The clerk will report.

The legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS] proposes amendments numbered 1027 and 1041, en bloc.

Mr. BAUCUS. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 1027

(Purpose: To express the sense of the Senate regarding the implementation of the Prescription Drug and Medicare Improvement Act of 2003)

At the end of title VI, insert the following:

SEC. ___. SENSE OF THE SENATE REGARDING IMPLEMENTATION OF THE PRESCRIPTION DRUG AND MEDICARE IMPROVEMENT ACT OF 2003.

(a) IN GENERAL.—It is the sense of the Senate that the Committee on Finance of the Senate should hold not less than 4 hearings to monitor implementation of the Prescription Drug and Medicare Improvement Act of 2003 (hereinafter in this section referred to as the ''Act'') during which the Secretary or his designee should testify before the Committee.

(b) INITIAL HEARING.—It is the sense of the Senate that the first hearing described in subsection (a) should be held not later than 60 days after the date of the enactment the Act. At the hearing, the Secretary or his designee should submit written testimony and testify before the Committee on Finance of the Senate on the following issues:

(1) The progress toward implementation of the prescription drug discount card under section 111 of the Act.

(2) Development of the blueprint that will direct the implementation of the provisions of the Act, including the implementation of title I (Medicare Prescription Drug Benefit), title II (MedicareAdvantage), and title III (Center for Medicare Choices) of the Act.

(3) Any problems that will impede the timely implementation of the Act.

(4) The overall progress toward implementation of the Act.

(c) SUBSEQUENT HEARINGS.—It is the sense of the Senate that the additional hearings described in subsection (a) should be held in each of May 2004, October 2004, and May 2005. At each hearing, the Secretary or his designee should submit written testimony and testify before the Committee on Finance of the Senate on the following issues:

(1) Progress on implementation of title I (Medicare Prescription Drug Benefit), title II (MedicareAdvantage), and title III (Center for Medicare Choices) of the Act.

(2) Any problems that will impede timely implementation of the Act.

AMENDMENT NO. 1041

(Purpose: To require the Secretary of Health and Human Services to conduct a frontier extended stay clinic demonstration project)

On page 529, between lines 8 and 9, insert the following:

SEC. 455. FRONTIER EXTENDED STAY CLINIC DEMONSTRATION PROJECT.

(a) AUTHORITY TO CONDUCT DEMONSTRATION PROJECT.—The Secretary shall waive such provisions of the medicare program established under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) as are necessary to conduct a demonstration project under which frontier extended stay clinics described in subsection (b) in isolated rural areas of Alaska are treated as providers of items and services under the medicare program.

(b) CLINICS DESCRIBED.—A frontier extended stay clinic is described in this subsection if the clinic—

(1) is located in a community where the closest short-term acute care hospital or critical access hospital is at least 75 miles away from the community or is inaccessible by public road; and

(2) is designed to address the needs of—

(A) seriously or critically ill or injured patients who, due to adverse weather conditions or other reasons, cannot be transferred quickly to acute care referral centers; or

(B) patients who need monitoring and observation for a limited period of time.

(c) DEFINITIONS.—In this section, the terms ''hospital'' and ''critical access hospital'' have the meanings given such terms in subsections (e) and (mm), respectively, of section 1861 of the Social Security Act (42 U.S.C. 1395x).

AMENDMENTS NOS. 936, 938, 988, 1027 AND 1041 EN BLOC

Mr. BAUCUS. Mr. President, on behalf of the chairman of the committee, Senator GRASSLEY, I ask unanimous consent that the pending amendments be set aside and that the following amendments be agreed to en bloc, and that the motions to reconsider be laid on the table en bloc: Amendments Nos. 936, 938, 988, 1027, and 1041.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments were agreed to en bloc.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the time I used be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. I ask unanimous consent to proceed as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDING TITLE XXI OF THE SOCIAL SECURITY ACT

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 166, S. 312.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 312) to amend title XXI of the Social Security Act to extend the availability of allotments for fiscal years 1998 through 2001 under the State Children's Health Insurance Program.

There being no objection, the Senate proceeded to consider the bill.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the managers' amendment be agreed to; that the bill, as amended, be read a third time and passed; that the motion to reconsider be laid upon the table; and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1113) was agreed to, as follows:

(Purpose: To make a technical correction)

At the end, add the following:

SEC. 2. TECHNICAL CORRECTION.

(a) TEMPORARY INCREASE OF THE MEDICAID FMAP.—Section 401(a)(6)(A) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (Public Law 108–027) is amended by inserting ''after September 2, 2003,'' after ''(42 U.S.C. 1315))''.

