

AMENDMENT NO. _____ Calendar No. _____

Purpose: To ensure that American children have high-quality health coverage that fits their individual needs.

IN THE SENATE OF THE UNITED STATES—111th Cong., 1st Sess.

H. R. 2

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

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. COBURN to
the amendment (No. 39) proposed by Mr. BAUCUS

Viz:

- 1 Strike all after the enacting clause and insert the fol-
- 2 lowing:
- 3 **SECTION 1. PURPOSE.**
- 4 The purpose of this Act is to ensure that American
- 5 children have high-quality health coverage that fits their
- 6 individual needs.

1 **SEC. 2. CONTINUATION OF SCHIP FUNDING DURING TRAN-**
2 **SITION PERIOD.**

3 (a) THROUGH FISCAL YEAR 2010.—Section 2104 of
4 the Social Security Act (42 U.S.C. 1397dd(a)) is amend-
5 ed—

6 (1) in subsection (a)—

7 (A) by striking “and” at the end of para-
8 graph (10);

9 (B) in paragraph (11)—

10 (i) by striking “each of fiscal years
11 2008 and 2009” and inserting “fiscal year
12 2008”; and

13 (ii) by striking the period at the end
14 and inserting a semicolon; and

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

17 “(12) for fiscal year 2009, \$7,780,000,000; and

18 “(13) for fiscal year 2010, \$8,044,000,000.”;

19 and

20 (2) in subsection (c)(4)(B), by striking “2009”
21 and inserting “2010”.

22 (b) EXTENSION OF TREATMENT OF QUALIFYING
23 STATES.—

24 (1) IN GENERAL.—Section 2105(g)(1)(A) of the
25 Social Security Act (42 U.S.C. 1397ee(g)(1)(A)) is

1 amended by striking “or 2009” and inserting “2009,
2 or 2010”.

3 (2) REPEAL OF LIMITATION ON AVAILABILITY
4 OF FISCAL YEAR 2009 ALLOTMENTS.—Paragraph (2)
5 of section 201(b) of the Medicare, Medicaid, and
6 SCHIP Extension Act of 2007 (Public Law 110-
7 173) is repealed.

8 (c) COORDINATION OF FUNDING FOR FISCAL YEAR
9 2009.—Notwithstanding any other provision of law, inso-
10 far as funds have been appropriated under section
11 2104(a)(11) of the Social Security Act, as amended by
12 section 201(a) of Public Law 110–173 and in effect on
13 January 1, 2009, to provide allotments to States under
14 title XXI of the Social Security Act for fiscal year 2009—

15 (1) any amounts that are so appropriated that
16 are not so allotted and obligated before the date of
17 the enactment of this Act are rescinded; and

18 (2) any amount provided for allotments under
19 title XXI of such Act to a State under the amend-
20 ments made by this Act for such fiscal year shall be
21 reduced by the amount of such appropriations so al-
22 lotted and obligated before such date.

1 **SEC. 3. HIGH-QUALITY HEALTH COVERAGE FOR AMERICAN**
2 **CHILDREN.**

3 (a) ESTABLISHMENT.—Not later than 2 years after
4 the date of enactment of this Act, the Secretary of Health
5 and Human Services (in this Act referred to as the “Sec-
6 retary”) shall establish a program to ensure that Amer-
7 ican children have high-quality health coverage that fits
8 their individual needs (in this section referred to as “the
9 program”).

10 (b) CRITERIA FOR ELIGIBILITY.—The program shall
11 ensure that—

12 (1) all children eligible for medical assistance
13 under a State Medicaid plan under title XIX of the
14 Social Security Act or child health assistance under
15 a State child health plan under title XXI of such
16 Act (or under a waiver of either such plan) and
17 whose gross family income ((as determined without
18 regard to the application of any general exclusion or
19 disregard of a block of income that is not deter-
20 mined by type of expense or type of income (regard-
21 less of whether such an exclusion or disregard is per-
22 mitted under section 1902(r) of such Act)) does not
23 exceed 300 percent of the poverty line (as defined in
24 section 2110(c)(5) of the Social Security Act) are el-
25 ible for coverage under the program; and

1 (2) all children who do not have health insur-
2 ance coverage (as defined in section 2791 of the
3 Public Health Service Act) and whose gross family
4 income (as so determined) does not exceed 300 per-
5 cent of the poverty line (as so defined) are eligible
6 for coverage under the program.

