

110TH CONGRESS
1ST SESSION

H. R. 3507

To amend the Social Security Act to provide grants and flexibility through demonstration projects for States to provide universal, comprehensive, cost-effective systems of health care coverage, with simplified administration.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 7, 2007

Mr. TIERNEY (for himself, Ms. KILPATRICK, Mr. HASTINGS of Florida, Mr. KENNEDY, Mr. UDALL of New Mexico, Mr. GEORGE MILLER of California, Mr. LEWIS of Georgia, Ms. BALDWIN, Mr. McDERMOTT, Mr. NADLER, and Mr. HINCHEY) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, Education and Labor, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Social Security Act to provide grants and flexibility through demonstration projects for States to provide universal, comprehensive, cost-effective systems of health care coverage, with simplified administration.

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

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “States’ Right To Innovate in Health Care Act of 2007”.

4 (b) TABLE OF CONTENTS.—The table of contents of
5 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Amendment to Social Security Act.

“TITLE XXII—STATE COMPREHENSIVE HEALTH CARE AND COST
CONTAINMENT DEMONSTRATION PROJECTS

- “Sec. 2201. State-based Universal Health Care Coverage Commission.
- “Sec. 2202. Planning grants.
- “Sec. 2203. Demonstration grants.
- “Sec. 2204. State plan requirements.
- “Sec. 2205. Interstate arrangements.
- “Sec. 2206. Definitions.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress finds the following:

8 (1) In 2005, annual health care expenditures in
9 the United States totaled \$2 trillion, or \$6,700 per
10 person.

11 (2) In 2005, health care expenditures rep-
12 resented 16 percent of the gross domestic product
13 (“GDP”) in the United States and grew at the rate
14 of 6.9 percent.

15 (3) Health care spending in the United States
16 is expected to increase at similar levels for the next
17 decade, reaching \$4 trillion in 2015, or 20 percent
18 of GDP.

1 (4) Yet, access to health care is a problem for
2 many citizens of the United States. According to the
3 Census Bureau, there are now over 46,000,000 citi-
4 zens who lack health insurance and each year this
5 figure grows. This figure does not include the mil-
6 lions of citizens who are under-insured and millions
7 of others who may not have insurance coverage at
8 some point during a year.

9 (5) There is enough money in the health care
10 system to ensure that the rationing of health care
11 services does not need to occur, either explicitly by
12 design or, as happens currently, implicitly due to an
13 individual's or family's economic status. Health care
14 reform is needed to assure that there is universal
15 health coverage for all citizens of the United States.

16 (6) States are the natural vehicles to test meth-
17 ods and forms of achieving universal health cov-
18 erage. There is a well-established tradition for this.
19 In the past, States have led the way in testing ideas
20 for national application, involving such areas as
21 child labor, social security, welfare reform, and envi-
22 ronmental protection. Several States are embarking
23 on major health care initiatives to cover residents of
24 the State who are uninsured. Given past successes in
25 individual State action that have resulted in national

1 changes, the Federal Government should invest in a
2 broad range of efforts in a variety of geographically-
3 dispersed States prior to attempting a national sys-
4 tem of health care reform.

5 (7) In 2002, in response to a request from the
6 Secretary of Health and Human Services, the Insti-
7 tute of Medicine of the National Academy of
8 Sciences established a committee, officially known as
9 the “Committee on Rapid Advance Demonstration
10 Projects: Health Care Finance and Delivery Sys-
11 tems”, with the goal of formulating models for
12 broader health care reform. The committee rec-
13 ommended a 10-year commitment to State dem-
14 onstration projects as a means to encourage States
15 to develop their own systems of universal health care
16 and to facilitate innovation.

17 (b) PURPOSE.—The purpose of this Act is to encour-
18 age States—

19 (1) to develop plans for universal, comprehen-
20 sive, cost-effective systems of health care with sim-
21 plified administration to individuals residing in such
22 States; and

23 (2) to implement such plans by offering transi-
24 tional grants and by removing Federal statutory and
25 administrative barriers that may inhibit or discour-

1 age efforts by States to provide such health care
2 while maintaining Federal payments for health care
3 under Federal health care programs.

