

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO COMMITTEE PRINT
OFFERED BY M .**

Amend title III to read as follows:

1 **TITLE III—HEALTH INSURANCE**
2 **ASSISTANCE FOR THE UNEM-**
3 **EMPLOYED**

4 SEC. 3001. SHORT TITLE AND TABLE OF CONTENTS OF
5 TITLE.

(a) SHORT TITLE OF TITLE.—This title may be cited as the “Health Insurance Assistance for the Unemployed Act of 2009”.

9 (b) TABLE OF CONTENTS OF TITLE.—The table of
10 contents of this title is as follows:

Sec. 3001. Short title and table of contents of title.

Sec. 3002. Premium assistance for COBRA benefits and extension of COBRA benefits for older or long-term employees.

Sec. 3003. Temporary optional Medicaid coverage for the unemployed.

11 SEC. 3002. PREMIUM ASSISTANCE FOR COBRA BENEFITS
12 AND EXTENSION OF COBRA BENEFITS FOR
13 OLDER OR LONG-TERM EMPLOYEES.

(a) PREMIUM ASSISTANCE FOR COBRA CONTINUATION COVERAGE FOR INDIVIDUALS AND THEIR FAMILIES.—

17 (1) PROVISION OF PREMIUM ASSISTANCE.—

1 (A) REDUCTION OF PREMIUMS PAY-
2 ABLE.—In the case of any premium for a pe-
3 riod of coverage beginning on or after the date
4 of the enactment of this Act for COBRA con-
5 tinuation coverage with respect to any assist-
6 ance eligible individual, such individual shall be
7 treated for purposes of any COBRA continu-
8 ation provision as having paid the amount of
9 such premium if such individual pays 35 per-
10 cent of the amount of such premium (as deter-
11 mined without regard to this subsection).

12 (B) PREMIUM REIMBURSEMENT.—For pro-
13 visions providing the balance of such premium,
14 see section 6431 of the Internal Revenue Code
15 of 1986, as added by paragraph (12).

16 (2) LIMITATION OF PERIOD OF PREMIUM AS-
17 SISTANCE.—

18 (A) IN GENERAL.—Paragraph (1)(A) shall
19 not apply with respect to any assistance eligible
20 individual for months of coverage beginning on
21 or after the earlier of—

22 (i) the first date that such individual
23 is eligible for coverage under any other
24 group health plan (other than coverage
25 consisting of only dental, vision, coun-

1 seling, or referral services (or a combina-
2 tion thereof), coverage under a health re-
3 imbursement arrangement or a health
4 flexible spending arrangement, or coverage
5 of treatment that is furnished in an on-site
6 medical facility maintained by the em-
7 ployer and that consists primarily of first-
8 aid services, prevention and wellness care,
9 or similar care (or a combination thereof))
10 or is eligible for benefits under title XVIII
11 of the Social Security Act, or

12 (ii) the earliest of—

13 (I) the date which is 12 months
14 after the first day of first month that
15 paragraph (1)(A) applies with respect
16 to such individual,

17 (II) the date following the expira-
18 tion of the maximum period of con-
19 tinuation coverage required under the
20 applicable COBRA continuation cov-
21 erage provision, or

22 (III) the date following the expi-
23 ration of the period of continuation
24 coverage allowed under paragraph
25 (4)(B)(ii).

1 (B) TIMING OF ELIGIBILITY FOR ADDI-
2 TIONAL COVERAGE.—For purposes of subpara-
3 graph (A)(i), an individual shall not be treated
4 as eligible for coverage under a group health
5 plan before the first date on which such indi-
6 vidual could be covered under such plan.

7 (C) NOTIFICATION REQUIREMENT.—An
8 assistance eligible individual shall notify in writ-
9 ing the group health plan with respect to which
10 paragraph (1)(A) applies if such paragraph
11 ceases to apply by reason of subparagraph
12 (A)(i). Such notice shall be provided to the
13 group health plan in such time and manner as
14 may be specified by the Secretary of Labor.

