

110TH CONGRESS
1ST SESSION

S. _____

To amend title XXI of the Social Security Act to reauthorize the State Children's Health Insurance Program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. ROCKEFELLER (for himself, Ms. SNOWE, and Mr. KENNEDY) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend title XXI of the Social Security Act to reauthorize the State Children's Health Insurance Program, 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; AMENDMENTS TO SOCIAL SECU-**
4 **RITY ACT; TABLE OF CONTENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Children's Health Insurance Program (CHIP) Reauthor-
7 ization Act of 2007”.

8 (b) AMENDMENTS TO SOCIAL SECURITY ACT.—Ex-
9 cept as otherwise specifically provided, whenever in this

1 Act an amendment is expressed in terms of an amendment
2 to or repeal of a section or other provision, the reference
3 shall be considered to be made to that section or other
4 provision of the Social Security Act.

5 (c) MEDICAID; CHIP; SECRETARY.—In this Act:

6 (1) CHIP.—The term “CHIP” means the
7 State Children’s Health Insurance Program estab-
8 lished under title XXI of the Social Security Act (42
9 U.S.C. 1397aa et seq.).

10 (2) MEDICAID.—The term “Medicaid” means
11 the program for medical assistance established under
12 title XIX of the Social Security Act (42 U.S.C. 1396
13 et seq.).

14 (3) SECRETARY.—The term “Secretary” means
15 the Secretary of Health and Human Services.

16 (d) TABLE OF CONTENTS.—The table of contents for
17 this Act is as follows:

Sec. 1. Short title; amendments to Social Security Act; table of contents.

Sec. 2. Findings.

TITLE I—MAKING CHILDREN’S HEALTH COVERAGE A NATIONAL PRIORITY

Sec. 101. Providing necessary funding for CHIP.

TITLE II—IMPROVING CHIP FINANCING

Sec. 201. State CHIP allotments that are responsive to health care costs, popu-
lation growth, and the needs of low-income uninsured children.

Sec. 202. 2-year initial availability of CHIP allotments for all States and terri-
tories

Sec. 203. Establishment of timely and responsive redistribution process.

Sec. 204. Improving funding for the territories under CHIP and Medicaid.

Sec. 205. Extension of authority for qualifying States to use CHIP allotments
for certain Medicaid expenditures.

3

- Sec. 206. State option to expand coverage of children under CHIP up to 300 percent of the poverty line.
- Sec. 207. Requiring responsible CHIP enrollment growth.

TITLE III—ENROLLING UNINSURED CHILDREN ELIGIBLE FOR
CHIP AND MEDICAID

- Sec. 301. “Express Lane” option for States to determine components of a child’s eligibility for Medicaid or CHIP.
- Sec. 302. Information technology connections to simplify health coverage determinations.
- Sec. 303. Enhanced administrative funding for translation or interpretation services.
- Sec. 304. Enhanced assistance with coverage costs for States with increasing or high coverage rates among children.
- Sec. 305. Elimination of counting Medicaid child presumptive eligibility costs against title XXI allotment.
- Sec. 306. State option to require certain individuals to present satisfactory documentary evidence of proof of citizenship or nationality for purposes of eligibility for Medicaid.

TITLE IV—START HEALTHY, STAY HEALTHY

- Sec. 401. State option to expand or add coverage of certain pregnant women under Medicaid and CHIP.
- Sec. 402. Coordination with the maternal and child health program.
- Sec. 403. Optional coverage of legal immigrants under Medicaid and CHIP.
- Sec. 404. Improving benchmark coverage options.
- Sec. 405. Requiring coverage of dental and mental health services.
- Sec. 406. Clarification of requirement to provide EPSDT services for all children in benchmark benefit packages under Medicaid.
- Sec. 407. Childhood obesity demonstration project.

TITLE V—IMPROVING ACCESS TO HEALTH CARE FOR CHILDREN

- Sec. 501. Promoting children’s access to covered health services.
- Sec. 502. Institute of Medicine study and report on children’s access to health care.

TITLE VI—STRENGTHENING QUALITY OF CARE AND HEALTH
OUTCOMES OF CHILDREN

- Sec. 601. Strengthening child health quality improvement activities.
- Sec. 602. Application of certain managed care quality safeguards to CHIP.

TITLE VII—OTHER IMPROVEMENTS

- Sec. 701. Strengthening premium assistance programs.
- Sec. 702. Permitting coverage of children of State employees.
- Sec. 703. Improving data collection.
- Sec. 704. Moratorium on application of PERM requirements related to eligibility reviews during period of independent study and report.
- Sec. 705. Elimination of confusing program references.

TITLE VIII—EFFECTIVE DATE

- Sec. 801. Effective date.

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) THE STATE CHILDREN'S HEALTH INSUR-
4 ANCE PROGRAM (CHIP) AND MEDICAID HAVE GREAT-
5 LY IMPROVED CHILDREN'S COVERAGE RATES AND
6 ACCESS TO NEEDED HEALTH CARE SERVICES.—

7 (A) CHIP and Medicaid serve as the crit-
8 ical health care safety net for 34,000,000 chil-
9 dren over the course of a year, with 28,000,000
10 children enrolled in Medicaid and more than
11 6,000,000 children enrolled in CHIP.

12 (B) CHIP and Medicaid have accounted
13 for a $\frac{1}{3}$ decline in the rate of uninsured low-
14 income children since 1997.

15 (C) During the recent economic downturn,
16 and as the number of uninsured people has
17 climbed to the highest number ever recorded in
18 the United States, CHIP and Medicaid offset
19 losses in employer-sponsored coverage that af-
20 fected children and parents alike.

21 (D) While the number of children living in
22 low-income families increased between 2000 and
23 2005, the number of uninsured children fell due
24 to Medicaid and CHIP.

25 (E) Children enrolled in CHIP or Medicaid
26 are much more likely to have a usual source of

1 care than uninsured children, and are much
2 more likely than uninsured children to receive
3 well-child care, see a doctor during the year,
4 and get dental care. Studies have found that
5 children enrolled in public insurance programs
6 experienced significant improvement in meas-
7 ures of school performance.

8 (F) Since CHIP was created, coverage
9 rates have increased significantly among chil-
10 dren of all ethnic and racial groups.

11 (G) According to one Federal evaluation of
12 CHIP, uninsured children who gained coverage
13 through the program received more preventive
14 care, and their parents reported better access to
15 providers and improved communications with
16 their children's doctors.

17 (2) EVEN WITH THE SUCCESS OF CHIP AND
18 MEDICAID, MORE NEEDS TO BE DONE TO IMPROVE
19 THE HEALTH STATUS OF OUR NATION'S CHIL-
20 DREN.—

21 (A) There are currently 9,000,000 unin-
22 sured children under age 19, accounting for
23 nearly 20 percent of our Nation's uninsured.

1 (B) Approximately 7 out of every 10 unin-
2 sured children are eligible for CHIP or Med-
3 icaid.

4 (C) The cost of unmet health needs among
5 children extends beyond measurable health sys-
6 tem costs. For example, problems that could be
7 prevented, managed, or treated with regular ac-
8 cess to care can become more serious, resulting
9 in lower school attendance and increased health
10 care costs.

11 (D) Reducing the number of uninsured
12 children in our country is an essential first step
13 to improve health status. CHIP reauthorization
14 presents an opportunity to secure health care
15 coverage for more children who are eligible for
16 CHIP or Medicaid but not yet enrolled.

17 (3) WE MUST MAINTAIN COVERAGE FOR THE
18 CHILDREN CURRENTLY ENROLLED IN CHIP.—

19 (A) When CHIP was created in 1997,
20 Congress allocated \$40,000,000,000 for the 10-
21 year authorization.

22 (B) At current funding levels, nearly
23 2,000,000 children are at risk of losing their
24 CHIP coverage over the next 5 years because
25 the current CHIP financing structure is inad-

1 equate and States are facing CHIP funding
2 shortfalls.

3 (C) We must eliminate Federal funding
4 shortfalls by providing States with significant
5 new Federal resources for children's health cov-
6 erage.

7 (D) CHIP reauthorization offers an oppor-
8 tunity to increase CHIP funding and to provide
9 stable, predictable Federal funding so that
10 States not only have the ability to maintain
11 their current caseloads but also to expand cov-
12 erage to currently unenrolled children.

13 (4) WE MUST REACH THE UNINSURED CHIL-
14 DREN WHO ARE ALREADY ELIGIBLE FOR CHIP OR
15 MEDICAID BUT UNENROLLED.—

16 (A) More than 6,000,000 uninsured chil-
17 dren are eligible for CHIP or Medicaid at any
18 point during the year.

19 (B) In some States, it is estimated that up
20 to 50 percent of children covered through CHIP
21 do not remain in the program due to reenroll-
22 ment barriers.

23 (C) Difficult renewal policies and reenroll-
24 ment barriers make seamless coverage in CHIP
25 unattainable. Studies indicate that as many as

1 67 percent of children who were eligible but not
2 enrolled in CHIP or Medicaid had applied for
3 coverage but were denied eligibility due to pro-
4 cedural issues.

5 (D) States have tools at their disposal to
6 streamline enrollment procedures, but further
7 Federal changes would help States reach more
8 children.

9 (E) Insuring parents is an effective way to
10 increase children's participation in public pro-
11 grams and to increase children's access to
12 health care services.

13 (F) To reduce the number of uninsured
14 children, improve our children's health, and
15 continue our progress in reducing health dis-
16 parities, the reauthorization of CHIP should
17 provide States with the tools and resources nec-
18 essary to identify, enroll, and maintain coverage
19 for children who are eligible for CHIP or Med-
20 icaid.

21 (5) WE MUST SUPPORT AND ENCOURAGE
22 STATES THAT ARE LEADING THE WAY WITH INITIA-
23 TIVES TO COVER MORE CHILDREN.—

24 (A) States in every region of the country
25 are seeking to move forward in covering more

1 children, either by reaching already eligible chil-
2 dren or further expanding eligibility.

3 (B) The Federal government should serve
4 as a partner in these efforts by providing suffi-
5 cient funding to solidify and strengthen this
6 momentum.

7 (6) WE MUST PROMOTE HIGH-QUALITY HEALTH
8 CARE THAT PROMOTES CHILDREN'S HEALTHY DE-
9 VELOPMENT.—

10 (A) Children and adolescents deserve bet-
11 ter quality care than what they currently re-
12 ceive.

13 (B) Most States report using some kind of
14 measure to evaluate and improve the quality of
15 care children receive through their CHIP and
16 Medicaid programs. However, State efforts are
17 often hampered by budget constraints, limita-
18 tions on information technology systems, and a
19 need for improved measurement tools and per-
20 formance measurement standards.

21 (C) As we improve access to health cov-
22 erage as part of CHIP reauthorization, Con-
23 gress also has an opportunity to enhance qual-
24 ity by improving and standardizing data collec-
25 tion efforts.

1 (7) WE MUST SUPPORT POLICIES THAT
2 STRENGTHEN AND EXPAND HEALTH INSURANCE
3 COVERAGE.—

4 (A) There are more than 46,000,000 unin-
5 sured Americans today.

6 (B) No one who is currently covered
7 should lose coverage because of changes to
8 CHIP or Medicaid as part of the reauthoriza-
9 tion of CHIP.

10 (C) Coverage of parents through family
11 coverage waivers furthers the objectives of
12 CHIP in that it promotes children's enrollment,
13 positively impacts children's utilization of serv-
14 ices, and improves family well-being.

15 (D) Coverage of parents through family
16 coverage waivers is also consistent with long-
17 standing CHIP policy – the explicit authoriza-
18 tion in the CHIP statute for the Secretary to
19 grant waivers that are consistent with the ob-
20 jectives of CHIP, the parent waiver guidelines
21 for CHIP issued by the Secretary, and the flexi-
22 bility broadly accorded states through CHIP.

23 (E) Parent coverage waivers have been
24 granted to States that have made a commit-

1 ment to cover children first and then to use
2 funding to cover low-income parents.

3 (F) Research indicates that having an un-
4 insured parent not only decreases the likelihood
5 that a child will have a well-child visit, it also
6 decreases the likelihood that a child will see any
7 medical provider at all.

8 (G) We strongly support maintaining the
9 current flexibility under CHIP that permits
10 family coverage through waivers to cover par-
11 ents, while assuring that children remain the
12 primary focus of CHIP.

13 **TITLE I—MAKING CHILDREN’S**
14 **HEALTH COVERAGE A NA-**
15 **TIONAL PRIORITY**

16 **SEC. 101. PROVIDING NECESSARY FUNDING FOR CHIP.**

17 Section 2104(a) (42 U.S.C. 1397dd(a)) is amended—

18 (1) in paragraph (9), by striking “and” at the
19 end;

20 (2) in paragraph (10), by striking the period at
21 the end and inserting a semicolon; and

22 (3) by adding at the end the following new
23 paragraphs:

24 “(11) for fiscal year 2008, \$8,525,000,000;

25 “(12) for fiscal year 2009, \$10,075,000,000;

1 “(13) for fiscal year 2010, \$11,250,000,000;
2 “(14) for fiscal year 2011, \$13,150,000,000;
3 “(15) for fiscal year 2012, \$15,400,000,000;
4 and
5 “(16) for fiscal year 2013 and each fiscal year
6 thereafter, the total allotment amount appropriated
7 under this subsection for the preceding fiscal year,
8 multiplied by the adjustment determined for such
9 fiscal year under subsection (i)(2)(C).”.

10 **TITLE II—IMPROVING CHIP**
11 **FINANCING**

12 **SEC. 201. STATE CHIP ALLOTMENTS THAT ARE RESPON-**
13 **SIVE TO HEALTH CARE COSTS, POPULATION**
14 **GROWTH, AND THE NEEDS OF LOW-INCOME**
15 **UNINSURED CHILDREN.**

16 (a) IN GENERAL.—Section 2104 (42 U.S.C. 1397dd)
17 is amended by adding at the end the following new sub-
18 section:

19 “(i) ANNUAL ALLOTMENTS FOR STATES OTHER
20 THAN TERRITORIES BEGINNING WITH FISCAL YEAR
21 2008.—

22 “(1) IN GENERAL.—Subject to paragraph (4),
23 of the total allotment amount appropriated under
24 subsection (a) for a fiscal year beginning with fiscal
25 year 2008 and remaining available after the applica-

1 subsection (b), multiplied by the an-
2 nual adjustment determined under
3 subparagraph (C) for that fiscal year.

4 “(II) The amount allotted to the
5 State for fiscal year 2007 under sub-
6 section (b), multiplied by the annual
7 adjustment determined under sub-
8 paragraph (C) for that fiscal year.

9 “(III) The projected total Fed-
10 eral payments to the State under this
11 title for fiscal year 2007, as reported
12 by the State to the Secretary by the
13 State as of November 2006 (or the
14 projected total Federal payments to
15 the State under this title for fiscal
16 year 2007 as reported by the State to
17 the Secretary as of May 2006 if the
18 projected total Federal payments to
19 the State under this title for such fis-
20 cal year were at least \$95,000,000
21 higher than such projected payments
22 as of November 2006), multiplied by
23 the annual adjustment determined
24 under subparagraph (C) for that fis-
25 cal year.

1 “(IV) The projected total Federal
2 payments to the State under this title
3 for fiscal year 2008, as reported by
4 the State to the Secretary by the
5 State as of February 2007.

6 “(ii) FISCAL YEAR 2009.—For fiscal
7 year 2009, the amount determined under
8 clause (i), multiplied by the annual adjust-
9 ment determined under subparagraph (C)
10 for that fiscal year.

11 “(iii) FISCAL YEAR 2010 AND EACH
12 SECOND SUCCEEDING FISCAL YEAR; PRO-
13 VIDING FOR REBASING.—Subject to sub-
14 paragraphs (B) and (D), for fiscal year
15 2010 and each second succeeding fiscal
16 year, the total Federal payments to the
17 State under this title for the previous fiscal
18 year attributable to any allotments avail-
19 able to the State in such fiscal year under
20 paragraph (1) and subsection (b) multi-
21 plied by the annual adjustment determined
22 under subparagraph (C) for that fiscal
23 year.

24 “(iv) FISCAL YEAR 2011 AND EACH
25 SECOND SUCCEEDING FISCAL YEAR.—For

1 fiscal year 2011 and each second suc-
2 ceeding fiscal year, the amount determined
3 under clause (iii) for the preceding fiscal
4 year, multiplied by the annual adjustment
5 determined under subparagraph (C) for
6 the State for that fiscal year.

7 “(B) LIMITATION AND MINIMUMS.—

8 “(i) IN GENERAL.—Subject to clause
9 (ii), if the total of the coverage factors de-
10 termined under subparagraph (A) for all
11 States exceed in any fiscal year the total
12 allotment amount under subsection (a) for
13 a fiscal year beginning with fiscal year
14 2008 remaining available after the applica-
15 tion of subsections (c)(5) and (j)(2)(C),
16 each State’s coverage factor shall be equal
17 to the total allotment amount under sub-
18 section (a) for a fiscal year remaining
19 available after application of such sub-
20 sections, multiplied by the ratio of—

21 “(I) the amount of the State’s
22 coverage factor determined under sub-
23 paragraph (A); to

1 “(II) the total of such coverage
2 factors for all States for such fiscal
3 year.

