

§ 1315. Demonstration projects**(a) Waiver of State plan requirements; costs regarded as State plan expenditures; availability of appropriations**

In the case of any experimental, pilot, or demonstration project which, in the judgment of the Secretary, is likely to assist in promoting the objectives of subchapter I, X, XIV, XVI, or XIX of this chapter, or part A or D of subchapter IV of this chapter, in a State or States—

(1) the Secretary may waive compliance with any of the requirements of section 302, 602, 654, 1202, 1352, 1382, or 1396a of this title, as the case may be, to the extent and for the period he finds necessary to enable such State or States to carry out such project, and

(2)(A) costs of such project which would not otherwise be included as expenditures under section 303, 655, 1203, 1353, 1383, or 1396b of this title, as the case may be, and which are not included as part of the costs of projects under section 1310 of this title, shall, to the extent and for the period prescribed by the Secretary, be regarded as expenditures under the State plan or plans approved under such subchapter, or for administration of such State plan or plans, as may be appropriate, and

(B) costs of such project which would not otherwise be a permissible use of funds under part A of subchapter IV of this chapter and which are not included as part of the costs of projects under section 1310 of this title, shall to the extent and for the period prescribed by the Secretary, be regarded as a permissible use of funds under such part.

In addition, not to exceed \$4,000,000 of the aggregate amount appropriated for payments to States under such subchapters for any fiscal year beginning after June 30, 1967, shall be available, under such terms and conditions as the Secretary may establish, for payments to States to cover so much of the cost of such projects as is not covered by payments under such subchapters and is not included as part of the cost of projects for purposes of section 1310 of this title.

(b) Child support enforcement programs

In the case of any experimental, pilot, or demonstration project undertaken under subsection (a) of this section to assist in promoting the objectives of part D of subchapter IV of this chapter, the project—

(1) must be designed to improve the financial well-being of children or otherwise improve the operation of the child support program;

(2) may not permit modifications in the child support program which would have the effect of disadvantaging children in need of support; and

(3) must not result in increased cost to the Federal Government under part A of such subchapter.

(c) Demonstration projects to test alternative definitions of unemployment

(1)(A) The Secretary shall enter into agreements with up to 8 States submitting applications under this subsection for the purpose of conducting demonstration projects in such

States to test and evaluate the use, with respect to individuals who received aid under part A of subchapter IV of this chapter in the preceding month (on the basis of the unemployment of the parent who is the principal earner), of a number greater than 100 for the number of hours per month that such individuals may work and still be considered to be unemployed for purposes of section 607 of this title. If any State submits an application under this subsection for the purpose of conducting a demonstration project to test and evaluate the total elimination of the 100-hour rule, the Secretary shall approve at least one such application.

(B) If any State with an agreement under this subsection so requests, the demonstration project conducted pursuant to such agreement may test and evaluate the complete elimination of the 100-hour rule and of any other durational standard that might be applied in defining unemployment for purposes of determining eligibility under section 607 of this title.

(2) Notwithstanding section 602(a)(1) of this title, a demonstration project conducted under this subsection may be conducted in one or more political subdivisions of the State.

(3) An agreement under this subsection shall be entered into between the Secretary and the State agency designated under section 602(a)(3) of this title. Such agreement shall provide for the payment of aid under the applicable State plan under part A of subchapter IV of this chapter as though section 607 of this title had been modified to reflect the definition of unemployment used in the demonstration project but shall also provide that such project shall otherwise be carried out in accordance with all of the requirements and conditions of section 607 of this title (and, except as provided in paragraph (2), any related requirements and conditions under part A of subchapter IV of this chapter).

(4) A demonstration project under this subsection may be commenced any time after September 30, 1990, and shall be conducted for such period of time as the agreement with the Secretary may provide; except that, in no event may a demonstration project under this section be conducted after September 30, 1995.

(5)(A) Any State with an agreement under this subsection shall evaluate the comparative cost and employment effects of the use of the definition of unemployment in its demonstration project under this section by use of experimental and control groups comprised of a random sample of individuals receiving aid under section 607 of this title and shall furnish the Secretary with such information as the Secretary determines to be necessary to evaluate the results of the project conducted by the State.

(B) The Secretary shall report the results of the demonstration projects conducted under this subsection to the Congress not later than 6 months after all such projects are completed.