15 (3) ASSISTANCE ELIGIBLE INDIVIDUAL.—For
16 purposes of this section, the term “assistance eligible
17 individual” means any qualified beneficiary if—

18 (A) at any time during the period that be-
19 gins with September 1, 2008, and ends with
20 December 31, 2009, such qualified beneficiary
21 is eligible for COBRA continuation coverage,

22 (B) such qualified beneficiary elects such
23 coverage, and

24 (C) the qualifying event with respect to the
25 COBRA continuation coverage consists of the

1 involuntary termination of the covered employ-
2 ee's employment and occurred during such pe-
3 riod.

4 (4) EXTENSION OF ELECTION PERIOD AND EF-
5 FECT ON COVERAGE.—

6 (A) IN GENERAL.—Notwithstanding sec-
7 tion 605(a) of the Employee Retirement Income
8 Security Act of 1974, section 4980B(f)(5)(A) of
9 the Internal Revenue Code of 1986, section
10 2205(a) of the Public Health Service Act, and
11 section 8905a(c)(2) of title 5, United States
12 Code, in the case of an individual who is a
13 qualified beneficiary described in paragraph
14 (3)(A) as of the date of the enactment of this
15 Act and has not made the election referred to
16 in paragraph (3)(B) as of such date, such indi-
17 vidual may elect the COBRA continuation cov-
18 erage under the COBRA continuation coverage
19 provisions containing such sections during the
20 60-day period commencing with the date on
21 which the notification required under paragraph
22 (7)(C) is provided to such individual.

23 (B) COMMENCEMENT OF COVERAGE; NO
24 REACH-BACK.—Any COBRA continuation cov-
25 erage elected by a qualified beneficiary during

1 an extended election period under subparagraph
2 (A)—

3 (i) shall commence on the date of the
4 enactment of this Act, and

5 (ii) shall not extend beyond the period
6 of COBRA continuation coverage that
7 would have been required under the appli-
8 cable COBRA continuation coverage provi-
9 sion if the coverage had been elected as re-
10 quired under such provision.

11 (C) PREEXISTING CONDITIONS.—With re-
12 spect to a qualified beneficiary who elects
13 COBRA continuation coverage pursuant to sub-
14 paragraph (A), the period—

15 (i) beginning on the date of the quali-
16 fying event, and

17 (ii) ending with the day before the
18 date of the enactment of this Act,

19 shall be disregarded for purposes of deter-
20 mining the 63-day periods referred to in section
21 701)(2) of the Employee Retirement Income
22 Security Act of 1974, section 9801(c)(2) of the
23 Internal Revenue Code of 1986, and section
24 2701(c)(2) of the Public Health Service Act.

1 (5) EXPEDITED REVIEW OF DENIALS OF PRE-
2 MIUM ASSISTANCE.—In any case in which an indi-
3 vidual requests treatment as an assistance eligible
4 individual and is denied such treatment by the group
5 health plan by reason of such individual's ineligi-
6 bility for COBRA continuation coverage, the Sec-
7 retary of Labor (or the Secretary of Health and
8 Human services in connection with COBRA continu-
9 ation coverage which is provided other than pursu-
10 ant to part 6 of subtitle B of title I of the Employee
11 Retirement Income Security Act of 1974), in con-
12 sultation with the Secretary of the Treasury, shall
13 provide for expedited review of such denial. An indi-
14 vidual shall be entitled to such review upon applica-
15 tion to such Secretary in such form and manner as
16 shall be provided by such Secretary. Such Secretary
17 shall make a determination regarding such individ-
18 ual's eligibility within 10 business days after receipt
19 of such individual's application for review under this
20 paragraph.

21 (6) DISREGARD OF SUBSIDIES FOR PURPOSES
22 OF FEDERAL AND STATE PROGRAMS.—Notwith-
23 standing any other provision of law, any premium
24 reduction with respect to an assistance eligible indi-
25 vidual under this subsection shall not be considered

1 income or resources in determining eligibility for, or
2 the amount of assistance or benefits provided under,
3 any other public benefit provided under Federal law
4 or the law of any State or political subdivision there-
5 of.