4 **SEC. 3. AMENDMENT TO SOCIAL SECURITY ACT.**

5 The Social Security Act (42 U.S.C. 301 et seq.) is
6 amended by adding at the end the following new title:

7 **“TITLE XXII—STATE COM-**
8 **PREHENSIVE HEALTH CARE**
9 **AND COST CONTAINMENT**
10 **DEMONSTRATION PROJECTS**

11 **“SEC. 2201. STATE-BASED UNIVERSAL HEALTH CARE COV-**
12 **ERAGE COMMISSION.**

13 “(a) ESTABLISHMENT.—

14 “(1) IN GENERAL.—Not later than 90 days
15 after the date of the enactment of this title, the Sec-
16 retary shall establish a State-based Universal Health
17 Care Coverage Commission (in this section referred
18 to as the ‘Commission’).

19 “(2) MEMBERSHIP.—The Commission shall be
20 composed of 17 members—

21 “(A) 1 of whom shall be the Secretary;

22 “(B) 4 of whom shall be governors of a
23 State who are appointed by the National Gov-
24 ernors Association on a bipartisan basis;

1 “(C) 4 of whom shall be State legislators
2 who are appointed, on a joint and bipartisan
3 basis, by the National Conference of State Leg-
4 islators and the American Legislative Exchange
5 Council;

6 “(D) 2 of whom shall be appointed by the
7 Majority Leader of the Senate;

8 “(E) 2 of whom shall be appointed by the
9 Minority Leader of the Senate;

10 “(F) 2 of whom shall be appointed by the
11 Speaker of the House of Representatives; and

12 “(G) 2 of whom shall be appointed by the
13 Minority Leader of the House of Representa-
14 tives.

15 “(b) DUTIES OF THE COMMISSION.—

16 “(1) GUIDANCE AND INFORMATION.—The Com-
17 mission shall—

18 “(A) provide guidance to State health care
19 officials regarding applications for grants under
20 this title and exchange information with, and
21 otherwise assist, such officials upon the request
22 of the officials;

23 “(B) submit proposed procedures with re-
24 spect to applications for grants under this title;

1 “(C) review and recommend the approval
2 of applications for demonstration grants under
3 section 2203, including providing guidance on
4 the issuance of appropriate waivers described in
5 section 2203(f);

6 “(D) suggest appropriate levels of funding
7 for applications for planning grants approved
8 under section 2202 consistent with such sec-
9 tion;

10 “(E) provide guidance with respect to such
11 evaluation, monitoring, compliance, and other
12 review functions with respect to grants under
13 this title as may be appropriate;

14 “(F) develop proposed guidelines, stand-
15 ards, and formats for the evaluation, reporting,
16 and collection of data by States in order to en-
17 able the Secretary to monitor State plan admin-
18 istration and compliance, and to evaluate and
19 compare the effectiveness of State plans; and

20 “(G) provide guidance on the implementa-
21 tion of any other requirements or activities nec-
22 essary and appropriate under this title.

23 “(2) ANNUAL REPORT.—The Commission shall
24 prepare and submit to the President and to Con-
25 gress an annual report. Such report shall be sub-

1 mitted not later than March 30 of each year and
2 shall include information concerning States that re-
3 ceive grants under this title and the effectiveness of
4 any health care programs assisted by such grants
5 during the previous year.

6 “(3) APPROVAL PROCESS.—The provisions of
7 section 2106(c) shall apply to State plans and the
8 Secretary under this title in the same manner as
9 they apply to State plans and the Secretary under
10 such section.

11 “(4) CONSULTATION.—To the extent feasible,
12 the Secretary shall carry out the State Comprehen-
13 sive Health Care and Cost Containment demonstra-
14 tion projects under this title based on, and in ac-
15 cordance with, the advice and recommendations of
16 the Commission.

17 “(c) PERIOD OF APPOINTMENT; REPRESENTATION
18 REQUIREMENTS; VACANCIES.—Members shall be ap-
19 pointed for a term of such time as is needed to complete
20 the requirements of this section and to carry out the re-
21 quirements of this section. In appointing members under
22 subsection (a)(2), the designated appointing individuals
23 shall ensure the representation of urban and rural areas
24 and an appropriate geographic distribution of such mem-
25 bers. Any vacancy in the Commission shall not affect its

1 powers, but shall be filled in the same manner as the origi-
2 nal appointment.

3 “(d) CHAIRPERSON, MEETINGS.—

4 “(1) CHAIRPERSON.—The Commission shall se-
5 lect a Chairperson from among its members.