(d) Regulations relating to applications for or renewals of demonstration projects

(1) An application or renewal of any experimental, pilot, or demonstration project undertaken under subsection (a) to promote the objectives of subchapter XIX or XXI in a State that

would result in an impact on eligibility, enrollment, benefits, cost-sharing, or financing with respect to a State program under subchapter XIX or XXI (in this subsection referred to as a “demonstration project”) shall be considered by the Secretary in accordance with the regulations required to be promulgated under paragraph (2).

(2) Not later than 180 days after March 23, 2010, the Secretary shall promulgate regulations relating to applications for, and renewals of, a demonstration project that provide for—

(A) a process for public notice and comment at the State level, including public hearings, sufficient to ensure a meaningful level of public input;

(B) requirements relating to—

(i) the goals of the program to be implemented or renewed under the demonstration project;

(ii) the expected State and Federal costs and coverage projections of the demonstration project; and

(iii) the specific plans of the State to ensure that the demonstration project will be in compliance with subchapter XIX or XXI;

(C) a process for providing public notice and comment after the application is received by the Secretary, that is sufficient to ensure a meaningful level of public input;

(D) a process for the submission to the Secretary of periodic reports by the State concerning the implementation of the demonstration project; and

(E) a process for the periodic evaluation by the Secretary of the demonstration project.

(3) The Secretary shall annually report to Congress concerning actions taken by the Secretary with respect to applications for demonstration projects under this section.

(e) Extensions of State-wide comprehensive demonstration projects for which waivers granted

(1) The provisions of this subsection shall apply to the extension of any State-wide comprehensive demonstration project (in this subsection referred to as “waiver project”) for which a waiver of compliance with requirements of subchapter XIX of this chapter is granted under subsection (a) of this section.

(2) During the 6-month period ending 1 year before the date the waiver under subsection (a) of this section with respect to a waiver project would otherwise expire, the chief executive officer of the State which is operating the project may submit to the Secretary a written request for an extension, of up to 3 years (5 years, in the case of a waiver described in section 1396n(h)(2) of this title), of the project.

(3) If the Secretary fails to respond to the request within 6 months after the date it is submitted, the request is deemed to have been granted.

(4) If such a request is granted, the deadline for submittal of a final report under the waiver project is deemed to have been extended until the date that is 1 year after the date the waiver project would otherwise have expired.

(5) The Secretary shall release an evaluation of each such project not later than 1 year after the date of receipt of the final report.

(6) Subject to paragraphs (4) and (7), the extension of a waiver project under this subsection shall be on the same terms and conditions (including applicable terms and conditions relating to quality and access of services, budget neutrality, data and reporting requirements, and special population protections) that applied to the project before its extension under this subsection.

(7) If an original condition of approval of a waiver project was that Federal expenditures under the project not exceed the Federal expenditures that would otherwise have been made, the Secretary shall take such steps as may be necessary to ensure that, in the extension of the project under this subsection, such condition continues to be met. In applying the previous sentence, the Secretary shall take into account the Secretary’s best estimate of rates of change in expenditures at the time of the extension.

(f) Application for extension of waiver project; submission; approval

An application by the chief executive officer of a State for an extension of a waiver project the State is operating under an extension under subsection (e) of this section (in this subsection referred to as the “waiver project”) shall be submitted and approved or disapproved in accordance with the following:

(1) The application for an extension of the waiver project shall be submitted to the Secretary at least 120 days prior to the expiration of the current period of the waiver project.

(2) Not later than 45 days after the date such application is received by the Secretary, the Secretary shall notify the State if the Secretary intends to review the terms and conditions of the waiver project. A failure to provide such notification shall be deemed to be an approval of the application.

(3) Not later than 45 days after the date a notification is made in accordance with paragraph (2), the Secretary shall inform the State of proposed changes in the terms and conditions of the waiver project. A failure to provide such information shall be deemed to be an approval of the application.

(4) During the 30-day period that begins on the date information described in paragraph (3) is provided to a State, the Secretary shall negotiate revised terms and conditions of the waiver project with the State.

(5)(A) Not later than 120 days after the date an application for an extension of the waiver project is submitted to the Secretary (or such later date agreed to by the chief executive officer of the State), the Secretary shall—

(i) approve the application subject to such modifications in the terms and conditions—

(I) as have been agreed to by the Secretary and the State; or

(II) in the absence of such agreement, as are determined by the Secretary to be reasonable, consistent with the overall objectives of the waiver project, and not in violation of applicable law; or

(ii) disapprove the application.