6 (7) NOTICES TO INDIVIDUALS.—

7 (A) GENERAL NOTICE.—

8 (i) IN GENERAL.—In the case of no-
9 tices provided under section 606(4) of the
10 Employee Retirement Income Security Act
11 of 1974 (29 U.S.C. 1166(4)), section
12 4980B(f)(6)(D) of the Internal Revenue
13 Code of 1986, section 2206(4) of the Pub-
14 lic Health Service Act (42 U.S.C. 300bb-
15 6(4)), or section 8905a(f)(2)(A) of title 5,
16 United States Code, with respect to indi-
17 viduals who, during the period described in
18 paragraph (3)(A), become entitled to elect
19 COBRA continuation coverage, such no-
20 tices shall include an additional notifica-
21 tion to the recipient of the availability of
22 premium reduction with respect to such
23 coverage under this subsection.

24 (ii) ALTERNATIVE NOTICE.—In the
25 case of COBRA continuation coverage to

1 which the notice provision under such sec-
2 tions does not apply, the Secretary of
3 Labor, in consultation with the Secretary
4 of the Treasury and the Secretary of
5 Health and Human Services, shall, in co-
6 ordination with administrators of the
7 group health plans (or other entities) that
8 provide or administer the COBRA continu-
9 ation coverage involved, provide rules re-
10 quiring the provision of such notice.

11 (iii) FORM.—The requirement of the
12 additional notification under this subpara-
13 graph may be met by amendment of exist-
14 ing notice forms or by inclusion of a sepa-
15 rate document with the notice otherwise
16 required.

17 (B) SPECIFIC REQUIREMENTS.—Each ad-
18 ditional notification under subparagraph (A)
19 shall include—

20 (i) the forms necessary for estab-
21 lishing eligibility for premium reduction
22 under this subsection,

23 (ii) the name, address, and telephone
24 number necessary to contact the plan ad-
25 ministrator and any other person main-

1 taining relevant information in connection
2 with such premium reduction,

3 (iii) a description of the extended elec-
4 tion period provided for in paragraph
5 (4)(A),

6 (iv) a description of the obligation of
7 the qualified beneficiary under paragraph
8 (2)(C) to notify the plan providing continu-
9 ation coverage of eligibility for subsequent
10 coverage under another group health plan
11 or eligibility for benefits under title XVIII
12 of the Social Security Act and the penalty
13 provided for failure to so notify the plan,
14 and

15 (v) a description, displayed in a
16 prominent manner, of the qualified bene-
17 ficiary's right to a reduced premium and
18 any conditions on entitlement to the re-
19 duced premium.

20 (C) NOTICE RELATING TO RETROACTIVE
21 COVERAGE.—In the case of an individual de-
22 scribed in paragraph (3)(A) who has elected
23 COBRA continuation coverage as of the date of
24 enactment of this Act or an individual described
25 in paragraph (4)(A), the administrator of the

1 group health plan (or other entity) involved
2 shall provide (within 60 days after the date of
3 enactment of this Act) for the additional notifi-
4 cation required to be provided under subpara-
5 graph (A).

6 (D) MODEL NOTICES.—Not later than 30
7 days after the date of enactment of this Act,
8 the Secretary of the Labor, in consultation with
9 the Secretary of the Treasury and the Secretary
10 of Health and Human Services, shall prescribe
11 models for the additional notification required
12 under this paragraph.

13 (8) SAFEGUARDS.—The Secretary of the Treas-
14 ury shall provide such rules, procedures, regulations,
15 and other guidance as may be necessary and appro-
16 priate to prevent fraud and abuse under this sub-
17 section.