6 “(2) QUORUM.—Two-thirds of the members of
7 the Commission shall constitute a quorum, but a
8 lesser number of members may hold hearings.

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

14 “(e) PERSONNEL MATTERS.—

15 “(1) COMPENSATION.—Each member of the
16 Commission who is not an officer or employee of the
17 Federal Government or of a State or local govern-
18 ment shall be compensated at a rate equal to the
19 daily equivalent of the annual rate of basic pay pre-
20 scribed for level IV of the Executive Schedule under
21 section 5315 of title 5, United States Code, for each
22 day (including travel time) during which such mem-
23 ber is engaged in the performance of the duties of
24 the Commission. All members of the Commission
25 who are officers or employees of the United States

1 shall serve without compensation in addition to that
2 received for their services as officers or employees of
3 the United States.

4 “(2) TRAVEL EXPENSES.—The members of the
5 Commission shall be allowed travel expenses, includ-
6 ing per diem in lieu of subsistence, at rates author-
7 ized for employees of agencies under subchapter I of
8 chapter 57 of title 5, United States Code, while
9 away from their homes or regular places of business
10 in the performance of services for the Commission.

11 “(3) STAFF.—The Chairperson of the Commis-
12 sion may, without regard to the civil service laws
13 and regulations, appoint and terminate an executive
14 director and such other additional personnel as may
15 be necessary to enable the Commission to perform
16 its duties. The employment of an executive director
17 shall be subject to confirmation by the Commission.

18 “(4) DETAIL OF GOVERNMENT EMPLOYEES.—
19 Any Federal Government employee may be detailed
20 to the Commission without reimbursement, and such
21 detail shall be without interruption or loss of civil
22 service status or privilege.

23 “(5) TEMPORARY AND INTERMITTENT SERV-
24 ICES.—The Chairperson of the Commission may
25 procure temporary and intermittent services under

1 section 3109(b) of title 5, United States Code, at
2 rates for individuals which do not exceed the daily
3 equivalent of the annual rate of basic pay prescribed
4 for level V of the Executive Schedule under section
5 5316 of such title.

6 “(f) FUNDING.—There are authorized to be appro-
7 priated such funds as necessary for the purposes of car-
8 rying out this section.

9 **“SEC. 2202. PLANNING GRANTS.**

10 “(a) APPLICATION.—A State may apply to the Sec-
11 retary for a State planning grant under this section to
12 develop a State plan to offer universal comprehensive
13 health care, with simplified administration, and to improve
14 the cost-effectiveness of the health care delivery system.

15 “(b) CONTENTS.—The Secretary may not approve
16 such a State planning grant for a State unless the applica-
17 tion for the grant includes or provides for the following:

18 “(1) BUDGET.—A budget and a budget jus-
19 tification.

20 “(2) PLANNING PROCESS.—A description of
21 how under the grant the State shall—

22 “(A) identify options to provide a uni-
23 versal, comprehensive, and cost-effective system
24 of health care, with simplified administration,

1 that is affordable and accessible to all eligible
2 beneficiaries in the State; and

3 “(B) conduct an analysis that compares
4 projected overall health expenditures over a 5–
5 year period under the proposed system with the
6 projected overall health expenditures that would
7 otherwise occur during such period.

8 “(3) OPPORTUNITY FOR PUBLIC PARTICIPA-
9 TION.—Assurances that the State will include a
10 process for public contribution and participation in
11 the planning process.

12 “(c) NUMBER OF STATES; PERIOD OF GRANT.—The
13 Secretary may not award State planning grants under this
14 section to more than 10 States. A State planning grant
15 under this section shall be effective for a period of up to
16 30 months. In awarding State planning grants under this
17 section the Secretary shall give preference to States from
18 a variety of geographic areas in the United States.

19 “(d) AMOUNT.—The amount of a State planning
20 grant under this section to a State may not exceed
21 \$4,500,000.

22 “(e) TECHNICAL ASSISTANCE.—The Secretary shall
23 provide States with technical assistance in applying for
24 and implementing State planning grants under this sec-
25 tion. At the request of the Secretary, other Departments

1 and Offices of the Federal Government shall provide
2 States with such technical assistance.

