

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 4872  
OFFERED BY MR. SHEAKUS**

In the heading of subtitle C in title I add “**and SCHIP**” after “**Medicaid**”.

Insert “**PART I—MEDICAID**” before section 1201.

Add at the end of subtitle C in title I the following new part:

1           **PART II—BENEFICIARY CHOICE UNDER**  
2                           **MEDICAID AND SCHIP**

3 **SEC. 1210. EASING ADMINISTRATIVE BARRIERS TO STATE**  
4                           **COOPERATION WITH EMPLOYER-SPONSORED**  
5                           **INSURANCE COVERAGE.**

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

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

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

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

1 (C) by adding at the end the following new  
2 paragraph:

3 “(8) effective for plan years beginning on or  
4 after October 1, 2010, how the plan will provide for  
5 child health assistance with respect to targeted low-  
6 income children who have access to coverage under  
7 a group health plan.”.

8 (2) EFFECTIVE DATE.—The amendments made  
9 by paragraph (1) shall apply beginning with fiscal  
10 year 2011.

11 (b) FEDERAL FINANCIAL PARTICIPATION FOR EM-  
12 PLOYER-SPONSORED INSURANCE.—

13 (1) IN GENERAL.—Section 2105 of such Act  
14 (42 U.S.C. 1397d) is amended—

15 (A) in subsection (a)(1)(C), by inserting  
16 before the semicolon at the end the following:  
17 “and, subject to paragraph (3)(C) of subsection  
18 (c), in the form of payment of the premiums for  
19 coverage under a group health plan that in-  
20 cludes coverage of targeted low-income children  
21 and benefits supplemental to such coverage”;  
22 and

23 (B) by amending paragraph (3) of sub-  
24 section (c), as amended by section 10203 of the

1 Patient Protection and Affordable Care Act, to  
2 read as follows:

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

5 “(A) IN GENERAL.—Payment may be  
6 made to a State under subsection (a)(1)(C),  
7 subject to the provisions of this paragraph, for  
8 the purchase of family coverage under a group  
9 health plan that includes coverage of targeted  
10 low-income children unless such coverage would  
11 otherwise substitute for coverage that would be  
12 provided to such children but for the purchase  
13 of family coverage.

14 “(B) WAIVER OF CERTAIN PROVISIONS.—  
15 With respect to coverage described in subpara-  
16 graph (A)—

17 “(i) notwithstanding section 2102, no  
18 minimum benefits requirement (other than  
19 those otherwise applicable with respect to  
20 services within the categories of basic serv-  
21 ices described in section 2103(c)(1) and  
22 emergency services) under this title shall  
23 apply; and

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

4                   “(C) REQUIRED PROVISION OF SUPPLE-  
5                   MENTAL BENEFITS.—If the coverage described  
6                   in subparagraph (A) does not provide coverage  
7                   for the services in each of the categories of  
8                   basic services described in section 2103(c)(1)  
9                   and for emergency services, the State child  
10                  health plan shall provide coverage of such serv-  
11                  ices as supplemental benefits.

12                  “(D) LIMITATION ON FFP.—The amount  
13                  of the payment under subsection (a)(1)(C) for  
14                  coverage described in subparagraph (A) (and  
15                  supplemental benefits under subparagraph (C)  
16                  for individuals so covered) during a fiscal year  
17                  may not exceed the product of—

18                         “(i) the national per capita expendi-  
19                         ture under this title (taking into account  
20                         both Federal and State expenditures) for  
21                         the previous fiscal year (as determined by  
22                         the Secretary using the best available  
23                         data);

24                         “(ii) the enhanced FMAP for the  
25                         State and fiscal year involved; and

1                   “(iii) the number of targeted low-in-  
2                   come children for whom such coverage is  
3                   provided.

4                   “(E) VOLUNTARY ENROLLMENT.—A State  
5                   child health plan—

6                   “(i) may not require a targeted low-  
7                   income child to enroll in family coverage  
8                   described in subparagraph (A) in order to  
9                   obtain child health assistance under this  
10                  title;

11                  “(ii) before providing such child  
12                  health assistance for such coverage of a  
13                  child, shall make available (which may be  
14                  through an Internet website or other  
15                  means) to the parent or guardian of the  
16                  child information on the coverage available  
17                  under this title, including benefits and  
18                  cost-sharing; and

19                  “(iii) shall provide at least one oppor-  
20                  tunity per fiscal year for beneficiaries to  
21                  switch coverage under this title from cov-  
22                  erage described in subparagraph (A) to the  
23                  coverage that is otherwise made available  
24                  under this title.

