

110TH CONGRESS  
1ST SESSION

# H. R. 506

To provide for innovation in health care through State initiatives that expand coverage and access.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 17, 2007

Ms. BALDWIN (for herself, Mr. PRICE of Georgia, Mr. TIERNEY, Mr. FORTUÑO, Mr. STARK, Mr. LINDER, Mr. CONYERS, Mr. WESTMORELAND, Mrs. CAPPS, Mr. SOUDER, Mr. ALLEN, Mr. MARCHANT, Mr. GENE GREEN of Texas, Mr. GOHMERT, Mr. LARSON of Connecticut, Mr. BURTON of Indiana, Mr. WELCH of Vermont, Mr. GINGREY, Mr. HOLT, Mr. WAMP, Mr. COOPER, Mr. CANTOR, Mr. PAYNE, Mr. CARTER, Ms. JACKSON-LEE of Texas, Mr. AKIN, Ms. MOORE of Wisconsin, Mr. WU, and Mr. LANGEVIN) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on 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

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## A BILL

To provide for innovation in health care through State initiatives that expand coverage and access.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Health Partnership  
5 Through Creative Federalism Act”.

1 **SEC. 2. STATE HEALTH REFORM PROJECTS.**

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

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

7 (A) achieving the goals of increased health  
8 coverage and access; and

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

13 (2) INTENT OF CONGRESS.—It is the intent of  
14 Congress that—

15 (A) the programs approved under this Act  
16 each comprise significant coverage expansions;

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

20 (C) each such program should be rigor-  
21 ously and objectively evaluated, so that the  
22 State programs developed pursuant to this Act  
23 may guide the development of future State and  
24 national policy.

25 (b) APPLICATIONS BY STATES AND LOCAL GOVERN-  
26 MENTS.—

1 (1) ENTITIES THAT MAY APPLY.—

2 (A) IN GENERAL.—A State may apply for  
3 a State health care expansion and improvement  
4 program for the entire State (or for regions of  
5 the State) under paragraph (2).

6 (B) REGIONAL AND SUB-STATE GROUPS.—  
7 A regional entity consisting of more than one  
8 State or one or more local governments within  
9 a State may apply for a multi-State or a sub-  
10 state health care expansion and improvement  
11 program for the region or area involved.

12 (C) DEFINITION.—In this Act, the term  
13 “State” means the 50 States, the District of  
14 Columbia, and the Commonwealth of Puerto  
15 Rico. Such term shall include a regional entity  
16 described in subparagraph (B).

17 (2) SUBMISSION OF APPLICATION.—In accord-  
18 ance with this section, each State or regional entity  
19 desiring to implement a State health care expansion  
20 and improvement program may submit an applica-  
21 tion to the State Health Coverage Innovation Com-  
22 mission under subsection (c) (referred to in this sec-  
23 tion as the “Commission”) for approval.

24 (3) LOCAL GOVERNMENT APPLICATIONS.—  
25 Where a State fails to submit an application under

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

7 (c) STATE HEALTH COVERAGE INNOVATION COM-  
8 MISSION.—

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

14 (A) shall be comprised of—

15 (i) the Secretary;

16 (ii) four State governors to be ap-  
17 pointed by the National Governors Associa-  
18 tion on a bipartisan basis;

19 (iii) two members of a State legisla-  
20 ture to be appointed, on a joint and bipar-  
21 tisan basis, by the National Conference of  
22 State Legislators and the American Legis-  
23 lative Exchange Council;

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

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

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

11 (vii) two individuals to be appointed  
12 by the Minority Leader of the House of  
13 Representatives;

14 (viii) two individuals to be appointed  
15 by the Majority Leader of the Senate; and

16 (ix) two individuals to be appointed by  
17 the Minority Leader of the Senate;

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

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

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

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

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

21 (F) shall report to the public concerning  
22 progress made by States with respect to the  
23 performance measures and goals established  
24 under this Act, the periodic progress of the  
25 State relative to its State performance meas-

1           ures and goals, and the State program applica-  
2           tion procedures, by region and State jurisdic-  
3           tion;

4           (G) shall promote information exchange  
5           between States and the Federal Government;

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

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

18          (2) PERIOD OF APPOINTMENT; REPRESENTA-  
19          TION REQUIREMENTS; VACANCIES.—Members shall  
20          be appointed for a term of 5 years. In appointing  
21          such members under paragraph (1)(A), the des-  
22          ignated appointing individuals shall ensure the rep-  
23          resentation of urban and rural areas and an appro-  
24          priate geographic distribution of such members. Any  
25          vacancy in the Commission shall not affect its pow-

1       ers, but shall be filled in the same manner as the  
2       original appointment.