18 (9) OUTREACH.—The Secretary of Labor, in
19 consultation with the Secretary of the Treasury and
20 the Secretary of Health and Human Services, shall
21 provide outreach consisting of public education and
22 enrollment assistance relating to premium reduction
23 provided under this subsection. Such outreach shall
24 target employers, group health plan administrators,
25 public assistance programs, States, insurers, and

1 other entities as determined appropriate by such
2 Secretaries. Such outreach shall include an initial
3 focus on those individuals electing continuation cov-
4 erage who are referred to in paragraph (7)(C). In-
5 formation on such premium reduction, including en-
6 rollment, shall also be made available on website of
7 the Departments of Labor, Treasury, and Health
8 and Human Services.

9 (10) DEFINITIONS.—For purposes of this sub-
10 section—

11 (A) ADMINISTRATOR.—The term “admin-
12 istrator” has the meaning given such term in
13 section 3(16) of the Employee Retirement In-
14 come Security Act of 1974

15 (B) COBRA CONTINUATION COVERAGE.—
16 The term “COBRA continuation coverage”
17 means continuation coverage provided pursuant
18 to part 6 of subtitle B of title I of the Em-
19 ployee Retirement Income Security Act of 1974
20 (other than under section 609), title XXII of
21 the Public Health Service Act, section 4980B of
22 the Internal Revenue Code of 1986 (other than
23 subsection (f)(1) of such section insofar as it
24 relates to pediatric vaccines), or section 8905a
25 of title 5, United States Code, or under a State

1 program that provides continuation coverage
2 comparable to such continuation coverage. Such
3 term does not include coverage under a health
4 flexible spending arrangement.

5 (C) COBRA CONTINUATION PROVISION.—
6 The term “COBRA continuation provision”
7 means the provisions of law described in sub-
8 paragraph (B).

9 (D) COVERED EMPLOYEE.—The term
10 “covered employee” has the meaning given such
11 term in section 607(2) of the Employee Retirement
12 Income Security Act of 1974.

13 (E) QUALIFIED BENEFICIARY.—The term
14 “qualified beneficiary” has the meaning given
15 such term in section 607(3) of the Employee
16 Retirement Income Security Act of 1974.

17 (F) GROUP HEALTH PLAN.—The term
18 “group health plan” has the meaning given
19 such term in section 607(1) of the Employee
20 Retirement Income Security Act of 1974.

21 (G) STATE.—The term “State” includes
22 the District of Columbia, the Commonwealth of
23 Puerto Rico, the Virgin Islands, Guam, Amer-
24 ican Samoa, and the Commonwealth of the
25 Northern Mariana Islands.

1 (11) REPORTS.—

2 (A) INTERIM REPORT.—The Secretary of
3 the Treasury shall submit an interim report to
4 the Committee on Education and Labor, the
5 Committee on Ways and Means, and the Com-
6 mittee on Energy and Commerce of the House
7 of Representatives and the Committee on
8 Health, Education, Labor, and Pensions and
9 the Committee on Finance of the Senate re-
10 garding the premium reduction provided under
11 this subsection that includes—

12 (i) the number of individuals provided
13 such assistance as of the date of the re-
14 port; and

15 (ii) the total amount of expenditures
16 incurred (with administrative expenditures
17 noted separately) in connection with such
18 assistance as of the date of the report.

19 (B) FINAL REPORT.—As soon as prac-
20 ticable after the last period of COBRA continu-
21 ation coverage for which premium reduction is
22 provided under this section, the Secretary of the
23 Treasury shall submit a final report to each
24 Committee referred to in subparagraph (A) that
25 includes—

- 1 (i) the number of individuals provided
2 premium reduction under this section;
- 3 (ii) the average dollar amount
4 (monthly and annually) of premium reduc-
5 tions provided to such individuals; and
- 6 (iii) the total amount of expenditures
7 incurred (with administrative expenditures
8 noted separately) in connection with pre-
9 mium reduction under this section.