(B) A failure by the Secretary to approve or disapprove an application submitted under

this subsection in accordance with the requirements of subparagraph (A) shall be deemed to be an approval of the application subject to such modifications in the terms and conditions as have been agreed to (if any) by the Secretary and the State.

(6) An approval of an application for an extension of a waiver project under this subsection shall be for a period not to exceed 3 years (5 years, in the case of a waiver described in section 1396n(h)(2) of this title).

(7) An extension of a waiver project under this subsection shall be subject to the final reporting and evaluation requirements of paragraphs (4) and (5) of subsection (e) of this section (taking into account the extension under this subsection with respect to any timing requirements imposed under those paragraphs).

(Aug. 14, 1935, ch. 531, title XI, §1115, as added Pub. L. 87-543, title I, §122, July 25, 1962, 76 Stat. 192; amended Pub. L. 89-97, title I, §121(c)(3), July 30, 1965, 79 Stat. 352; Pub. L. 90-36, §2, June 29, 1967, 81 Stat. 94; Pub. L. 90-248, title II, §241(c)(4), 247, Jan. 2, 1968, 81 Stat. 917, 918; Pub. L. 93-233, §18(z-2)(1)(B), Dec. 31, 1973, 87 Stat. 973; Pub. L. 93-647, §3(c), Jan. 4, 1975, 88 Stat. 2349; Pub. L. 95-216, title IV, §404, Dec. 20, 1977, 91 Stat. 1562; Pub. L. 97-35, title XXIII, §2353(g), Aug. 13, 1981, 95 Stat. 872; Pub. L. 98-369, div. B, title VI, §2663(e)(5), July 18, 1984, 98 Stat. 1168; Pub. L. 98-378, §10, Aug. 16, 1984, 98 Stat. 1317; Pub. L. 99-272, title XIV, §14001(b)(2), Apr. 7, 1986, 100 Stat. 328; Pub. L. 100-485, title V, §503, Oct. 13, 1988, 102 Stat. 2402; Pub. L. 104-193, title I, §108(g)(2), Aug. 22, 1996, 110 Stat. 2168; Pub. L. 105-33, title IV, §4757(a), Aug. 5, 1997, 111 Stat. 527; Pub. L. 106-554, §1(a)(6) [title VII, §703(a)], Dec. 21, 2000, 114 Stat. 2763, 2763A-574; Pub. L. 111-148, title II, §2601(b)(2), title X, §10201(i), Mar. 23, 2010, 124 Stat. 315, 922.)

REFERENCES IN TEXT

Sections 1382 and 1383 of this title, referred to in subsec. (a)(1), (2), respectively, are references to sections 1382 and 1383 of this title as they existed prior to the general revision of this subchapter by Pub. L. 92-603, title III, §301, Oct. 30, 1972, 86 Stat. 1465, eff. Jan. 1, 1974. The prior sections (which are set out as notes under sections 1382 and 1383, respectively, of this title) continue in effect for Puerto Rico, Guam, and the Virgin Islands.

AMENDMENTS

2010—Subsec. (d). Pub. L. 111-148, §10201(i), added subsec. (d).

Subsec. (e)(2). Pub. L. 111-148, §2601(b)(2)(A), inserted “(5 years, in the case of a waiver described in section 1396n(h)(2) of this title)” after “3 years”.

Subsec. (f)(6). Pub. L. 111-148, §2601(b)(2)(B), inserted “(5 years, in the case of a waiver described in section 1396n(h)(2) of this title)” after “3 years”.

2000—Subsec. (f). Pub. L. 106-554 added subsec. (f).

1997—Subsec. (e). Pub. L. 105-33 added subsec. (e).

1996—Subsec. (a)(2). Pub. L. 104-193, §108(g)(2)(A), designated existing provisions as subpar. (A), struck out “603,” before “655,” substituted “, and” for period at end, and added subpar. (B).

Subsec. (b). Pub. L. 104-193, §108(g)(2)(C), redesignated subsec. (c) as (b) and struck out former subsec. (b) which related to purposes, criteria and procedures applicable to establishment, participatory effect, duration and termination of demonstration projects.