3 **“SEC. 2203. DEMONSTRATION GRANTS.**

4 “(a) APPLICATION.—A State that has developed a
5 State plan may apply to the Secretary for approval of a
6 demonstration grant under this section to achieve a cost-
7 effective delivery system of universal, comprehensive
8 health care with simplified administration. The Secretary
9 shall reach out to States in order to ensure that at least
10 1 application is for approval of a demonstration grant to
11 provide a single payer system of health care coverage. The
12 Secretary shall notify the chief executive officer of all
13 States of the availability of demonstration grants under
14 this section.

15 “(b) APPROVAL.—The Secretary shall approve the
16 applications of not more than 5 States under this section.
17 In approving grants under this section the Secretary shall
18 give preference to States from a variety of geographic
19 areas in the United States and for a variety of policy op-
20 tions, at least 1 of which shall be a single-payer system
21 of health care coverage. If the Secretary determines that
22 a State no longer meets the conditions for approval of the
23 grant, the Secretary shall notify the State of such deter-
24 mination and provide the State with an opportunity to cor-
25 rect deficiencies in a timely manner. If the Secretary fur-

1 ther determines that a State has not corrected such defi-
2 ciencies in a timely manner, the Secretary shall terminate
3 the grant (including waivers authorized under the grant).

4 “(c) PERIOD.—A demonstration grant approved
5 under this section shall be effective for up to 5 years from
6 the date of final approval of the demonstration grant ap-
7 plication under subsection (b).

8 “(d) STATE PLAN REQUIRED.—The Secretary may
9 not approve a demonstration grant under this section un-
10 less the State has a State plan to carry out the grant con-
11 sistent with the requirements of section 2204.

12 “(e) FUNDING.—

13 “(1) TRANSITIONAL GRANT AMOUNT.—The
14 amount awarded under this section to a State with
15 a demonstration grant approved under this section
16 may not exceed an aggregate amount of
17 \$13,000,000 plus \$4 multiplied by the number of el-
18 igible State residents of the State to assist the State
19 in the transition of the health care delivery and fi-
20 nancing infrastructure. Such amount shall be made
21 available to a State during the period of transition,
22 as provided in the State plan. The number of eligible
23 State residents of a State shall be determined based
24 on the best available Census Bureau data as of the

1 July 1 before the date the grant under this section
2 is approved.

3 “(2) MAINTENANCE OF FEDERAL FUNDS
4 UNDER WAIVERS.—Pursuant to the waivers under
5 subsection (f), the Federal Government shall pay to
6 a State amounts for health care under Federal
7 health care programs that would otherwise have
8 been payable by the Federal Government but for the
9 State’s universal, comprehensive health care system
10 under this section.

11 “(3) GENERAL 3 PERCENTAGE POINTS IN-
12 CREASE IN FMAP FOR CALENDAR QUARTERS OCCUR-
13 RING DURING THE PERIOD OF THE DEMONSTRATION
14 GRANT.—

15 “(A) IN GENERAL.—Notwithstanding any
16 other provision of law, for each State for which
17 a demonstration grant is approved under this
18 section, the FMAP of the State shall be in-
19 creased by 3 percentage points for each cal-
20 endar quarter occurring during the period re-
21 ferred to in subsection (c).

22 “(B) FMAP.—In this paragraph, the term
23 ‘FMAP’ means the Federal medical assistance
24 percentage, as defined in section 1905(b).

1 “(f) WAIVER OF ERISA PREEMPTION AND WAIVERS
2 TO POOL FUNDS.—As part of a demonstration grant
3 under this section and subject to the benefit maintenance
4 requirements applicable under section 2204(b), a State
5 may request (and the Secretary may grant) the following
6 waivers of requirements and provisions to the extent nec-
7 essary to carry out the State plan under section 2204:

8 “(1) ERISA.—Waiving application of section
9 514 of the Employee Retirement Income Security
10 Act of 1974.