3           (3) CHAIRPERSON, MEETINGS.—

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

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

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

15          (4) POWERS OF THE COMMISSION.—

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

23          (B) HEARINGS.—The Commission may  
24       hold such hearings, sit and act at such times  
25       and places, take such testimony, and receive

1 such evidence as the Commission considers ad-  
2 visable to carry out the purposes of this sub-  
3 section.

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

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

21 (E) POSTAL SERVICES.—The Commission  
22 may use the United States mails in the same  
23 manner and under the same conditions as other  
24 departments and agencies of the Federal Gov-  
25 ernment.

1 (5) PERSONNEL MATTERS.—

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

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

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

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

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

24           (6) FUNDING.—For the purpose of carrying out  
25 this subsection, there are authorized to be appro-

1        appropriated \$3,000,000 for fiscal year 2008 and each fis-  
2        cal year thereafter.

3        (d) REQUIREMENTS FOR PROGRAMS.—

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

14            (A) COVERAGE.—

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

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

1 or both, in accordance with or in addi-  
2 tion to the options established by the  
3 Commission;

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

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

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

18 (V) provide for improvements in  
19 the availability of appropriate health  
20 care coverage that will increase access  
21 to care in urban, suburban, rural, and  
22 frontier areas of the State with medi-  
23 cally underserved populations or  
24 where there may be an inadequate  
25 supply of health care providers.

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

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

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

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

21 (iii) CONSTRUCTION.—Nothing in this  
22 clause shall be construed to limit in any  
23 way the authority of the Secretary of  
24 Health and Human Services to issue waiv-

1           ers under section 1115 of the Social Secu-  
2           rity Act.

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

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

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

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

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

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

23           (D) HEALTH INFORMATION TECH-  
24           NOLOGY.—With respect to health information  
25           technology, the State plan may describe efforts

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

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

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

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

1 (4) FINAL DETERMINATION.—

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

6 (B) VOTING.—

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

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

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

20 (II) in the case of member not  
21 described in subclause (I), such deter-  
22 mination relates to the geographic  
23 area of a State of which such member  
24 serves as a State or local official or as  
25 a Member of Congress.

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

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

12           (e) EXPEDITED CONGRESSIONAL CONSIDERATION.—

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

15           (A) INTRODUCTION IN HOUSE OF REP-  
16 RESENTATIVES.—The legislative proposal sub-  
17 mitted pursuant to subsection (d)(4)(C) shall be  
18 in the form of a joint resolution (in this sub-  
19 section referred to as the “resolution”). Such  
20 resolution shall be introduced in the House of  
21 Representatives by the Speaker immediately  
22 upon receipt of the language and shall be re-  
23 ferred non-sequentially to the appropriate com-  
24 mittee (or committees) of House of Representa-  
25 tives. If the resolution is not introduced in ac-

1 cordance with the preceding sentence, the reso-  
2 lution may be introduced by any member of the  
3 House of Representatives.

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

21 (C) EXPEDITED PROCEDURE IN HOUSE.—  
22 Not later than 5 legislative days after the date  
23 on which all committees have been discharged  
24 from consideration of a resolution, the Speaker  
25 of the House of Representatives, or the Speak-

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

1 clerk of the House shall provide for its imme-  
2 diate transmittal to the Senate.

3 (2) EXPEDITED CONSIDERATION IN THE SEN-  
4 ATE.—

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

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

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

3 (C) EXPEDITED FLOOR CONSIDERATION.—

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

1           tion without intervening motion, order, or other  
2           business, and the resolution shall remain the  
3           unfinished business of the Senate until disposed  
4           of.