Subsec. (c). Pub. L. 104-193, §108(g)(2)(C), redesignated subsec. (d) as (c). Former subsec. (c) redesignated (b).

Subsec. (c)(3). Pub. L. 104-193, §108(g)(2)(B), substituted “part A of such subchapter” for “the program of aid to families with dependent children”.

Subsec. (d). Pub. L. 104-193, §108(g)(2)(C), redesignated subsec. (d) as (c).

1988—Subsec. (d). Pub. L. 100-485 added subsec. (d).

1986—Subsec. (b)(2)(C). Pub. L. 99-272 struck out subpar. (C) relating to use of funds as are appropriated for payments to States under chapter 67 of title 31 to cover costs of salaries for individuals in public service employment.

1984—Subsec. (a). Pub. L. 98-378, §10(a)(1), substituted “part A or D of subchapter IV” for “part A of subchapter IV” in provisions preceding par. (1).

Pub. L. 98-369, §2663(e)(5), struck out “VI,” after “I,” in provisions preceding par. (1).

Subsec. (a)(1). Pub. L. 98-378, §10(a)(2), inserted “654.”

Pub. L. 98-369, §2663(e)(5), struck out “802,” after “602.”

Subsec. (a)(2). Pub. L. 98-378, §10(a)(3), inserted “655.”

Pub. L. 98-369, §2663(e)(5), struck out “803,” after “603.”

Subsec. (c). Pub. L. 98-378, §10(b), added subsec. (c).

1981—Subsec. (a). Pub. L. 97-35 substituted in provision preceding par. (1) “or XIX of this chapter” for “XIX, or XX of this chapter”, in par. (1) “or 1396a of this title” for “1396a, 1397a, 1397b, or 1397c of this title”, and in par. (2) “or 1396b of this title” for “1396b, or 1397a of this title” and in par. (2) struck out “or expenditures with respect to which payment shall be made under section 1397a of this title,” before “as may be appropriate”.

1977—Pub. L. 95-216 designated existing provisions as subsec. (a) and existing pars. (a) and (b) thereof as pars. (1) and (2), respectively, and added subsec. (b).

1975—Pub. L. 93-647, §3(c)(1), substituted “XIX, or XX” for “or XIX”.

Subsec. (a). Pub. L. 93-647, §3(c)(2), inserted references to sections 1397a, 1397b, and 1397c.

Subsec. (b). Pub. L. 93-647, §3(c)(3), (4), substituted “1396b, or 1397a” for “1396b”, and inserted “or expenditures with respect to which payment shall be made under section 1397a of this title” after “administration of such State plan or plans.”

1973—Pub. L. 93-233 inserted references in text preceding subsec. (a) to subchapter VI of this chapter, in subsec. (a) to section 802 of this title, and in subsec. (b) to section 803 of this title.

1968—Pub. L. 90-248, §241(c)(4), in opening phrase struck out “IV,” after “I,” and inserted “, or part A of subchapter IV of this chapter,” after “XIX of this chapter”.

Pub. L. 90-248, §247, substituted in second sentence “\$4,000,000” for “\$2,000,000” and “beginning after June 30, 1967” for “ending prior to July 1, 1968”.

1967—Pub. L. 90-36 substituted “July 1, 1968” for “July 1, 1967”.

1965—Pub. L. 89-97 included in enumeration in opening phrase, and cls. (a) and (b), subchapter XIX of this chapter, and sections 1396a and 1396b of this title, respectively.

EFFECTIVE DATE OF 2000 AMENDMENT

Pub. L. 106-554, §1(a)(6) [title VII, §703(b)], Dec. 21, 2000, 114 Stat. 2763, 2763A-575, provided that: “The amendment made by subsection (a) [amending this section] shall apply to requests for extensions of demonstration projects pending or submitted on or after the date of the enactment of this Act [Dec. 21, 2000].”

EFFECTIVE DATE OF 1997 AMENDMENT

Pub. L. 105-33, title IV, §4757(b), Aug. 5, 1997, 111 Stat. 528, provided that: “The amendment made by subsection (a) [amending this section] shall apply to demonstration projects initially approved before, on, or after the date of the enactment of this Act [Aug. 5, 1997].”

