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(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R. _____

To extend funding for the Children’s Health Insurance Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To extend funding for the Children’s Health Insurance Program, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Helping Ensure Access
5 for Little Ones, Toddlers, and Hopeful Youth by Keeping
6 Insurance Delivery Stable Act of 2017” or the
7 “HEALTHY KIDS Act”.

8 **SEC. 2. TABLE OF CONTENTS.**

9 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—CHIP EXTENSION AND OTHER MEDICAID AND CHIP PROVISIONS

- Sec. 101. Five-year funding extension of the Children’s Health Insurance Program.
- Sec. 102. Extension of certain programs and demonstration projects.
- Sec. 103. Extension of outreach and enrollment program.
- Sec. 104. Extension and reduction of additional Federal financial participation for CHIP.
- Sec. 105. Modifying reduction in Medicaid DSH allotments.
- Sec. 106. Puerto Rico Medicaid payments.

TITLE II—OFFSETS

- Sec. 201. Medicaid third party liability.
- Sec. 202. Treatment of lottery winnings and other lump-sum income for purposes of income eligibility under Medicaid.
- Sec. 203. Adjustments to Medicare part B and part D premium subsidies for higher income individuals.

1 TITLE I—CHIP EXTENSION AND
2 OTHER MEDICAID AND CHIP
3 PROVISIONS

4 SEC. 101. FIVE-YEAR FUNDING EXTENSION OF THE CHIL-
5 DREN’S HEALTH INSURANCE PROGRAM.

6 (a) APPROPRIATION; TOTAL ALLOTMENT.—Section
 7 2104(a) of the Social Security Act (42 U.S.C. 1397dd(a))
 8 is amended—

- 9 (1) in paragraph (19), by striking “and”;
- 10 (2) in paragraph (20), by striking the period at
 11 the end and inserting a semicolon; and
- 12 (3) by adding at the end the following new
 13 paragraphs:

14 “(21) for fiscal year 2018, \$21,500,000,000;

15 “(22) for fiscal year 2019, \$22,600,000,000;

1 “(23) for fiscal year 2020, \$23,700,000,000;

2 “(24) for fiscal year 2021, \$24,800,000,000;

3 and

4 “(25) for fiscal year 2022, for purposes of mak-
5 ing 2 semi-annual allotments—

6 “(A) \$2,850,000,000 for the period begin-
7 ning on October 1, 2021, and ending on March
8 31, 2022; and

9 “(B) \$2,850,000,000 for the period begin-
10 ning on April 1, 2022, and ending on Sep-
11 tember 30, 2022.”.

12 (b) ALLOTMENTS.—

13 (1) IN GENERAL.—Section 2104(m) of the So-
14 cial Security Act (42 U.S.C. 1397dd(m)) is amend-
15 ed—

16 (A) in paragraph (2)—

17 (i) in the heading, by striking
18 “THROUGH 2016” and inserting

19 “THROUGH 2022”; and

20 (ii) in subparagraph (B)—

21 (I) in the matter preceding clause
22 (i), by striking “(19)” and inserting
23 “(24)”;

24 (II) in clause (ii), in the matter
25 preceding subclause (I), by inserting

1 “(other than fiscal year 2022)” after
2 “even-numbered fiscal year”; and

3 (III) in clause (ii)(I), by inserting
4 “(or, in the case of fiscal year 2018,
5 under paragraph (4))” after “clause
6 (i)”;

7 (B) in paragraph (5)—

8 (i) by striking “or (4)” and inserting
9 “(4), or (10)”;

10 (ii) by striking “or 2017” and insert-
11 ing “, 2017, or 2022”;

12 (C) in paragraph (7)—

13 (i) in subparagraph (A), by striking
14 “2017” and inserting “2022”;

15 (ii) in subparagraph (B), in the mat-
16 ter preceding clause (i), by inserting “(or,
17 in the case of fiscal year 2018, by not later
18 than the date that is 60 days after the
19 date of the enactment of the HEALTHY
20 KIDS Act of 2017)” after “before the Au-
21 gust 31 preceding the beginning of the fis-
22 cal year”; and

23 (iii) in the matter following subpara-
24 graph (B), by striking “or fiscal year
25 2016” and inserting “fiscal year 2016, fis-

1 cal year 2018, fiscal year 2020, or fiscal
2 year 2022”;

3 (D) in paragraph (9)—

4 (i) in the heading, by striking “FISCAL
5 YEARS 2015 AND 2017” and inserting
6 “CERTAIN FISCAL YEARS”;

7 (ii) by striking “or (4)” and inserting
8 “, (4), or (10)”;

9 (iii) by striking “or fiscal year 2017”
10 and inserting “, 2017, or 2022”;

11 (E) by adding at the end the following new
12 paragraph:

13 “(10) FOR FISCAL YEAR 2022.—

14 “(A) FIRST HALF.—Subject to paragraphs
15 (5) and (7), from the amount made available
16 under subparagraph (A) of paragraph (25) of
17 subsection (a) for the semi-annual period de-
18 scribed in such subparagraph, increased by the
19 amount of the appropriation for such period
20 under section 101(b)(3) of the HEALTHY
21 KIDS Act, the Secretary shall compute a State
22 allotment for each State (including the District
23 of Columbia and each commonwealth and terri-
24 tory) for such semi-annual period in an amount
25 equal to the first half ratio (described in sub-

1 paragraph (D)) of the amount described in sub-
2 paragraph (C).