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

3                   “(i) describe how the State will notify  
4                   potential beneficiaries of coverage de-  
5                   scribed in subparagraph (A);

6                   “(ii) provide such notification in writ-  
7                   ing at least during the initial application  
8                   for enrollment under this title and during  
9                   redeterminations of eligibility if the indi-  
10                  vidual was enrolled before October 1, 2009;  
11                  and

12                  “(iii) post a description of these cov-  
13                  erage options on any official Internet  
14                  website that may be established by the  
15                  State in connection with the plan.

16                  “(G) SEMIANNUAL VERIFICATION OF COV-  
17                  ERAGE.—If coverage described in subparagraph  
18                  (A) is provided under a group health plan with  
19                  respect to a targeted low-income child, the  
20                  State child health plan shall provide for the col-  
21                  lection, at least once every six months, of proof  
22                  from the plan that the child is enrolled in such  
23                  coverage.

1                   “(H) RULE OF CONSTRUCTION.—Nothing  
2                   in this section is to be construed to prohibit a  
3                   State from—

4                   “(i) offering wrap around benefits in  
5                   order for a group health plan to meet any  
6                   State-established minimum benefit require-  
7                   ments;

8                   “(ii) establishing a cost-effectiveness  
9                   test to qualify for coverage under such a  
10                  plan;

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

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

16                  “(v) paying less than the full cost of  
17                  the employee’s share of the premium under  
18                  such a plan, including prorating the cost of  
19                  the premium to pay for only what the  
20                  State determines is the portion of the pre-  
21                  mium that covers targeted low-income chil-  
22                  dren;

23                  “(vi) using State funds to pay for  
24                  benefits above the Federal upper limit es-  
25                  tablished under subparagraph (D);

1                   “(vii) allowing beneficiaries enrolled in  
2                   group health plans from changing plans to  
3                   another coverage option available under  
4                   this title at any time; or

5                   “(viii) providing any guidance or in-  
6                   formation it deems appropriate in order to  
7                   help beneficiaries make an informed deci-  
8                   sion regarding the option to enroll in cov-  
9                   erage described in subparagraph (A).

10                   “(I) GROUP HEALTH PLAN DEFINED.—In  
11                   this paragraph, the term ‘group health plan’  
12                   has the meaning given such term in section  
13                   2791(a)(1) of the Public Health Service Act (42  
14                   U.S.C. 300gg–91(a)(1)).

15                   “(J) ATTESTATION REQUIREMENT FOR  
16                   CERTAIN HIGHER INCOME CHILDREN.—Effec-  
17                   tive October 1, 2011, any State that provides  
18                   for child health assistance under this title for  
19                   children in families with gross income (as deter-  
20                   mined without regard to any income disregards  
21                   or expense exclusions) that exceeds 200 percent  
22                   of the poverty line shall require, as a condition  
23                   of eligibility for child health assistance under  
24                   this title (other than in the form of premium  
25                   assistance under this paragraph) that there

1           must be executed an attestation (under penalty  
2           of perjury) that the child is not eligible for cov-  
3           erage under any group health plan.”.

4           (2) CONFORMING AMENDMENT.—

5           (A) DEFINITIONS OF COST EFFECTIVE.—

6                   (i) Section 1906(e)(2) of the Social  
7                   Security Act (42 U.S.C. 1396e(e)(2)), as  
8                   amended by section 10203(b)(1) of the Pa-  
9                   tient Protection and Affordable Care Act,  
10                  is amended by striking “has the meaning  
11                  given that term in section 2105(c)(3)(A)”  
12                  and inserting “means, as established by  
13                  the Secretary, that the reduction in ex-  
14                  penditures under this title with respect to  
15                  an individual who is enrolled in a group  
16                  health plan is likely to be greater than the  
17                  additional expenditures for premiums and  
18                  cost-sharing required under this section  
19                  with respect to such enrollment”.

20                  (ii) Section 1906A(a) of the Social Se-  
21                  curity Act (42 U.S.C. 1396e-1(a)), as  
22                  amended by section 10203(b)(2)(A) of the  
23                  Patient Protection and Affordable Care  
24                  Act, is amended by striking “and the offer-  
25                  ing of such a subsidy is cost-effective, as

1 defined for purposes of section  
2 2105(c)(3)(A)”.