10 (12) COBRA PREMIUM ASSISTANCE.—

11 (A) IN GENERAL.—Subchapter B of chap-
12 ter 65 of the Internal Revenue Code of 1986 is
13 amended by adding at the end the following
14 new section:

15 **“SEC. 6431. COBRA PREMIUM ASSISTANCE.**

16 “(a) IN GENERAL.—The entity to whom premiums
17 are payable under COBRA continuation coverage shall be
18 reimbursed for the amount of premiums not paid by plan
19 beneficiaries by reason of section 3002(a) of the Health
20 Insurance Assistance for the Unemployed Act of 2009.
21 Such amount shall be treated as a credit against the re-
22 quirement of such entity to make deposits of payroll taxes.
23 To the extent that such amount exceeds the amount of
24 such taxes, the Secretary shall pay to such entity the
25 amount of such excess. No payment may be made under

1 this subsection to an entity with respect to any assistance
2 eligible individual until after such entity has received the
3 reduced premium from such individual required under sec-
4 tion 3002(a)(1)(A) of such Act.

5 “(b) PAYROLL TAXES.—For purposes of this section,
6 the term ‘payroll taxes’ means—

7 “(1) amounts required to be deducted and with-
8 held for the payroll period under section 3401 (relat-
9 ing to wage withholding),

10 “(2) amounts required to be deducted for the
11 payroll period under section 3102 (relating to FICA
12 employee taxes), and

13 “(3) amounts of the taxes imposed for the pay-
14 roll period under section 3111 (relating to FICA em-
15 ployer taxes).

16 “(c) TREATMENT OF CREDIT.—Except as otherwise
17 provided by the Secretary, the credit described in sub-
18 section (a) shall be applied as though the employer had
19 paid to the Secretary, on the day that the qualified bene-
20 ficiary’s premium payment is received, an amount equal
21 to such credit.

22 “(d) TREATMENT OF PAYMENT.—For purposes of
23 section 1324(b)(2) of title 31, United States Code, any
24 payment under this subsection shall be treated in the same
25 manner as a refund of the credit under section 35.

1 “(e) REPORTING.—

2 “(1) IN GENERAL.—Each entity entitled to re-
3 imbursement under subsection (a) for any period
4 shall submit such reports as the Secretary may re-
5 quire, including—

6 “(A) an attestation of involuntary termi-
7 nation of employment for each covered em-
8 ployee on the basis of whose termination entitle-
9 ment to reimbursement is claimed under sub-
10 section (a), and

11 “(B) a report of the amount of payroll
12 taxes offset under subsection (a) for the report-
13 ing period and the estimated offsets of such
14 taxes for the subsequent reporting period in
15 connection with reimbursements under sub-
16 section (a).

17 “(2) TIMING OF REPORTS RELATING TO
18 AMOUNT OF PAYROLL TAXES.— Reports required
19 under paragraph (1)(B) shall be submitted at the
20 same time as deposits of taxes imposed by chapters
21 21, 22, and 24 or at such time as is specified by the
22 Secretary.

23 “(f) REGULATIONS.—The Secretary may issue such
24 regulations or other guidance as may be necessary or ap-
25 propriate to carry out this section, including the require-

1 ment to report information or the establishment of other
2 methods for verifying the correct amounts of payments
3 and credits under this section.”.

4 (B) SOCIAL SECURITY TRUST FUNDS HELD
5 HARMLESS.—In determining any amount trans-
6 ferred or appropriated to any fund under the
7 Social Security Act, section 6431 of the Inter-
8 nal Revenue Code of 1986 shall not be taken
9 into account.

10 (C) CLERICAL AMENDMENT.—The table of
11 sections for subchapter B of chapter 65 of the
12 Internal Revenue Code of 1986 is amended by
13 adding at the end the following new item:

“Sec. 6431. COBRA premium assistance.”.

14 (D) EFFECTIVE DATE.—The amendments
15 made by this paragraph shall apply to pre-
16 miums to which subsection (a)(1)(A) applies.