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

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

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

23           (4) FEDERAL BUDGET NEUTRALITY.—Except  
24           insofar as it allots appropriations made pursuant to  
25           subsection (k), the legislative proposal submitted

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

8 (f) FUNDING.—

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

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

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

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

1           (B) link allocations to the State to the  
2           meeting of the goals and performance measures  
3           relating to health care coverage and health care  
4           costs established under this Act through the  
5           State project application process.

6           (4) REPORT.—One year prior to the end of the  
7           5-year period beginning on the date on which the  
8           first State begins to implement a plan approved  
9           under subsection (e), the Commission shall prepare  
10          and submit to the appropriate committees of Con-  
11          gress, a report on the progress made by States in  
12          meeting the goals of expanded coverage and cost  
13          containment through performance measures estab-  
14          lished during the 5-year period of the State plan.  
15          Such report may contain the recommendation of the  
16          Commission concerning any future action that Con-  
17          gress should take concerning health care reform, in-  
18          cluding whether or not to extend the program estab-  
19          lished under this subsection.

20          (g) MONITORING AND EVALUATION.—

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

24                         (A) submit to the Commission an annual  
25                         report based on the period representing the re-

1           spective State’s fiscal year, detailing compliance  
2           with the requirements established by the Com-  
3           mission and the Secretary in the approval and  
4           in this section; and

5                   (B) participate in the annual meeting  
6           under subsection (c)(4)(C).

7           (2) EVALUATIONS BY COMMISSION.—The Com-  
8           mission shall prepare and submit to the Congress  
9           annual reports that shall contain—

10                   (A) a description of the effects of the re-  
11           forms undertaken in States receiving approvals  
12           under this section;

13                   (B) a description of the recommendations  
14           of the Commission and actions taken based on  
15           these recommendations;

16                   (C) an independent evaluation of the effec-  
17           tiveness of such reforms in—

18                           (i) expanding health care coverage for  
19           State residents; and

20                           (ii) reducing or containing health care  
21           costs in the States,

22           as well as other relevant or significant findings;

23                   (D) recommendations regarding the advis-  
24           ability of increasing Federal financial assistance  
25           for State ongoing or future health program ini-

1           tiatives, including the amount and source of  
2           such assistance; and

3                   (E) as required by the Commission or the  
4           Secretary under this section, a periodic, inde-  
5           pendent evaluation of the program.

6           (h) NONCOMPLIANCE.—

7                   (1) CORRECTIVE ACTION PLANS.—If a State is  
8           not in compliance with a requirement of this section,  
9           the Commission, on recommendation of the Sec-  
10          retary, shall develop a corrective action plan for such  
11          State.

12                   (2) TERMINATION.—The Commission, on rec-  
13          ommendation of the Secretary, may revoke any pro-  
14          gram granted under this section. Such decisions  
15          shall be subject to a petition for reconsideration and  
16          appeal pursuant to regulations established by the  
17          Secretary.

18           (i) RELATIONSHIP TO FEDERAL PROGRAMS.—

19                   (1) IN GENERAL.—Nothing in this Act, or in  
20          section 1115 of the Social Security Act (42 U.S.C.  
21          1315) shall be construed as authorizing the Sec-  
22          retary, the Commission, a State, or any other person  
23          or entity to alter or affect in any way the provisions  
24          of title XIX of such Act (42 U.S.C. 1396 et seq.)  
25          or the regulations implementing such title.

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

9           (j) MISCELLANEOUS PROVISIONS.—

10           (1) APPLICATION OF CERTAIN REQUIRE-  
11           MENTS.—

12           (A) RESTRICTION ON APPLICATION OF  
13           PREEXISTING CONDITION EXCLUSIONS.—

14           (i) IN GENERAL.—Subject to subpara-  
15           graph (B), a State shall not permit the im-  
16           position of any preexisting condition exclu-  
17           sion for covered benefits under a program  
18           or project under this section.