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-193 effective July 1, 1997, with transition rules relating to State options to accelerate such date, rules relating to claims, actions, and proceedings commenced before such date, rules relating to closing out of accounts for terminated or substantially modified programs and continuance in office of Assistant Secretary for Family Support, and provisions relating to termination of entitlement under AFDC program, see section 116 of Pub. L. 104-193, as amended, set out as an Effective Date note under section 601 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-272 effective Oct. 18, 1986, see Pub. L. 99-272, title XIV, §14001(e), Apr. 7, 1986, 100 Stat. 329.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 effective July 18, 1984, but not to be construed as changing or affecting any right, liability, status, or interpretation which existed (under the provisions of law involved) before that date, see section 2664(b) of Pub. L. 98-369, set out as a note under section 401 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-35 effective Oct. 1, 1981, except as otherwise explicitly provided, see section 2354 of Pub. L. 97-35, set out as an Effective Date note under section 1397 of this title.

EFFECTIVE DATE OF 1975 AMENDMENT

Amendment by Pub. L. 93-647 effective with respect to payments under sections 603 and 803 of this title for quarters commencing after Sept. 30, 1975, see section 7(b) of Pub. L. 93-647, set out as a note under section 303 of this title.

EFFECTIVE DATE OF 1973 AMENDMENT

Amendment by Pub. L. 93-233 effective on and after Jan. 1, 1974, see section 18(z-2)(2) of Pub. L. 93-233, set out as a note under section 1301 of this title.

EFFECTIVE DATE OF 1965 AMENDMENT

Pub. L. 89-97, title I, §121(c)(3), July 30, 1965, 79 Stat. 352, provided that the amendment made by that section is effective Jan. 1, 1966.

FAMILY SUPPORT DEMONSTRATION PROJECTS

Pub. L. 100-485, title V, §501, Oct. 13, 1988, 102 Stat. 2400, as amended by Pub. L. 103-432, title II, §262, Oct. 31, 1994, 108 Stat. 4467, provided that:

“(a) DEMONSTRATION PROJECTS TO TEST THE EFFECT OF EARLY CHILDHOOD DEVELOPMENT PROGRAMS.—(1) In order to test the effect of in-home early childhood development programs and pre-school center-based development programs (emphasizing the use of volunteers and including academic credit for student volunteers) on families receiving aid under State plans approved under section 402 of the Social Security Act [section 602 of this title] and participating in the job opportunities and basic skills training program under part F of title IV of such Act [part F of subchapter IV of this chapter], up to 10 States may undertake and carry out demonstration projects utilizing such development programs to enhance the cognitive skills and linguistic ability of children under the age of 5, to improve the communications skills of such children, and to develop their ability to read, write, and speak the English language effectively. Such projects may include parents along with their eligible children in family-centered education programs that assist children directly in achieving the goals stated in the preceding sentence and also help parents contribute to the proper development and education of their young children. Demonstration projects under this subsection shall meet such conditions and requirements as the Secretary of

Health and Human Services (in this section referred to as the ‘Secretary’) shall prescribe, and no such project shall be conducted for a period of more than 3 years.

“(2) The Secretary shall consider all applications received from States desiring to conduct demonstration projects under this subsection, shall approve up to 10 applications involving projects which appear likely to contribute significantly to the achievement of the purpose of this subsection, and shall make grants to the States whose applications are approved to assist them in carrying out such projects.

“(3) The Secretary shall submit to the Congress with respect to each project undertaken by a State under this subsection, after such project has been carried out for one year and again when such project is completed, a detailed evaluation of the project and of its contribution to the achievement of the purpose of this subsection.

“(4) For grants to States to conduct demonstration projects under this subsection, there are authorized to be appropriated not to exceed \$3,000,000 for each of the fiscal years 1995 through 1999.

“(b) STATE DEMONSTRATION PROJECTS TO ENCOURAGE INNOVATIVE EDUCATION AND TRAINING PROGRAMS FOR CHILDREN.—In order to encourage States to develop innovative education and training programs for children receiving aid under State plans approved under section 402 of the Social Security Act [section 602 of this title], any State may establish and conduct one or more demonstration projects, targeted to such children, designed to test financial incentives and interdisciplinary approaches to reducing school dropouts, encouraging skill development, and avoiding welfare dependence; and the Secretary may make grants to States to assist in financing such projects. Demonstration projects under this subsection shall meet such conditions and requirements as the Secretary shall prescribe, and no such project shall be conducted for a period of less than one year or more than 5 years.