4 “(ii) MIMIMUM COVERAGE FACTOR.—
5 At a minimum, the coverage factor for a
6 State for a fiscal year shall not be less
7 than the lesser of—

8 “(I) the State’s total Federal
9 payments attributable to any allot-
10 ments available to the State in the
11 prior fiscal year under paragraph (1)
12 and subsection (b), multiplied by the
13 annual adjustment determined under
14 subparagraph (C) for that fiscal year;
15 and

16 “(II) the total allotment for the
17 State under paragraph (1) for the
18 prior fiscal year, multiplied by the an-
19 nual adjustment determined under
20 subparagraph (C) for that fiscal year.

21 “(C) ANNUAL ADJUSTMENT FOR HEALTH
22 CARE COST GROWTH AND CHILD POPULATION
23 GROWTH.—The annual adjustment with respect
24 to a State for any fiscal year is equal to the

1 product of the amounts determined under
2 clauses (i) and (ii):

3 “(i) PER CAPITA HEALTH CARE
4 GROWTH.—1 plus the percentage increase
5 (if any) in the projected nominal per capita
6 amount of National Health Expenditures
7 for such fiscal year over the preceding fis-
8 cal year, as most recently published by the
9 Secretary before the beginning of the fiscal
10 year involved.

11 “(ii) CHILD POPULATION GROWTH.—
12 1.01 plus the percentage increase in the
13 population of children under 19 years of
14 age in the United States from July 1 of
15 the previous fiscal year to July 1 of the fis-
16 cal year involved, as determined by the
17 Secretary based on the most recent pub-
18 lished estimates of the Bureau of the Cen-
19 sus before the beginning of the fiscal year
20 involved.

21 “(D) REBASING RULE FOR FISCAL YEAR
22 2010 AND EACH SECOND SUCCEEDING FISCAL
23 YEAR FOR CERTAIN STATES.—

24 “(i) IN GENERAL.—For fiscal year
25 2010 and each second succeeding fiscal

1 year, a State receiving reallocated funds
2 under subsection (j) in the prior fiscal year
3 shall receive an additional spending
4 amount equal to the proportion (deter-
5 mined under clause (ii)) of the total allot-
6 ment amount under subsection (a) for such
7 fiscal year remaining available after the
8 application of subsections (e)(5) and
9 (j)(2)(C), and subparagraphs (A) and (B),
10 if any, multiplied by the ratio of—

11 “(I) the total Federal payments
12 to the State under this title for the
13 previous fiscal year attributable to any
14 funds made available to the State in
15 the previous fiscal year under sub-
16 section (j), multiplied by the annual
17 adjustment determined under sub-
18 paragraph (C) for the fiscal year; to

19 “(II) the total of such payments
20 for all States for the previous fiscal
21 year.

22 “(ii) PROPORTION.—For purposes of
23 clause (i), the proportion shall equal—

24 “(I) for fiscal year 2010, 20 per-
25 cent; and

1 “(II) for fiscal year 2012 and
2 each second succeeding fiscal year, 40
3 percent.

4 “(3) UNINSURED CHILDREN FACTOR.—

5 “(A) IN GENERAL.—For purposes of para-
6 graph (1)(B), subject to subparagraph (B), the
7 uninsured children factor for a State is equal to
8 the total allotment amount under subsection (a)
9 for a fiscal year beginning with fiscal year
10 2008, remaining available after application of
11 subsections (c)(5) and (j)(2)(C) and paragraph
12 (2), multiplied by the following:

13 “(i) FISCAL YEAR 2008 AND EACH
14 SECOND SUCCEEDING FISCAL YEAR.—In
15 the case of fiscal year 2008, and each sec-
16 ond succeeding fiscal year, the ratio of—

17 “(I) the uninsured children ad-
18 justment for the State determined
19 under subparagraph (B); to

20 “(II) the sum of the uninsured
21 children adjustments for all States de-
22 termined under subparagraph (B).

23 “(ii) FISCAL YEAR 2009 AND EACH
24 SECOND SUCCEEDING FISCAL YEAR.—In
25 the case of fiscal year 2009, and each sec-

1 ond succeeding fiscal year, the ratio deter-
2 mined under clause (i) for the previous fis-
3 cal year.

4 “(B) UNINSURED CHILDREN ADJUST-
5 MENT.—The uninsured children adjustment de-
6 termined under this subparagraph for a State is
7 equal to the product of the following:

8 “(i) NUMBER OF LOW-INCOME CHIL-
9 DREN WITHOUT HEALTH INSURANCE.—
10 The average of the number of low-income
11 children under 19 years of age in the State
12 with no health insurance for a fiscal year,
13 as reported and defined in the 2 most re-
14 cent March supplement to the Current
15 Population Survey of the Bureau of the
16 Census available prior to the beginning of
17 such fiscal year.

18 “(ii) GEOGRAPHIC VARIATION IN
19 HEALTH CARE COSTS.—The adjustment
20 for geographic variation in health care
21 costs, as determined under subsection
22 (b)(3).

23 “(4) DATA.—In computing the amounts under
24 paragraphs (2) and (3) and subsection (c)(5) that
25 determine the allotments to States for each fiscal

1 year, the Secretary shall use the most recent expend-
2 iture data for the prior year available to the Sec-
3 retary before the start of each fiscal year. The Sec-
4 retary may adjust such amounts and allotments, as
5 necessary, on the basis of the expenditure data for
6 the prior year reported by States on CMS Form 64
7 or CMS Form 21 not later than November 30 of
8 each fiscal year but in no case shall the Secretary
9 adjust the allotments provided under this subsection
10 or subsection (c)(5) for a fiscal year after December
11 31 of such year.

12 “(5) STATE DEFINED.—In this subsection, the
13 term ‘State’ means one of the 50 States or the Dis-
14 trict of Columbia.”.

15 (b) CONFORMING AMENDMENTS.—Section 2104 (42
16 U.S.C. 1397dd) is amended—

17 (1) in subsection (a), by striking “subsection
18 (d)” and inserting “subsections (d), (h), and (i)”;
19 and

20 (2) in subsection (b)—

21 (A) in paragraph (1), by striking “sub-
22 section (d)” and inserting “subsections (d), (h),
23 and (i)”; and

1 (B) in paragraph (3)(A), by inserting “and
2 subsection (i)(3)(D)(ii)” after “paragraph
3 (1)(A)(ii)”.

4 (3) in subsection (e)(1), by striking “subsection
5 (d)” and inserting “subsections (d), (h), and (i)”.

6 **SEC. 202. 2-YEAR INITIAL AVAILABILITY OF CHIP ALLOT-**
7 **MENTS FOR ALL STATES AND TERRITORIES.**

8 Section 2104(e) (42 U.S.C. 1397dd(e)) is amended
9 to read as follows:

10 “(e) AVAILABILITY OF AMOUNTS ALLOTTED.—Sub-
11 ject to paragraphs (3) and (4) of subsection (j), amounts
12 allotted to a State pursuant to subsections (b), (c), or
13 (i)—

14 “(1) for each of fiscal years 1998 through
15 2007, shall remain available for expenditure by the
16 State through the end of the second succeeding fis-
17 cal year; and

18 “(2) for fiscal year 2008 and each fiscal year
19 thereafter, shall remain available for expenditure by
20 the State through the end of the succeeding fiscal
21 year.”.

1 **SEC. 203. ESTABLISHMENT OF TIMELY AND RESPONSIVE**
2 **REDISTRIBUTION PROCESS.**

3 (a) IN GENERAL.—Section 2104 (42 U.S.C.
4 1397dd), as amended by section 201, is amended by add-
5 ing at the end the following new subsection:

6 “(j) TIMELY AND RESPONSIVE REDISTRIBUTIONS
7 BEGINNING WITH FISCAL YEAR 2008.—

8 “(1) REALLOCATION TO STATES FACING FED-
9 ERAL FUNDING SHORTFALLS.—

10 “(A) IN GENERAL.—Notwithstanding sub-
11 section (f), in each fiscal year quarter of fiscal
12 year 2008 and each subsequent fiscal year, the
13 Secretary shall reallocate to a shortfall State
14 described in subparagraph (D) from the funds
15 available under paragraph (2) an amount equal
16 to the projected amount of the shortfall for the
17 fiscal year. The Secretary shall only make such
18 a reallocation under this paragraph to the ex-
19 tent that there are amounts available under
20 paragraph (2).

21 “(B) PRORATION RULE.—If the amounts
22 available under paragraph (2) for any fiscal
23 year quarter for reallocation under subpara-
24 graph (A) are less than the total shortfall
25 amounts for the fiscal year determined under
26 subparagraph (A), the reallocated amount to

1 each shortfall State shall be reduced proportion-
2 ally.

3 “(C) AVAILABILITY OF REALLOCATED
4 FUNDS.—Any funds made available to a short-
5 fall State described in subparagraph (D) shall
6 remain available to such State through the end
7 of the fiscal year in which such funds are re-
8 allocated.

9 “(D) SHORTFALL STATE DESCRIBED.—
10 For purposes of subparagraph (A), a shortfall
11 State is a State (as defined in subsection (i)(5))
12 that has a State child health plan approved
13 under this title (or waiver of such title approved
14 by the Secretary) for which the Secretary esti-
15 mates on a quarterly basis using the most re-
16 cent data available to the Secretary as of such
17 quarter, that the projected expenditures under
18 such plan (or waiver) for the State for the fiscal
19 year will exceed the sum of—

20 “(i) the amount of the allotments pro-
21 vided under subsection (b) or (i) in fiscal
22 years preceding such fiscal year that re-
23 main available to the State;

1 “(ii) the amount of the allotment
2 under subsection (i) for such fiscal year to
3 the State; and

4 “(iii) the amount of any reallocated
5 funds made available under subparagraph
6 (A) in previous quarters of such fiscal year
7 to the State.

8 “(2) AMOUNTS AVAILABLE FOR REALLOCA-
9 TION.—Amounts available for reallocation in any fis-
10 cal year under this subsection shall equal the sum of
11 the following:

12 “(A) Any allotments remaining unex-
13 pended after the period of availability under
14 subsection (e).

15 “(B) Any amounts available for realloca-
16 tion and remaining unexpended at the end of
17 the previous fiscal year under paragraph (3).

18 “(C) Subject to paragraph (4), 5 percent
19 of the total amount available under subsection
20 (a) for such fiscal year.

21 “(3) CONTINUED AVAILABILITY OF UNEX-
22 PENDED REALLOCATED FUNDS.—Any unexpended
23 amounts reallocated to a shortfall State remaining
24 available after the period of availability under para-
25 graph (1)(C) and any amounts available for redis-

1 tribution in a fiscal year that are not reallocated to
2 a shortfall State because the total amount available
3 for reallocation exceeds the total of all reallocated
4 amounts under paragraph (1)(A) shall remain avail-
5 able for reallocation until expended.

6 “(4) LIMITS ON WITHHOLDING FROM TOTAL
7 ALLOTMENTS FOR PURPOSES OF REALLOCATION.—If
8 the Secretary determines that the total amounts
9 available for reallocation under paragraph (2) for a
10 fiscal year exceeds 10 percent of the total amount
11 available under subsection (a) for that fiscal year,
12 the Secretary shall reduce the percentage under
13 paragraph (2)(C) accordingly so that the total
14 amount available for reallocation under paragraph
15 (2) for the fiscal year does not exceed 10 percent of
16 the total amount available under subsection (a) for
17 such fiscal year.”.

18 **SEC. 204. IMPROVING FUNDING FOR THE TERRITORIES**

19 **UNDER CHIP AND MEDICAID.**

20 (a) UPDATE OF CHIP ALLOTMENTS.—Section
21 2104(c) (42 U.S.C. 1397dd(c)) is amended—

22 (1) in paragraph (1), by inserting “and para-
23 graphs (5) and (6)” after “subsection (d)”; and

24 (2) by adding at the end the following new
25 paragraphs:

1 “(5) ANNUAL ALLOTMENTS FOR TERRITORIES
2 BEGINNING WITH FISCAL YEAR 2008.—Of the total
3 allotment amount appropriated under subsection (a)
4 for a fiscal year beginning with fiscal year 2008 and
5 remaining available after the application of sub-
6 section (j), the Secretary shall allot to each of the
7 commonwealths and territories described in para-
8 graph (3) the following:

9 “(A) FISCAL YEAR 2008.—For fiscal year
10 2008, the highest amount of Federal payments
11 to the commonwealth or territory under this
12 title for any fiscal year occurring during the pe-
13 riod of fiscal years 1998 through 2007, multi-
14 plied by the annual adjustment determined
15 under subsection (i)(2)(C) for the fiscal year.

16 “(B) FISCAL YEAR 2009 AND SUCCEEDING
17 FISCAL YEARS.—For fiscal year 2009 and each
18 succeeding fiscal year, the amount determined
19 under clause (i), multiplied by the annual ad-
20 justment determined under subsection (i)(2)(C)
21 for the fiscal year.

22 “(6) REDISTRIBUTIONS FOR TERRITORIES FAC-
23 ING FEDERAL FUNDING SHORTFALLS.—Notwith-
24 standing subsection (f), the Secretary shall deter-
25 mine an appropriate procedure for reallocating to

1 each commonwealth or territory described in para-
2 graph (3) that would, with respect to each fiscal
3 year quarter of fiscal year 2008 be a shortfall State
4 described in subsection (j)(1)(D) if such subsection
5 applied to such commonwealth or territory, from the
6 funds available under subsection (j)(2) for such fis-
7 cal year, the same proportion as the proportion of
8 the commonwealth's or territory's allotment under
9 paragraph (2) to such percentage (not to exceed
10 1.05 percent) as the Secretary determines appro-
11 priate of such funds.”.

12 (b) REMOVAL OF FEDERAL MATCHING PAYMENTS
13 FOR DATA REPORTING SYSTEMS FROM THE OVERALL
14 LIMIT ON PAYMENTS TO TERRITORIES UNDER TITLE
15 XIX.—Section 1108(g) (42 U.S.C. 1308(g)) is amended
16 by adding at the end the following new paragraph:

17 “(4) EXCLUSION OF CERTAIN EXPENDITURES
18 FROM PAYMENT LIMITS.—With respect to fiscal year
19 2008 and each fiscal year thereafter, if Puerto Rico,
20 the Virgin Islands, Guam, the Northern Mariana Is-
21 lands, or American Samoa qualify for a payment
22 under subparagraph (A)(i), (A) (iii), (A)(iv), or (B)
23 of section 1903(a)(3) for a calendar quarter of such
24 fiscal year, the limitation on expenditures under title
25 XIX for such commonwealth or territory otherwise

1 determined under subsection (f) and this subsection
2 for such fiscal year shall be determined without re-
3 gard to such payment.”.

4 (c) GAO STUDY AND REPORT.—Not later than Sep-
5 tember 30, 2009, the Comptroller General of the United
6 States shall submit a report to Congress regarding Fed-
7 eral funding under Medicaid and the State Children’s
8 Health Insurance Program for Puerto Rico, the United
9 States Virgin Islands, Guam, American Samoa, and the
10 Northern Mariana Islands. The report shall include the
11 following:

12 (1) An analysis of all relevant factors with re-
13 spect to—

14 (A) eligible Medicaid and CHIP popu-
15 lations in such commonwealths and territories;

16 (B) historical and projected spending needs
17 of such commonwealths and territories and the
18 ability of capped funding streams to respond to
19 those spending needs;

20 (C) the extent to which Federal poverty
21 guidelines are used by such commonwealths and
22 territories to determine Medicaid and CHIP eli-
23 gibility; and

24 (D) the extent to which such common-
25 wealths and territories participate in data col-

1 lection and reporting related to Medicaid and
2 CHIP, including an analysis of territory partici-
3 pation in the Current Population Survey versus
4 the American Community Survey.

5 (2) Recommendations for improving Federal
6 funding under Medicaid and the State Children’s
7 Health Insurance Program for such commonwealths
8 and territories.

9 **SEC. 205. EXTENSION OF AUTHORITY FOR QUALIFYING**
10 **STATES TO USE CHIP ALLOTMENTS FOR CER-**
11 **TAIN MEDICAID EXPENDITURES.**

12 Section 2105(g)(1)(A) (42 U.S.C. 1397ee(g)(1)(A)),
13 as amended by section 201(b) of the National Institutes
14 of Health Reform Act of 2006 (Public Law 109–482) is
15 amended by striking “not more than 20 percent of any
16 allotment under section 2104 for fiscal year 1998, 1999,
17 2000, 2001, 2004, 2005, 2006, or 2007” and inserting
18 “any allotment under subsection (b) or (i) of section 2104
19 for a fiscal year”.