11 “(2) MEDICARE.—Waiving provisions necessary
12 to permit the State—

13 “(A) to use funds otherwise paid under
14 title XVIII for beneficiaries residing in the
15 State; and

16 “(B) to permit the State to enter into an
17 arrangement with the Secretary under which el-
18 igible State residents who are not otherwise en-
19 rolled for benefits under parts A and B of such
20 title are enrolled for such benefits under such
21 title and the State provides for such actuarially
22 appropriate reimbursement to the Secretary
23 with respect to coverage of such benefits for
24 such residents as is necessary to assure that the
25 Federal Hospital Insurance Trust Fund and

1 the Federal Supplementary Medical Insurance
2 Trust Fund under such title are not adversely
3 affected by virtue of such waiver, such reim-
4 bursement subject to—

5 “(i) an independent audit, to be re-
6 viewed by the Comptroller General of the
7 United States, assuring that such reim-
8 bursement does not adversely affect in any
9 way such Trust Funds, and

10 “(ii) in the case that the audit deter-
11 mines that additional reimbursement to the
12 Secretary is required, such additional reim-
13 bursement, with appropriate adjustments
14 for interest attributable to the late reim-
15 bursement.

16 “(3) MEDICAID.—Waiving provisions necessary
17 to permit the State to use funds otherwise paid to
18 the State under title XIX.

19 “(4) SCHIP.—Waiving provisions necessary to
20 permit the State to use funds otherwise paid to the
21 State under title XXI.

22 “(5) FEHBP.—Waiving provisions necessary to
23 permit the State to use funds otherwise paid under
24 chapter 89 of title 5, United States Code, or allow-
25 ing the Office of Personnel Management to purchase

1 health care coverage for Federal employees and re-
2 tirees in the State under the State plan.

3 “(6) USE OF OTHER FUNDS.—Waiving provi-
4 sions necessary to permit the State to use funds oth-
5 erwise provided under other Federal programs for
6 the provision of health care coverage or services, as
7 identified by the State.

8 “(7) OTHER LAWS.—Waiving of other provi-
9 sions of Federal law identified by the State under
10 section 2204(f)(3) only if the Secretary determines
11 such a waiver to be appropriate after consultation
12 with the head of the Federal agency or department
13 concerned.

14 The Secretary may grant a waiver under this subsection
15 only if the State provides the Secretary with satisfactory
16 assurances that necessary safeguards have been taken to
17 protect the health and welfare of individuals provided serv-
18 ices under the waiver and that financial accountability is
19 maintained for any funds expended under the waiver. The
20 Secretary may grant a waiver under paragraph (1) only
21 with the concurrence of the Secretary of Labor.

22 “(g) REENROLLMENT OF ELIGIBLE STATE RESI-
23 DENTS WHO MOVE FROM A PARTICIPATING STATE.—In
24 the case of an eligible State resident who is covered under
25 a State plan under section 2204, who (but for such cov-

1 erage) is eligible to be enrolled in a program described in
2 subsection (f) (including the Medicare and Medicaid pro-
3 grams), and who is not enrolled in such a program because
4 of such coverage, if the resident leaves the State to reside
5 in a State that does not have such a State plan in effect,
6 the resident shall be permitted, notwithstanding any other
7 provision of law, to enroll immediately in such a program
8 if the resident is still otherwise eligible to be so enrolled.
9 In the case of such enrollment in the Medicare program,
10 the resident shall be treated for purposes of section
11 1882(s)(2) (relating to availability of medicare supple-
12 mental policies without underwriting) as if the resident
13 had turned 65 years of age on the date the resident enrolls
14 in the Medicare program.

15 **“SEC. 2204. STATE PLAN REQUIREMENTS.**

16 “(a) COVERAGE.—

17 “(1) IN GENERAL.—A State plan shall provide
18 a process and a timeline for achieving coverage of all
19 eligible State residents statewide, without regard to
20 employment status, income, health status or pre-
21 existing condition, or location of residency within the
22 State.

23 “(2) OUTREACH MECHANISMS.—A State plan
24 shall describe the outreach mechanisms to be used to
25 assure coverage of all eligible individuals, including

1 measures to assure coverage of individuals in hard-
2 to-reach populations and to assure benefits are pro-
3 vided to eligible individuals located in underserved
4 areas.

5 “(b) BENEFITS.—

6 “(1) IN GENERAL.—

7 “(A) BASIC BENEFITS.—A State plan shall
8 provide for health benefits that are at least ac-
9 tuarially equivalent to the standard Blue Cross/
10 Blue Shield preferred provider option service
11 benefit plan, described in and offered under sec-
12 tion 8903(1) of title 5, United States Code.

13 “(B) ITEMS AND SERVICES.—A State plan
14 shall include benefits for at least the following
15 items and services:

16 “(i) Inpatient and outpatient hospital
17 services, including emergency services
18 available 24 hours a day.