(b) RETROACTIVE EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of section 401 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (Public Law 108–027).

The bill (S. 312), as amended, was read the third time and passed, as follows:

S. 312

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF AVAILABILITY OF SCHIP ALLOTMENTS FOR FISCAL YEARS 1998 THROUGH 2001.

(a) EXTENDING AVAILABILITY OF SCHIP ALLOTMENTS FOR FISCAL YEARS 1998 THROUGH 2001.—

(1) RETAINED AND REDISTRIBUTED ALLOTMENTS FOR FISCAL YEARS 1998 AND 1999.—Paragraphs (2)(A)(i) and (2)(A)(ii) of section 2104(g) of the Social Security Act (42 U.S.C. 1397dd(g)) are each amended by striking ''fiscal year 2002'' and inserting ''fiscal year 2004''.

(2) EXTENSION AND REVISION OF RETAINED AND REDISTRIBUTED ALLOTMENTS FOR FISCAL YEAR 2000.—

(A) PERMITTING AND EXTENDING RETENTION OF PORTION OF FISCAL YEAR 2000 ALLOTMENT.—Paragraph (2) of such section 2104(g) is amended—

(i) in the heading, by striking ''AND 1999'' and inserting ''THROUGH 2000''; and

(ii) by adding at the end of subparagraph (A) the following:

''(iii) FISCAL YEAR 2000 ALLOTMENT.—Of the amounts allotted to a State pursuant to this section for fiscal year 2000 that were not expended by the State by the end of fiscal year 2002, 50 percent of that amount shall remain available for expenditure by the State through the end of fiscal year 2004.''.

(B) REDISTRIBUTED ALLOTMENTS.—Paragraph (1) of such section 2104(g) is amended—

(i) in subparagraph (A), by inserting ''or for fiscal year 2000 by the end of fiscal year 2002,'' after ''fiscal year 2001,'';

(ii) in subparagraph (A), by striking ''1998 or 1999'' and inserting ''1998, 1999, or 2000'';

(iii) in subparagraph (A)(i)—

(I) by striking ''or'' at the end of subclause (I),

(II) by striking the period at the end of subclause (II) and inserting ''; or''; and

(III) by adding at the end the following new subclause:

''(III) the fiscal year 2000 allotment, the amount specified in subparagraph (C)(i) (less the total of the amounts under clause (ii) for such fiscal year), multiplied by the ratio of the amount specified in subparagraph (C)(ii) for the State to the amount specified in subparagraph (C)(iii).'';

(iv) in subparagraph (A)(ii), by striking ''or 1999'' and inserting '', 1999, or 2000'';

(v) in subparagraph (B), by striking ''with respect to fiscal year 1998 or 1999'';

(vi) in subparagraph (B)(ii)—

(I) by inserting ''with respect to fiscal year 1998, 1999, or 2000,'' after ''subsection (e),''; and

(II) by striking ''2002'' and inserting ''2004''; and

(vii) by adding at the end the following new subparagraph:

''(C) AMOUNTS USED IN COMPUTING REDISTRIBUTIONS FOR FISCAL YEAR 2000.—For purposes of subparagraph (A)(i)(III)—

''(i) the amount specified in this clause is the amount specified in paragraph (2)(B)(i)(I) for fiscal year 2000, less the total amount remaining available pursuant to paragraph (2)(A)(iii);

''(ii) the amount specified in this clause for a State is the amount by which the State's expenditures under this title in fiscal years 2000, 2001, and 2002 exceed the State's allotment for fiscal year 2000 under subsection (b); and

''(iii) the amount specified in this clause is the sum, for all States entitled to a redistribution under subparagraph (A) from the allotments for fiscal year 2000, of the amounts specified in clause (ii).''.

(C) CONFORMING AMENDMENTS.—Such section 2104(g) is further amended—

(i) in its heading, by striking ''AND 1999'' and inserting '', 1999, AND 2000''; and

(ii) in paragraph (3)—

(I) by striking ''or fiscal year 1999'' and inserting '', fiscal year 1999, or fiscal year 2000''; and

(II) by striking ''or November 30, 2001'' and inserting ''November 30, 2001, or November 30, 2002'', respectively.

(3) EXTENSION AND REVISION OF RETAINED AND REDISTRIBUTED ALLOTMENTS FOR FISCAL YEAR 2001.—

(A) PERMITTING AND EXTENDING RETENTION OF PORTION OF FISCAL YEAR 2001 ALLOTMENT.—Paragraph (2) of such section 2104(g), as amended in paragraph (2)(A)(ii), is further amended—

(i) in the heading, by striking ''2000'' and inserting ''2001''; and

(ii) by adding at the end of subparagraph (A) the following:

''(iv) FISCAL YEAR 2001 ALLOTMENT.—Of the amounts allotted to a State pursuant to this section for fiscal year 2001 that were not expended by the State by the end of fiscal year 2003, 50 percent of that amount shall remain available for expenditure by the State through the end of fiscal year 2005.''.