3 “(B) SECOND HALF.—Subject to para-
4 graphs (5) and (7), from the amount made
5 available under subparagraph (B) of paragraph
6 (25) of subsection (a) for the semi-annual pe-
7 riod described in such subparagraph, the Sec-
8 retary shall compute a State allotment for each
9 State (including the District of Columbia and
10 each commonwealth and territory) for such
11 semi-annual period in an amount equal to the
12 amount made available under such subpara-
13 graph, multiplied by the ratio of—

14 “(i) the amount of the allotment to
15 such State under subparagraph (A); to

16 “(ii) the total of the amount of all of
17 the allotments made available under such
18 subparagraph.

19 “(C) FULL YEAR AMOUNT BASED ON
20 GROWTH FACTOR UPDATED AMOUNT.—The
21 amount described in this subparagraph for a
22 State is equal to the sum of—

23 “(i) the amount of the State allotment
24 for fiscal year 2021 determined under
25 paragraph (2)(B)(i); and

1 “(ii) the amount of any payments
2 made to the State under subsection (n) for
3 fiscal year 2021,
4 multiplied by the allotment increase factor
5 under paragraph (6) for fiscal year 2022.

6 “(D) FIRST HALF RATIO.—The first half
7 ratio described in this subparagraph is the ratio
8 of—

9 “(i) the sum of—

10 “(I) the amount made available
11 under subsection (a)(25)(A); and

12 “(II) the amount of the appro-
13 priation for such period under section
14 101(b)(3) of the HEALTHY KIDS
15 Act; to

16 “(ii) the sum of—

17 “(I) the amount described in
18 clause (i); and

19 “(II) the amount made available
20 under subsection (a)(25)(B).”.

21 (2) TECHNICAL AMENDMENT.—Section
22 2104(m)(2)(A) of such Act (42 U.S.C.
23 1397dd(m)(2)(A)) is amended by striking “the allot-
24 ment increase factor under paragraph (5)” each

1 place it appears and inserting “the allotment in-
2 crease factor under paragraph (6)”.

3 (3) ONE-TIME APPROPRIATION FOR FISCAL
4 YEAR 2022.—There is appropriated to the Secretary
5 of Health and Human Services, out of any money in
6 the Treasury not otherwise appropriated,
7 \$20,200,000,000 to accompany the allotment made
8 for the period beginning on October 1, 2021, and
9 ending on March 31, 2022, under paragraph
10 (25)(A) of section 2104(a) of the Social Security Act
11 (42 U.S.C. 1397dd(a)) (as added by subsection
12 (a)(3)), to remain available until expended. Such
13 amount shall be used to provide allotments to States
14 under paragraph (10) of section 2104(m) of such
15 Act (as added by subsection (b)(1)(E)) for the first
16 6 months of fiscal year 2022 in the same manner as
17 allotments are provided under subsection (a)(25)(A)
18 of such section 2104 and subject to the same terms
19 and conditions as apply to the allotments provided
20 from such subsection (a)(25)(A).

21 (c) EXTENSION OF THE CHILD ENROLLMENT CON-
22 TINGENCY FUND.—Section 2104(n) of the Social Security
23 Act (42 U.S.C. 1397dd(n)) is amended—

24 (1) in paragraph (2)—

25 (A) in subparagraph (A)(ii)—

1 (i) by striking “2010, 2011, 2012,
2 2013, 2014, and 2016” and inserting
3 “2010 through 2014, 2016, and 2018
4 through 2021”; and

5 (ii) by striking “fiscal year 2015 and
6 fiscal year 2017” and inserting “fiscal
7 years 2015, 2017, and 2022”; and

8 (B) in subparagraph (B)—

9 (i) by striking “2010, 2011, 2012,
10 2013, 2014, and 2016” and inserting
11 “2010 through 2014, 2016, and 2018
12 through 2021”; and

13 (ii) by striking “fiscal year 2015 and
14 fiscal year 2017” and inserting “fiscal year
15 2015, 2017, and 2022”; and

16 (2) in paragraph (3)(A), in the matter pre-
17 ceding clause (i), by striking “or a semi-annual allot-
18 ment period for fiscal year 2015 or 2017” and in-
19 serting “or in any of fiscal years 2018 through 2021
20 (or a semi-annual allotment period for fiscal year
21 2015, 2017, or 2022)”.

22 (d) EXTENSION OF QUALIFYING STATES OPTION.—
23 Section 2105(g)(4) of the Social Security Act (42 U.S.C.
24 1397ee(g)(4)) is amended—

1 (1) in the heading, by striking “THROUGH
2 2017” and inserting “THROUGH 2022”; and

3 (2) in subparagraph (A), by striking “2017”
4 and inserting “2022”.

5 (e) EXTENSION OF EXPRESS LANE ELIGIBILITY OP-
6 TION.—Section 1902(e)(13)(I) of the Social Security Act
7 (42 U.S.C. 1396a(e)(13)(I)) is amended by striking
8 “2017” and inserting “2022”.