19 “(ii) Long term, acute, and chronic
20 care services, including skilled nursing fa-
21 cility services, intermediate care facility
22 services, home health services, home and
23 community-based long-term care services,
24 hospice care, and services in intermediate

1 care facilities for individuals diagnosed
2 with mental retardation.

3 “(iii) Professional services of health
4 care practitioners authorized to provide
5 health care services under State law.

6 “(iv) Community-based primary
7 health care services, including rural health
8 clinic services and Federally qualified
9 health center services.

10 “(v) Laboratory, x-ray services, and
11 diagnostic tests.

12 “(vi) Preventive care, including pre-
13 natal, well-baby, and well-child care, appro-
14 priate immunizations, pap smears, screen-
15 ing mammography, colorectal cancer
16 screening, physical examinations, and fam-
17 ily planning.

18 “(vii) Prescription drugs and
19 biologicals, including insulin and medical
20 foods.

21 “(viii) Mental health services.

22 “(ix) Substance use disorder services.

23 “(x) Vision services, including routine
24 eye examinations, eyeglasses, and contact
25 lenses.

1 “(xi) Hearing services, including hear-
2 ing aids.

3 “(xii) Dental services, including rou-
4 tine check ups.

5 “(xiii) Durable medical equipment, in-
6 cluding home dialysis supplies and equip-
7 ment.

8 “(xiv) Emergency ambulance services.

9 “(xv) Prosthetics.

10 “(xvi) Outpatient therapy, including
11 physical therapy, occupational therapy, and
12 speech language pathology services and re-
13 lated services.

14 “(2) ASSURANCE THAT BENEFITS ARE NOT RE-
15 DUCED FOR INDIVIDUALS COVERED UNDER FED-
16 ERAL PROGRAMS.—Insofar as the State under the
17 plan incorporates funding provided by Federal pro-
18 grams described in section 2203(f), the State plan
19 may not provide for a reduction in benefits (includ-
20 ing coverage, access, availability, duration, and bene-
21 ficiary rights, and, if applicable, vaccine benefits
22 under section 1928) otherwise provided for under
23 such programs or an increase in cost-sharing and
24 premiums otherwise provided for under such pro-
25 grams.

1 “(c) QUALITY ASSURANCE.—

2 “(1) IN GENERAL.—A State plan shall provide,
3 and describe, mechanisms to be used to assure, mon-
4 itor, and maintain the quality of items and services
5 furnished under the plan.

6 “(2) HEALTH OUTCOMES.—A State plan shall
7 describe the plan’s projected effect on health out-
8 comes in the State, including estimates of health
9 benefits, decreased morbidity and mortality, and im-
10 proved productivity resulting from reduction in the
11 number of individuals without health benefits.

12 “(d) PROGRAMS FOR MEDICAL EDUCATION.—A
13 State plan shall describe health professions training and
14 graduate medical education activities applicable under the
15 plan, and shall provide, under the State plan, for payment
16 from Federal, State, and local governments for such train-
17 ing and education activities in the amounts that would
18 otherwise be payable by such governments but for the
19 State’s universal, comprehensive health care system under
20 the State plan.

21 “(e) FINANCING.—

22 “(1) BUDGET.—A State plan shall incorporate
23 a budget which contains—

24 “(A) detailed projections of health care ex-
25 penditures prior to and under the proposed sys-

1 tem, including an identification and calculation
2 of the amount of funding to be provided by
3 Federal, State, and local governments under the
4 plan and an assurance that the amount of ex-
5 penditures made by the State and local govern-
6 ments will not be reduced as a result of the im-
7 plementation of the plan; and

8 “(B) a description (and an estimate of the
9 costs) of transitional activities to be undertaken
10 in implementing the proposed system.

11 “(2) COST CONTAINMENT.—A State plan shall
12 describe the means to be used to contain costs under
13 the plan, including when and how the plan will in-
14 crease efficiencies.

15 “(3) FEDERAL EXPENDITURE LIMIT.—A State
16 plan shall contain assurances that aggregate Federal
17 expenditures on health care (including Federal ex-
18 penditures under titles 5, 10, and 38 of the United
19 States Code, and under this Act) under the plan will
20 not exceed aggregate Federal expenditures that
21 would have been incurred in the absence of such
22 plan.

