool or single
4 payer systems, health savings accounts, a com-
5 bination of the options described in this sub-
6 paragraph, or other alternatives determined ap-
7 propriate by the Commission, including options
8 suggested by States or the public, and nothing
9 in this subparagraph shall be construed to pre-
10 vent the Commission from approving a reform
11 proposal not included in this subparagraph;

12 (C) shall conduct a thorough review of the
13 grant application from a State and carry on a
14 dialogue with all State applicants concerning
15 possible modifications and adjustments;

16 (D) shall submit the recommendations and
17 legislative proposal described in subsection
18 (d)(4)(C);

19 (E) shall be responsible for receiving infor-
20 mation to determine the status and progress
21 achieved under program or projects granted
22 under this section;

23 (F) shall report to the public concerning
24 progress made by States with respect to the
25 performance measures and goals established

1 under this section, the periodic progress of the
2 State relative to its State performance meas-
3 ures and goals, and the State program applica-
4 tion procedures, by region and State jurisdic-
5 tion;

6 (G) shall promote information exchange
7 between States and the Federal Government;

8 (H) shall be responsible for making rec-
9 ommendations to the Secretary and the Con-
10 gress, using equivalency or minimum standards,
11 for minimizing the negative effect of State pro-
12 gram on national employer groups, provider or-
13 ganizations, and insurers because of differing
14 State requirements under the programs; and

15 (I) may require States to submit additional
16 information or reports concerning the status
17 and progress achieved under health care expan-
18 sion and improvement programs granted under
19 this section, as needed.

20 (2) PERIOD OF APPOINTMENT; REPRESENTA-
21 TION REQUIREMENTS; VACANCIES.—Members shall
22 be appointed for a term of 5 years. In appointing
23 such members under paragraph (1)(A), the des-
24 ignated appointing individuals shall ensure the rep-
25 resentation of urban and rural areas and an appro-

1 appropriate geographic distribution of such members. Any
2 vacancy in the Commission shall not affect its pow-
3 ers, but shall be filled in the same manner as the
4 original appointment.

5 (3) CHAIRPERSON, MEETINGS.—

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

8 (B) QUORUM.—Two-thirds of the members
9 of the Commission shall constitute a quorum,
10 but a lesser number of members may hold hear-
11 ings.

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

17 (4) POWERS OF THE COMMISSION.—

18 (A) NEGOTIATIONS WITH STATES.—The
19 Commission may conduct detailed discussions
20 and negotiations with States submitting appli-
21 cations under this section, either individually or
22 in groups, to facilitate a final set of rec-
23 ommendations for purposes of subsection
24 (d)(4)(C).

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

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

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

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

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

4 (5) PERSONNEL MATTERS.—

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

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

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

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

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

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

1 (6) FUNDING.—For the purpose of carrying out
2 this subsection, there are authorized to be appro-
3 priated \$3,000,000 for fiscal year 2008 and each fis-
4 cal year thereafter.

5 (d) REQUIREMENTS FOR PROGRAMS.—

6 (1) STATE PLAN.—A State that seeks to oper-
7 ate a program under this section shall prepare and
8 submit to the Commission, as part of the application
9 under subsection (b), a State health care plan that
10 shall have as its goal increased coverage, and in
11 service of that goal such additional goals as improve-
12 ments in quality, efficiency, cost-effectiveness, and
13 the appropriate use of information technology. To
14 achieve such goal, the State plan shall comply with
15 the following:

16 (A) COVERAGE.—

17 (i) IN GENERAL.—With respect to
18 coverage, the State plan shall—

19 (I) provide and describe the man-
20 ner in which the State will ensure that
21 an increased number of individuals re-
22 siding within the State will have ex-
23 panded access to health care coverage
24 with a specific 5-year target for reduc-
25 tion in the number or proportion of

1 uninsured individuals through either
2 private or public program expansion,
3 or both, in accordance with or in addi-
4 tion to the options established by the
5 Commission;

6 (II) describe the number and per-
7 centage of current uninsured individ-
8 uals who will achieve coverage under a
9 State health program;

10 (III) describe the coverage that
11 will be provided to beneficiaries under
12 a State health program;

13 (IV) identify Federal, State, or
14 local and private programs that cur-
15 rently provide health care services in
16 the State and describe how such pro-
17 grams could be coordinated with a
18 State health program, to the extent
19 practicable; and

20 (V) provide for improvements in
21 the availability of appropriate health
22 care coverage that will increase access
23 to care in urban, suburban, rural, and
24 frontier areas of the State with medi-
25 cally underserved populations or

1 where there may be an inadequate
2 supply of health care providers.