9 (f) ASSURANCE OF AFFORDABILITY STANDARD FOR
10 CHILDREN AND FAMILIES.—

11 (1) IN GENERAL.—Section 2105(d)(3) of the
12 Social Security Act (42 U.S.C. 1397ee(d)(3)) is
13 amended—

14 (A) in the paragraph heading, by striking
15 “UNTIL OCTOBER 1, 2019” and inserting
16 “THROUGH SEPTEMBER 30, 2022”; and

17 (B) in subparagraph (A), in the matter
18 preceding clause (i)—

19 (i) by striking “2019” and inserting
20 “2022”; and

21 (ii) by striking “The preceding sen-
22 tence shall not be construed as preventing
23 a State during such period” and inserting
24 “During the period that begins on October
25 1, 2019, and ends on September 30, 2022,

1 the preceding sentence shall only apply
2 with respect to children in families whose
3 income does not exceed 300 percent of the
4 poverty line (as defined in section
5 2110(c)(5)) applicable to a family of the
6 size involved. The preceding sentences shall
7 not be construed as preventing a State
8 during any such periods”.

9 (2) CONFORMING AMENDMENTS.—Section
10 1902(gg)(2) of the Social Security Act (42 U.S.C.
11 1396a(gg)(2)) is amended—

12 (A) in the paragraph heading, by striking
13 “UNTIL OCTOBER 1, 2019” and inserting
14 “THROUGH SEPTEMBER 30, 2022”; and

15 (B) by striking “September 30, 2019,”
16 and inserting “September 30, 2022 (but during
17 the period that begins on October 1, 2019, and
18 ends on September 30, 2022, only with respect
19 to children in families whose income does not
20 exceed 300 percent of the poverty line (as de-
21 fined in section 2110(c)(5)) applicable to a fam-
22 ily of the size involved)”.

23 (g) CHIP LOOK-ALIKE PLANS.—

1 (1) BLENDING RISK POOLS.—Section 2107 of
2 the Social Security Act (42 U.S.C. 1397gg) is
3 amended by adding at the end the following:

4 “(g) USE OF BLENDED RISK POOLS.—

5 “(1) IN GENERAL.—Nothing in this title (or
6 any other provision of Federal law) shall be con-
7 strued as preventing a State from considering chil-
8 dren enrolled in a qualified CHIP look-alike pro-
9 gram and children enrolled in a State child health
10 plan under this title (or a waiver of such plan) as
11 members of a single risk pool.

12 “(2) QUALIFIED CHIP LOOK-ALIKE PROGRAM.—
13 In this subsection, the term ‘qualified CHIP look-
14 alike program’ means a State program—

15 “(A) under which children who are under
16 the age of 18 and are not eligible to receive
17 medical assistance under title XIX or child
18 health assistance under this title may purchase
19 coverage through the State that provides bene-
20 fits that are at least identical to the benefits
21 provided under the State child health plan
22 under this title (or a waiver of such plan); and

23 “(B) that is funded exclusively through
24 non-Federal funds, including funds received by

1 the State in the form of premiums for the pur-
2 chase of such coverage.”.

3 (2) COVERAGE RULE.—

4 (A) IN GENERAL.—Section 5000A(f)(1) of
5 the Internal Revenue Code of 1986 is amended
6 in subparagraph (A)(iii), by inserting “or under
7 a qualified CHIP look-alike program (as de-
8 fined in section 2107(g) of the Social Security
9 Act)” before the comma at the end.

10 (B) EFFECTIVE DATE.—The amendment
11 made by subparagraph (A) shall apply with re-
12 spect to taxable years beginning after December
13 31, 2017.

14 **SEC. 102. EXTENSION OF CERTAIN PROGRAMS AND DEM-**
15 **ONSTRATION PROJECTS.**

16 (a) CHILDHOOD OBESITY DEMONSTRATION
17 PROJECT.—Section 1139A(e)(8) of the Social Security
18 Act (42 U.S.C. 1320b–9a(e)(8)) is amended—

19 (1) by striking “and \$10,000,000” and insert-
20 ing “, \$10,000,000”; and

21 (2) by inserting after “2017” the following: “,
22 and \$25,000,000 for the period of fiscal years 2018
23 through 2022”.

1 (b) PEDIATRIC QUALITY MEASURES PROGRAM.—
2 Section 1139A(i) of the Social Security Act (42 U.S.C.
3 1320b–9a(i)) is amended—

4 (1) by striking “Out of any” and inserting the
5 following:

6 “(1) IN GENERAL.—Out of any”;

7 (2) by striking “there is appropriated for each”
8 and inserting “there is appropriated—

9 “(A) for each”;

10 (3) by striking “, and there is appropriated for
11 the period” and inserting “;

12 “(B) for the period”;

13 (4) by striking “. Funds appropriated under
14 this subsection shall remain available until ex-
15 pended” and inserting “; and”; and

16 (5) by adding at the end the following:

17 “(C) for the period of fiscal years 2018
18 through 2022, \$75,000,000 for the purpose of
19 carrying out this section (other than sub-
20 sections (e), (f), and (g)).

21 “(2) AVAILABILITY.—Funds appropriated
22 under this subsection shall remain available until ex-
23 pended.”.