20 **SEC. 206. STATE OPTION TO EXPAND COVERAGE OF CHIL-**
21 **DREN UNDER CHIP UP TO 300 PERCENT OF**
22 **THE POVERTY LINE.**

23 Section 2110(b)(1)(B) (42 U.S.C. 1397jj(b)(1)(B)) is
24 amended—

1 (1) in clause (i), by striking “, or” at the end
2 and inserting a semicolon;

3 (2) in clause (ii)(III), by striking “and” at the
4 end and inserting “or”; and

5 (3) by adding at the end the following new
6 clause:

7 “(iii) is a child—

8 “(I) whose family income (as deter-
9 mined under the State child health plan)
10 does not exceed 300 percent of the poverty
11 line for a family of the size involved; or

12 “(II) whose family income exceeds
13 300 percent of the poverty line but does
14 not exceed 50 percentage points above the
15 effective income level (expressed as a per-
16 cent of the poverty line and considering ap-
17 plicable income disregards) applied under
18 the State child health plan on the date of
19 enactment of this clause; and”.

20 **SEC. 207. REQUIRING RESPONSIBLE CHIP ENROLLMENT**
21 **GROWTH.**

22 (a) LIMITATION ON APPROVAL OF PROPOSED PLAN
23 AMENDMENTS.—Section 2106(b)(3)(B) (42 U.S.C.
24 1397ff(b)(3)(B)) is amended by adding at the end the fol-
25 lowing new clause:

1 the Secretary on the basis of the 2
2 most recent Annual Social and Eco-
3 nomic Supplements of the Current
4 Population Survey of the Bureau of
5 the Census).

6 “(II) OPEN ENROLLMENT; MAIN-
7 TENANCE OF ELIGIBILITY STAND-
8 ARDS.—The State does not impose
9 any numerical limitation, waiting list,
10 or similar limitation on eligibility for
11 targeted low-income children described
12 in section 2110(b)(1)(B)(iii) under
13 the State child health plan, or to
14 make more restrictive the eligibility
15 standards for such children, while the
16 expansion amendment is in effect.

17 “(III) IMPLEMENTATION OF SIM-
18 PLIFIED OUTREACH AND ENROLL-
19 MENT PROCEDURES.—The State sub-
20 mitting the expansion amendment has
21 implemented procedures to effectively
22 enroll and retain children eligible for
23 medical assistance under title XIX
24 and children eligible for child health
25 assistance under this title by adopting

1 and effectively implementing with re-
2 spect to such children at least 3 of the
3 following policies and procedures
4 under title XIX and this title:

5 “(aa) JOINT APPLICATION
6 AND RENEWAL PROCESS THAT
7 PERMITS APPLICATION OTHER
8 THAN IN PERSON.—The applica-
9 tion and renewal forms and sup-
10 plemental forms (if any) and in-
11 formation verification process is
12 the same for purposes of estab-
13 lishing and renewing eligibility
14 for children for medical assist-
15 ance under title XIX and child
16 health assistance under this title,
17 and such process does not require
18 an application to be made in per-
19 son or a face-to-face interview.

20 “(bb) NO ASSETS TEST.—
21 The State does not apply any as-
22 sets test for eligibility under title
23 XIX and this title with respect to
24 children.

1 “(cc) 12-MONTHS CONTIN-
2 UOUS ELIGIBILITY.—The State
3 has elected the option of contin-
4 uous eligibility for a full 12
5 months for children described in
6 section 1902(e)(12) under title
7 XIX, and applies such option
8 under this title.

9 “(dd) PRESUMPTIVE ELIGI-
10 BILITY FOR CHILDREN.—The
11 State has implemented the op-
12 tion, for purposes of title XIX
13 and this title, of applying pre-
14 sumptive eligibility for children in
15 accordance with sections 1920A
16 and 2107(e)(1)(F).

17 “(IV) ANNUAL REPORTING OF
18 MEASURES OF QUALITY OF HEALTH
19 CARE FOR CHILDREN.—The State sat-
20 isfies the requirements of section
21 1905(y)(2)(B)(iv) (relating to annual
22 reporting of measures of quality of
23 health care for children under title
24 XIX and this title).”.

1 (b) APPLICATION TO WAIVERS.—Section 2107(f) (42
2 U.S.C. 1397gg(f)) is amended—

3 (1) by striking “, the Secretary” and inserting
4 “;

5 “(1) The Secretary”; and

6 (2) by adding at the end the following new
7 paragraph:

8 “(2) The Secretary may not approve a waiver,
9 experimental, pilot, or demonstration project with re-
10 spect to a State that would allow funds made avail-
11 able under this title to be used to provide child
12 health assistance or other health benefits coverage
13 for a child whose family income exceeds the highest
14 income eligibility level permitted under section
15 2110(b)(1)(B)(iii) (in this paragraph referred to as
16 an ‘expansion waiver’) unless the Secretary deter-
17 mines that the conditions described in each of sub-
18 clauses (I) through (IV) of section 2106(b)(3)(B)(iii)
19 are met (and determines on an ongoing basis, that
20 such conditions continue to be met while the expan-
21 sion waiver is in effect).”.

1 **TITLE III—ENROLLING UNIN-**
2 **SURED CHILDREN ELIGIBLE**
3 **FOR CHIP AND MEDICAID**

4 **SEC. 301. “EXPRESS LANE” OPTION FOR STATES TO DETER-**
5 **MINE COMPONENTS OF A CHILD’S ELIGI-**
6 **BILITY FOR MEDICAID OR CHIP.**

7 (a) **MEDICAID.**—Section 1902(e) (42 U.S.C.
8 1396a(e)) is amended by adding at the end the following
9 new paragraph:

10 “(13)(A)(i) At the option of the State, notwith-
11 standing any other provision of law, including subsection
12 (a)(46)(B) and sections 1137(d) and 1903(x), the State
13 may rely on a determination made within a reasonable pe-
14 riod (as determined by the State) by an Express Lane
15 agency (as defined in subparagraph (F)(i)) to determine
16 whether an individual has met the income, assets or re-
17 sources, or citizenship status criteria for eligibility for
18 medical assistance under this title (including under a
19 waiver of the requirements of this title).

20 “(ii) The option under clause (i) shall apply to rede-
21 terminations or renewals of eligibility for medical assist-
22 ance, as well as to initial applications for such assistance.

23 “(iii) The option under clause (i) shall apply to a
24 child who is under an age specified by the State (not to

1 exceed 21 years of age) and, at State option, may also
2 apply to an individual who is not a child.

3 “(B) Nothing in this paragraph shall be construed
4 to relieve a State of the obligation to determine eligibility
5 for medical assistance under this title if an individual is
6 determined ineligible for such assistance on the basis of
7 information furnished pursuant to this paragraph.

8 “(C) A State shall inform an individual (or, in the
9 case of a child, the family of the child) enrolled in the
10 State plan under this title and required to pay premiums
11 for such enrollment based on an income determination fur-
12 nished to the State pursuant to this paragraph that the
13 individual or family may qualify for lower premium pay-
14 ments if directly evaluated for eligibility by the State Med-
15 icaid agency.

16 “(D) If a State applies the eligibility process de-
17 scribed in subparagraph (A) to individuals eligible for
18 medical assistance under this title, the State may, at its
19 option, implement its duties under subparagraphs (A) and
20 (B) of section 2102(b)(3) using either or both of the fol-
21 lowing approaches:

22 “(i) The State may—

23 “(I) establish a threshold percentage of the
24 Federal poverty level (that shall exceed the in-
25 come eligibility level applicable for a population

1 of individuals under this title by 30 percentage
2 points (as a fraction of the Federal poverty
3 level) or such other higher number of percent-
4 age points as the State determines reflects the
5 typical application of income methodologies by
6 the program administered by the Express Lane
7 agency and the State plan under this title); and

8 “(II) provide that, with respect to any in-
9 dividual within such population whom an Ex-
10 press Lane agency determines has income that
11 does not exceed such threshold percentage for
12 such population, such individual is eligible for
13 medical assistance under this title (regardless of
14 whether such individual would otherwise be de-
15 termined to be eligible to receive such assist-
16 ance).

17 In exercising the approach under this clause, a State
18 shall inform families whose children are enrolled in
19 a State child health plan under title XXI based on
20 having family income above the threshold described
21 in subclause (I) that they may qualify for medical
22 assistance under this title and, at their option, can
23 seek a regular eligibility determination for such as-
24 sistance for their child, and that if their child is de-
25 termined to be eligible for such assistance, the child

1 may receive health benefits coverage that is more af-
2 fordable and comprehensive than the coverage that
3 would be provided to the child under the State child
4 health plan.

5 “(ii) Regardless of whether a State otherwise
6 provides for presumptive eligibility under section
7 1920A, a State may provide presumptive eligibility
8 under this title, consistent with subsection (e) of sec-
9 tion 1920A, to a child who, based on a determina-
10 tion by an Express Lane agency, would qualify for
11 child health assistance under a State child health
12 plan under title XXI. During such presumptive eligi-
13 bility period, the State may determine the child’s eli-
14 gibility for medical assistance under this title, pursu-
15 ant to subparagraph (A) of section 2102(b)(3),
16 based on telephone contact with family members, ac-
17 cess to data available in electronic or paper form,
18 and other means of gathering information that are
19 less burdensome to the family than completing an
20 application form on behalf of the child. The proce-
21 dures described in the previous sentence may be
22 used regardless of whether the State uses similar
23 procedures under other circumstances for purposes
24 of determining eligibility for medical assistance
25 under this title.

1 “(E)(i) At the option of a State, an individual deter-
2 mined to be eligible for medical assistance pursuant to
3 subparagraph (A), (C), or (D) or other procedures
4 through which eligibility is determined based on data ob-
5 tained from sources other than the individual, may receive
6 medical assistance under this title if such individual (or,
7 in the case of an individual under age 19 (or if the State
8 elects the option under subparagraph (A), age 20 or 21)
9 who is not authorized to consent to medical care, the indi-
10 vidual’s parent, guardian, or other caretaker relative) has
11 acknowledged notice of such determination and has con-
12 sented to being enrolled in the State plan under this title.
13 The State (at its option) may waive any otherwise applica-
14 ble requirements for signatures by or on behalf of an indi-
15 vidual who has so consented.

16 “(ii) In the case of an individual enrolled pursuant
17 to clause (i), the State shall inform the individual (or, in
18 the case of an individual under age 19 (or if the State
19 elects the option under subparagraph (A), age 20 or 21),
20 the individual’s parent, guardian, or other caretaker rel-
21 ative) about the significance of such enrollment, including
22 appropriate methods to access covered services.

23 “(F) In this paragraph, the term ‘Express Lane
24 agency’ means a Federal or State agency, or a public or
25 private entity making such determination on behalf of

1 such agency, specified by the plan, including an agency
2 administering the State program funded under part A of
3 title IV, the State child health plan under title XXI, the
4 Food Stamp Act of 1977, the Richard B. Russell National
5 School Lunch Act, or the Child Nutrition Act of 1966,
6 notwithstanding any differences in budget unit, disregard,
7 deeming, or other methodology, but only if—

8 “(i) the agency or entity has fiscal liabilities or
9 responsibilities affected by such determination;

10 “(ii) the agency or entity notifies the child’s
11 family—

12 “(I) of the information which shall be dis-
13 closed in accordance with this paragraph;

14 “(II) that the information disclosed will be
15 used solely for purposes of determining eligi-
16 bility for medical assistance under this title or
17 for child health assistance under title XXI;

18 “(III) that interagency agreements limit
19 the use of such information to such purposes;
20 and

21 “(IV) that the family may elect to not have
22 the information disclosed for such purposes;
23 and

24 “(iii) the requirements of section 1939 are sat-
25 isfied.”.

1 (b) CHIP.—Section 2107(e)(1) (42 U.S.C.
2 1397gg(e)(1)) is amended by redesignating subparagraphs
3 (B) through (D) as subparagraphs (C) through (E), re-
4 spectively, and by inserting after subparagraph (A) the
5 following new subparagraph:

6 “(B) Section 1902(e)(13) (relating to the
7 State option to base a determination of a child’s
8 eligibility for assistance on determinations made
9 by an agency other than the State Medicaid
10 agency.”.

11 (c) PRESUMPTIVE ELIGIBILITY.—Section
12 1920A(b)(3)(A)(i) (42 U.S.C. 1396r-1a(b)(3)(A)(i)) is
13 amended by striking “or (IV)” and inserting “(IV) is an
14 agency or entity described in section 1902(e)(13)(F), or
15 (V)”.

16 (d) SIGNATURE REQUIREMENTS.—Section 1902(a)
17 (42 U.S.C. 1396a(a)) is amended by adding at the end
18 the following new sentence: “Notwithstanding any other
19 provision of law, a signature under penalty of perjury shall
20 not be required on an application form for medical assist-
21 ance as to any element of eligibility for which eligibility
22 is based on information received from a source other than
23 an applicant, rather than on representations from the ap-
24 plicant. Notwithstanding any other provision of law, any
25 signature requirement for an application for medical as-

1 sistance may be satisfied through an electronic signature,
2 as defined in section 1710(1) of the Government Paper-
3 work Elimination Act (44 U.S.C. 3504 note).”.

4 **SEC. 302. INFORMATION TECHNOLOGY CONNECTIONS TO**
5 **SIMPLIFY HEALTH COVERAGE DETERMINA-**
6 **TIONS.**

7 (a) ENHANCED ADMINISTRATIVE FUNDING FOR IN-
8 FORMATION TECHNOLOGY USED TO SIMPLIFY ELIGI-
9 BILITY DETERMINATIONS.—Section 1903(a)(3)(A) (42
10 U.S.C. 1396b(a)(3)(A)) is amended—

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

13 (2) by adding at the end the following new
14 clause:

15 “(iii) 75 percent of so much of the sums
16 expended during such quarter as are attrib-
17 utable to information technology needed to con-
18 duct data matches or for the exchange of elec-
19 tronic information with an Express Lane agen-
20 cy (as defined in 1902(e)(13)(F)) as the Sec-
21 retary determines is directly related to reducing
22 the need for an individual undergoing an eligi-
23 bility determination for medical assistance
24 under this title or child health assistance under
25 title XXI (including a determination of a re-

1 newal of eligibility for such assistance) to pro-
2 vide information previously submitted by or on
3 behalf of the individual to such agency, and”.

4 (b) AUTHORIZATION OF INFORMATION DISCLO-
5 SURE.—

6 (1) IN GENERAL.—Title XIX (42 U.S.C. 1396
7 et seq.) is amended—

8 (A) by redesignating section 1939 as sec-
9 tion 1940; and

10 (B) by inserting after section 1938 the fol-
11 lowing new section:

12 “AUTHORIZATION TO RECEIVE PERTINENT INFORMATION
13 “SEC. 1939. (a) IN GENERAL.—Notwithstanding any
14 other provision of law, a Federal or State agency or pri-
15 vate entity in possession of the sources of data potentially
16 pertinent to eligibility determinations under this title (in-
17 cluding eligibility files maintained by Express Lane agen-
18 cies described in section 1902(e)(13)(F), information de-
19 scribed in paragraph (2) or (3) of section 1137(a), vital
20 records information about births in any State, and infor-
21 mation described in sections 453(i) and 1902(a)(25)(I))
22 is authorized to convey such data or information to the
23 State agency administering the State plan under this title,
24 if—

1 “(1) such data or information are used only to
2 establish or verify eligibility or provide coverage
3 under this title; and

4 “(2) an interagency or other agreement, con-
5 sistent with standards developed by the Secretary,
6 prevents the unauthorized use, disclosure, or modi-
7 fication of such data and otherwise meets applicable
8 Federal requirements safeguarding privacy and data
9 security.

10 “(b) REQUIREMENTS FOR CONVEYANCE.—Data or
11 information may be conveyed pursuant to this section only
12 if the following requirements are met:

13 “(1) The individual whose circumstances are
14 described in the data or information (or such indi-
15 vidual’s parent, guardian, caretaker relative, or au-
16 thorized representative) has either provided advance
17 consent to disclosure or has not objected to disclo-
18 sure after receiving advance notice of disclosure and
19 a reasonable opportunity to object.

20 “(2) Such data or information are used solely
21 for the purposes of—

22 “(A) identifying individuals who are eligi-
23 ble or potentially eligible for medical assistance
24 under this title and enrolling such individuals in
25 the State plan; and

1 “(B) verifying the eligibility of individuals
2 for medical assistance under the State plan.

3 “(3) An interagency or other agreement, con-
4 sistent with standards developed by the Secretary—

5 “(A) prevents the unauthorized use, disclo-
6 sure, or modification of such data and other-
7 wise meets applicable Federal requirements
8 safeguarding privacy and data security; and

9 “(B) requires the State agency admin-
10 istering the State plan to use the data and in-
11 formation obtained under this section to seek to
12 enroll individuals in the plan.