3 (ii) COVERAGE OPTIONS.—The cov-
4 erage under the State plan may be—

5 (I) health insurance coverage
6 that meets the aggregate actuarial
7 value requirement of section
8 2103(a)(2)(B) of the Social Security
9 Act (42 U.S.C. 1397cc(a)(2)(B));

10 (II) a combination of health in-
11 surance coverage and a consumer-di-
12 rected health care spending account, if
13 the actuarial value of such coverage
14 plus the amount of annual deposits
15 into such account from sources other
16 than the beneficiary is not less than
17 the actuarial value amount described
18 in subclause (I); or

19 (III) health care access not less
20 on average than that provided
21 through coverage described in sub-
22 clause (I).

23 (iii) CONSTRUCTION.—Nothing in this
24 clause shall be construed to limit in any
25 way the authority of the Secretary of

1 Health and Human Services to issue waiv-
2 ers under section 1115 of the Social Secu-
3 rity Act.

4 (B) QUALITY.—With respect to quality,
5 the State plan may describe efforts to improve
6 health care quality in the State, including an
7 explanation of how such efforts would change
8 (if at all) under the State plan.

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

11 (i) describe such steps as the State
12 may undertake to improve the efficiency of
13 health care;

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

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

21 (iv) describe how the State plan will
22 ensure the financial solvency of the State
23 health program.

24 (D) HEALTH INFORMATION TECH-
25 NOLOGY.—With respect to health information

1 technology, the State plan may describe efforts
2 to improve the appropriate use of health infor-
3 mation technology, including an explanation of
4 how such efforts would change (if at all) under
5 the State plan.

6 (E) EXCEPTIONS TO FEDERAL POLICIES.—
7 The State plan shall describe the exceptions to
8 otherwise applicable Federal statutes, regula-
9 tions, and policies that would apply within the
10 geographic area and time period governed by
11 the plan.

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

18 (3) INITIAL REVIEW.—With respect to a State
19 application under subsection (b), the Secretary and
20 the Commission shall complete an initial review of
21 such State application within 60 days of the receipt
22 of such application, analyze the scope of the pro-
23 posal, and determine whether additional information
24 is needed from the State. The Commission shall ad-

1 vise the State within such period of the need to sub-
2 mit additional information.

3 (4) FINAL DETERMINATION.—

4 (A) IN GENERAL.—In a timely manner
5 consistent with subparagraph (C), the Commis-
6 sion shall determine whether to submit a State
7 proposal to Congress for approval.

8 (B) VOTING.—

9 (i) IN GENERAL.—The determination
10 to submit a State proposal to Congress
11 under subparagraph (A) shall be approved
12 by $\frac{2}{3}$ of the members of the Commission
13 who are present and eligible to vote and a
14 majority of the entire Commission.

15 (ii) ELIGIBILITY.—A member of the
16 Commission shall not participate in a de-
17 termination under subparagraph (A) if—

18 (I) in the case of a member who
19 is a Governor, such determination re-
20 lates to the State of which the mem-
21 ber is the Governor; or

22 (II) in the case of member not
23 described in subclause (I), such deter-
24 mination relates to the geographic
25 area of a State of which such member

1 serves as a State or local official or as
2 a Member of Congress.

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

9 (5) PROGRAM OR PROJECT PERIOD.—A State
10 program or project may be approved for a period of
11 5 years and may be extended for a subsequent pe-
12 riod of time upon approval by the Commission,
13 based upon achievement of targets.