1 **SEC. 103. EXTENSION OF OUTREACH AND ENROLLMENT**
2 **PROGRAM.**

3 Section 2113 of the Social Security Act (42 U.S.C.
4 1397mm) is amended—

5 (1) in subsection (a)(1), by striking “2017” and
6 inserting “2022”; and

7 (2) in subsection (g)—

8 (A) by striking “and \$40,000,000” and in-
9 serting “, \$40,000,000”; and

10 (B) by inserting after “2017” the fol-
11 lowing: “, and \$100,000,000 for the period of
12 fiscal years 2018 through 2022”.

13 **SEC. 104. EXTENSION AND REDUCTION OF ADDITIONAL**
14 **FEDERAL FINANCIAL PARTICIPATION FOR**
15 **CHIP.**

16 Section 2105(b) of the Social Security Act (42 U.S.C.
17 1397ee(b)) is amended in the second sentence by inserting
18 “and during the period that begins on October 1, 2019,
19 and ends on September 30, 2020, the enhanced FMAP
20 determined for a State for a fiscal year (or for any portion
21 of a fiscal year occurring during such period) shall be in-
22 creased by 11.5 percentage points” after “23 percentage
23 points,”.

1 **SEC. 105. MODIFYING REDUCTION IN MEDICAID DSH AL-**
2 **LOTMENTS.**

3 Section 1923(f)(7)(A)(ii) of the Social Security Act
4 (42 U.S.C. 1396r-4(f)(7)(A)(ii)) is amended—

5 (1) by striking subclause (I) and redesignating
6 subclauses (II) through (VIII) as subclauses (I)
7 through (VII), respectively;

8 (2) in subclause (VI), as redesignated by para-
9 graph (1), by striking at the end “and”;

10 (3) in subclause (VII), as redesignated by para-
11 graph (1), by striking at the end the period and in-
12 serting a semicolon; and

13 (4) by adding at the end the following new sub-
14 clauses:

15 “(VIII) \$8,000,000,000 for fiscal
16 year 2026; and

17 “(IX) \$8,000,000,000 for fiscal
18 year 2027.”.

19 **SEC. 106. PUERTO RICO MEDICAID PAYMENTS.**

20 (a) INCREASED CAP.—Section 1108(g) of the Social
21 Security Act (42 U.S.C. 1308(g)) is amended—

22 (1) in paragraph (2)(A), by inserting “(or, with
23 respect to fiscal years 2018 and 2019, increased by
24 such percentage increase plus one percentage point)”
25 after “beginning of the fiscal year”; and

26 (2) in paragraph (5)—

1 (A) in subparagraph (A), by striking “sub-
2 paragraph (B)” and inserting “subparagraphs
3 (B), (C), (D), and (E)”; and

4 (B) by adding at the end the following new
5 subparagraphs:

6 “(C) The amount of the increase otherwise
7 provided under subparagraph (A) for Puerto
8 Rico shall be further increased by
9 \$880,000,000.

10 “(D)(i) For the period beginning October
11 1, 2017, and ending December 31, 2019, the
12 amount of the increase otherwise provided
13 under subparagraph (A) for Puerto Rico shall
14 be further increased by \$120,000,000 if the Fi-
15 nancial Oversight and Management Board for
16 Puerto Rico established under section 101 of
17 the Puerto Rico Oversight, Management, and
18 Economic Stability Act (48 U.S.C. 2121) cer-
19 tifies by a majority vote that Puerto Rico has
20 taken reasonable and appropriate steps during
21 such period to—

22 “(I) reduce fraud, waste, and abuse
23 under the program under title XIX;

1 “(II) implement strategies to reduce
2 unnecessary, inefficient, or excessive
3 spending under title XIX;

4 “(III) improve the use and availability
5 of Medicaid data for program operation
6 and oversight; and

7 “(IV) improve the quality of care and
8 patient experience for individuals enrolled
9 under the program under title XIX.

10 “(ii) As a condition of any additional in-
11 crease pursuant to clause (i), not later than Oc-
12 tober 1, 2018, Puerto Rico shall submit to the
13 Financial Oversight and Management Board for
14 Puerto Rico a report regarding steps taken to
15 achieve each of the goals described in sub-
16 clauses (I) through (IV) of clause (i).

17 “(E) Payments under section 1903(a)(8)
18 for a quarter of a fiscal year shall not be taken
19 into account in applying subsection (f) (as in-
20 creased in accordance with this paragraph and
21 paragraphs (1), (2), (3), and (4)) to Puerto
22 Rico for such fiscal year.”.

23 (b) FEDERAL MATCH FOR MEDICAL PERSONNEL
24 AND FRAUD REDUCTION.—Section 1903(a) of the Social
25 Security Act (42 U.S.C. 1396b(a)) is amended—

1 (1) in paragraph (2)(A), by inserting “subject
2 to paragraph (8),” before “an amount”;

3 (2) in paragraph (6)—

4 (A) in subparagraph (B), by inserting
5 “subject to paragraph (8),” before “75 per cen-
6 tum”; and

7 (B) by striking at the end “plus”;

8 (3) in paragraph (7), by striking at the end the
9 period and inserting “; plus” ; and

10 (4) by adding at the end the following new
11 paragraph:

12 “(8) for quarters during the period beginning
13 January 1, 2018, and ending December 31, 2019,
14 paragraphs (2)(A) and (6) shall apply with respect
15 to Puerto Rico as if—

16 “(A) the reference to ‘75 per centum’ in
17 paragraph (2)(A) were a reference to ‘90 per
18 centum’; and

19 “(B) the reference to ‘75 per centum’ in
20 paragraph (6)(B) were a reference to ‘90 per
21 centum’.”.