17 (13) PENALTY FOR FAILURE TO NOTIFY
18 HEALTH PLAN OF CESSATION OF ELIGIBILITY FOR
19 PREMIUM ASSISTANCE.—

20 (A) IN GENERAL.—Part I of subchapter B
21 of chapter 68 of the Internal Revenue Code of
22 1986 is amended by adding at the end the fol-
23 lowing new section:

1 **“SEC. 6720C. PENALTY FOR FAILURE TO NOTIFY HEALTH**
2 **PLAN OF CESSATION OF ELIGIBILITY FOR**
3 **COBRA PREMIUM ASSISTANCE.**

4 “(a) IN GENERAL.—Any person required to notify a
5 group health plan under section 3002(a)(2)(C)) of the
6 Health Insurance Assistance for the Unemployed Act of
7 2009 who fails to make such a notification at such time
8 and in such manner as the Secretary of Labor may require
9 shall pay a penalty of 110 percent of the premium reduc-
10 tion provided under such section after termination of eligi-
11 bility under such subsection.

12 “(b) REASONABLE CAUSE EXCEPTION.—No penalty
13 shall be imposed under subsection (a) with respect to any
14 failure if it is shown that such failure is due to reasonable
15 cause and not to willful neglect.”.

16 (B) CLERICAL AMENDMENT.—The table of
17 sections of part I of subchapter B of chapter 68
18 of such Code is amended by adding at the end
19 the following new item:

“Sec. 6720C. Penalty for failure to notify health plan of cessation of eligibility
for COBRA premium assistance.”.

20 (C) EFFECTIVE DATE.—The amendments
21 made by this paragraph shall apply to failures
22 occurring after the date of the enactment of
23 this Act.

24 (14) COORDINATION WITH HCTC.—

1 (A) IN GENERAL.—Subsection (g) of sec-
2 tion 35 of the Internal Revenue Code of 1986
3 is amended by redesignating paragraph (9) as
4 paragraph (10) and inserting after paragraph
5 (8) the following new paragraph:

6 “(9) COBRA PREMIUM ASSISTANCE.—In the
7 case of an assistance eligible individual who receives
8 premium reduction for COBRA continuation cov-
9 erage under section 3002(a) of the Health Insurance
10 Assistance for the Unemployed Act of 2009 for any
11 month during the taxable year, such individual shall
12 not be treated as an eligible individual, a certified
13 individual, or a qualifying family member for pur-
14 poses of this section or section 7527 with respect to
15 such month.”.

16 (B) EFFECTIVE DATE.—The amendment
17 made by subparagraph (A) shall apply to tax-
18 able years ending after the date of the enact-
19 ment of this Act.

20 (15) EXCLUSION OF COBRA PREMIUM ASSIST-
21 ANCE FROM GROSS INCOME.—

22 (A) IN GENERAL.—Part III of subchapter
23 B of chapter 1 of the Internal Revenue Code of
24 1986 is amended by inserting after section
25 139B the following new section:

1 **“SEC. 139C. COBRA PREMIUM ASSISTANCE.**

2 “In the case of an assistance eligible individual (as
3 defined in section 3002 of the Health Insurance Assist-
4 ance for the Unemployed Act of 2009), gross income does
5 not include any premium reduction provided under sub-
6 section (a) of such section.”.

7 (B) CLERICAL AMENDMENT.—The table of
8 sections for part III of subchapter B of chapter
9 1 of such Code is amended by inserting after
10 the item relating to section 139B the following
11 new item:

“Sec. 139C. COBRA premium assistance.”.

12 (C) EFFECTIVE DATE.—The amendments
13 made by this paragraph shall apply to taxable
14 years ending after the date of the enactment of
15 this Act.

16 (b) EXTENSION OF COBRA BENEFITS FOR OLDER
17 OR LONG-TERM EMPLOYEES.—

18 (1) ERISA AMENDMENT.—Section 602(2)(A)
19 of the Employee Retirement Income Security Act of
20 1974 is amended by adding at the end the following
21 new clauses:

22 “(x) SPECIAL RULE FOR OLDER OR
23 LONG-TERM EMPLOYEES GENERALLY.—In
24 the case of a qualifying event described in
25 section 603(2) with respect to a covered

1 employee who (as of such qualifying event)
2 has attained age 55 or has completed 10
3 or more years of service with the entity
4 that is the employer at the time of the
5 qualifying event, clauses (i) and (ii) shall
6 not apply.