14 (e) EXPEDITED CONGRESSIONAL CONSIDERATION.—

15 (1) INTRODUCTION AND EXPEDITED CONSIDER-
16 ATION IN THE HOUSE OF REPRESENTATIVES.—

17 (A) INTRODUCTION IN HOUSE OF REP-
18 RESENTATIVES.—The legislative proposal sub-
19 mitted pursuant to subsection (d)(4)(C) shall be
20 in the form of a joint resolution (in this sub-
21 section referred to as the “resolution”). Such
22 resolution shall be introduced in the House of
23 Representatives by the Speaker immediately
24 upon receipt of the language and shall be re-
25 ferred non-sequentially to the appropriate com-

1 committee (or committees) of House of Representa-
2 tives. If the resolution is not introduced in ac-
3 cordance with the preceding sentence, the reso-
4 lution may be introduced by any member of the
5 House of Representatives.

6 (B) COMMITTEE CONSIDERATION.—Not
7 later than 15 calendar days after the introduc-
8 tion of the resolution described in subparagraph
9 (A), each committee of House of Representa-
10 tives to which the resolution was referred shall
11 report the resolution. The report may include,
12 at the committee’s discretion, a recommenda-
13 tion for action by the House. If a committee
14 has not reported such resolution (or an iden-
15 tical resolution) at the end of 15 calendar days
16 after its introduction or at the end of the first
17 day after there has been reported to the House
18 a resolution, whichever is earlier, such com-
19 mittee shall be deemed to be discharged from
20 further consideration of such resolution and
21 such resolution shall be placed on the appro-
22 priate calendar of the House of Representatives.

23 (C) EXPEDITED PROCEDURE IN HOUSE.—
24 Not later than 5 legislative days after the date
25 on which all committees have been discharged

1 from consideration of a resolution, the Speaker
2 of the House of Representatives, or the Speak-
3 er's designee, shall move to proceed to the con-
4 sideration of the resolution. It shall also be in
5 order for any member of the House of Rep-
6 resentatives to move to proceed to the consider-
7 ation of the resolution at any time after the
8 conclusion of such 5-day period. All points of
9 order against the resolution (and against con-
10 sideration of the resolution) are waived. A mo-
11 tion to proceed to the consideration of the reso-
12 lution is highly privileged in the House of Rep-
13 resentatives and is not debatable. The motion is
14 not subject to amendment, to a motion to post-
15 pone consideration of the resolution, or to a mo-
16 tion to proceed to the consideration of other
17 business. A motion to reconsider the vote by
18 which the motion to proceed is agreed to or not
19 agreed to shall not be in order. If the motion
20 to proceed is agreed to, the House of Rep-
21 resentatives shall immediately proceed to con-
22 sideration of the resolution without intervening
23 motion, order, or other business, and the reso-
24 lution shall remain the unfinished business of
25 the House of Representatives until disposed of.

1 A motion to recommit the resolution shall not
2 be in order. Upon its passage in the House, the
3 clerk of the House shall provide for its imme-
4 diate transmittal to the Senate.

5 (2) EXPEDITED CONSIDERATION IN THE SEN-
6 ATE.—

7 (A) REFERRAL TO COMMITTEE.—If the
8 resolution is agreed to by the House of Rep-
9 resentatives, upon its receipt in the Senate the
10 majority leader of the Senate, or the leader's
11 designee, the resolution shall be referred to the
12 appropriate committee of Senate.

13 (B) COMMITTEE CONSIDERATION.—Not
14 later than 15 calendar days after the referral of
15 the resolution under subparagraph (A), the
16 committee of the Senate to which the resolution
17 was referred shall report the resolution. The re-
18 port may include, at the committee's discretion,
19 a recommendation for action by the Senate. If
20 a committee has not reported such resolution
21 (or an identical resolution) at the end of 15 cal-
22 endar days after its referral or at the end of the
23 first day after there has been reported to the
24 Senate a resolution, whichever is earlier, such
25 committee shall be deemed to be discharged

1 from further consideration of such resolution
2 and such resolution shall be placed on the ap-
3 propriate calendar of the Senate.