22 **TITLE II—OFFSETS**

23 **SEC. 201. MEDICAID THIRD PARTY LIABILITY PROVISIONS.**

24 (a) **MEDICAID THIRD PARTY LIABILITY.—**

1 (1) DELAY OF BIPARTISAN BUDGET ACT OF
2 2013 THIRD PARTY LIABILITY PROVISIONS.—

3 (A) IN GENERAL.—Section 202(c) of the
4 Bipartisan Budget Act of 2013 (Public Law
5 113–67; 127 Stat. 1177; 42 U.S.C. 1396a
6 note), as amended by section 211 of the Pro-
7 tecting Access to Medicare Act of 2014 (Public
8 Law 113–93; 128 Stat. 1047; 42 U.S.C. 1396a
9 note) and section 220 of the Medicare Access
10 and CHIP Reauthorization Act of 2015 (PL
11 114-10), is amended by striking “2017” and in-
12 serting “2019”.

13 (B) EFFECTIVE DATE; TREATMENT.—The
14 amendment made by subparagraph (A) shall
15 take effect on September 30, 2017, and shall
16 apply with respect to claims generated or filed
17 after such date.

18 (2) CLARIFICATION OF DEFINITIONS APPLICA-
19 BLE TO THIRD PARTY LIABILITY.—

20 (A) IN GENERAL.—Section 1902 of the So-
21 cial Security Act (42 U.S.C. 1396a) is amended
22 by adding at the end the following new sub-
23 section:

24 “(nn) For purposes of subsection (a)(25) and section
25 1903(d)(2)(B):

1 “(1) The term ‘responsible third party’ means
2 a health insurer, an accountable care organization,
3 or any other party that is, by statute, contract, or
4 agreement, legally responsible for payment of a
5 claim for a health care item or service. Such term
6 does not include a party if payment by such party
7 has been made or can reasonably be expected to be
8 made under a workmen’s compensation law or plan
9 of the United States or a State, or under an auto-
10 mobile or liability insurance policy or plan (including
11 a self-insured plan), or under no fault insurance.

12 “(2) The term ‘health insurer’ means a group
13 health plan, as defined in section 607(1) of the Em-
14 ployee Retirement Income Security Act of 1974, a
15 self-insured plan, a fully-insured plan, a service ben-
16 efit plan, a medicaid managed care plan under sec-
17 tion 1903(m) or 1932, a pharmacy benefit manager,
18 and any other health plan determined appropriate by
19 the Secretary.”.

20 (B) CONFORMING AMENDMENTS.—Section
21 1902(a)(25) of the Social Security Act (42
22 U.S.C. 1396a(a)(25)) is amended—

23 (i) in subparagraph (A), in the matter
24 preceding clause (i), by striking “third par-
25 ties” and all that follows through “item or

1 service)” and inserting “responsible third
2 parties”;

3 (ii) in subparagraph (G), by striking
4 “health insurer” and all that follows
5 through “item or service)” and inserting
6 “responsible third party”;

7 (iii) in subparagraph (I), in the mat-
8 ter preceding clause (i), by striking “health
9 insurers” and all that follows through
10 “item or service” and inserting “respon-
11 sible third parties”; and

12 (iv) by inserting “responsible” before
13 “third” each place it appears in subpara-
14 graphs (A)(i), (A)(ii), (C), (D), and (H).

15 (3) REMOVAL OF SPECIAL TREATMENT OF CER-
16 TAIN TYPES OF CARE AND PAYMENTS UNDER MED-
17 ICAID THIRD PARTY LIABILITY RULES.—Section
18 1902(a)(25) of the Social Security Act (42 U.S.C.
19 1396a(a)(25)), as amended by section 202(c) of the
20 Bipartisan Budget Act of 2013 (after application of
21 paragraph (1)), is amended by striking subpara-
22 graphs (E) and (F).

23 (4) CLARIFICATION OF ROLE OF HEALTH IN-
24 SURERS WITH RESPECT TO THIRD PARTY LIABIL-
25 ITY.—

1 (A) IN GENERAL.—Section 1902(a)(25) of
2 the Social Security Act (42 U.S.C.
3 1396a(a)(25)), as amended by paragraph (3), is
4 further amended by inserting after subpara-
5 graph (D) the following new subparagraphs:

6 “(E) that, in the case of a State that pro-
7 vides medical assistance under this title through
8 a contract with a health insurer, such contract
9 shall specify whether the State is—

10 “(i) delegating to such insurer all or
11 some of its right of recovery from a re-
12 sponsible third party for an item or service
13 for which payment has been made under
14 the State plan (or under a waiver of the
15 plan); and

16 “(ii) transferring to such insurer all
17 or some of the assignment to the State of
18 any right of an individual or other entity
19 to payment from a responsible third party
20 for an item or service for which payment
21 has been made under the State plan (or
22 under a waiver of the plan);

23 “(F) that, in the case of a State that elects
24 an option described in clause (i) or (ii) of sub-
25 paragraph (E) with respect to a health insurer,

1 the State shall provide assurances to the Sec-
2 retary that the State laws referred to in sub-
3 paragraph (I) confer to the health insurer the
4 authority of the State with respect to the re-
5 quirements specified in clauses (i) through (iv)
6 of such subparagraph;”.