19           (ii) GROUP HEALTH PLANS AND  
20           GROUP HEALTH INSURANCE COVERAGE.—  
21           If the State program or project provides  
22           for benefits through payment for, or a con-  
23           tract with, a group health plan or group  
24           health insurance coverage, the program or  
25           project may permit the imposition of a pre-

1 existing condition exclusion but only inso-  
2 far and to the extent that such exclusion is  
3 permitted under the applicable provisions  
4 of part 7 of subtitle B of title I of the Em-  
5 ployee Retirement Income Security Act of  
6 1974 and title XXVII of the Public Health  
7 Service Act.

8 (B) COMPLIANCE WITH OTHER REQUIRE-  
9 MENTS.—Coverage offered under the program  
10 or project shall comply with the requirements of  
11 subpart 2 of part A of title XXVII of the Public  
12 Health Service Act insofar as such require-  
13 ments apply with respect to a health insurance  
14 issuer that offers group health insurance cov-  
15 erage.

16 (2) PREVENTION OF DUPLICATIVE PAY-  
17 MENTS.—

18 (A) OTHER HEALTH PLANS.—No payment  
19 shall be made to a State under subsection (f)(1)  
20 for expenditures for health assistance provided  
21 for an individual to the extent that a private in-  
22 surer (as defined by the Secretary by regulation  
23 and including a group health plan (as defined  
24 in section 607(1) of the Employee Retirement  
25 Income Security Act of 1974), a service benefit

1 plan, and a health maintenance organization)  
2 would have been obligated to provide such as-  
3 sistance but for a provision of its insurance con-  
4 tract which has the effect of limiting or exclud-  
5 ing such obligation because the individual is eli-  
6 gible for or is provided health assistance under  
7 the plan.

8 (B) OTHER FEDERAL GOVERNMENTAL  
9 PROGRAMS.—Except as provided in any other  
10 provision of law, no payment shall be made to  
11 a State under subsection (f)(1) for expenditures  
12 for health assistance provided for an individual  
13 to the extent that payment has been made or  
14 can reasonably be expected to be made prompt-  
15 ly (as determined in accordance with regula-  
16 tions) under any other federally operated or fi-  
17 nanced health care insurance program. For  
18 purposes of this paragraph, rules similar to the  
19 rules for overpayments under section  
20 1903(d)(2) of the Social Security Act shall  
21 apply.

22 (3) APPLICATION OF CERTAIN GENERAL PROVI-  
23 SIONS.—The following provisions of the Social Secu-  
24 rity Act shall apply to States under subsection (f)(1)

1 in the same manner as they apply to a State under  
2 such title XIX:

3 (A) TITLE XIX PROVISIONS.—

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

6 (ii) Paragraphs (2), (16), and (17) of  
7 section 1903(i) (relating to limitations on  
8 payment).

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

11 (iv) Section 1920A (relating to pre-  
12 sumptive eligibility for children).

13 (B) TITLE XI PROVISIONS.—

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

17 (ii) Section 1124 (relating to disclo-  
18 sure of ownership and related informa-  
19 tion).

20 (iii) Section 1126 (relating to disclo-  
21 sure of information about certain convicted  
22 individuals).

23 (iv) Section 1128A (relating to civil  
24 monetary penalties).

1 (v) Section 1128B(d) (relating to  
2 criminal penalties for certain additional  
3 charges).

4 (vi) Section 1132 (relating to periods  
5 within which claims must be filed).

6 (4) RELATION TO HIPAA.—Health benefits cov-  
7 erage provided under a State program or project  
8 under this section shall be treated as creditable cov-  
9 erage for purposes of part 7 of subtitle B of title I  
10 of the Employee Retirement Income Security Act of  
11 1974, title XXVII of the Public Health Service Act,  
12 and subtitle K of the Internal Revenue Code of  
13 1986.

14 (k) AUTHORIZATION OF APPROPRIATIONS.—There is  
15 authorized to be appropriated to carry out this section,  
16 such sums as may be necessary in each fiscal year.  
17 Amounts appropriated for a fiscal year under this sub-  
18 section and not expended may be used in subsequent fiscal  
19 years to carry out this section.

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