“(c) DEMONSTRATIONS TO ENSURE LONG TERM FAMILY SELF-SUFFICIENCY THROUGH COMMUNITY-BASED SERVICES.—Any State, using funds made available to it from appropriations made pursuant to subsection (d) in conjunction with its other resources, may conduct demonstrations to test more effective methods of providing coordination and services to ensure long term family self-sufficiency through community-based comprehensive family support services involving a partnership between the State agency administering or supervising the administering of the State’s plan under section 402 of the Social Security Act [section 602 of this title] and community-based organizations having experience and demonstrated effectiveness in providing services.

“(d) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making grants to States to conduct demonstration projects under this section, there is authorized to be appropriated not to exceed \$6,000,000 for each of the fiscal years 1990, 1991, and 1992.”

DEMONSTRATION PROJECTS TO ENCOURAGE STATES TO EMPLOY PARENTS RECEIVING AFDC AS PAID CHILD CARE PROVIDERS

Pub. L. 100-485, title V, §502, Oct. 13, 1988, 102 Stat. 2401, authorized Secretary of Health and Human Services to permit up to 5 States to undertake and carry out demonstration projects designed to test whether employment of parents of dependent children receiving AFDC as providers of child care for other children receiving AFDC would effectively facilitate the conduct of the job opportunities and basic skills training program under part F of title IV of this chapter by making additional child care services available to meet the requirements of section 602(g)(1)(A) of this title while affording significant numbers of families receiving such aid a realistic opportunity to avoid welfare dependence through employment as a child care provider, and authorized to be appropriated not to exceed \$1,000,000 for each of the fiscal years 1990, 1991, and 1992 for grants to States to carry out such demonstration projects.

DEMONSTRATION PROJECTS TO ADDRESS CHILD ACCESS
PROBLEMS

Pub. L. 100-485, title V, §504, Oct. 13, 1988, 102 Stat. 2403, provided that any State could establish and conduct one or more demonstration projects (in accordance with such terms, conditions, and requirements prescribed by the Secretary of Health and Human Services, except that no such project could include the withholding of aid to families with dependent children pending visitation) to develop, improve, or expand activities designed to increase compliance with child access provisions of court orders, specified activities that could be funded by a grant under this section, authorized to be appropriated not to exceed \$4,000,000 for each of the fiscal years 1990 and 1991, and directed Secretary of Health and Human Services, not later than July 1, 1992, to submit to Congress a report on the effectiveness of the demonstration projects established under this section.

DEMONSTRATION PROJECTS TO PROVIDE COUNSELING
AND SERVICES TO HIGH-RISK TEENAGERS

Pub. L. 100-485, title V, §506, Oct. 13, 1988, 102 Stat. 2405, provided that:

“(a) FINDINGS AND PURPOSE.—(1) The Congress finds that—

“(A) the incidences of teenage pregnancy, suicide, substance abuse, and school dropout are increasing;

“(B) research to date has established a link between low self-esteem, perceived limited life options and the risk of teenage pregnancy, suicide, substance abuse, and school dropout;

“(C) little data currently exists on how to improve the self-image of and expand the life options available to high-risk teenagers; and

“(D) there currently is no Federal program in place to address the unique and significant problems faced by today’s teenagers.

“(2) It is the purpose of the demonstration projects conducted under this section to provide programs in which a range of non-academic services (sports, recreation, the arts) and self-image counseling are provided to high-risk teenagers in order to reduce the rates of pregnancy, suicide, substance abuse, and school dropout among such teenagers.

“(b) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the ‘Secretary’) shall enter into an agreement with each of 4 States submitting applications under this section for the purpose of conducting demonstration projects in accordance with this section to provide counseling and services to certain high-risk teenagers.

“(c) NATURE OF PROJECT.—Under each demonstration project conducted under this section—

“(1) The State shall establish a ‘Teen Care Plan’ that shall consist of the following:

“(A) A clearing house where high-risk teenagers will be referred to and encouraged to participate in non-academic activities (arts, recreation, sports) which are already in place in the community.

“(B) A survey of the area to be targeted by the project to determine the need to fund and create new non-academic activities in the area.

“(C) Counseling services utilizing qualified, locally licensed psychologists, social psychologists, or other mental health professionals or related experts to provide individual and group counseling to participating high-risk teenagers.