7 (B) TREATMENT OF COLLECTED
8 AMOUNTS.—Section 1903(d)(2)(B) of the Social
9 Security Act (42 U.S.C. 1396b(d)(2)(B)) is
10 amended by adding at the end the following:
11 “For purposes of this subparagraph, reimburse-
12 ments made by a responsible third party to
13 health insurers pursuant to section
14 1902(a)(25)(E) shall be treated in the same
15 manner as reimbursements made to a State
16 under the previous sentence.”.

17 (5) INCREASING STATE FLEXIBILITY WITH RE-
18 SPECT TO THIRD PARTY LIABILITY.—Section
19 1902(a)(25)(I) of the Social Security Act (42 U.S.C.
20 1396a(a)(25)(I)) is amended—

21 (A) in clause (i), by striking “medical as-
22 sistance under the State plan” and inserting
23 “medical assistance under a State plan (or
24 under a waiver of the plan)”;

1 (B) by striking clause (ii) and inserting the
2 following new clause:

3 “(ii) accept—

4 (I) any State’s right of recovery
5 and the assignment to any State of
6 any right of an individual or other en-
7 tity to payment from the party for an
8 item or service for which payment has
9 been made under the respective
10 State’s plan (or under a waiver of the
11 plan); and

12 (II) as a valid authorization of
13 the responsible third party for the fur-
14 nishing of an item or service to an in-
15 dividual eligible to receive medical as-
16 sistance under this title, an authoriza-
17 tion made on behalf of such individual
18 under the State plan (or under a
19 waiver of such plan) for the fur-
20 nishing of such item or service to such
21 individual;”;

22 (C) in clause (iii)—

23 (i) by striking “respond to” and in-
24 serting “not later than 60 days after re-
25 ceiving”; and

1 (ii) by striking “; and” at the end and
2 inserting “, respond to such inquiry; and”;
3 and

4 (D) in clause (iv), by inserting “a failure
5 to obtain a prior authorization,” after “claim
6 form,”.

7 (6) STATE INCENTIVE TO PURSUE THIRD
8 PARTY LIABILITY FOR NEWLY ELIGIBLES.—Section
9 1903(d)(2)(B) of the Social Security Act (42 U.S.C.
10 1396b(d)(2)(B)), as amended by paragraph (4)(B),
11 is further amended by adding at the end the fol-
12 lowing: “In the case of expenditures for medical as-
13 sistance provided during 2017 and subsequent years
14 for individuals described in subclause (VIII) of sec-
15 tion 1902(a)(10)(A)(i), in determining the amount,
16 if any, of overpayment under this subparagraph with
17 respect to such medical assistance, the Secretary
18 shall apply the Federal medical assistance percent-
19 age for the State under section 1905(b), notwith-
20 standing the application of section 1905(y).”.

21 (b) COMPLIANCE WITH THIRD PARTY INSURANCE
22 REPORTING.—Section 1903 of the Social Security Act (42
23 U.S.C. 1396b) is amended by inserting after subsection
24 (m) the following new subsection:

1 “(n)(1) For any year beginning after 2020 (or a
2 sooner year as provided in paragraph (2)), if a State fails
3 to comply with the requirements of section 1902(a)(25)
4 with respect to each calendar quarter in such year, the
5 Secretary may reduce the Federal medical assistance per-
6 centage by 0.1 percentage point for calendar quarters in
7 each subsequent year in which the State fails to so comply
8 (and cumulatively for a failure to so comply for a period
9 of consecutive years).

10 “(2) The Secretary may apply paragraph (1)—

11 “(A) for any year beginning after 2018, if a
12 State fails to comply with the requirements of sec-
13 tion 1902(a)(25) with respect to payment for items
14 and services furnished to individuals described in
15 subclause (VIII) of section 1902(a)(10)(A)(i) or
16 non-expansion individuals; and

17 “(B) for any year beginning after 2019, if a
18 State fails to comply with the requirements of sec-
19 tion 1902(a)(25) with respect to payment for items
20 and services furnished to individuals described in
21 subdivision (i), (iii), or (iv) of section 1905(a).

22 “(3) For purposes of this subsection, the term ‘non-
23 expansion individual’ means, with respect to a State for
24 a month, an individual who is—

1 “(A) eligible for medical assistance for items or
2 services under this title and enrolled under the State
3 plan (or a waiver of such plan) under this title for
4 the month;

5 “(B) not under 19 years of age;

6 “(C) not 65 years of age or older; and

7 “(D) not eligible for medical assistance under
8 this title on the basis of being blind or disabled.”.