3 (B) EFFECTIVE DATE.—The amendments  
4 made under subparagraph (A) shall be effective  
5 as if included in the enactment of the Chil-  
6 dren’s Health Insurance Program Reauthoriza-  
7 tion Act of 2009 (Public Law 111–3).

8 **SEC. 1211. IMPROVING BENEFICIARY CHOICE IN SCHIP.**

9 (a) REQUIRING OFFERING OF ALTERNATIVE COV-  
10 ERAGE OPTIONS.—Section 2102 of the Social Security Act  
11 (42 U.S.C. 1397b), as amended by section 1210, is  
12 amended—

13 (1) in subsection (a)—

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

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

18 (C) by adding at the end the following new  
19 paragraph:

20 “(9) effective for plan years beginning on or  
21 after October 1, 2010, how the plan will provide for  
22 child health assistance with respect to targeted low-  
23 income children through alternative coverage options  
24 in accordance with subsection (d).”; and

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

3           “(d) ALTERNATIVE COVERAGE OPTIONS.—

4           “(1) IN GENERAL.—Effective October 1, 2010,  
5 a State child health plan shall provide for the offer-  
6 ing of any qualified alternative coverage that a  
7 qualified entity seeks to offer to targeted low-income  
8 children through the plan in the State.

9           “(2) APPLICATION OF UNIFORM FINANCIAL  
10 LIMITATION FOR ALL ALTERNATIVE COVERAGE OP-  
11 TIONS.—With respect to all qualified alternative cov-  
12 erage offered in a State, the State child health plan  
13 shall establish a uniform dollar limitation on the per  
14 capita monthly amount that will be paid by the  
15 State to the qualified entity with respect to such  
16 coverage provided to a targeted low-income child.  
17 Such limitation may not be less than 90 percent of  
18 the per capita monthly payment made for coverage  
19 offered under the State child health plan that is not  
20 in the form of an alternative coverage option. Noth-  
21 ing in this paragraph shall be construed—

22           “(A) as requiring a State to provide for  
23 the full payment of premiums for qualified al-  
24 ternative coverage;

1           “(B) as preventing a State from charging  
2           additional premiums to cover the difference be-  
3           tween the cost of qualified alternative coverage  
4           and the amount of such payment limitation;

5           “(C) as preventing a State from using its  
6           own funds to provide a dollar limitation that ex-  
7           ceeds the Federal financial participation as lim-  
8           ited under section 2105(c)(8).

9           “(3) QUALIFIED ALTERNATIVE COVERAGE DE-  
10          FINED.—In this section, the term ‘qualified alter-  
11          native coverage’ means health insurance coverage  
12          that—

13                 “(A) meets the coverage requirements of  
14                 section 2103 (other than cost-sharing require-  
15                 ments of such section); and

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

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

22   **SEC. 1212. APPLICATION TO MEDICAID.**

23          In accordance with rules established by the Secretary  
24          of Health and Human Services, the requirements imposed  
25          under a State child health plan under title XXI of the

1 Social Security Act under the amendments made by the  
2 preceding sections of this part shall apply in the same  
3 manner to a State plan under title XIX of such Act, except  
4 that—

5 (1) such requirements shall not apply to indi-  
6 viduals whose eligibility for medical assistance under  
7 such title is based on being aged, blind, or disabled  
8 or to individuals with a category of individuals de-  
9 scribed in section 1937(a)(2)(B) of such Act;

10 (2) the national per capita expenditures shall be  
11 determined based on a benchmark coverage de-  
12 scribed in section 1937(b)(1) of such Act but with-  
13 out regard to expenditures for individuals described  
14 in paragraph (1) or for nursing facility services and  
15 other long-term care services (as determined by the  
16 Secretary).

17 **SEC. 1213. EXPANSION OF HEALTH OPPORTUNITY AC-**  
18 **COUNT PROGRAM.**

19 (a) **IN GENERAL.**—Section 613 of the Children’s  
20 Health Insurance Program Reauthorization Act of 2009  
21 (Public Law 111–3) is repealed.

22 (b) **EXPANSION.**—Section 1938(a)(2) of the Social  
23 Security Act (42 U.S.C. 1396u–8(a)(2)) is amended—

24 (1) in subparagraph (A) by striking everything  
25 following the first sentence; and

1 (2) by striking subparagraph (B).