7 (c) BENEFITS.—Under the program, health insur-
8 ance issuers shall offer children (who are not within a cat-
9 egory of individuals described in section 1937(a)(2)(B) of
10 the Social Security Act) private health insurance coverage
11 that—

12 (1) is actuarially equivalent to the coverage re-
13 quirements for State child health plans specified in
14 section 2103(a) of the Social Security Act or any
15 other health benefits coverage that the Secretary de-
16 termines will provide appropriate coverage; and

17 (2) provides for total annual aggregate cost-
18 sharing that does not exceed 5 percent of a family's
19 income for the year involved.

20 (d) REIMBURSEMENTS.—The Secretary shall estab-
21 lish an annual process for awarding contracts on a com-
22 petitive basis to health insurance issuers to provide private
23 health insurance coverage for eligible children under the
24 program. Such process shall ensure that—

1 (1) payments to such issuers shall be deter-
2 mined through a competitive bidding process;

3 (2) payments to such issuers shall be risk-ad-
4 justed;

5 (3) at least 2 plan options are available for
6 every eligible child; and

7 (4) with respect to each eligible child, each
8 State maintains the appropriate and equitable share
9 of the cost of providing health insurance coverage to
10 the child under the program that the State would
11 have maintained but for the establishment of the
12 program.

13 (e) ENROLLMENT.—The Secretary shall establish a
14 fair and responsible process for the enrollment,
15 disenrollment, termination, and changes in enrollment of
16 eligible children under the program and shall conduct ac-
17 tivities to effectively disseminate information about the
18 program and initial enrollment.

19 (f) CONSUMER PROTECTIONS.—Health insurance
20 issuers awarded contracts under the program shall—

21 (1) provide clear information on the coverage
22 provided by such issuers under the program;

23 (2) establish meaningful procedures for hearing
24 and resolving of any grievances between such issuers

1 and enrollees that include an independent review and
2 appeals process for coverage denials;

3 (3) be licensed to provide coverage in the State
4 in which coverage is offered under the program; and

5 (4) provide market-based rates for provider re-
6 imbursements for coverage provided under the pro-
7 gram.

8 (g) GEOGRAPHICAL ACCESS AND QUALITY.—The
9 Secretary shall establish statewide plan regions or other
10 appropriate regions in order to maximize competition and
11 patient access under the program.

12 (h) OPTION FOR ASSISTANCE WITH EMPLOYER-
13 SPONSORED INSURANCE.—The Secretary shall establish
14 procedures under the program to provide premium assist-
15 ance for children with access to employer-sponsored health
16 insurance coverage.

17 (i) FINANCING.—

18 (1) MAINTENANCE OF FEDERAL-STATE PART-
19 NERSHIP.—The Federal government and States
20 shall maintain their appropriate and equitable share
21 of premiums for providing health insurance coverage
22 to eligible children under the program.

23 (2) ADDITIONAL OUTLAYS.—In the event that
24 additional outlays are required to carry out the pro-
25 gram for any fiscal year, Congress shall enact legis-

1 lation to offset such outlays by cutting non-priority
2 spending, making government spending more ac-
3 countable and efficient, and ending wasteful govern-
4 ment spending.

5 **SEC. 4. ALLOTMENT LIMITS FOR MEDICAID ADMINISTRA-**
6 **TIVE COSTS.**

7 Section 1903 of the Social Security Act (42 U.S.C.
8 1396b) is amended—

9 (1) in subsection (a), in the matter preceding
10 paragraph (1), by inserting “(subject, except with
11 respect to medical assistance expenditures under
12 paragraph (1), to the allotment limits under sub-
13 section (aa))” after “under this title”; and

14 (2) by adding at the end the following new sub-
15 section:

16 “(aa) STATE ADMINISTRATIVE COST LIMITATION.—

17 “(1) IN GENERAL.—Payments to a State under
18 paragraphs (2) through (7) of subsection (a) for fis-
19 cal years beginning with fiscal year 2009, shall not
20 exceed, in the aggregate, an amount equal to the
21 State’s administrative cost allotment, as determined
22 under this subsection.