9 (c) APPLICATION TO CHIP.—

10 (1) IN GENERAL.—Section 2107(e)(1) of the
11 Social Security Act (42 U.S.C. 1397gg(e)(1)) is
12 amended—

13 (A) by redesignating subparagraphs (B)
14 through (R) as subparagraphs (C) through (S),
15 respectively; and

16 (B) by inserting after subparagraph (A)
17 the following new subparagraph:

18 “(B) Section 1902(a)(25) (relating to third
19 party liability).”.

20 (2) MANDATORY REPORTING.—Section
21 1902(a)(25)(I)(i) of the Social Security Act (42
22 U.S.C. 1396a(a)(25)(I)(i)), as amended by sub-
23 section (a)(5), is further amended—

24 (A) by striking “(and, at State option,
25 child” and inserting “and child”; and

1 (B) by striking “title XXI)” and inserting
2 “title XXI”.

3 (d) TRAINING ON THIRD PARTY LIABILITY.—Section
4 1936 of the Social Security Act (42 U.S.C. 1396u–6) is
5 amended—

6 (1) in subsection (b)(4), by striking “and qual-
7 ity of care” and inserting “, quality of care, and the
8 liability of responsible third parties (as defined in
9 section 1902(nm))”; and

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

12 “(f) THIRD PARTY LIABILITY TRAINING.—With re-
13 spect to education or training activities carried out pursu-
14 ant to subsection (b)(4) with respect to the liability of re-
15 sponsible third parties (as defined in section 1902(nm) for
16 payment for items and services furnished under State
17 plans (or under waivers of such plans)) under this title,
18 the Secretary shall—

19 “(1) publish (and update on an annual basis)
20 on the public Internet website of the Centers for
21 Medicare & Medicaid Services a dedicated Internet
22 page containing best practices to be used in assess-
23 ing such liability;

24 “(2) monitor efforts to assess such liability and
25 analyze the challenges posed by that assessment;

1 “(3) distribute to State agencies administering
2 the State plan under this title information related to
3 such efforts and challenges; and

4 “(4) provide guidance to such State agencies
5 with respect to State oversight of efforts under a
6 medicaid managed care plan under section 1903(m)
7 or 1932 to assess such liability.”.

8 (e) DEVELOPMENT OF MODEL UNIFORM FIELDS
9 FOR STATES TO REPORT THIRD PARTY INFORMATION.—

10 Not later than January 1, 2019, the Secretary of Health
11 and Human Services shall, in consultation with the States,
12 develop and make available to the States a model uniform
13 reporting field that States may use for purposes of report-
14 ing to the Secretary through the Transformed Medicaid
15 Statistical Information System (T-MSIS) (or a successor
16 system), or within CMS Form 64 (or any successor form),
17 information identifying responsible third parties (as de-
18 fined in subsection (nn) of section 1902 of the Social Secu-
19 rity Act (42 U.S.C. 1396a), as added by subsection
20 (a)(2)(A)) and other relevant information for ascertaining
21 the legal responsibility of such third parties to pay for care
22 and services available under the State plan (or under a
23 waiver of the plan) under title XIX of the Social Security
24 Act (42 U.S.C. 1396 et seq.).

25 (f) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), this section and the amendments made by
3 this section (other than as specified in the preceding
4 provisions of this section) shall take effect on Octo-
5 ber 1, 2019, and shall apply to medical assistance or
6 child health assistance provided on or after such
7 date.

8 (2) EXCEPTION IF STATE LEGISLATION RE-
9 QUIRED.—In the case of a State plan for medical as-
10 sistance under title XIX of the Social Security Act
11 (42 U.S.C. 1396 et seq.), or a State child health
12 plan for child health assistance under title XXI of
13 such Act (42 U.S.C. 1397aa et seq.), that the Sec-
14 retary of Health and Human Services determines re-
15 quires State legislation (other than legislation appro-
16 priating funds) in order for the plan to meet the ad-
17 ditional requirement imposed by the amendments
18 made under this section, such plan shall not be re-
19 garded as failing to comply with the requirements of
20 such title solely on the basis of its failure to meet
21 this additional requirement before the first day of
22 the first calendar quarter beginning after the close
23 of the first regular session of the State legislature
24 that begins after the date of the enactment of this
25 Act. For purposes of the previous sentence, in the

1 case of a State that has a 2-year legislative session,
2 each year of such session shall be deemed to be a
3 separate regular session of the State legislature.

4 **SEC. 202. TREATMENT OF LOTTERY WINNINGS AND OTHER**
5 **LUMP-SUM INCOME FOR PURPOSES OF IN-**
6 **COME ELIGIBILITY UNDER MEDICAID.**

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

9 (1) in subsection (a)(17), by striking “(e)(14),
10 (e)(14)” and inserting “(e)(14), (e)(15)”; and

11 (2) in subsection (e)—

12 (A) in paragraph (14) (relating to modified
13 adjusted gross income), by adding at the end
14 the following new subparagraph:

15 “(J) TREATMENT OF CERTAIN LOTTERY
16 WINNINGS AND INCOME RECEIVED AS A LUMP
17 SUM.—

18 “(i) IN GENERAL.—In the case of an
19 individual who is the recipient of qualified
20 lottery winnings (pursuant to lotteries oc-
21 ccurring on or after January 1, 2018) or
22 qualified lump sum income (received on or
23 after such date) and whose eligibility for
24 medical assistance is determined based on
25 the application of modified adjusted gross