4 (C) EXPEDITED FLOOR CONSIDERATION.—
5 Not later than 5 legislative days after the date
6 on which all committees have been discharged
7 from consideration of a resolution, the majority
8 leader of the Senate, or the majority leader's
9 designee, shall move to proceed to the consider-
10 ation of the resolution. It shall also be in order
11 for any member of the Senate to move to pro-
12 ceed to the consideration of the resolution at
13 any time after the conclusion of such 5-day pe-
14 riod. All points of order against the resolution
15 (and against consideration of the resolution)
16 are waived. A motion to proceed to the consid-
17 eration of the resolution in the Senate is privi-
18 leged and is not debatable. The motion is not
19 subject to amendment, to a motion to postpone
20 consideration of the resolution, or to a motion
21 to proceed to the consideration of other busi-
22 ness. A motion to reconsider the vote by which
23 the motion to proceed is agreed to or not
24 agreed to shall not be in order. If the motion
25 to proceed is agreed to, the Senate shall imme-

1 diately proceed to consideration of the resolu-
2 tion without intervening motion, order, or other
3 business, and the resolution shall remain the
4 unfinished business of the Senate until disposed
5 of.

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

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

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

24 (4) FEDERAL BUDGET NEUTRALITY.—Except
25 insofar as it allots appropriations made pursuant to

1 subsection (k), the legislative proposal submitted
2 pursuant to subsection (d)(4)(C) may not increase
3 the cumulative, net Federal budget deficit during the
4 multi-year operation of all the State applications
5 contained therein, taking into account such applica-
6 tions' impact on Federal mandatory and discre-
7 tionary spending, Federal revenue, and Federal tax
8 expenditures.

9 (f) FUNDING.—

10 (1) IN GENERAL.—The Secretary shall provide
11 a grant to a State that has an application approved
12 under subsection (e) to enable such State to carry
13 out an innovative State health program in the State,
14 to the extent that such a grant is included in the
15 recommendation of the Commission.

16 (2) AMOUNT OF GRANT.—The amount of a
17 grant provided to a State under paragraph (1) shall
18 be determined based upon the recommendations of
19 the Commission, subject to the amount appropriated
20 under subsection (k).

21 (3) PERFORMANCE-BASED FUNDING ALLOCA-
22 TION.—In awarding grants under paragraph (1), the
23 Commission shall direct the Secretary to—

1 (A) fund a balanced diversity of ap-
2 proaches as provided for by the Commission in
3 subsection (c)(1)(B); and

4 (B) link allocations to the State to the
5 meeting of the goals and performance measures
6 relating to health care coverage and health care
7 costs established under this section through the
8 State project application process.

9 (4) REPORT.—One year prior to the end of the
10 5-year period beginning on the date on which the
11 first State begins to implement a plan approved
12 under subsection (e), the Commission shall prepare
13 and submit to the appropriate committees of Con-
14 gress, a report on the progress made by States in
15 meeting the goals of expanded coverage and cost
16 containment through performance measures estab-
17 lished during the 5-year period of the State plan.
18 Such report may contain the recommendation of the
19 Commission concerning any future action that Con-
20 gress should take concerning health care reform, in-
21 cluding whether or not to extend the program estab-
22 lished under this subsection.

23 (g) MONITORING AND EVALUATION.—

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

4 (A) submit to the Commission an annual
5 report based on the period representing the re-
6 spective State’s fiscal year, detailing compliance
7 with the requirements established by the Com-
8 mission and the Secretary in the approval and
9 in this section; and

10 (B) participate in the annual meeting
11 under subsection (c)(4)(C).

12 (2) EVALUATIONS BY COMMISSION.—The Com-
13 mission shall prepare and submit to the Congress
14 annual reports that shall contain—

15 (A) a description of the effects of the re-
16 forms undertaken in States receiving approvals
17 under this section;

18 (B) a description of the recommendations
19 of the Commission and actions taken based on
20 these recommendations;

21 (C) an independent evaluation of the effec-
22 tiveness of such reforms in—

23 (i) expanding health care coverage for
24 State residents; and

1 (ii) reducing or containing health care
2 costs in the States,

3 as well as other relevant or significant findings;

4 (D) recommendations regarding the advis-
5 ability of increasing Federal financial assistance
6 for State ongoing or future health program ini-
7 tiatives, including the amount and source of
8 such assistance; and

9 (E) as required by the Commission or the
10 Secretary under this section, a periodic, inde-
11 pendent evaluation of the program.