“(D) A program to provide participants in the project (to the extent practicable) with such transportation, child care, and equipment as is necessary to carry out the purposes of the project.

“(2) The State shall designate two geographical areas within the State to be targeted by the project. One area will serve as the ‘home base’ for the project, where services will be concentrated and in which a local school system will be selected to receive services and provide facilities for resource referral and counseling. The second geographical area will serve

as a ‘peripheral’ participant, receiving assistance and services from the home base.

“(3) A high-risk teenager is any male or female who has reached the age of 10 years and whose age does not exceed 20 years, and who—

“(A) has a history of academic problems;

“(B) has a history of behavioral problems both in and out of school;

“(C) comes from a one-parent household; or

“(D) is pregnant or is a mother of a child.

“(d) APPLICATIONS; SELECTION CRITERIA.—(1) In selecting States to conduct demonstration projects under this section, the Secretary—

“(A) shall consult with the Consortium on Adolescent Pregnancy;

“(B) shall consider—

“(i) the rate of teenage pregnancy in each State,

“(ii) the teenage school dropout rate in each State,

“(iii) the incidence of teenage substance abuse in each State, and

“(iv) the incidence of teenage suicide in each State; and

“(C) shall give priority to States whose applications—

“(i) demonstrate a current strong State commitment aimed at reducing teenage pregnancy, suicide, drug abuse, and school dropout;

“(ii) contain a ‘State support agreement’ signed by the Governor, the State School Commissioner, the State Department of Human Services, and the State Department of Education, pledging their commitment to the project;

“(iii) describe facilities and services to be made available by the State to assist in carrying out the project; and

“(iv) indicate a demonstrably high rate of alcoholism among its residents.

“(2) Of the States selected to participate in the demonstration projects conducted under this section—

“(A) one shall be a geographically small State with a population of less than 1,250,000;

“(B) one shall be a State with a population of over 20,000,000; and

“(C) two shall be States with populations of more than 1,000,000 but less than 20,000,000.

“(e) EVALUATION AND REPORT.—(1) Each State conducting a demonstration project under this section shall submit to the Secretary for his approval an evaluation plan that provides for examining the effectiveness of the project in both the home base and peripheral area of the State.

“(2) Not later than October 1, 1992, the Secretary shall submit to the Congress a report containing a summary of the evaluations conducted by States pursuant to the plans described in paragraph (1).

“(f) FUNDING.—(1) Three-fifths of the total amount appropriated pursuant to this section for any fiscal year for each State conducting a demonstration project shall be expended by such State for the provision of services and facilities within the State’s designated project home base, and 5 percent of such three-fifths shall be set aside for the conduct of the State’s evaluation as provided for in subsection (e).

“(2) Two-fifths of the total amounts appropriated pursuant to this section for any fiscal year for each State conducting a demonstration project shall be expended by such State for the provision of services and facilities within the State’s designated peripheral area, and 5 percent of such two-fifths shall be set aside for the conduct of the State’s evaluation as provided for in subsection (e).

“(g) DURATION.—A demonstration project conducted under this section shall be commenced not later than September 30, 1989, and shall be conducted for a 3-year period; except that the Secretary may terminate a project before the end of such period if he determines that the State conducting the project is not in substantial compliance with the terms of the agreement entered into with the Secretary under this section.

“(h) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of funding in equal amounts each State demonstration project conducted under this section, there is authorized to be appropriated not to exceed \$1,500,000 for each of the fiscal years 1990, 1991, and 1992.”

CONTINUATION OF FEDERAL FINANCIAL PARTICIPATION IN EXPERIMENTAL, PILOT, OR DEMONSTRATION PROJECTS APPROVED BEFORE OCTOBER 1, 1973, FOR PERIOD ON-AND-AFTER DECEMBER 31, 1973, WITHOUT DENIAL OR REDUCTION ON ACCOUNT OF SUBCHAPTER XVI PROVISIONS FOR SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND AND DISABLED; WAIVER OF SUBCHAPTER XVI RESTRICTIONS FOR INDIVIDUALS; FEDERAL PAYMENTS OF NON-FEDERAL SHARE AS SUPPLEMENTARY PAYMENTS

Pub. L. 93-233, § 11, Dec. 31, 1973, 87 Stat. 958, provided that:

“(a) If any State (other than the Commonwealth of Puerto Rico, the Virgin Islands, or Guam) has any experimental, pilot, or demonstration project (referred to in section 1115 of the Social Security Act [this section])—