7 “(xi) YEAR OF SERVICE.— For pur-
8 poses of this subparagraph, the term ‘year
9 of service’ shall have the meaning provided
10 in section 202(a)(3).”.

11 (2) IRC AMENDMENT.—Clause (i) of section
12 4980B(f)(2)(B) of the Internal Revenue Code of
13 1986 is amended by adding at the end the following
14 new subclauses:

15 “(X) SPECIAL RULE FOR OLDER
16 OR LONG-TERM EMPLOYEES GEN-
17 ERALLY.—In the case of a qualifying
18 event described in paragraph (3)(B)
19 with respect to a covered employee
20 who (as of such qualifying event) has
21 attained age 55 or has completed 10
22 or more years of service with the enti-
23 ty that is the employer at the time of
24 the qualifying event, subclauses (I)
25 and (II) shall not apply.

1 “(XI) YEAR OF SERVICE.— For
2 purposes of this clause, the term ‘year
3 of service’ shall have the meaning pro-
4 vided in section 202(a)(3) of the Em-
5 ployee Retirement Income Security
6 Act of 1974.”.

7 (3) PHSA AMENDMENT.—Section 2202(2)(A)
8 of the Public Health Service Act is amended by add-
9 ing at the end the following new clauses:

10 “(viii) SPECIAL RULE FOR OLDER OR
11 LONG-TERM EMPLOYEES GENERALLY.—In
12 the case of a qualifying event described in
13 section 2203(2) with respect to a covered
14 employee who (as of such qualifying event)
15 has attained age 55 or has completed 10
16 or more years of service with the entity
17 that is the employer at the time of the
18 qualifying event, clauses (i) and (ii) shall
19 not apply.

20 “(ix) YEAR OF SERVICE.— For pur-
21 poses of this subparagraph, the term ‘year
22 of service’ shall have the meaning provided
23 in section 202(a)(3) of the Employee Re-
24 tirement Income Security Act of 1974.”.

1 (4) EFFECTIVE DATE OF AMENDMENTS.—The
2 amendments made by this subsection shall apply to
3 periods of coverage which would (without regard to
4 the amendments made by this section) end on or
5 after the date of the enactment of this Act.

6 **SEC. 3003. TEMPORARY OPTIONAL MEDICAID COVERAGE**
7 **FOR THE UNEMPLOYED.**

8 (a) IN GENERAL.—Section 1902 of the Social Secu-
9 rity Act (42 U.S.C. 1396b) is amended—

10 (1) in subsection (a)(10)(A)(ii)—

11 (A) by striking “or” at the end of sub-
12 clause (XVIII);

13 (B) by adding “or” at the end of subclause
14 (XIX); and

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

17 “(XX) who are described in sub-
18 section (dd)(1) (relating to certain un-
19 employed individuals and their fami-
20 lies);”; and

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

23 “(dd)(1) Individuals described in this paragraph
24 are—

25 “(A) individuals who—

1 “(i) are within one or more of the categories de-
2 scribed in paragraph (2), as elected under the State
3 plan; and

4 “(ii) meet the applicable requirements of para-
5 graph (3); and

6 “(B) individuals who—

7 “(i) are the spouse, or dependent child under
8 19 years of age, of an individual described in sub-
9 paragraph (A); and

10 “(ii) meet the requirement of paragraph (3)(B).

11 “(2) The categories of individuals described in this
12 paragraph are each of the following:

13 “(A)(i) Individuals who are receiving unemploy-
14 ment compensation benefits; and

15 “(ii) individuals who were receiving, but have
16 exhausted, unemployment compensation benefits on
17 or after July 1, 2008.