12 (h) NONCOMPLIANCE.—

13 (1) CORRECTIVE ACTION PLANS.—If a State is
14 not in compliance with a requirement of this section,
15 the Commission, on recommendation of the Sec-
16 retary, shall develop a corrective action plan for such
17 State.

18 (2) TERMINATION.—The Commission, on rec-
19 ommendation of the Secretary, may revoke any pro-
20 gram granted under this section. Such decisions
21 shall be subject to a petition for reconsideration and
22 appeal pursuant to regulations established by the
23 Secretary.

24 (i) RELATIONSHIP TO FEDERAL PROGRAMS.—

1 (1) IN GENERAL.—Nothing in this section, or
2 in section 1115 of the Social Security Act (42
3 U.S.C. 1315) shall be construed as authorizing the
4 Secretary, the Commission, a State, or any other
5 person or entity to alter or affect in any way the
6 provisions of title XIX of such Act (42 U.S.C. 1396
7 et seq.) or the regulations implementing such title.

8 (2) MAINTENANCE OF EFFORT.—No payment
9 may be made under subsection (f)(1) if the State
10 adopts criteria for benefits or criteria for standards
11 and methodologies for purposes of determining an
12 individual’s eligibility for medical assistance under
13 the State plan under title XIX that are more restric-
14 tive than those required under Federal law and ap-
15 plied as of the date of enactment of this Act.

16 (j) MISCELLANEOUS PROVISIONS.—

17 (1) APPLICATION OF CERTAIN REQUIRE-
18 MENTS.—

19 (A) RESTRICTION ON APPLICATION OF
20 PREEXISTING CONDITION EXCLUSIONS.—

21 (i) IN GENERAL.—Subject to subpara-
22 graph (B), a State shall not permit the im-
23 position of any preexisting condition exclu-
24 sion for covered benefits under a program
25 or project under this section.

1 (ii) GROUP HEALTH PLANS AND
2 GROUP HEALTH INSURANCE COVERAGE.—
3 If the State program or project provides
4 for benefits through payment for, or a con-
5 tract with, a group health plan or group
6 health insurance coverage, the program or
7 project may permit the imposition of a pre-
8 existing condition exclusion but only inso-
9 far and to the extent that such exclusion is
10 permitted under the applicable provisions
11 of part 7 of subtitle B of title I of the Em-
12 ployee Retirement Income Security Act of
13 1974 and title XXVII of the Public Health
14 Service Act.

15 (B) COMPLIANCE WITH OTHER REQUIRE-
16 MENTS.—Coverage offered under the program
17 or project shall comply with the requirements of
18 subpart 2 of part A of title XXVII of the Public
19 Health Service Act insofar as such require-
20 ments apply with respect to a health insurance
21 issuer that offers group health insurance cov-
22 erage.

23 (2) PREVENTION OF DUPLICATIVE PAY-
24 MENTS.—

1 (A) OTHER HEALTH PLANS.—No payment
2 shall be made to a State under subsection (f)(1)
3 for expenditures for health assistance provided
4 for an individual to the extent that a private in-
5 surer (as defined by the Secretary by regulation
6 and including a group health plan (as defined
7 in section 607(1) of the Employee Retirement
8 Income Security Act of 1974), a service benefit
9 plan, and a health maintenance organization)
10 would have been obligated to provide such as-
11 sistance but for a provision of its insurance con-
12 tract which has the effect of limiting or exclud-
13 ing such obligation because the individual is eli-
14 gible for or is provided health assistance under
15 the plan.