13 “(c) CRIMINAL PENALTY.—A person described in the
14 subsection (a) who publishes, divulges, discloses, or makes
15 known in any manner, or to any extent not authorized by
16 Federal law, any information obtained under this section
17 shall be fined not more than \$1,000 or imprisoned not
18 more than 1 year, or both, for each such unauthorized
19 activity.

20 “(d) RULE OF CONSTRUCTION.—The limitations and
21 requirements that apply to disclosure pursuant to this sec-
22 tion shall not be construed to prohibit the conveyance or
23 disclosure of data or information otherwise permitted
24 under Federal law (without regard to this section).”.

1 (2) CONFORMING AMENDMENT TO TITLE XXI.—
2 Section 2107(e)(1) (42 U.S.C. 1397gg(e)(1)), as
3 amended by section 301(b), is amended by adding at
4 the end the following new subparagraph:

5 “(F) Section 1939 (relating to authoriza-
6 tion to receive data potentially pertinent to eli-
7 gibility determinations).”.

8 (3) CONFORMING AMENDMENT TO ASSURE AC-
9 CESS TO NATIONAL NEW HIRES DATABASE.—Section
10 453(i)(1) (42 U.S.C. 653(i)(1)) is amended by strik-
11 ing “and programs funded under part A” and in-
12 serting “, programs funded under part A, and State
13 plans approved under title XIX or XXI”.

14 (4) CONFORMING AMENDMENT TO PROVIDE
15 CHIP PROGRAMS WITH ACCESS TO NATIONAL INCOME
16 DATA.—Section 6103(l)(7)(D)(ii) of the Internal
17 Revenue Code of 1986 is amended by inserting “or
18 title XXI” after “title XIX”.

19 (5) CONFORMING AMENDMENT TO PROVIDE AC-
20 CESS TO DATA ABOUT ENROLLMENT IN INSURANCE
21 FOR PURPOSES OF EVALUATING APPLICATIONS AND
22 FOR CHIP.—Section 1902(a)(25)(I)(i) (42 U.S.C.
23 1396a(a)(25)(I)(i)) is amended—

24 (A) by inserting “(and, at State option, in-
25 dividuals who are potentially eligible or who

1 apply)” after “with respect to individuals who
2 are eligible”; and

3 (B) by inserting “under this title (and, at
4 State option, child health assistance under title
5 XXI)” after “the State plan”.

6 **SEC. 303. ENHANCED ADMINISTRATIVE FUNDING FOR**
7 **TRANSLATION OR INTERPRETATION SERV-**
8 **ICES.**

9 Section 1903(a)(2) (42 U.S.C. 1396b(a)(2)) is
10 amended by adding at the end the following new subpara-
11 graph:

12 “(E) an amount equal to 75 percent of so much
13 of the sums expended during such quarter (as found
14 necessary by the Secretary for the proper and effi-
15 cient administration of the State plan) as are attrib-
16 utable to translation or interpretation services in
17 connection with the enrollment and use of services
18 under this title by individuals for whom English is
19 not their primary language; plus”.

20 **SEC. 304. ENHANCED ASSISTANCE WITH COVERAGE COSTS**
21 **FOR STATES WITH INCREASING OR HIGH**
22 **COVERAGE RATES AMONG CHILDREN.**

23 Section 1905 (42 U.S.C. 1396d) is amended—

24 (1) in subsection (b), in the first sentence—

1 (A) by striking “and (4)” and inserting
2 “(4)”; and

3 (B) by inserting “, and (5) the Federal
4 medical assistance percentage with respect to
5 medical assistance provided to individuals who
6 have not attained age 19 for a fiscal year shall
7 be increased, notwithstanding the previous
8 clauses of this sentence, in the case of a State
9 that meets the conditions described in subpara-
10 graph (A) of subsection (y)(1) in the preceding
11 fiscal year by the number of percentage points
12 determined under subparagraph (B) of that
13 subsection, in the case of a State that is de-
14 scribed in subparagraph (A) of subsection
15 (y)(2) in the preceding fiscal year, by the num-
16 ber of percentage points determined under sub-
17 paragraph (D) of that subsection, and, in the
18 case of a State described in both such subpara-
19 graphs in the preceding fiscal year, by the
20 greater of the number of percentage points de-
21 termined under paragraph (1)(B) or (2)(D) of
22 subsection (y)” before the period; and
23 (2) by adding at the end the following new sub-
24 section:

1 “(y) DETERMINATION OF INCREASE IN FMAP FOR
2 MEDICAL ASSISTANCE FOR CHILDREN FOR CERTAIN
3 STATES.—

4 “(1) FOR STATES SIGNIFICANTLY INCREASING
5 ENROLLMENT OF ELIGIBLE CHILDREN.—

6 “(A) SIGNIFICANT INCREASE IN ENROLL-
7 MENT OF ELIGIBLE CHILDREN.—

8 “(i) IN GENERAL.—For purposes of
9 clause (5) of the first sentence of sub-
10 section (b), a State described in this para-
11 graph is a State that satisfies the report-
12 ing requirements described in clause (iii)
13 and has a percentage increase in the child
14 caseload in the reference year over the ini-
15 tial reference year that exceeds the bench-
16 mark rate of growth.

17 “(ii) DEFINITIONS.—For purposes of
18 clause (i):

19 “(I) CHILD CASELOAD.—The
20 term ‘child caseload’ means the aver-
21 age monthly enrollment of individuals
22 under age 19 in the State plan under
23 this title or under a waiver of such
24 title, as determined by the Secretary.

1 “(II) INITIAL REFERENCE
2 YEAR.—The term ‘initial reference
3 year’ means the 12-month period pre-
4 ceding August 1, 2007.

5 “(III) REFERENCE YEAR.—The
6 term ‘reference year’ means, with re-
7 spect to a fiscal year, the 12-month
8 period preceding August 1 of such fis-
9 cal year.

10 “(IV) BENCHMARK RATE OF
11 GROWTH.—The term ‘benchmark rate
12 of growth’ means, with respect to a
13 fiscal year, the product of the pro-
14 jected rate of growth of children in
15 Medicaid at time of enactment, multi-
16 plied by the number of fiscal years
17 that have elapsed since the initial ref-
18 erence year.

19 “(V) PROJECTED RATE OF
20 GROWTH OF CHILDREN IN MEDICAID
21 AT TIME OF ENACTMENT.—The term
22 ‘projected rate of growth of children
23 in Medicaid at time of enactment’
24 means the average annual rate of
25 growth for children enrolled in all

1 State plans under this title (or under
2 waivers of such title) during the pe-
3 riod beginning with fiscal year 2007
4 and ending with fiscal year 2010, as
5 projected in March 2007 by the Direc-
6 tor of the Congressional Budget Of-
7 fice.

8 “(iii) STATE REPORTING REQUIRE-
9 MENTS.—The State shall submit to the
10 Secretary such data relating to the average
11 monthly enrollment of individuals who have
12 not attained age 19 under this title and
13 title XXI (including under waivers of such
14 titles) as the Secretary shall specify for the
15 purpose of increasing under clause (5) of
16 subsection (b) the Federal medical assist-
17 ance percentage for a State for a fiscal
18 year in accordance with this subsection.

19 “(B) DETERMINATION OF INCREASE.—

20 “(i) IN GENERAL.—Subject to clause
21 (ii), for purposes of clause (5) of the first
22 sentence of subsection (b), in the case of a
23 State described in subparagraph (A), the
24 number of percentage points determined
25 under this subparagraph is equal to the

1 percentage increase in the State child case-
2 load determined for purposes of subpara-
3 graph (A)(i).

4 “(ii) LIMITATION ON INCREASE.—In
5 no event may the Federal medical assist-
6 ance percentage for a State for a fiscal
7 year exceed 85 percent as a result of an in-
8 crease under this paragraph.

9 “(C) SECRETARIAL RESPONSIBILITIES.—

10 “(i) REVIEW AND VERIFICATION OF
11 CHILD CASELOAD DATA.—The Secretary
12 shall review the child caseload data pro-
13 vided by States for purposes of this para-
14 graph and shall conduct data matches on
15 a periodic basis to verify the child case-
16 loads determined for States.

17 “(ii) NOTICE TO STATES.—Not later
18 than September 30 of each fiscal year be-
19 ginning with fiscal year 2008, the Sec-
20 retary shall inform each State on the ex-
21 tent to which the child caseload in the
22 most recent reference year exceeds or does
23 not exceed the benchmark rate of growth
24 for such fiscal year.

1 “(2) FOR STATES THAT HAVE ACHIEVED AT
2 LEAST A HIGH PARTICIPATION RATE FOR COVERAGE
3 OF UNINSURED LOW-INCOME CHILDREN.—

4 “(A) IN GENERAL.—For purposes of
5 clause (5) of the first sentence of subsection
6 (b), a State described in this paragraph is a
7 State—

8 “(i) for which the percentage of low-
9 income children without private health cov-
10 erage who are uninsured (as determined
11 under subparagraph (D)) is at least 90
12 percent; and

13 “(ii) that satisfies the conditions de-
14 scribed in subparagraph (B) (with respect
15 to coverage of children under this title and
16 title XXI) and paragraph (1)(A)(iii).

17 “(B) CONDITIONS DESCRIBED.—The con-
18 ditions described in this subparagraph are the
19 following:

20 “(i) CONTINUOUS ELIGIBILITY RE-
21 QUIREMENT.—The State has elected the
22 option of continuous eligibility for a full 12
23 months for children described in section
24 1902(e)(12) under this title, as well as ap-

1 plying such policy under its State child
2 health plan under title XXI.

3 “(ii) NO WAITING LIST FOR TITLE
4 XXI.—The State does not impose any nu-
5 merical limitation, waiting list, or similar
6 limitation on eligibility for assistance under
7 title XXI and has not imposed any such
8 limitation or list within the preceding 3
9 years.

10 “(iii) NO ASSETS TEST.—The State
11 does not apply any assets test for eligibility
12 under this title or title XXI with respect to
13 children.

14 “(iv) ANNUAL REPORTING OF MEAS-
15 URES OF QUALITY OF HEALTH CARE FOR
16 CHILDREN.—The State annually reports
17 on the measures required under section
18 601 of the Children’s Health Insurance
19 Program (CHIP) Reauthorization Act of
20 2007 with respect to the quality of health
21 care for children under the State plan
22 under this title and the State child health
23 plan under title XXI or is otherwise deter-
24 mined by the Secretary to have imple-
25 mented a comprehensive system for gath-

1 ering information and reporting on the
2 quality of health care for children enrolled
3 under such plans.

4 “(C) DETERMINATION OF INCREASE.—

5 “(i) IN GENERAL.—Subject to clause
6 (ii), for purposes of clause (5) of the first
7 sentence of subsection (b), in the case of a
8 State described in subparagraph (A), the
9 number of percentage points determined
10 under this subparagraph is equal to the
11 number of percentage points by which the
12 percentage described in subparagraph
13 (A)(i) exceeds 90 percent.

14 “(ii) LIMITATION ON INCREASE.—In
15 no event may the Federal medical assist-
16 ance percentage for a State for a fiscal
17 year exceed 85 percent as a result of an in-
18 crease under this paragraph.

19 “(D) SECRETARIAL RESPONSIBILITIES.—

20 “(i) DETERMINATION OF STATE
21 RATES.—The rates described in subpara-
22 graph (A)(i) shall be determined by the
23 Secretary on the basis of the 2 most recent
24 Annual Social and Economic Supplements

1 of the Current Population Survey of the
2 Bureau of the Census.

3 “(ii) NOTICE TO STATES.—Not later
4 than September 30 of each fiscal year be-
5 ginning with fiscal year 2008, the Sec-
6 retary shall inform each State on the ex-
7 tent to which the State’s participation rate
8 among uninsured low-income children ex-
9 ceeds or does not exceed 90 percent.

10 “(3) INCREASE IN CAP ON PAYMENTS TO TER-
11 RITORIES.—If Puerto Rico, the Virgin Islands,
12 Guam, the Northern Mariana Islands, or American
13 Samoa qualify for an increase in the Federal medical
14 assistance percentage under subsection (b)(5) for a
15 fiscal year, the additional Federal financial partici-
16 pation under this title that results from such in-
17 crease shall not be counted towards the limitation on
18 total payments under this title for such common-
19 wealth or territory otherwise determined under sub-
20 sections (f) and (g) of section 1108.

21 “(4) SCOPE OF APPLICATION.—The increase in
22 the Federal medical assistance percentage under
23 subsection (b)(5) shall only apply for purposes of
24 payments under section 1903 with respect to med-
25 ical assistance provided to individuals who have not

1 attained age 19 and shall not apply with respect
2 to—

3 “(A) disproportionate share hospital pay-
4 ments described in section 1923;

5 “(B) payments under title IV or XXI; or

6 “(C) any payments under this title that
7 are based on the enhanced FMAP described in
8 section 2105(b).”.

9 **SEC. 305. ELIMINATION OF COUNTING MEDICAID CHILD**
10 **PRESUMPTIVE ELIGIBILITY COSTS AGAINST**
11 **TITLE XXI ALLOTMENT.**

12 Section 2105(a)(1) (42 U.S.C. 1397ee(a)(1)) is
13 amended—

14 (1) in the matter preceding subparagraph (A),
15 by striking “(or, in the case of expenditures de-
16 scribed in subparagraph (B), the Federal medical
17 assistance percentage (as defined in the first sen-
18 tence of section 1905(b)))”; and

19 (2) by striking subparagraph (B) and inserting
20 the following new subparagraph:

21 “(B) [reserved]”.

1 **SEC. 306. STATE OPTION TO REQUIRE CERTAIN INDIVID-**
2 **UALS TO PRESENT SATISFACTORY DOCUMEN-**
3 **TARY EVIDENCE OF PROOF OF CITIZENSHIP**
4 **OR NATIONALITY FOR PURPOSES OF ELIGI-**
5 **BILITY FOR MEDICAID.**

6 (a) IN GENERAL.—Section 1902(a)(46) (42 U.S.C.
7 1396a(a)(46)) is amended—

8 (1) by inserting “(A)” after “(46)”;

9 (2) by adding “and” after the semicolon; and

10 (3) by adding at the end the following new sub-
11 paragraph:

12 “(B) at the option of the State and subject to
13 section 1903(x), require that, with respect to an in-
14 dividual (other than an individual described in sec-
15 tion 1903(x)(1)) who declares to be a citizen or na-
16 tional of the United States for purposes of estab-
17 lishing initial eligibility for medical assistance under
18 this title (or, at State option, for purposes of renew-
19 ing or redetermining such eligibility to the extent
20 that such satisfactory documentary evidence of citi-
21 zenship or nationality has not yet been presented),
22 there is presented satisfactory documentary evidence
23 of citizenship or nationality of the individual (using
24 criteria determined by the State, which shall be no
25 more restrictive than the criteria used by the Social
26 Security Administration to determine citizenship,

1 and which shall accept as such evidence a document
2 issued by a federally recognized Indian tribe evidenc-
3 ing membership or enrollment in, or affiliation with,
4 such tribe (such as a tribal enrollment card or cer-
5 tificate of degree of Indian blood, and, with respect
6 to those federally recognized Indian tribes located
7 within States having an international border whose
8 membership includes individuals who are not citizens
9 of the United States, such other forms of docu-
10 mentation (including tribal documentation, if appro-
11 priate) that the Secretary, after consulting with such
12 tribes, determines to be satisfactory documentary
13 evidence of citizenship or nationality for purposes of
14 satisfying the requirement of this subparagraph));”.

15 (b) **LIMITATION ON WAIVER AUTHORITY.**—Notwith-
16 standing any provision of section 1115 of the Social Secu-
17 rity Act (42 U.S.C. 1315), or any other provision of law,
18 the Secretary may not waive the requirements of section
19 1902(a)(46)(B) of such Act (42 U.S.C. 1396a(a)(46)(B))
20 with respect to a State.

21 (c) **CONFORMING AMENDMENTS.**—Section 1903 (42
22 U.S.C. 1396b) is amended—

23 (1) in subsection (i)—

24 (A) in paragraph (20), by adding “or”
25 after the semicolon;

1 (B) in paragraph (21), by striking “; or”
2 and inserting a period; and

3 (C) by striking paragraph (22); and

4 (2) in subsection (x) (as amended by section
5 405(c)(1)(A) of division B of the Tax Relief and
6 Health Care Act of 2006 (Public Law 109–432))—

7 (A) by striking paragraphs (1) and (3);

8 (B) by redesignating paragraph (2) as
9 paragraph (1);

10 (C) in paragraph (1), as so redesignated,
11 by striking “paragraph (1)” and inserting “sec-
12 tion 1902(a)(46)(B)”;

13 (D) by adding at the end the following new
14 paragraph:

15 “(2) In the case of an individual declaring to be a
16 citizen or national of the United States with respect to
17 whom a State requires the presentation of satisfactory
18 documentary evidence of citizenship or nationality under
19 section 1902(a)(46)(B), the individual shall be provided
20 at least the reasonable opportunity to present satisfactory
21 documentary evidence of citizenship or nationality under
22 this subsection as is provided under clauses (i) and (ii)
23 of section 1137(d)(4)(A) to an individual for the submittal
24 to the State of evidence indicating a satisfactory immigra-
25 tion status.”.