“(1) which (prior to October 1, 1973) has been approved by the Secretary of Health, Education, and Welfare [now Health and Human Services] (hereinafter in this section referred to as the ‘Secretary’), for a period which ends on or after December 31, 1973, as being a project with respect to which the authority conferred upon him by subsection (a) or (b) of such section 1115 [subsec. (a) or (b) of this section] will be exercised, and

“(2) with respect to the costs of which Federal financial participation would (except for the provisions of this section) be denied or reduced on account of the enactment of section 301 of the Social Security Amendments of 1972 [enacting subchapter XVI of this chapter],

then, for any period (after December 31, 1973) with respect to which such project is approved by the Secretary, Federal financial participation in the costs of such project shall be continued in like manner as if—

“(3) such section 301 [enacting subchapter XVI of this chapter] had not been enacted, and

“(4) such State (for the month of January 1974 and any month thereafter) continued to have in effect the State plan (approved under title XVI [subchapter XVI of this chapter]) which was in effect for the month of October 1973, or the State plans (approved under titles I, X, and XIV of the Social Security Act [subchapters I, X, and XIV of this chapter]) which were in effect for such month, as the case may be.

“(b) With respect to individuals—

“(1) who are participants in any project to which the provisions of subsection (a) are applicable, and

“(2) with respect to whom supplemental security income benefits are (or would, except for their participation in such project, be) payable under title XVI of the Social Security Act, or who meet the requirements for aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act of the State in which such project is conducted (as such State plan was in effect for July 1973), the Secretary may waive such requirements of title XVI of such Act (as enacted by section 301 of the Social Security Amendments of 1972) to such extent as he determines to be necessary to the successful operation of such project.

“(c) In the case of any State which has entered into an agreement with the Secretary under section 1616 of the Social Security Act [section 1382e of this title] (or which is deemed, under section 212(d) of Public Law 93-66 [set out as a note under section 1382 of this title], to have entered into such an agreement), then, of the costs of any project of such State with respect to which there is (solely by reason of the provisions of subsection (a)) Federal financial participation, the non-Federal share thereof shall—

“(1) be paid, from time to time, to such State by the Secretary, and

“(2) shall, for purposes of section 1616(d) of the Social Security Act [section 1382e(d) of this title] and section 401 of the Social Security Amendments of 1972 [set out as a note under section 1382e of this title] be treated in like manner as if such non-Federal share were supplementary payments made by the Secretary on behalf of such State pursuant to such agreement.”

§ 1315a. Center for Medicare and Medicaid Innovation

(a) Center for Medicare and Medicaid Innovation established

(1) In general

There is created within the Centers for Medicare & Medicaid Services a Center for Medicare and Medicaid Innovation (in this section referred to as the ‘CMI’) to carry out the duties described in this section. The purpose of the CMI is to test innovative payment and service delivery models to reduce program expenditures under the applicable subchapters while preserving or enhancing the quality of care furnished to individuals under such subchapters. In selecting such models, the Secretary shall give preference to models that also improve the coordination, quality, and efficiency of health care services furnished to applicable individuals defined in paragraph (4)(A).

(2) Deadline

The Secretary shall ensure that the CMI is carrying out the duties described in this section by not later than January 1, 2011.

(3) Consultation

In carrying out the duties under this section, the CMI shall consult representatives of relevant Federal agencies, and clinical and analytical experts with expertise in medicine and health care management. The CMI shall use open door forums or other mechanisms to seek input from interested parties.

(4) Definitions

In this section:

(A) Applicable individual

The term ‘‘applicable individual’’ means—

(i) an individual who is entitled to, or enrolled for, benefits under part A of subchapter XVIII or enrolled for benefits under part B of such subchapter;

(ii) an individual who is eligible for medical assistance under subchapter XIX, under a State plan or waiver; or

(iii) an individual who meets the criteria of both clauses (i) and (ii).

(B) Applicable subchapter

The term ‘‘applicable subchapter’’ means subchapter XVIII, subchapter XIX, or both.

(5) Testing within certain geographic areas

For purposes of testing payment and service delivery models under this section, the Secretary may elect to limit testing of a model to certain geographic areas.

(b) Testing of models (phase I)

(1) In general

The CMI shall test payment and service delivery models in accordance with selection cri-