16 (B) OTHER FEDERAL GOVERNMENTAL
17 PROGRAMS.—Except as provided in any other
18 provision of law, no payment shall be made to
19 a State under subsection (f)(1) for expenditures
20 for health assistance provided for an individual
21 to the extent that payment has been made or
22 can reasonably be expected to be made prompt-
23 ly (as determined in accordance with regula-
24 tions) under any other federally operated or fi-
25 nanced health care insurance program. For

1 purposes of this paragraph, rules similar to the
2 rules for overpayments under section
3 1903(d)(2) of the Social Security Act shall
4 apply.

5 (3) APPLICATION OF CERTAIN GENERAL PROVI-
6 SIONS.—The following provisions of the Social Secu-
7 rity Act shall apply to States under subsection (f)(1)
8 in the same manner as they apply to a State under
9 such title XIX:

10 (A) TITLE XIX PROVISIONS.—

11 (i) Section 1902(a)(4)(C) (relating to
12 conflict of interest standards).

13 (ii) Paragraphs (2), (16), and (17) of
14 section 1903(i) (relating to limitations on
15 payment).

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

18 (iv) Section 1920A (relating to pre-
19 sumptive eligibility for children).

20 (B) TITLE XI PROVISIONS.—

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

1 (ii) Section 1124 (relating to disclo-
2 sure of ownership and related informa-
3 tion).

4 (iii) Section 1126 (relating to disclo-
5 sure of information about certain convicted
6 individuals).

7 (iv) Section 1128A (relating to civil
8 monetary penalties).

9 (v) Section 1128B(d) (relating to
10 criminal penalties for certain additional
11 charges).

12 (vi) Section 1132 (relating to periods
13 within which claims must be filed).

14 (4) RELATION TO HIPAA.—Health benefits cov-
15 erage provided under a State program or project
16 under this section shall be treated as creditable cov-
17 erage for purposes of part 7 of subtitle B of title I
18 of the Employee Retirement Income Security Act of
19 1974, title XXVII of the Public Health Service Act,
20 and subtitle K of the Internal Revenue Code of
21 1986.

22 (k) AUTHORIZATION OF APPROPRIATIONS.—There is
23 authorized to be appropriated to carry out this section,
24 such sums as may be necessary in each fiscal year.
25 Amounts appropriated for a fiscal year under this sub-

1 section and not expended may be used in subsequent fiscal
2 years to carry out this section.

3 **TITLE IV—SENSE OF THE HOUSE**
4 **OF REPRESENTATIVES**

5 **SEC. 401. MEDICARE AND MEDICAID REFORM AND SAV-**
6 **INGS.**

7 (a) IN GENERAL.—The Secretary of Health and
8 Human Services shall implement administrative reforms
9 with respect to—

10 (1) the Medicare program under title XVIII of
11 the Social Security Act in—

12 (A) the reduction of fraud and abuse in
13 the program,

14 (B) health information technology,

15 (C) comparative effectiveness, and

16 (D) chronic disease management; and

17 (2) the Medicaid program under title XIX of
18 the Social Security Act, including changes in the
19 Medicaid matching rate and changes in the pay-
20 ments for Medicaid administrative costs to prevent
21 duplication of such payments under the temporary
22 assistance for needy families program under title IV
23 of the Social Security Act;

24 that are sufficient to result in projected reductions in the
25 Medicare and Medicaid Federal budget baselines for fiscal

1 years 2008 through 2013 that exceed the projected rev-
2 enue loss for the same period attributable to the refund-
3 able portion of the tax credit under section 36 of the Inter-
4 nal Revenue Code of 1986 (as added by title II of this
5 Act) and the increase in the Federal budget baseline for
6 the State children's health insurance program under title
7 XXI of the Social Security Act from the provisions of and
8 amendments made by title I of this Act.

9 (b) CONSULTATION AND CONSIDERATION.—In devel-
10 oping the necessary program changes under subsection
11 (a), the Secretary of Health and Human Services shall
12 consult with the Government Accountability Office and the
13 Medicare Payment Advisory Commission and shall also
14 consider any significant proposals for program changes in
15 the specified areas that have been issued by private orga-
16 nizations within the last 3 years.

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