1 (d) CLARIFICATION OF RULES FOR CHILDREN BORN
2 IN THE UNITED STATES TO MOTHERS ELIGIBLE FOR
3 MEDICAID.—Section 1903(x) (42 U.S.C. 1396b(x)), as
4 amended by subsection (c)(2), is amended—

5 (1) in paragraph (1)—

6 (A) in subparagraph (C), by striking “or”
7 at the end;

8 (B) by redesignating subparagraph (D) as
9 subparagraph (E); and

10 (C) by inserting after subparagraph (C)
11 the following new subparagraph:

12 “(D) pursuant to the application of section
13 1902(e)(4) (and, in the case of an individual who is
14 eligible for medical assistance on such basis, the in-
15 dividual shall be deemed to have provided satisfac-
16 tory documentary evidence of citizenship or nation-
17 ality and shall not be required to provide further
18 documentary evidence on any date that occurs dur-
19 ing or after the period in which the individual is eli-
20 gible for medical assistance on such basis); or”; and

21 (2) by adding at the end the following new
22 paragraph:

23 “(3) Nothing in subparagraph (A) or (B) of section
24 1902(a)(46), the preceding paragraphs of this subsection,
25 or the Deficit Reduction Act of 2005, including section

1 6036 of such Act, shall be construed as changing the re-
2 quirement of section 1902(e)(4) that a child born in the
3 United States to an alien mother for whom medical assist-
4 ance for the delivery of such child is available as treatment
5 of an emergency medical condition pursuant to subsection
6 (v) shall be deemed eligible for medical assistance during
7 the first year of such child's life.”.

8 (e) EFFECTIVE DATE.—

9 (1) RETROACTIVE APPLICATION.—The amend-
10 ments made by this section shall take effect as if in-
11 cluded in the enactment of the Deficit Reduction Act
12 of 2005 (Public Law 109–171; 120 Stat. 4).

13 (2) RESTORATION OF ELIGIBILITY.—In the
14 case of an individual who, during the period that
15 began on July 1, 2006, and ends on the date of en-
16 actment of this Act, was determined to be ineligible
17 for medical assistance under a State Medicaid pro-
18 gram solely as a result of the application of sub-
19 sections (i)(22) and (x) of section 1903 of the Social
20 Security Act (as in effect during such period), but
21 who would have been determined eligible for such as-
22 sistance if such subsections, as amended by this sec-
23 tion, had applied to the individual, a State may
24 deem the individual to be eligible for such assistance
25 as of the date that the individual was determined to

1 be ineligible for such medical assistance on such
2 basis.

3 **TITLE IV—START HEALTHY,**
4 **STAY HEALTHY**

5 **SEC. 401. STATE OPTION TO EXPAND OR ADD COVERAGE**
6 **OF CERTAIN PREGNANT WOMEN UNDER MED-**
7 **ICAID AND CHIP.**

8 (a) MEDICAID.—

9 (1) AUTHORITY TO EXPAND COVERAGE.—Sec-
10 tion 1902(l)(2)(A)(i) (42 U.S.C. 1396a(l)(2)(A)(i))
11 is amended by inserting “(or such higher percentage
12 as the State may elect for purposes of expenditures
13 for medical assistance for pregnant women described
14 in section 1905(u)(4)(A))” after “185 percent”.

15 (2) ENHANCED MATCHING FUNDS AVAILABLE
16 IF CERTAIN CONDITIONS MET.—Section 1905 (42
17 U.S.C. 1396d) is amended—

18 (A) in the fourth sentence of subsection
19 (b), by striking “or subsection (u)(3)” and in-
20 serting “, (u)(3), or (u)(4)”; and

21 (B) in subsection (u)—

22 (i) by redesignating paragraph (4) as
23 paragraph (5); and

24 (ii) by inserting after paragraph (3)
25 the following new paragraph:

1 “(4) For purposes of the fourth sentence of sub-
2 section (b) and section 2105(a), the expenditures de-
3 scribed in this paragraph are the following:

4 “(A) CERTAIN PREGNANT WOMEN.—If the con-
5 ditions described in subparagraph (B) are met, ex-
6 penditures for medical assistance for pregnant
7 women described in subsection (n) or in section
8 1902(l)(1)(A) in a family the income of which ex-
9 ceeds 185 percent of the poverty line, but does not
10 exceed the income eligibility level established under
11 title XXI for a targeted low-income child.

12 “(B) CONDITIONS.—The conditions described
13 in this subparagraph are the following:

14 “(i) The State plans under this title and
15 title XXI do not provide coverage for pregnant
16 women described in subparagraph (A) with
17 higher family income without covering such
18 pregnant women with a lower family income.

19 “(ii) The State does not apply an effective
20 income level for pregnant women that is lower
21 than the effective income level (expressed as a
22 percent of the poverty line and considering ap-
23 plicable income disregards) specified under the
24 State plan under subsection (a)(10)(A)(i)(III)
25 or (l)(2)(A) of section 1902, on the date of en-

1 actment of this paragraph to be eligible for
2 medical assistance as a pregnant woman.

3 “(C) DEFINITION OF POVERTY LINE.—In this
4 subsection, the term ‘poverty line’ has the meaning
5 given such term in section 2110(e)(5).”.

6 (3) PAYMENT FROM TITLE XXI ALLOTMENT
7 FOR MEDICAID EXPANSION COSTS.—Section
8 2105(a)(1) (42 U.S.C. 1397ee(a)(1)), as amended
9 by section 305, is amended by striking subparagraph
10 (B) and inserting the following new subparagraph:

11 “(B) for the portion of the payments made
12 for expenditures described in section
13 1905(u)(4)(A) that represents the additional
14 amount paid for such expenditures as a result
15 of the enhanced FMAP being substituted for
16 the Federal medical assistance percentage of
17 such expenditures;”.

18 (b) CHIP.—

19 (1) COVERAGE.—Title XXI (42 U.S.C. 1397aa
20 et seq.) is amended by adding at the end the fol-
21 lowing new section:

22 **“SEC. 2111. OPTIONAL COVERAGE OF TARGETED LOW-IN-**
23 **COME PREGNANT WOMEN.**

24 “(a) OPTIONAL COVERAGE.—Notwithstanding any
25 other provision of this title, a State may provide for cov-

1 erage, through an amendment to its State child health
2 plan under section 2102, of pregnancy-related assistance
3 for targeted low-income pregnant women in accordance
4 with this section, but only if—

5 “(1) the State has established an income eligi-
6 bility level for pregnant women under subsection
7 (a)(10)(A)(i)(III) or (1)(2)(A) of section 1902 that is
8 at least 185 percent of the income official poverty
9 line; and

10 “(2) the State meets the conditions described in
11 section 1905(u)(4)(B).

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

13 “(1) PREGNANCY-RELATED ASSISTANCE.—The
14 term ‘pregnancy-related assistance’ has the meaning
15 given the term ‘child health assistance’ in section
16 2110(a) as if any reference to targeted low-income
17 children were a reference to targeted low-income
18 pregnant women.

19 “(2) TARGETED LOW-INCOME PREGNANT
20 WOMAN.—The term ‘targeted low-income pregnant
21 woman’ means a woman—

22 “(A) during pregnancy and through the
23 end of the month in which the 60-day period
24 (beginning on the last day of her pregnancy)
25 ends;

1 “(B) whose family income exceeds the ef-
2 fective income level (expressed as a percent of
3 the poverty line and considering applicable in-
4 come disregards) specified under subsection
5 (a)(10)(A)(i)(III) or (l)(2)(A) of section 1902,
6 on January 1, 2008, to be eligible for medical
7 assistance as a pregnant woman under title
8 XIX but does not exceed the income eligibility
9 level established under the State child health
10 plan under this title for a targeted low-income
11 child; and

12 “(C) who satisfies the requirements of
13 paragraphs (1)(A), (1)(C), (2), and (3) of sec-
14 tion 2110(b) in the same manner as a child ap-
15 plying for child health assistance would have to
16 satisfy such requirements.

17 “(c) REFERENCES TO TERMS AND SPECIAL
18 RULES.—In the case of, and with respect to, a State pro-
19 viding for coverage of pregnancy-related assistance to tar-
20 geted low-income pregnant women under subsection (a),
21 the following special rules apply:

22 “(1) Any reference in this title (other than in
23 subsection (b)) to a targeted low-income child is
24 deemed to include a reference to a targeted low-in-
25 come pregnant woman.

1 “(2) Any such reference to child health assist-
2 ance with respect to such women is deemed a ref-
3 erence to pregnancy-related assistance.

4 “(3) Any such reference to a child is deemed a
5 reference to a woman during pregnancy and the pe-
6 riod described in subsection (b)(2)(A).

7 “(4) In applying section 2102(b)(3)(B), any
8 reference to children found through screening to be
9 eligible for medical assistance under the State Med-
10 icaid plan under title XIX is deemed a reference to
11 pregnant women.

12 “(5) There shall be no exclusion of benefits for
13 services described in subsection (b)(1) based on any
14 preexisting condition and no waiting period (includ-
15 ing any waiting period imposed to carry out section
16 2102(b)(3)(C)) shall apply.

17 “(6) In applying section 2103(e)(3)(B) in the
18 case of a pregnant woman provided coverage under
19 this section, the limitation on total annual aggregate
20 cost sharing shall be applied to such pregnant
21 woman.

22 “(7) The reference in section 2107(e)(1)(F) to
23 section 1920A (relating to presumptive eligibility for
24 children) is deemed a reference to section 1920 (re-

1 lating to presumptive eligibility for pregnant
2 women).

3 “(d) AUTOMATIC ENROLLMENT FOR CHILDREN
4 BORN TO WOMEN RECEIVING PREGNANCY-RELATED AS-
5 SISTANCE.—If a child is born to a targeted low-income
6 pregnant woman who was receiving pregnancy-related as-
7 sistance under this section on the date of the child’s birth,
8 the child shall be deemed to have applied for child health
9 assistance under the State child health plan and to have
10 been found eligible for such assistance under such plan
11 or to have applied for medical assistance under title XIX
12 and to have been found eligible for such assistance under
13 such title, as appropriate, on the date of such birth and
14 to remain eligible for such assistance until the child at-
15 tains 1 year of age. During the period in which a child
16 is deemed under the preceding sentence to be eligible for
17 child health or medical assistance, the child health or med-
18 ical assistance eligibility identification number of the
19 mother shall also serve as the identification number of the
20 child, and all claims shall be submitted and paid under
21 such number (unless the State issues a separate identifica-
22 tion number for the child before such period expires).”.

23 (2) ADDITIONAL CONFORMING AMENDMENTS.—

1 (A) NO COST SHARING FOR PREGNANCY-
2 RELATED BENEFITS.—Section 2103(e)(2) (42
3 U.S.C. 1397cc(e)(2)) is amended—

4 (i) in the heading, by inserting “OR
5 PREGNANCY-RELATED SERVICES” after
6 “PREVENTIVE SERVICES”; and

7 (ii) by inserting before the period at
8 the end the following: “or for pregnancy-
9 related services”.

10 (B) NO WAITING PERIOD.—Section
11 2102(b)(1)(B) (42 U.S.C. 1397bb(b)(1)(B)) is
12 amended—

13 (i) in clause (i), by striking “, and” at
14 the end and inserting a semicolon;

15 (ii) in clause (ii), by striking the pe-
16 riod at the end and inserting “; and”; and

17 (iii) by adding at the end the fol-
18 lowing new clause:

19 “(iii) may not apply a waiting period
20 (including a waiting period to carry out
21 paragraph (3)(C)) in the case of a targeted
22 low-income pregnant woman.”.

23 (c) OTHER AMENDMENTS TO MEDICAID.—

24 (1) ELIGIBILITY OF A NEWBORN.—Section
25 1902(e)(4) (42 U.S.C. 1396a(e)(4)) is amended in

1 the first sentence by striking “so long as the child
2 is a member of the woman’s household and the
3 woman remains (or would remain if pregnant) eligi-
4 ble for such assistance”.

5 (2) APPLICATION OF QUALIFIED ENTITIES TO
6 PRESUMPTIVE ELIGIBILITY FOR PREGNANT WOMEN
7 UNDER MEDICAID.—Section 1920(b) (42 U.S.C.
8 1396r–1(b)) is amended by adding after paragraph
9 (2) the following new flush sentence:
10 “The term ‘qualified provider’ includes a qualified entity
11 as defined in section 1920A(b)(3).”.

12 **SEC. 402. COORDINATION WITH THE MATERNAL AND CHILD**
13 **HEALTH PROGRAM.**

14 (a) IN GENERAL.—Section 2102(b)(3) (42 U.S.C.
15 1397bb(b)(3)) is amended—

16 (1) in subparagraph (D), by striking “and” at
17 the end;

18 (2) in subparagraph (E), by striking the period
19 at the end and inserting “; and”; and

20 (3) by adding at the end the following new sub-
21 paragraph:

22 “(F) that operations and activities under
23 this title are developed and implemented in con-
24 sultation and coordination with the program op-
25 erated by the State under title V in areas in-

1 cluding outreach and enrollment, benefits and
2 services, service delivery standards, public
3 health and social service agency relationships,
4 and quality assurance and data reporting.”.

5 (b) CONFORMING MEDICAID AMENDMENT.—Section
6 1902(a)(11) (42 U.S.C. 1396a(a)(11)) is amended—

7 (1) by striking “and” before “(C)”; and

8 (2) by inserting before the semicolon at the end
9 the following: “, and (D) provide that operations and
10 activities under this title are developed and imple-
11 mented in consultation and coordination with the
12 program operated by the State under title V in areas
13 including outreach and enrollment, benefits and
14 services, service delivery standards, public health
15 and social service agency relationships, and quality
16 assurance and data reporting”.

17 **SEC. 403. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**
18 **UNDER MEDICAID AND CHIP.**

19 (a) MEDICAID PROGRAM.—Section 1903(v) (42
20 U.S.C. 1396b(v)) is amended—

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

23 (2) by adding at the end the following new
24 paragraph:

1 “(4)(A) A State may elect (in a plan amendment
2 under this title) to provide medical assistance under this
3 title, notwithstanding sections 401(a), 402(b), 403, and
4 421 of the Personal Responsibility and Work Opportunity
5 Reconciliation Act of 1996, for aliens who are lawfully re-
6 siding in the United States (including battered aliens de-
7 scribed in section 431(c) of such Act) and who are other-
8 wise eligible for such assistance, within either or both of
9 the following eligibility categories:

10 “(i) PREGNANT WOMEN.—Women during preg-
11 nancy (and during the 60-day period beginning on
12 the last day of the pregnancy).

13 “(ii) CHILDREN.—Individuals under 21 years of
14 age, including optional targeted low-income children
15 described in section 1905(u)(2)(B).

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

23 (b) CHIP.—Section 2107(e)(1) (42 U.S.C.
24 1397gg(e)(1)), as amended by sections 301(b) and
25 302(b)(2), is amended by redesignating subparagraphs

1 (D), (E), and (F) as subparagraphs (E), (F), and (G),
2 respectively, and by inserting after subparagraph (B) the
3 following new subparagraph:

4 “(C) Section 1903(v)(4) (relating to op-
5 tional coverage of categories of lawfully residing
6 immigrant children), but only if the State has
7 elected to apply such section to the category of
8 children under title XIX.”.

9 **SEC. 404. IMPROVING BENCHMARK COVERAGE OPTIONS.**

10 (a) **LIMITATION ON USE OF SECRETARY-APPROVED**
11 **COVERAGE.**—Section 2103(a)(4) (42 U.S.C.
12 1397cc(a)(4)) is amended by striking the period at the end
13 and inserting “, but only if such determination was made
14 before March 1, 2007.”.

15 (b) **STATE EMPLOYEE COVERAGE BENCHMARK.**—
16 Section 2103(b)(2) (42 U.S.C. 1397(b)(2)) is amended—

17 (1) by striking “A health benefits coverage
18 plan” and inserting “The health benefits coverage
19 plan”; and

20 (2) by inserting “and that has the largest en-
21 rollment among such employees with dependent cov-
22 erage in either of the previous 2 plan years” before
23 the period.

1 **SEC. 405. REQUIRING COVERAGE OF DENTAL AND MENTAL**
2 **HEALTH SERVICES.**

3 (a) REQUIRED COVERAGE OF DENTAL AND MENTAL
4 HEALTH SERVICES.—Section 2103 (42 U.S.C. 1397cc(e))
5 is amended—

6 (1) in subsection (a), in the matter preceding
7 paragraph (1), by striking “subsection (e)(5)” and
8 inserting “paragraphs (5) and (6) of subsection (e)”;
9 and

10 (2) in subsection (c)—

11 (A) by redesignating paragraph (5) as
12 paragraph (6); and

13 (B) by inserting after paragraph (4), the
14 following new paragraph:

15 “(5) OTHER REQUIRED SERVICES.—The child
16 health assistance provided to a targeted low-income
17 child shall include coverage of the following:

18 “(A) DENTAL SERVICES.—Dental services
19 described in section 1905(r)(3) and provided in
20 accordance with section 1902(a)(43).