(B) REDISTRIBUTED ALLOTMENTS.—Paragraph (1) of such section 2104(g), as amended in paragraph (2)(B), is further amended—

(i) in subparagraph (A), by inserting ''or for fiscal year 2001 by the end of fiscal year 2003,'' after ''fiscal year 2002,'';

(ii) in subparagraph (A), by striking ''1999, or 2000'' and inserting ''1999, 2000, or 2001'';

(iii) in subparagraph (A)(i)—

(I) by striking ''or'' at the end of subclause (II),

(II) by striking the period at the end of subclause (III) and inserting ''; or''; and

(III) by adding at the end the following new subclause:

''(IV) the fiscal year 2001 allotment, the amount specified in subparagraph (D)(i) (less the total of the amounts under clause (ii) for such fiscal year), multiplied by the ratio of the amount specified in subparagraph (D)(ii) for the State to the amount specified in subparagraph (D)(iii).'';

(iv) in subparagraph (A)(ii), by striking ''or 2000'' and inserting ''2000, or 2001'';

(v) in subparagraph (B)—

(I) by striking ''and'' at the end of clause (ii);

(II) by redesignating clause (iii) as clause (iv); and

(III) by inserting after clause (ii) the following new clause:

''(iii) notwithstanding subsection (e), with respect to fiscal year 2001, shall remain available for expenditure by the State through the end of fiscal year 2005; and''; and

(vi) by adding at the end the following new subparagraph:

''(D) AMOUNTS USED IN COMPUTING REDISTRIBUTIONS FOR FISCAL YEAR 2001.—For purposes of subparagraph (A)(i)(IV)—

''(i) the amount specified in this clause is the amount specified in paragraph (2)(B)(i)(I) for fiscal year 2001, less the total amount remaining available pursuant to paragraph (2)(A)(iv);

''(ii) the amount specified in this clause for a State is the amount by which the State's expenditures under this title in fiscal years 2001, 2002, and 2003 exceed the State's allotment for fiscal year 2001 under subsection (b); and

''(iii) the amount specified in this clause is the sum, for all States entitled to a redistribution under subparagraph (A) from the allotments for fiscal year 2001, of the amounts specified in clause (ii).''.

(C) CONFORMING AMENDMENTS.—Such section 2104(g) is further amended—

(i) in its heading, by striking ''AND 2000'' and inserting ''2000, AND 2001''; and

(ii) in paragraph (3)—

(I) by striking ''or fiscal year 2000'' and inserting ''fiscal year 2000, or fiscal year 2001''; and

(II) by striking ''or November 30, 2002,'' and inserting ''November 30, 2002, or November 30, 2003,'', respectively.

(4) EFFECTIVE DATE.—This subsection, and the amendments made by this subsection, shall be effective as if this subsection had been enacted on September 30, 2002, and amounts under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.) from allotments for fiscal years 1998 through 2000 are available for expenditure on and after October 1, 2002, under the amendments made by this subsection as if this subsection had been enacted on September 30, 2002.

(b) AUTHORITY FOR QUALIFYING STATES TO USE PORTION OF SCHIP FUNDS FOR MEDICAID EXPENDITURES.—Section 2105 of the Social Security Act (42 U.S.C. 1397ee) is amended by adding at the end the following:

''(g) AUTHORITY FOR QUALIFYING STATES TO USE CERTAIN FUNDS FOR MEDICAID EXPENDITURES.—

''(1) STATE OPTION.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, with respect to allotments for fiscal years 1998, 1999, 2000, 2001, for fiscal years in which such allotments are available under subsections (e) and (g) of section 2104, a qualifying State (as defined in paragraph (2)) may elect to use not more than 20 percent of such allotments (instead of for expenditures under this title) for payments for such fiscal year under title XIX in accordance with subparagraph (B).

''(B) PAYMENTS TO STATES.—

''(i) IN GENERAL.—In the case of a qualifying State that has elected the option described in subparagraph (A), subject to the total amount of funds described with respect to the State in subparagraph (A), the Secretary shall pay the State an amount each quarter equal to the additional amount that would have been paid to the State under title XIX for expenditures of the State for the fiscal year described in clause (ii) if the enhanced FMAP (as determined under subsection (b)) had been substituted for the Federal medical assistance percentage (as defined in section 1905(b)) of such expenditures.