18 “(B) Individuals who are involuntarily unem-
19 ployed and were involuntarily separated from em-
20 ployment on or after September 1, 2008, and before
21 January 1, 2011, whose family gross income does
22 not exceed a percentage specified by the State (not
23 to exceed 200 percent) of the income official poverty
24 line (as defined by the Office of Management and
25 Budget, and revised annually in accordance with sec-

tion 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved, and who, but for subsection (a)(10)(A)(ii)(XX), are not eligible for medical assistance under this title or health assistance under title XXI.

“(C) Individuals who are involuntarily unemployed and were involuntarily separated from employment on or after September 1, 2008, and before January 1, 2011, who are members of households participating in the supplemental nutrition assistance program established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq), and who, but for subsection (a)(10)(A)(ii)(XX), are not eligible for medical assistance under this title or health assistance under title XXI.

“(3) The requirements of this paragraph with respect to an individual are the following:

“(A) In the case of individuals within a category described in subparagraph (A) of paragraph (2), the individual was involuntarily separated from employment on or after September 1, 2008, and before January 1, 2011, or meets such comparable requirement as the Secretary specifies through rule,

1 guidance, or otherwise in the case of an individual
2 who was an independent contractor.

3 “(B) The individual is not otherwise covered
4 under creditable coverage, as defined in section
5 2701(c) of the Public Health Service Act (42 U.S.C.
6 300gg(c)), but applied without regard to paragraph
7 (1)(F) of such section and without regard to cov-
8 erage provided by reason of the application of sub-
9 section (a)(10)(A)(ii)(XX).

10 “(4)(A) No income or resources test shall be applied
11 with respect to any category of individuals described in
12 subparagraph (A) or (C) of paragraph (2) who are eligible
13 for medical assistance only by reason of the application
14 of subsection (a)(10)(A)(ii)(XX).

15 “(B) Nothing in this subsection shall be construed
16 to prevent a State from imposing a resource test for the
17 category of individuals described in paragraph (2)(B)).

18 “(C) In the case of individuals described in paragraph
19 (2)(A) or (2)(C), the requirements of subsections (i)(22)
20 and (x) in section 1903 shall not apply.”.

21 (b) 100 PERCENT FEDERAL MATCHING RATE.—

22 (1) FMAP FOR TIME-LIMITED PERIOD.—The
23 third sentence of section 1905(b) of such Act (42
24 U.S.C. 1396d(b)) is amended by inserting before the
25 period at the end the following: “and for items and

1 services furnished on or after the date of enactment
2 of this Act and before January 1, 2011, to individ-
3 uals who are eligible for medical assistance only by
4 reason of the application of section
5 1902(a)(10)(A)(ii)(XX)’’.

6 (2) CERTAIN ENROLLMENT-RELATED ADMINIS-
7 TRATIVE COSTS.—Notwithstanding any other provi-
8 sion of law, for purposes of applying section 1903(a)
9 of the Social Security Act (42 U.S.C. 1396b(a)),
10 with respect to expenditures incurred on or after the
11 date of the enactment of this Act and before Janu-
12 ary 1, 2011, for costs of administration (including
13 outreach and the modification and operation of eligi-
14 bility information systems) attributable to eligibility
15 determination and enrollment of individuals who are
16 eligible for medical assistance only by reason of the
17 application of section 1902(a)(10)(A)(ii)(XX) of
18 such Act, as added by subsection (a)(1), the Federal
19 matching percentage shall be 100 percent instead of
20 the matching percentage otherwise applicable.

21 (c) CONFORMING AMENDMENTS.—(1) Section
22 1903(f)(4) of such Act (42 U.S.C. 1396c(f)(4)) is amend-
23 ed by inserting “1902(a)(10)(A)(ii)(XX), or” after
24 “1902(a)(10)(A)(ii)(XIX),”.

1 (2) Section 1905(a) of such Act (42 U.S.C.
2 1396d(a)) is amended, in the matter preceding paragraph
3 (1)—

4 (A) by striking “or” at the end of clause (xii);

5 (B) by adding “or” at the end of clause (xiii);

6 and

7 (C) by inserting after clause (xiii) the following

8 new clause:

9 “(xiv) individuals described in section
10 1902(dd)(1),”.