21 “(B) MENTAL HEALTH SERVICES.—Mental
22 health services.”.

23 (b) STATE CHILD HEALTH PLAN REQUIREMENT.—
24 Section 2102(a)(7)(B) (42 U.S.C. 1397bb(c)(2)) is
25 amended by inserting “and services described in section
26 2103(c)(5)” after “emergency services”

1 (c) CONFORMING AMENDMENTS.—Section
2 2103(c)(2) (42 U.S.C. 1397cc(c)(2)) is amended—

3 (1) by striking subparagraph (B); and

4 (2) by redesignating subparagraphs (C) and
5 (D) as subparagraphs (B) and (C), respectively.

6 **SEC. 406. CLARIFICATION OF REQUIREMENT TO PROVIDE**
7 **EPSDT SERVICES FOR ALL CHILDREN IN**
8 **BENCHMARK BENEFIT PACKAGES UNDER**
9 **MEDICAID.**

10 (a) IN GENERAL.—Section 1937(a)(1), as inserted by
11 section 6044(a) of the Deficit Reduction Act of 2005, is
12 amended—

13 (1) in subparagraph (A)—

14 (A) in the matter before clause (i), by
15 striking “Notwithstanding any other provision
16 of this title” and inserting “Subject to subpara-
17 graph (E)”; and

18 (B) by striking “enrollment in coverage
19 that provides” and all that follows and inserting
20 “benchmark coverage described in subsection
21 (b)(1) or benchmark equivalent coverage de-
22 scribed in subsection (b)(2).”;

23 (2) by striking subparagraph (C) and inserting
24 the following new subparagraph:

1 “(C) STATE OPTION TO PROVIDE ADDI-
2 TIONAL BENEFITS.—A State, at its option, may
3 provide such additional benefits to benchmark
4 coverage described in subsection (b)(1) or
5 benchmark equivalent coverage described in
6 subsection (b)(2) as the State may specify.”;
7 and

8 (3) by adding at the end the following new sub-
9 paragraph:

10 “(E) REQUIRING COVERAGE OF EPSDT
11 SERVICES.—Nothing in this paragraph shall be
12 construed as affecting a child’s entitlement to
13 care and services described in subsections
14 (a)(4)(B) and (r) of section 1905 and provided
15 in accordance with section 1903(a)(43) whether
16 provided through benchmark coverage, bench-
17 mark equivalent coverage, or otherwise.”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this subsection shall take effect as if included in the
20 amendment made by section 6044(a) of the Deficit Reduc-
21 tion Act of 2005.

22 **SEC. 407. CHILDHOOD OBESITY DEMONSTRATION**
23 **PROJECT.**

24 (a) AUTHORITY TO CONDUCT DEMONSTRATION.—
25 The Secretary, in consultation with the Administrator of

1 the Centers for Medicare & Medicaid Services, shall con-
2 duct a demonstration project to develop a comprehensive
3 and systematic model for reducing childhood obesity by
4 awarding grants to eligible entities to carry out such
5 project. Such model shall—

6 (1) identify, through self-assessment, behavioral
7 risk factors for obesity among children;

8 (2) identify, through self-assessment, needed
9 clinical preventive and screening benefits among
10 those children identified as target individuals on the
11 basis of such risk factors;

12 (3) provide ongoing support to such target indi-
13 viduals and their families to reduce risk factors and
14 promote the appropriate use of preventive and
15 screening benefits; and

16 (4) be designed to improve health outcomes,
17 satisfaction, quality of life, and appropriate use of
18 items and services for which medical assistance is
19 available under title XIX of the Social Security Act
20 or child health assistance is available under title
21 XXI of such Act among such target individuals.

22 (b) ELIGIBILITY ENTITIES.—For purposes of this
23 section, an eligible entity is any of the following:

24 (1) A city, county, or Indian tribe.

25 (2) A local or tribal educational agency.

1 (3) An accredited university, college, or commu-
2 nity college.

3 (4) A federally-qualified health center.

4 (5) A local health department.

5 (6) A health care provider.

6 (7) A community-based organization.

7 (8) Any other entity determined appropriate by
8 the Secretary, including a consortia or partnership
9 of entities described in any of paragraphs (1)
10 through (7).

11 (c) USE OF FUNDS.—An eligible entity awarded a
12 grant under this section shall use the funds made available
13 under the grant to—

14 (1) carry out community-based activities related
15 to reducing childhood obesity, including by—

16 (A) forming partnerships with entities, in-
17 cluding schools and other facilities providing
18 recreational services, to establish programs for
19 after school and weekend community activities
20 that are designed to reduce childhood obesity;

21 (B) forming partnerships with daycare fa-
22 cilities to establish programs that promote
23 healthy eating behaviors and physical activity;
24 and

1 (C) developing and evaluating community
2 educational activities targeting good nutrition
3 and promoting healthy eating behaviors;

4 (2) carry out age-appropriate school-based ac-
5 tivities that are designed to reduce childhood obesity,
6 including by—

7 (A) developing and testing educational cur-
8 ricula and intervention programs designed to
9 promote healthy eating behaviors and habits in
10 youth, which may include—

11 (i) after hours physical activity pro-
12 grams; and

13 (ii) science-based interventions with
14 multiple components to prevent eating dis-
15 orders including nutritional content, under-
16 standing and responding to hunger and sa-
17 tiety, positive body image development,
18 positive self-esteem development, and
19 learning life skills (such as stress manage-
20 ment, communication skills, problem-solv-
21 ing and decisionmaking skills), as well as
22 consideration of cultural and develop-
23 mental issues, and the role of family,
24 school, and community;

1 (B) providing education and training to
2 educational professionals regarding how to pro-
3 mote a healthy lifestyle and a healthy school en-
4 vironment for children;

5 (C) planning and implementing a healthy
6 lifestyle curriculum or program with an empha-
7 sis on healthy eating behaviors and physical ac-
8 tivity; and

9 (D) planning and implementing healthy
10 lifestyle classes or programs for parents or
11 guardians, with an emphasis on healthy eating
12 behaviors and physical activity for children;

13 (3) carry out activities through the local health
14 care delivery systems including by—

15 (A) promoting healthy eating behaviors
16 and physical activity services to treat or prevent
17 eating disorders, being overweight, and obesity;

18 (B) providing patient education and coun-
19 seling to increase physical activity and promote
20 healthy eating behaviors;

21 (C) training health professionals on how to
22 identify and treat obese and overweight individ-
23 uals which may include nutrition and physical
24 activity counseling; and

1 (D) providing community education by a
2 health professional on good nutrition and phys-
3 ical activity to develop a better understanding
4 of the relationship between diet, physical activ-
5 ity, and eating disorders, obesity, or being over-
6 weight; and

7 (4) provide, through qualified health profes-
8 sionals, training and supervision for community
9 health workers to—

10 (A) educate families regarding the relation-
11 ship between nutrition, eating habits, physical
12 activity, and obesity;

13 (B) educate families about effective strate-
14 gies to improve nutrition, establish healthy eat-
15 ing patterns, and establish appropriate levels of
16 physical activity; and

17 (C) educate and guide parents regarding
18 the ability to model and communicate positive
19 health behaviors.

20 (d) PRIORITY.—In awarding grants under subsection
21 (a), the Secretary shall give priority to awarding grants
22 to eligible entities—

23 (1) that demonstrate that they have previously
24 applied successfully for funds to carry out activities
25 that seek to promote individual and community

1 health and to prevent the incidence of chronic dis-
2 ease and that can cite published and peer-reviewed
3 research demonstrating that the activities that the
4 entities propose to carry out with funds made avail-
5 able under the grant are effective;

6 (2) that will carry out programs or activities
7 that seek to accomplish a goal or goals set by the
8 State in the Healthy People 2010 plan of the State;

9 (3) that provide non-Federal contributions, ei-
10 ther in cash or in kind, to the costs of funding activi-
11 ties under the grants;

12 (4) that develop comprehensive plans that in-
13 clude a strategy for extending program activities de-
14 veloped under grants in the years following the fiscal
15 years for which they receive grants under this sec-
16 tion;

17 (5) located in communities that are medically
18 underserved, as determined by the Secretary;

19 (6) located in areas in which the average pov-
20 erty rate is at least 150 percent or higher of the av-
21 erage poverty rate in the State involved, as deter-
22 mined by the Secretary; and

23 (7) that submit plans that exhibit multisectoral,
24 cooperative conduct that includes the involvement of
25 a broad range of stakeholders, including—

- 1 (A) community-based organizations;
- 2 (B) local governments;
- 3 (C) local educational agencies;
- 4 (D) the private sector;
- 5 (E) State or local departments of health;
- 6 (F) accredited colleges, universities, and
- 7 community colleges;
- 8 (G) health care providers;
- 9 (H) State and local departments of trans-
- 10 portation and city planning; and
- 11 (I) other entities determined appropriate
- 12 by the Secretary.

13 (e) PROGRAM DESIGN.—

14 (1) INITIAL DESIGN.—Not later than 1 year
15 after the date of enactment of this Act, the Sec-
16 retary shall design the demonstration project. The
17 demonstration should draw upon promising, innova-
18 tive models and incentives to reduce behavioral risk
19 factors. The Administrator of the Centers for Medi-
20 care & Medicaid Services shall consult with the Di-
21 rector of the Centers for Disease Control and Pre-
22 vention, the Director of the Office of Minority
23 Health, the heads of other agencies in the Depart-
24 ment of Health and Human Services, and such pro-
25 fessional organizations, as the Secretary determines

1 to be appropriate, on the design, conduct, and eval-
2 uation of the demonstration.

3 (2) NUMBER AND PROJECT AREAS.—Not later
4 than 2 years after the date of enactment of this Act,
5 the Secretary shall award 1 grant that is specifically
6 designed to determine whether programs similar to
7 programs to be conducted by other grantees under
8 this section should be implemented with respect to
9 the general population of children who are eligible
10 for child health assistance under State child health
11 plans under title XXI of the Social Security Act in
12 order to reduce the incidence of childhood obesity
13 among such population.

14 (f) REPORT TO CONGRESS.—Not later than 3 years
15 after the date the Secretary implements the demonstration
16 project under this section, the Secretary shall submit to
17 Congress a report that describes the project, evaluates the
18 effectiveness and cost effectiveness of the project, evalu-
19 ates the beneficiary satisfaction under the project, and in-
20 cludes any such other information as the Secretary deter-
21 mines to be appropriate.

22 (g) DEFINITIONS.—In this section:

23 (1) FEDERALLY-QUALIFIED HEALTH CEN-
24 TER.—The term “Federally-qualified health center”
25 has the meaning given that term in section

1 1905(l)(2)(B) of the Social Security Act (42 U.S.C.
2 1396d(l)(2)(B)).

3 (2) INDIAN TRIBE.—The term “Indian tribe”
4 has the meaning given that term in section 4 of the
5 Indian Health Care Improvement Act (25 U.S.C.
6 1603).

7 (3) SELF-ASSESSMENT.—The term “self-assess-
8 ment” means a form that—

9 (A) includes questions regarding—

10 (i) behavioral risk factors;

11 (ii) needed preventive and screening
12 services; and

13 (iii) target individuals’ preferences for
14 receiving follow-up information;

15 (B) is assessed using such computer gen-
16 erated assessment programs; and

17 (C) allows for the provision of such ongo-
18 ing support to the individual as the Secretary
19 determines appropriate.

20 (4) ONGOING SUPPORT.—The term “ongoing
21 support” means—

22 (A) to provide any target individual with
23 information, feedback, health coaching, and rec-
24 ommendations regarding—

1 (i) the results of a self-assessment
2 given to the individual;

3 (ii) behavior modification based on the
4 self-assessment; and

5 (iii) any need for clinical preventive
6 and screening services or treatment includ-
7 ing medical nutrition therapy;

8 (B) to provide any target individual with
9 referrals to community resources and programs
10 available to assist the target individual in re-
11 ducing health risks; and

12 (C) to provide the information described in
13 subparagraph (A) to a health care provider, if
14 designated by the target individual to receive
15 such information.

16 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
17 authorized to be appropriated to carry out this section,
18 \$25,000,000 for each of fiscal years 2008 through 2012.

19 **TITLE V—IMPROVING ACCESS**
20 **TO HEALTH CARE FOR CHIL-**
21 **DREN**

22 **SEC. 501. PROMOTING CHILDREN'S ACCESS TO COVERED**
23 **HEALTH SERVICES.**

24 (a) MEDICAID AND CHIP PAYMENT AND ACCESS
25 COMMISSION.—Title XIX (42 U.S.C. 1396 et seq.) is

1 amended by inserting before section 1901 the following
2 new section:

3 “MEDICAID AND CHIP PAYMENT AND ACCESS
4 COMMISSION

5 “SEC. 1900. (a) ESTABLISHMENT.—There is hereby
6 established the Medicaid and CHIP Payment and Access
7 Commission (in this section referred to as ‘MACPAC’).

8 “(b) DUTIES.—

9 “(1) REVIEW OF ACCESS POLICIES AND AN-
10 NUAL REPORTS.—MACPAC shall—

11 “(A) review policies of the Medicaid pro-
12 gram established under this title (in this section
13 referred to as ‘Medicaid’) and the State Chil-
14 dren’s Health Insurance Program established
15 under title XXI (in this section referred to as
16 ‘CHIP’) affecting children’s access to covered
17 items and services, including topics described in
18 paragraph (2);

19 “(B) make recommendations to Congress
20 concerning such access policies;

21 “(C) by not later than March 1 of each
22 year (beginning with 2009), submit a report to
23 Congress containing the results of such reviews
24 and MACPAC’s recommendations concerning
25 such policies; and

1 “(D) by not later than June 1 of each year
2 (beginning with 2009), submit a report to Con-
3 gress containing an examination of issues af-
4 fecting Medicaid and CHIP, including the im-
5 plications of changes in health care delivery in
6 the United States and in the market for health
7 care services on such programs.

8 “(2) SPECIFIC TOPICS TO BE REVIEWED.—Spe-
9 cifically, MACPAC shall review and assess the fol-
10 lowing:

11 “(A) MEDICAID AND CHIP PAYMENT POLI-
12 CIES.—Payment policies under Medicaid and
13 CHIP, including—

14 “(i) the factors affecting expenditures
15 for items and services in different sectors,
16 including the process for updating hospital,
17 skilled nursing facility, physician, Feder-
18 ally-qualified health center, rural health
19 center, and other fees;

20 “(ii) payment methodologies; and

21 “(iii) the relationship of such factors
22 and methodologies to access and quality of
23 care for Medicaid and CHIP beneficiaries.

24 “(B) INTERACTION OF MEDICAID AND
25 CHIP PAYMENT POLICIES WITH HEALTH CARE

1 DELIVERY GENERALLY.—The effect of Medicaid
2 and CHIP payment policies on access to items
3 and services for children and other Medicaid
4 and CHIP populations other than under this
5 title or title XXI and the implications of
6 changes in health care delivery in the United
7 States and in the general market for health
8 care items and services on Medicaid and CHIP.

9 “(C) OTHER ACCESS POLICIES.—The ef-
10 fect of other Medicaid and CHIP policies on ac-
11 cess to covered items and services, including
12 policies relating to transportation and language
13 barriers.

14 “(3) CREATION OF EARLY-WARNING SYSTEM.—
15 MACPAC shall create an early-warning system to
16 identify provider shortage areas or any other prob-
17 lems that threaten access to care or the health care
18 status of Medicaid and CHIP beneficiaries.

19 “(4) COMMENTS ON CERTAIN SECRETARIAL RE-
20 PORTS.—If the Secretary submits to Congress (or a
21 committee of Congress) a report that is required by
22 law and that relates to access policies, including with
23 respect to payment policies, under Medicaid or
24 CHIP, the Secretary shall transmit a copy of the re-
25 port to MACPAC. MACPAC shall review the report

1 and, not later than 6 months after the date of sub-
2 mittal of the Secretary's report to Congress, shall
3 submit to the appropriate committees of Congress
4 written comments on such report. Such comments
5 may include such recommendations as MACPAC
6 deems appropriate.

7 “(5) AGENDA AND ADDITIONAL REVIEWS.—
8 MACPAC shall consult periodically with the chair-
9 men and ranking minority members of the appro-
10 priate committees of Congress regarding MACPAC's
11 agenda and progress towards achieving the agenda.
12 MACPAC may conduct additional reviews, and sub-
13 mit additional reports to the appropriate committees
14 of Congress, from time to time on such topics relat-
15 ing to the program under this title or title XXI as
16 may be requested by such chairmen and members
17 and as MACPAC deems appropriate.