''(ii) EXPENDITURES DESCRIBED.—For purposes of clause (i), the expenditures described in this clause are expenditures for such fiscal years for providing medical assistance under title XIX to individuals who have not attained age 19 and whose family income exceeds 150 percent of the poverty line.

''(iii) NO IMPACT ON DETERMINATION OF BUDGET NEUTRALITY FOR WAIVERS.—In the case of a qualifying State that uses amounts paid under this subsection for expenditures described in clause (ii) that are incurred under a waiver approved for the State, any budget neutrality determinations with respect to such waiver shall be determined without regard to such amounts paid.

''(2) QUALIFYING STATE.—In this subsection, the term 'qualifying State' means a State that—

''(A) as of April 15, 1997, has an income eligibility standard with respect to any 1 or more categories of children (other than infants) who are eligible for medical assistance under section 1902(a)(10)(A) or under a waiver under section 1115 implemented on January 1, 1994, that is up to 185 percent of the poverty line or above; and

''(B) satisfies the requirements described in paragraph (3).

''(3) REQUIREMENTS.—The requirements described in this paragraph are the following:

''(A) SCHIP INCOME ELIGIBILITY.—The State has a State child health plan that (whether implemented under title XIX or this title)—

''(i) as of January 1, 2001, has an income eligibility standard that is at least 200 percent of the poverty line or has an income eligibility standard that exceeds 200 percent of the poverty line under a waiver under section 1115 that is based on a child's lack of health insurance;

''(ii) subject to subparagraph (B), does not limit the acceptance of applications for children; and

''(iii) provides benefits to all children in the State who apply for and meet eligibility standards on a statewide basis.

''(B) NO WAITING LIST IMPOSED.—With respect to children whose family income is at or below 200 percent of the poverty line, the State does not impose any numerical limitation, waiting list, or similar limitation on the eligibility of such children for child health assistance under such State plan.

''(C) ADDITIONAL REQUIREMENTS.—The State has implemented at least 3 of the following policies and procedures (relating to coverage of children under title XIX and this title):

''(i) UNIFORM, SIMPLIFIED APPLICATION FORM.—With respect to children who are eligible for medical assistance under section 1902(a)(10)(A), the State uses the same uniform, simplified application form (including, if applicable, permitting application other than in person) for purposes of establishing eligibility for benefits under title XIX and this title.

''(ii) ELIMINATION OF ASSET TEST.—The State does not apply any asset test for eligibility under section 1902(l) or this title with respect to children.

''(iii) ADOPTION OF 12-MONTH CONTINUOUS ENROLLMENT.—The State provides that eligibility shall not be regularly redetermined more often than once every year under this title or for children described in section 1902(a)(10)(A).

''(iv) SAME VERIFICATION AND REDETERMINATION POLICIES; AUTOMATIC REASSESSMENT OF ELIGIBILITY.—With respect to children who are eligible for medical assistance under section 1902(a)(10)(A), the State provides for initial eligibility determinations and redeterminations of eligibility using the same verification policies (including with respect to face-to-face interviews), forms, and frequency as the State uses for such purposes under this title, and, as part of such redeterminations, provides for the automatic reassessment of the eligibility of such children for assistance under title XIX and this title.

''(v) OUTSTATIONING ENROLLMENT STAFF.—The State provides for the receipt and initial processing of applications for benefits under this title and for children under title XIX at facilities defined as disproportionate share hospitals under section 1923(a)(1)(A) and Federally-qualified health centers described in section 1905(l)(2)(B) consistent with section 1902(a)(55).''.

SEC. 2. TECHNICAL CORRECTION.

(a) TEMPORARY INCREASE OF THE MEDICAID FMAP.—Section 401(a)(6)(A) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (Public Law 108–027) is amended by inserting ''after September 2, 2003,'' after ''(42 U.S.C. 1315))''.

(b) RETROACTIVE EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the enactment of section 401 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (Public Law 108–027).

PRESCRIPTION DRUG AND MEDICARE IMPROVEMENT ACT OF 2003—Continued

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. I thank the Chair. Mr. President, I would like to make a couple comments before we begin voting.

This legislation is historic. It is incredibly important. It is the first reform in a major way to the Medicare Program since we wrote it over 35 years ago in 1965.

To get this legislation adopted by the Congress and signed into law by the President, there obviously has to be a great deal of work, a great deal of legitimate compromise among the various parties that have put this package together. That is what this bill does.

There are some Members of Congress who argue the Federal Government should do nothing with regard to Medicare—that the private sector should do everything and that the Federal Government should do nothing. There are others, on the other hand, who take the position that with regard to Medicare the Federal Government should do everything and the private sector should do nothing.