23 “(2) ALLOTMENT FORMULA.—The administra-
24 tive allotment for a State for fiscal years beginning
25 with fiscal year 2009 shall be determined as follows:

1 “(A)(i) FISCAL YEAR 2009.—For fiscal year
2 2009, the administrative allotment for a State
3 shall be an amount equal to the Federal share
4 of total allowable costs claimed by the State
5 under paragraphs (2) through (7) of subsection
6 (a) for calendar quarters in fiscal year 2007,
7 determined as of December 31, 2007, adjusted
8 in accordance with clause (ii).

9 “(ii) ADJUSTMENT.—For purposes of
10 clause (i), the amount specified in clause (i)
11 shall be increased by a percentage equal to the
12 sum of the percentages described in clause (iii).

13 “(iii) PERCENTAGES DESCRIBED.—The
14 percentages described in this clause are, with
15 respect to each consecutive 12-month period in
16 the 36-month period ending March 30, 2009,
17 the percentage change in the consumer price
18 index (for all urban consumers; U.S. city aver-
19 age).

20 “(B) SUCCEEDING FISCAL YEARS.—For
21 each fiscal year after fiscal year 2009, the ad-
22 ministrative allotment for a State shall be the
23 State’s administrative allotment for the pre-
24 ceding fiscal year, increased by the percentage
25 change in the consumer price index (for all

1 urban consumers; U.S. city average) for the 12-
2 month period ending on March 30 of the fiscal
3 year.”.

4 **SEC. 5. REDUCTION IN PAYMENTS FOR MEDICAID ADMINIS-**
5 **TRATIVE COSTS TO PREVENT DUPLICATION**
6 **OF SUCH PAYMENTS UNDER TANF.**

7 Section 1903 of the Social Security Act (42 U.S.C.
8 1396b) is amended—

9 (1) in subsection (a)(7), by striking “section
10 1919(g)(3)(B)” and inserting “subsection (h)”;

11 (2) in subsection (a)(2)(D) by inserting “, sub-
12 ject to subsection (g)(3)(C) of such section” after
13 “as are attributable to State activities under section
14 1919(g)”;

15 (3) by adding after subsection (g) the following
16 new subsection:

17 “(h) REDUCTION IN PAYMENTS FOR ADMINISTRA-
18 TIVE COSTS TO PREVENT DUPLICATION OF PAYMENTS
19 UNDER TITLE IV.—Beginning with the calendar quarter
20 commencing April 1, 2009, the Secretary shall reduce the
21 amount paid to each State under subsection (a)(7) for
22 each quarter by an amount equal to $\frac{1}{4}$ of the annualized
23 amount determined for the Medicaid program under sec-
24 tion 16(k)(2)(B) of the Food Stamp Act of 1977 (7 U.S.C.
25 2025(k)(2)(B)).”.

1 **SEC. 6. ELIMINATION OF WAIVER OF CERTAIN MEDICAID**
2 **PROVIDER TAX PROVISIONS.**

3 Effective October 1, 2009, subsection (c) of section
4 4722 of the Balanced Budget Act of 1997 (Public Law
5 105–33; 111 Stat. 515) is repealed.

6 **SEC. 7. ELIMINATION OF SPECIAL PAYMENTS FOR CERTAIN**
7 **PUBLIC HOSPITALS.**

8 Effective October 1, 2009, subsection (d) of section
9 701 of the Medicare, Medicaid, and SCHIP Benefits Im-
10 provement and Protection Act of 2000, as enacted into
11 law by section 1(a)(6) of Public Law 106–554 (42 U.S.C.
12 1396r–4 note), is repealed.