18 “(6) AVAILABILITY OF REPORTS.—MACPAC
19 shall transmit to the Secretary a copy of each report
20 submitted under this subsection and shall make such
21 reports available to the public.

22 “(7) APPROPRIATE COMMITTEE OF CON-
23 GRESS.—For purposes of this section, the term ‘ap-
24 propriate committees of Congress’ means the Com-
25 mittee on Energy and Commerce of the House of

1 Representatives and the Committee on Finance of
2 the Senate.

3 “(8) VOTING AND REPORTING REQUIRE-
4 MENTS.—With respect to each recommendation con-
5 tained in a report submitted under paragraph (1),
6 each member of MACPAC shall vote on the rec-
7 ommendation, and MACPAC shall include, by mem-
8 ber, the results of that vote in the report containing
9 the recommendation.

10 “(9) EXAMINATION OF BUDGET CON-
11 SEQUENCES.—Before making any recommendations,
12 MACPAC shall examine the budget consequences of
13 such recommendations, directly or through consulta-
14 tion with appropriate expert entities.

15 “(c) MEMBERSHIP.—

16 “(1) NUMBER AND APPOINTMENT.—MACPAC
17 shall be composed of 17 members appointed by the
18 Comptroller General of the United States.

19 “(2) QUALIFICATIONS.—

20 “(A) IN GENERAL.—The membership of
21 MACPAC shall include individuals who have
22 had direct experience as enrollees or parents of
23 enrollees in Medicaid or CHIP and individuals
24 with national recognition for their expertise in
25 Federal safety net health programs, health fi-

1 nance and economics, actuarial science, health
2 facility management, health plans and inte-
3 grated delivery systems, reimbursement of
4 health facilities, health information technology,
5 pediatric physicians, dentists, and other pro-
6 viders of health services, and other related
7 fields, who provide a mix of different profes-
8 sionals, broad geographic representation, and a
9 balance between urban and rural representa-
10 tives.

11 “(B) INCLUSION.—The membership of
12 MACPAC shall include (but not be limited to)
13 physicians and other health professionals, em-
14 ployers, third-party payers, and individuals with
15 expertise in the delivery of health services. Such
16 membership shall also include consumers rep-
17 resenting children, pregnant women, the elderly,
18 and individuals with disabilities, current or
19 former representatives of State agencies respon-
20 sible for administering Medicaid, and current or
21 former representatives of State agencies respon-
22 sible for administering CHIP.

23 “(C) MAJORITY NONPROVIDERS.—Individ-
24 uals who are directly involved in the provision,
25 or management of the delivery, of items and

1 services covered under Medicaid or CHIP shall
2 not constitute a majority of the membership of
3 MACPAC.

4 “(D) ETHICAL DISCLOSURE.—The Comp-
5 troller General of the United States shall estab-
6 lish a system for public disclosure by members
7 of MACPAC of financial and other potential
8 conflicts of interest relating to such members.
9 Members of MACPAC shall be treated as em-
10 ployees of Congress for purposes of applying
11 title I of the Ethics in Government Act of 1978
12 (Public Law 95–521).

13 “(3) TERMS.—

14 “(A) IN GENERAL.—The terms of mem-
15 bers of MACPAC shall be for 3 years except
16 that the Comptroller General of the United
17 States shall designate staggered terms for the
18 members first appointed.

19 “(B) VACANCIES.—Any member appointed
20 to fill a vacancy occurring before the expiration
21 of the term for which the member’s predecessor
22 was appointed shall be appointed only for the
23 remainder of that term. A member may serve
24 after the expiration of that member’s term until
25 a successor has taken office. A vacancy in

1 MACPAC shall be filled in the manner in which
2 the original appointment was made.

3 “(4) COMPENSATION.—While serving on the
4 business of MACPAC (including travel time), a
5 member of MACPAC shall be entitled to compensa-
6 tion at the per diem equivalent of the rate provided
7 for level IV of the Executive Schedule under section
8 5315 of title 5, United States Code; and while so
9 serving away from home and the member’s regular
10 place of business, a member may be allowed travel
11 expenses, as authorized by the Chairman of
12 MACPAC. Physicians serving as personnel of
13 MACPAC may be provided a physician comparability
14 allowance by MACPAC in the same manner as Gov-
15 ernment physicians may be provided such an allow-
16 ance by an agency under section 5948 of title 5,
17 United States Code, and for such purpose subsection
18 (i) of such section shall apply to MACPAC in the
19 same manner as it applies to the Tennessee Valley
20 Authority. For purposes of pay (other than pay of
21 members of MACPAC) and employment benefits,
22 rights, and privileges, all personnel of MACPAC
23 shall be treated as if they were employees of the
24 United States Senate.

1 “(5) CHAIRMAN; VICE CHAIRMAN.—The Comp-
2 troller General of the United States shall designate
3 a member of MACPAC, at the time of appointment
4 of the member as Chairman and a member as Vice
5 Chairman for that term of appointment, except that
6 in the case of vacancy of the Chairmanship or Vice
7 Chairmanship, the Comptroller General of the
8 United States may designate another member for
9 the remainder of that member’s term.

10 “(6) MEETINGS.—MACPAC shall meet at the
11 call of the Chairman.

12 “(d) DIRECTOR AND STAFF; EXPERTS AND CON-
13 SULTANTS.—Subject to such review as the Comptroller
14 General of the United States deems necessary to assure
15 the efficient administration of MACPAC, MACPAC
16 may—

17 “(1) employ and fix the compensation of an Ex-
18 ecutive Director (subject to the approval of the
19 Comptroller General of the United States) and such
20 other personnel as may be necessary to carry out its
21 duties (without regard to the provisions of title 5,
22 United States Code, governing appointments in the
23 competitive service);

1 “(2) seek such assistance and support as may
2 be required in the performance of its duties from ap-
3 propriate Federal departments and agencies;

4 “(3) enter into contracts or make other ar-
5 rangements, as may be necessary for the conduct of
6 the work of MACPAC (without regard to section
7 3709 of the Revised Statutes (41 U.S.C. 5));

8 “(4) make advance, progress, and other pay-
9 ments which relate to the work of MACPAC;

10 “(5) provide transportation and subsistence for
11 persons serving without compensation; and

12 “(6) prescribe such rules and regulations as it
13 deems necessary with respect to the internal organi-
14 zation and operation of MACPAC.

15 “(e) POWERS.—

16 “(1) OBTAINING OFFICIAL DATA.—MACPAC
17 may secure directly from any department or agency
18 of the United States information necessary to enable
19 it to carry out this section. Upon request of the
20 Chairman, the head of that department or agency
21 shall furnish that information to MACPAC on an
22 agreed upon schedule.

23 “(2) DATA COLLECTION.—In order to carry out
24 its functions, MACPAC shall—

1 “(A) utilize existing information, both pub-
2 lished and unpublished, where possible, collected
3 and assessed either by its own staff or under
4 other arrangements made in accordance with
5 this section;

6 “(B) carry out, or award grants or con-
7 tracts for, original research and experimen-
8 tation, where existing information is inad-
9 equate; and

10 “(C) adopt procedures allowing any inter-
11 ested party to submit information for
12 MACPAC’s use in making reports and rec-
13 ommendations.

14 “(3) ACCESS OF GAO TO INFORMATION.—The
15 Comptroller General of the United States shall have
16 unrestricted access to all deliberations, records, and
17 nonproprietary data of MACPAC, immediately upon
18 request.

19 “(4) PERIODIC AUDIT.—MACPAC shall be sub-
20 ject to periodic audit by the Comptroller General of
21 the United States.

22 “(f) AUTHORIZATION OF APPROPRIATIONS.—

23 “(1) REQUEST FOR APPROPRIATIONS.—
24 MACPAC shall submit requests for appropriations
25 in the same manner as the Comptroller General of

1 the United States submits requests for appropria-
2 tions, but amounts appropriated for MACPAC shall
3 be separate from amounts appropriated for the
4 Comptroller General of the United States.

5 “(2) AUTHORIZATION.—There are authorized to
6 be appropriated such sums as may be necessary to
7 carry out the provisions of this section.”.

8 (b) DEADLINE FOR INITIAL APPOINTMENTS.—Not
9 later than January 1, 2008, the Comptroller General of
10 the United States shall appoint the initial members of the
11 Medicaid and CHIP Payment and Access Commission es-
12 tablished under section 1900 of the Social Security Act
13 (as added by subsection (a)).

14 **SEC. 502. INSTITUTE OF MEDICINE STUDY AND REPORT ON**
15 **CHILDREN’S ACCESS TO HEALTH CARE.**

16 (a) STUDY.—

17 (1) IN GENERAL.—The Secretary shall enter
18 into a contract with the Institute of Medicine of the
19 National Academy of Sciences (in this section re-
20 ferred to as the “Institute”), to update the data and
21 analyses of the June 1998 report of the Institute en-
22 titled, “America’s Children: Health Insurance and
23 Access to Care”. Specifically, the Institute shall—

24 (A) examine the extent of health insurance
25 coverage for children in the United States; and

1 (B) analyze the extent to which there is
2 evidence of the relationship between health in-
3 surance coverage and children's access to health
4 care.

5 (2) REQUIREMENT.—In carrying out the study
6 required under paragraph (1), the Institute shall
7 focus on a broad range of providers that offer health
8 care services to children, including (but not limited
9 to) providers of oral health care services and mental
10 health care services.

11 (3) SUPPORT.—The Secretary shall provide to
12 the Institute any relevant data available to the Sec-
13 retary during the period in which the study required
14 under paragraph (1) is conducted.

15 (b) REPORT.—Not later than 18 months after the
16 date of enactment of this Act, the Secretary and the Insti-
17 tute shall submit a report to Congress on the results of
18 the study conducted under subsection (a).

19 (c) APPROPRIATIONS.—Out of any funds in the
20 Treasury not otherwise appropriated, there is appro-
21 priated for fiscal year 2008 such sums as may be nec-
22 essary for the purpose of carrying out this section, not
23 to exceed \$1,000,000. Funds appropriated under this sub-
24 section shall remain available until expended.

1 **TITLE VI—STRENGTHENING**
2 **QUALITY OF CARE AND**
3 **HEALTH OUTCOMES OF CHIL-**
4 **DREN**

5 **SEC. 601. STRENGTHENING CHILD HEALTH QUALITY IM-**
6 **PROVEMENT ACTIVITIES.**

7 (a) UPDATING AND ENHANCEMENT OF QUALITY OF
8 CARE MEASURES FOR CHILDREN.—

9 (1) IN GENERAL.—Not later than January 1,
10 2009, the Secretary shall do the following:

11 (A) UPDATE AND ENHANCE QUALITY
12 MEASURES.—In consultation with States, pro-
13 viders, and child health experts, update and en-
14 hance the HEDIS measures and other meas-
15 ures that the Secretary recommends States use
16 to annually report on the quality of health care
17 for children enrolled in Medicaid or CHIP to in-
18 clude additional and more comprehensive infor-
19 mation with respect to health care delivered to
20 children in both ambulatory and inpatient care
21 settings, that can be used to develop national
22 quality measures and perform comparative
23 analyses.

24 (B) ENCOURAGE VOLUNTARY REPORT-
25 ING.—In consultation with States, develop pro-

1 cedures to encourage States to voluntarily re-
2 port the same set of measures with respect to
3 the quality of health care for children under
4 Medicaid and CHIP.

5 (C) ADOPTION OF BEST PRACTICES.—De-
6 velop programs to identify best practices with
7 respect to the quality of health care for children
8 and facilitate the adoption of such best prac-
9 tices, including in areas such as provider re-
10 porting compliance, successful quality improve-
11 ment strategies, and improved efficiency in data
12 collection using health information technology.

13 (D) TECHNICAL ASSISTANCE.—Provide
14 technical assistance to States to help them com-
15 ply with the measures updated in accordance
16 with subparagraph (A) and adopt the best prac-
17 tices identified in accordance with subparagraph
18 (C).

19 (b) DISSEMINATION OF HEALTH QUALITY INFORMA-
20 TION.—

21 (1) STATE-SPECIFIC REPORT ON CHILD
22 HEALTH QUALITY MEASURES.—Not later than Janu-
23 ary 1, 2008, and annually thereafter, the Secretary
24 shall collect, analyze, and make publicly available
25 State-specific data on child health quality measures,

1 including State-specific data collected on external
2 quality review activities related to managed care or-
3 ganizations under Medicaid and CHIP.

4 (2) REPORTS TO CONGRESS.—Not later than
5 January 1, 2008, and every 3 years thereafter, the
6 Secretary shall report to Congress on—

7 (A) the status of the Secretary's efforts to
8 improve—

9 (i) children's health care, including
10 children's needs with respect to preventive,
11 acute, and chronic health care; and

12 (ii) all domains of quality, including
13 safety, family experience of care, and elimi-
14 nation of disparities; and

15 (B) the quality of care furnished to amelio-
16 rate at least 1 type of physical, mental, or de-
17 velopmental condition recognized as having an
18 effect on growth and development in children
19 and adolescents.

20 (c) DEVELOPMENT, ENDORSEMENT, AND UPDATING
21 OF CHILD-SPECIFIC HEALTH QUALITY MEASURES.—

22 (1) IN GENERAL.—Not later than January 1,
23 2009, the Secretary shall establish a program to
24 support the development of quality measures for
25 children's health care services.

1 (2) AUTHORITY TO AWARD GRANTS AND CON-
2 TRACTS.—As part of such program, the Secretary
3 shall award grants and contracts for the—

4 (A) development of new child health qual-
5 ity measures to supplement or replace, as ap-
6 propriate, the HEDIS measures updated and
7 enhanced in accordance with subsection
8 (a)(1)(A);

9 (B) advancement (through validation and
10 consensus among the entities described in para-
11 graph (3)) of such new measures and of child
12 health quality measures used as of the date of
13 enactment of this Act; and

14 (C) updating of such measures as nec-
15 essary.

16 (3) CONSULTATION REQUIRED.—In carrying
17 out the program required under this subsection, the
18 Secretary shall consult with the following:

19 (A) ESTABLISHMENT OF AREAS OF NEED
20 AND PRIORITIES.—For purposes of identifying
21 gaps in child health quality measures used as of
22 the date of enactment of this Act and estab-
23 lishing priorities for development:

24 (i) States.

25 (ii) National pediatric organizations.

1 (iii) Consumers.

2 (iv) Other entities with expertise in
3 pediatric quality measures, such as quality
4 improvement organizations.

5 (B) ESTABLISHMENT OF PORTFOLIO OF
6 MEASURES.—For purposes of developing a port-
7 folio of child health quality measures for use by
8 States, other purchasers, and providers, an or-
9 ganization involved in the advancement of con-
10 sensus on evidence-based measures of health
11 care, such as the National Quality Forum.

12 (C) ESTABLISHMENT OF MEDICAID AND
13 CHIP CORE PEDIATRIC QUALITY MEASURES.—
14 For purposes of identifying a core pediatric
15 data set that includes specific quality measures
16 for Medicaid and CHIP, States, health care
17 providers, consumers, purchasers, child health
18 experts, and public and private organizations
19 with experience and expertise in the outreach
20 and enrollment of children in public and private
21 health insurance programs.

22 (4) SPECIFIC REQUIREMENTS FOR MEDICAID
23 AND CHIP PEDIATRIC QUALITY MEASURES.—

24 (A) CORE PEDIATRIC DATA SET.—The core
25 pediatric data set identified under paragraph

1 (3)(C) shall include specific quality measures
2 for Medicaid and CHIP, including with respect
3 to at least the following:

4 (i) State-specific quality measures for
5 Medicaid and CHIP (including State-spe-
6 cific data on enrollment and retention of
7 eligible children; coordination of Medicaid
8 and CHIP children's coverage; measures of
9 children's access to preventive, acute and
10 chronic care, including the availability of
11 providers and adequacy of provider pay-
12 ments relative to private coverage).

13 (ii) Quality measures and data for
14 health plans and providers at the State,
15 plan, and provider levels of care.

16 (B) QUALITY MEASURES.—In identifying
17 quality measures for Medicaid and CHIP, the
18 Secretary shall—

19 (i) identify measures specific to man-
20 aged care plans and providers of primary
21 care case management services;

22 (ii) build on the core set of quality
23 measures reported by States as of the date
24 of enactment of this Act, including the
25 HEDIS measures and evidence-based

1 measures (to the extent such measures are
2 available);

3 (iii) assure that the measures identi-
4 fied are selected from measures that have
5 been approved through an independent
6 process that includes a broad consensus
7 determined by a voluntary, standard set-
8 ting organization, with broad participation
9 by providers, patient advocates, health
10 plans, and purchasers;

11 (iv) assure that the measures place an
12 emphasis on physical and mental condi-
13 tions for which amelioration is necessary to
14 promote growth and development;

15 (v) assure that the measures are evi-
16 dence-based and risk adjusted;

17 (vi) assure that the measures are de-
18 signed to identify and eliminate racial and
19 ethnic disparities in the provision of care;

20 (vii) assure that the data required for
21 such measures is collected and reported in
22 a standard format that permits comparison
23 of quality and data at a State, plan, and
24 provider level; and

1 (viii) periodically update such meas-
2 ures.