23 “(f) IMPLEMENTATION.—

1 “(1) IN GENERAL.—A State plan shall describe
2 the method (including a timetable and period of
3 transition) for implementing the plan.

4 “(2) COORDINATION.—A State plan shall iden-
5 tify all Federal, State, and local programs that pro-
6 vide health care services in the State and describe
7 how such programs would be incorporated in, or co-
8 ordinated with, the health coverage system under the
9 plan.

10 “(3) FEDERAL WAIVERS REQUIRED.—A State
11 plan shall identify any waivers of Federal law re-
12 quired to implement the plan, including the use of
13 any pooled Federal funds and other waivers de-
14 scribed in section 2203(f).

15 “(4) APPROVAL OF STATE LEGISLATURE.—A
16 State plan shall provide that State approvals and
17 commitments (including approval of the State legis-
18 lature) necessary for the implementation of the plan
19 will be obtained by not later than 1 year after the
20 date of the Secretary’s approval of the plan. Any ap-
21 proval of a grant is conditioned upon the timely
22 completion of such approvals and commitments.

23 “(g) EVALUATION.—A State plan shall provide for a
24 process for its evaluation, and shall comply with any eval-

1 uation, reporting, or data collection requirements imposed
2 by the Secretary.

3 “(h) CONSTRUCTION.—Nothing in this title shall be
4 construed as preempting State laws that provide greater
5 protections or benefits than the protections or benefits re-
6 quired under this title.

7 **“SEC. 2205. INTERSTATE ARRANGEMENTS.**

8 “(a) IN GENERAL.—One or more contiguous States
9 in a geographic region may file a joint application for
10 planning and demonstration grants under this title.

11 “(b) CONGRESSIONAL APPROVAL.—Congress hereby
12 authorizes and approves States entering into Interstate
13 Compacts in order to conduct joint health care programs
14 under such a grant.

15 “(c) REFERENCES TO STATE.—In the case of a joint
16 application described in subsection (a), any reference in
17 this title to a State is deemed to refer to all of the States
18 that have filed the application, and the approval of a grant
19 with respect to such a joint application shall be counted
20 as 1 State for purposes of applying sections 2202(c) and
21 2203(b).

22 **“SEC. 2206. DEFINITIONS.**

23 “In this title:

24 “(1) ELIGIBLE STATE RESIDENT.—The term
25 ‘eligible State resident’ means any resident of the

1 United States who is a citizen or national of the
2 United States, or lawful resident alien, and who re-
3 sides in any particular State. Such term may in-
4 clude, at the option of a State, the following:

5 “(A) State employees and dependents of
6 such employees.

7 “(B) Employees, and dependents of such
8 employees, working in a work site of a business
9 located in the State.

10 “(C) One or more classes of non-
11 immigrants (as defined in section 101(a)(15) of
12 the Immigration and Nationality Act) specified
13 in the State plan.

14 “(2) **LAWFUL RESIDENT ALIEN.**—The term
15 ‘lawful resident alien’ means an alien lawfully admit-
16 ted for permanent residence and any other alien law-
17 fully residing permanently in the United States
18 under color of law, including an alien granted asy-
19 lum or with lawful temporary resident status under
20 section 210, 210A, or 245A of the Immigration and
21 Nationality Act.

22 “(3) **SECRETARY.**—The term ‘Secretary’ means
23 the Secretary of Health and Human Services.

24 “(4) **SINGLE PAYER SYSTEM.**—The term ‘single
25 payer system’ means an approach to health care fi-

1 nancing with only 1 source of money for paying
2 health care providers. The payer may be either a
3 governmental unit or other entity (such as an insur-
4 ance company). The elements of a single payer sys-
5 tem offer administrative simplicity for patients and
6 providers, and savings in overhead costs.

7 “(5) STATE.—Subject to section 2205(c), the
8 term ‘State’ means a State, the District of Colum-
9 bia, the Commonwealth of Puerto Rico, the United
10 States Virgin Islands, Guam, American Samoa, and
11 the Commonwealth of the Northern Mariana Is-
12 lands.

13 “(6) STATE PLAN.—The term ‘State plan’
14 means a comprehensive health care plan of a State
15 participating in a State Comprehensive Health Care
16 and Cost Containment demonstration project under
17 this title that meets the requirements of section
18 2204.”.

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