What we have been able to put together, under the leadership of the chairman and ranking member and many others who have worked so hard, is a compromise that says let's combine the best of what the Government can do with the best of what the private sector can do and put that package together. That is why we have gotten to the point we are today.

We saw a bill come out of the Senate Finance Committee in a bipartisan fashion with 16 votes in favor; only five votes against it. I predict when the final vote comes on this bill, we will see the same type of bipartisan representation with a significant number, maybe over three-fourths of the Senate saying, yes, this has sufficient improvement and reform in it for me to support it.

It has enough Government involvement to make sure it is paid for, enough Government involvement to make sure it is run properly but not micromanaged, and it has enough private sector involvement to deliver, for the very first time, through a competitive private delivery system, prescription drugs for all seniors regardless of where they are or in what program they happen to be.

It also says the private sector will offer, for the first time on a voluntary basis, to seniors who want to move into a new system a private delivery system that will cover drugs, will cover hospitals, and will also cover physician charges under the program. This is a historic opportunity to combine the best of what Government can do with the best of what the private sector can do.

There is going to be a very important amendment offered by Chairman GRASSLEY and the ranking member, Senator BAUCUS. Because we were able to get a score that said there is $12 billion extra money available, the question then became, How do we divide it? I never thought we would have such a difficult time spending money. We normally get into fights when we do not have enough money. Lo and behold, we found there was $12 billion in extra funds.

The question then for the Senate is how are we going to allocate that money? Senator BAUCUS and Senator GRASSLEY, working with Senator KENNEDY and others, came up with a plan that is fair.

It says to the Republican Members: Take half of it, and they want to utilize it for a demonstration program to determine whether PPOs or the provider networks in the private sector will work. We are not certain. We think they will. But let's do a test. And if it costs more, there will be $6 billion available to pay for it starting in the year 2009. That is what many Republicans thought was the right way to use half of the money.

On the other hand, Members on my side said, We need to do more for traditional fee-for-service. If they are going to experiment with the preferred providers in the private sector, we want to also know what will happen if we are able to put in more money for preventive health care and for people who want to stay in the old program.

What Senator BAUCUS and Senator GRASSLEY did, working with Senator KENNEDY, was to say to people who are inclined to the Democratic perspective, we are going to let you use $6 billion for people who want to stay in the old program. Here is what you can do with it: You can use the money to provide enhanced benefits for people who stay in traditional Medicare. What we mean by that is to give them additional care for chronic care coordination, for the chronically ill, to coordinate better how they are getting their health care.

We have more money for disease management, which is incredibly important. When we are talking about saving money and giving people a better quality of life; disease management is important. Also, they can use the money for other benefits and services that the Secretary determines will improve preventive health care for the beneficiaries.

What we have crafted is an effort to take the extra money and allow for a legitimate experiment, a legitimate test of whether the preferred provider system will cost less money—I think it will; they can provide services that I think are better and at a better price, but we do not know that for sure, so let's do some testing on it in certain regions of the country. If it saves money, hallelujah for everybody. But if it costs money, they will have $6 billion to help pay for those extra charges.

The Democrats, on the other hand, have the provisions to have $6 billion over the period in order to provide disease management and preventive health care services in the traditional Medicare Program. That is as fair as it can be in a divided Senate. If one side had their way, they would do it all with the preferred providers. If our side perhaps had their will, it would provide all the money to be put back in traditional Medicare, but we all know in a divided Senate that is not possible.

So the best possible compromise has been crafted by the chairman, Senator GRASSLEY; by the ranking member, Senator BAUCUS; and by Senator KENNEDY's involvement and many others who have worked on this issue.

This is a good amendment. It is an important amendment. We are on the edge of an historic day in being able to enact real Medicare reform with prescription drugs for all of our Nation's seniors. We cannot let that goal be lost while we fight over how to divide extra funds. I think this division is as fair as it possibly can be, and I urge all of our Members to vote for it. In fact, I think the vote should be approximately like it came out in the Finance Committee. We lost a few what I would say were on the left, we lost a few what I would say were on the right, of the political spectrum. But in the end the vast majority supported this legislation in the committee and will do so on the Senate floor.

I certainly ask them to support the Grassley-Baucus amendment when it is voted on as well.

I yield the floor.

The PRESIDING OFFICER. All time has expired.

VOTE ON AMENDMENT NO. 1102

The PRESIDING OFFICER. The question is on agreeing to the McConnell amendment No. 1102.

Mr. HATCH. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KERRY) and the Senator from Connecticut (Mr. LIEBERMAN) are necessarily absent.