3 (d) DEMONSTRATION PROJECTS FOR IMPROVING
4 THE QUALITY OF CHILDREN'S HEALTH CARE AND THE
5 USE OF HEALTH INFORMATION TECHNOLOGY.—

6 (1) IN GENERAL.—The Secretary shall award
7 grants to States and child health providers to con-
8 duct demonstration projects to evaluate promising
9 ideas for improving the quality of children's health
10 care, including projects to—

11 (A) experiment with, and evaluate the use
12 of, new measures of the quality of children's
13 health care (including testing the validity and
14 suitability for reporting of such measures);

15 (B) promote the use of health information
16 technology in care delivery for children; or

17 (C) evaluate value-based purchasing of
18 health care services for children.

19 (2) AUTHORITY FOR MULTI-STATE
20 PROJECTS.—A demonstration project conducted with
21 a grant awarded under this subsection may be con-
22 ducted on a multi-State basis, as needed.

23 (e) INCREASED MATCHING RATE FOR COLLECTING
24 AND REPORTING ON CHILD HEALTH MEASURES.—Sec-

1 tion 1903(a)(3)(A) (42 U.S.C. 1396b(a)(3)(A)), as
2 amended by section 302, is amended—

3 (1) by striking “and” at the end of clause (ii);

4 and

5 (2) by adding at the end the following new
6 clause:

7 “(iv) an amount equal to 75 percent of so
8 much of the sums expended during such quar-
9 ter (as found necessary by the Secretary for the
10 proper and efficient administration of the State
11 plan) as are attributable to such developments
12 or modifications of systems of the type de-
13 scribed in clause (i) as are necessary for the ef-
14 ficient collection and reporting on child health
15 measures; and”.

16 (f) DEVELOPMENT OF MODEL ELECTRONIC HEALTH
17 RECORD FOR CHILDREN.—Not later than January 1,
18 2009, the Secretary shall establish a program to encour-
19 age the development and dissemination of a model elec-
20 tronic health record for children. Such model electronic
21 health record should be—

22 (1) subject to State laws, accessible to parents
23 and other consumers for the sole purpose of dem-
24 onstrating compliance with school or leisure activity

1 requirements, such as appropriate immunizations or
2 physicals; and

3 (2) designed to allow interoperable exchanges
4 that conform with Federal and State privacy and se-
5 curity requirements.

6 (g) DEFINITION OF HEDIS MEASURES.—In this sec-
7 tion, the term “HEDIS measures” means the Health Plan
8 Employer Data and Information Set (HEDIS) measures
9 established by the National Committee for Quality Assur-
10 ance (NCQA).

11 (h) APPROPRIATIONS.—Out of any funds in the
12 Treasury not otherwise appropriated, there is appro-
13 priated for each of fiscal years 2008 through 2012,
14 \$20,000,000 for the purpose of carrying out this section.
15 Funds appropriated under this subsection shall remain
16 available until expended.

17 **SEC. 602. APPLICATION OF CERTAIN MANAGED CARE**
18 **QUALITY SAFEGUARDS TO CHIP.**

19 Section 2107(e)(1) (42 U.S.C. 1397gg(e)(1)), as
20 amended by sections 301(b), 302(b)(2), and 403(b), is
21 amended by redesignating subparagraph (G) as subpara-
22 graph (H), and by inserting after subparagraph (F) the
23 following new subparagraph:

1 “(G) Subsections (a)(5), (b), (c), (d), and
2 (e) of section 1932 (relating to requirements for
3 managed care).”.

4 **TITLE VII—OTHER**
5 **IMPROVEMENTS**

6 **SEC. 701. STRENGTHENING PREMIUM ASSISTANCE PRO-**
7 **GRAMS.**

8 (a) IMPROVING THE COST-EFFECTIVENESS STAND-
9 ARD.—Section 2105(c)(3) (42 U.S.C. 1397ee(c)(3)) is
10 amended—

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

14 (2) by striking “Payment may be made” and
15 inserting the following:

16 “(A) IN GENERAL.—Subject to the suc-
17 ceeding provisions of this paragraph, payment
18 may be made”; and

19 (3) by adding at the end the following new sub-
20 paragraph:

21 “(B) IMPROVEMENTS IN COST-EFFECTIVE-
22 NESS MEASURE.—

23 “(i) APPLICATION OF FAMILY-BASED
24 TEST.—Coverage described in subpara-
25 graph (A) shall be deemed cost-effective if

1 the State establishes to the satisfaction of
2 the Secretary that the cost of such cov-
3 erage is less than the expenditures that the
4 State would have made to enroll the family
5 in the State child health plan.

6 “(ii) AGGREGATE PROGRAM OPER-
7 ATIONAL COSTS DO NOT EXCEED THE
8 COST OF PROVIDING COVERAGE UNDER
9 THE STATE CHILD HEALTH PLAN.—In the
10 case of a State that does not establish
11 cost-effectiveness under clause (i), payment
12 may not be made under subsection (a)(1)
13 for the purchase of any coverage described
14 in subparagraph (A) for a family unless
15 the State establishes to the satisfaction of
16 the Secretary that the aggregate amount
17 of expenditures by the State for the pur-
18 chase of all such coverage (including ad-
19 ministrative expenditures) does not exceed
20 the aggregate amount of expenditures that
21 the State would have made for providing
22 coverage under the State child health plan
23 for all such families.”.

24 (b) DISCLOSURE OF GROUP HEALTH PLAN BENE-
25 FITS.—Section 2105(c)(3) (42 U.S.C. 1397ee(c)(3)), as

1 amended by subsections (a) and (b), is amended by adding
2 at the end the following new subparagraph:

3 “(D) DISCLOSURE OF GROUP HEALTH
4 PLAN BENEFITS.—Notwithstanding any other
5 provision of law, the plan administrator of a
6 group health plan in which participants or
7 beneficiaries are covered under a State plan
8 under title XIX or this title, shall disclose to
9 the State, upon request, information about the
10 benefits available under the group health plan
11 in sufficient specificity so that the State may
12 determine—

13 “(i) whether purchasing coverage for
14 the participant or beneficiary under the
15 group health plan meets the cost-effective-
16 ness standard applied under subparagraph
17 (B); and

18 “(ii) what additional benefits and
19 cost-sharing assistance must be provided to
20 ensure that the participant or beneficiary
21 receives through the provision of additional
22 benefits by the State, benefits that are
23 equivalent to the coverage that would be
24 provided to such participant or beneficiary
25 under such State plan.”.

1 (c) APPROVAL OF SECTION 1115 WAIVERS FOR PRE-
2 MIUM ASSISTANCE.—Section 1115 (42 U.S.C. 1315) is
3 amended by inserting after subsection (c), the following
4 new subsection:

5 “(d) In approving a request by a State for an experi-
6 mental, pilot, or demonstration project under this section
7 with respect to the purchase of private insurance for indi-
8 viduals eligible for assistance under title XIX or XXI, the
9 Secretary shall not waive compliance with requirements of
10 such titles or treat expenditures under the project as ex-
11 penditures under the State plans approved under such ti-
12 tles unless the State demonstrates both of the following:

13 “(1) The fact that an individual is enrolled in
14 a group health plan or an insurance plan purchased
15 on the individual market shall not change the indi-
16 vidual’s eligibility for assistance under the such
17 State plans.

18 “(2) The cost to the Federal Government and
19 State of purchasing private insurance for the indi-
20 vidual (including administrative costs), as well as
21 any additional costs incurred in providing items and
22 services covered under such State plans but not
23 through the private insurance for such individual,
24 does not exceed, on an average per individual basis,

1 the cost of providing coverage to the individual di-
2 rectly under such State plans.”.

3 (d) GAO STUDY AND REPORT.—Not later than Jan-
4 uary 1, 2009, the Comptroller General of the United
5 States shall study cost and coverage issues relating to
6 State premium assistance programs for which Federal
7 matching payments are made under title XIX or XXI of
8 the Social Security Act and submit a report to Congress
9 on the results of such study.

10 **SEC. 702. PERMITTING COVERAGE OF CHILDREN OF EM-**
11 **EMPLOYEES OF A PUBLIC AGENCY IN THE**
12 **STATE.**

13 Section 2110(b) (42 U.S.C. 1397jj(b)) is amended—

14 (1) in paragraph (2)(B), by inserting “except as
15 provided in paragraph (5),” before “a child”; and

16 (2) by adding at the end the following new
17 paragraph:

18 “(5) EXCEPTIONS TO EXCLUSION OF CHILDREN
19 OF EMPLOYEES OF A PUBLIC AGENCY IN THE
20 STATE.—

21 “(A) IN GENERAL.—A child shall not be
22 considered to be described in paragraph (2)(B)
23 if—

24 “(i) the public agency that employs a
25 member of the child’s family to which such

1 paragraph applies satisfies subparagraph
2 (B); or

3 “(ii) subparagraph (C) applies to such
4 child.

5 “(B) MAINTENANCE OF EFFORT WITH RE-
6 SPECT TO PER PERSON AGENCY CONTRIBUTION
7 FOR FAMILY COVERAGE.—For purposes of sub-
8 paragraph (A)(i), a public agency satisfies this
9 subparagraph if the amount of annual agency
10 expenditures made on behalf of each employee
11 enrolled in health coverage paid for by the
12 agency that includes dependent coverage for the
13 most recent State fiscal year is not less than
14 the amount of such expenditures made by the
15 agency for the 1997 State fiscal year, increased
16 by the percentage increase in the medical care
17 expenditure category of the Consumer Price
18 Index for All-Urban Consumers (all items: U.S.
19 City Average) for such preceding fiscal year.

20 “(C) HARDSHIP EXCEPTION.—For pur-
21 poses of subparagraph (A)(ii), this subpara-
22 graph applies to a child if the State determines,
23 on a case-by-case basis, that the annual aggre-
24 gate amount of premiums and cost-sharing im-
25 posed for coverage of the family of the child

1 would exceed 5 percent of such family’s income
2 for the year involved.”.

3 **SEC. 703. IMPROVING DATA COLLECTION.**

4 (a) INCREASED APPROPRIATION.—Section
5 2109(b)(2) (42 U.S.C. 1397ii(b)(2)) is amended by strik-
6 ing “\$10,000,000 for fiscal year 2000” and inserting
7 “\$20,000,000 for fiscal year 2008”.

8 (b) USE OF ADDITIONAL FUNDS.—Section 2109(b)
9 (42 U.S.C. 1397ii(b)), as amended by subsection (a), is
10 amended—

11 (1) by redesignating paragraph (2) as para-
12 graph (3); and

13 (2) by inserting after paragraph (1), the fol-
14 lowing new paragraph:

15 “(2) ADDITIONAL REQUIREMENTS.—In addition
16 to making the adjustments required to produce the
17 data described in paragraph (1), with respect to
18 data collection occurring for fiscal years beginning
19 with fiscal year 2008, in appropriate consultation
20 with the Secretary of Health and Human Services,
21 the Secretary of Commerce shall do the following:

22 “(A) Make appropriate adjustments to the
23 Current Population Survey to develop more ac-
24 curate State-specific estimates of the number of

1 children enrolled in health coverage under title
2 XIX or this title.

3 “(B) Make appropriate adjustments to the
4 Current Population Survey to improve the sur-
5 vey estimates used to compile the State-specific
6 and national number of low-income children
7 without health insurance for purposes of sec-
8 tions 1905(y)(2)(A)(i), 2106(b)(3)(B)(iii)(I),
9 and 2104(i)(3)(D)(i).

10 “(C) Assist in the incorporation of health
11 insurance survey information in the American
12 Community Survey related to children.

13 “(D) Assess whether American Community
14 Survey estimates, once such survey data are
15 first available, produce more reliable estimates
16 than the Current Population Survey for pur-
17 poses of section 2104(i)(3)(D)(i).

18 “(E) Recommend to the Secretary of
19 Health and Human Services whether American
20 Community Survey estimates should be used for
21 purposes of 2104(i)(3)(D)(i).

22 “(F) Continue making the adjustments de-
23 scribed in the last sentence of paragraph (1)
24 with respect to expansion of the sample size
25 used in State sampling units, the number of

1 sampling units in a State, and using an appro-
2 priate verification element.”.

3 **SEC. 704. MORATORIUM ON APPLICATION OF PERM RE-**
4 **QUIREMENTS RELATED TO ELIGIBILITY RE-**
5 **VIEWS DURING PERIOD OF INDEPENDENT**
6 **STUDY AND REPORT.**

7 (a) MORATORIUM.—Notwithstanding parts 431 and
8 457 of title 42, Code of Federal Regulations, or any other
9 provision of law, except as provided in paragraph (2), dur-
10 ing the period that begins on the date of enactment of
11 this Act and ends on the final effective date for the regula-
12 tions required under subsection (c), the Secretary shall not
13 apply the payment error rate measurement (PERM) re-
14 quirements related to eligibility reviews imposed under
15 such parts with respect to Medicaid or CHIP.

16 (b) STUDY AND REPORT.—

17 (1) INSTITUTE OF MEDICINE STUDY.—The Sec-
18 retary shall enter into a contract with the Institute
19 of Medicine of the National Academy of Sciences (in
20 this section referred to as the “Institute”) to con-
21 duct an independent study of the payment error rate
22 measurement (PERM) requirements related to eligi-
23 bility reviews imposed under parts 431 and 457 of
24 title 42, Code of Federal Regulations with respect to
25 Medicaid and CHIP and established in accordance

1 with the Improper Payments Information Act of
2 2002 (Public Law 107–300). Such study shall exam-
3 ine and develop recommendations for modifying such
4 requirements in order to—

5 (A) minimize the administrative cost bur-
6 den on States under Medicaid and CHIP;

7 (B) avoid inadvertent error findings with
8 respect to such programs despite compliance
9 with Federal and State policies and procedures
10 in effect as of the date of the submission of the
11 claim or action that led to such finding;

12 (C) maintain State flexibility to manage
13 such programs; and

14 (D) ensure that such requirements do not
15 interfere with State efforts to simplify applica-
16 tion and renewal procedures that increase en-
17 rollment in Medicaid and CHIP and do not re-
18 duce beneficiary participation in such programs.

19 (2) SUPPORT.—The Secretary shall provide the
20 Institute with any relevant data available to the Sec-
21 retary during the period in which the study required
22 under paragraph (1) is conducted.

23 (3) REPORT.—Not later than the date that is
24 18 months after the date of enactment of this Act,
25 the Institute shall submit to the Secretary and Con-

1 gress a report on the results of the study conducted
2 under this subsection.

3 (c) REGULATIONS.—Not later than 6 months after
4 the date on which the report required under subsection
5 (b)(3) has been submitted to the Secretary, the Secretary,
6 after taking into consideration the recommendations con-
7 tained in the report, shall promulgate such regulations re-
8 vising the PERM requirements as the Secretary deter-
9 mines are appropriate.

10 (d) APPROPRIATIONS.—Out of any funds in the
11 Treasury not otherwise appropriated, there is appro-
12 priated for fiscal year 2008 such sums as may be nec-
13 essary for the purpose of carrying out this section, not
14 to exceed \$1,000,000. Funds appropriated under this sub-
15 section shall remain available until expended.

16 **SEC. 705. ELIMINATION OF CONFUSING PROGRAM REF-**
17 **ERENCES.**

18 Section 704 of the Medicare, Medicaid, and SCHIP
19 Balanced Budget Refinement Act of 1999, as enacted into
20 law by division B of Public Law 106–113 (113 Stat.
21 1501A–402) is repealed.

22 **TITLE VIII—EFFECTIVE DATE**

23 **SEC. 801. EFFECTIVE DATE.**

24 (a) IN GENERAL.—Unless otherwise provided, sub-
25 ject to subsection (b), the amendments made by this Act

1 shall take effect on October 1, 2007, and shall apply to
2 child health assistance and medical assistance provided on
3 or after that date without regard to whether or not final
4 regulations to carry out such amendments have been pro-
5 mulgated by such date.

6 (b) EXCEPTION FOR STATE LEGISLATION.—In the
7 case of a State plan under title XIX or XXI of the Social
8 Security Act, which the Secretary determines requires
9 State legislation in order for the plan to meet the addi-
10 tional requirements imposed by an amendment made by
11 this Act, the State plan shall not be regarded as failing
12 to comply with the requirements of such Act solely on the
13 basis of its failure to meet these additional requirements
14 before the first day of the first calendar quarter beginning
15 after the close of the first regular session of the State leg-
16 islature that begins after the date of enactment of this
17 Act. For purposes of the preceding sentence, in the case
18 of a State that has a 2-year legislative session, each year
19 of the session shall be considered to be a separate regular
20 session of the State legislature.