1 income under subparagraph (A), a State
2 shall, in determining such eligibility, in-
3 clude such winnings or income (as applica-
4 ble) as income received—

5 “(I) in the month in which such
6 winnings or income (as applicable) is
7 received if the amount of such
8 winnings or income is less than
9 \$80,000;

10 “(II) over a period of 2 months
11 if the amount of such winnings or in-
12 come (as applicable) is greater than or
13 equal to \$80,000 but less than
14 \$90,000;

15 “(III) over a period of 3 months
16 if the amount of such winnings or in-
17 come (as applicable) is greater than or
18 equal to \$90,000 but less than
19 \$100,000; and

20 “(IV) over a period of 3 months
21 plus 1 additional month for each in-
22 crement of \$10,000 of such winnings
23 or income (as applicable) received, not
24 to exceed a period of 120 months (for
25 winnings or income of \$1,260,000 or

1 more), if the amount of such winnings
2 or income is greater than or equal to
3 \$100,000.

4 “(ii) COUNTING IN EQUAL INSTALL-
5 MENTS.—For purposes of subclauses (II),
6 (III), and (IV) of clause (i), winnings or
7 income to which such subclause applies
8 shall be counted in equal monthly install-
9 ments over the period of months specified
10 under such subclause.

11 “(iii) HARDSHIP EXEMPTION.—An in-
12 dividual whose income, by application of
13 clause (i), exceeds the applicable eligibility
14 threshold established by the State, shall
15 continue to be eligible for medical assist-
16 ance to the extent that the State deter-
17 mines, under procedures established by the
18 State (in accordance with standards speci-
19 fied by the Secretary), that the denial of
20 eligibility of the individual would cause an
21 undue medical or financial hardship as de-
22 termined on the basis of criteria estab-
23 lished by the Secretary.

24 “(iv) NOTIFICATIONS AND ASSIST-
25 ANCE REQUIRED IN CASE OF LOSS OF ELI-

1 GIBILITY.—A State shall, with respect to
2 an individual who loses eligibility for med-
3 ical assistance under the State plan (or a
4 waiver of such plan) by reason of clause
5 (i)—

6 “(I) before the date on which the
7 individual loses such eligibility, inform
8 the individual—

9 “(aa) of the individual’s op-
10 portunity to enroll in a qualified
11 health plan offered through an
12 Exchange established under title
13 I of the Patient Protection and
14 Affordable Care Act during the
15 special enrollment period speci-
16 fied in section 9801(f)(3) of the
17 Internal Revenue Code of 1986
18 (relating to loss of Medicaid or
19 CHIP coverage); and

20 “(bb) of the date on which
21 the individual would no longer be
22 considered ineligible by reason of
23 clause (i) to receive medical as-
24 sistance under the State plan or
25 under any waiver of such plan

1 and be eligible to reapply to re-
2 ceive such medical assistance;
3 and

4 “(II) provide technical assistance
5 to the individual seeking to enroll in
6 such a qualified health plan.

7 “(v) QUALIFIED LOTTERY WINNINGS
8 DEFINED.—In this subparagraph, the term
9 ‘qualified lottery winnings’ means winnings
10 from a sweepstakes, lottery, or pool de-
11 scribed in paragraph (3) of section 4402 of
12 the Internal Revenue Code of 1986 or a
13 lottery operated by a multistate or multi-
14 jurisdictional lottery association, including
15 amounts awarded as a lump sum payment.

16 “(vi) QUALIFIED LUMP SUM INCOME
17 DEFINED.—In this subparagraph, the term
18 ‘qualified lump sum income’ means income
19 that is received as a lump sum from one
20 of the following sources:

21 “(I) Monetary winnings from
22 gambling (as defined by the Secretary
23 and including gambling activities de-
24 scribed in section 1955(b)(4) of title
25 18, United States Code).

1 “(II) Damages received, whether
2 by suit or agreement and whether as
3 lump sums or as periodic payments
4 (other than monthly payments), on
5 account of causes of action other than
6 causes of action arising from personal
7 physical injuries or physical sickness.

8 “(III) Income received as liquid
9 assets from the estate (as defined in
10 section 1917(b)(4)) of a deceased in-
11 dividual.”; and

12 (B) by striking “(14) EXCLUSION” and in-
13 serting “(15) EXCLUSION”.

14 (b) RULES OF CONSTRUCTION.—

15 (1) INTERCEPTION OF LOTTERY WINNINGS AL-
16 LOWED.—Nothing in the amendment made by sub-
17 section (a)(2)(A) shall be construed as preventing a
18 State from intercepting the State lottery winnings
19 awarded to an individual in the State to recover
20 amounts paid by the State under the State Medicaid
21 plan under title XIX of the Social Security Act for
22 medical assistance furnished to the individual.

23 (2) APPLICABILITY LIMITED TO ELIGIBILITY OF
24 RECIPIENT OF LOTTERY WINNINGS OR LUMP SUM
25 INCOME.—Nothing in the amendment made by sub-

1 section (a)(2)(A) shall be construed, with respect to
 2 a determination of household income for purposes of
 3 a determination of eligibility for medical assistance
 4 under the State plan under title XIX of the Social
 5 Security Act (42 U.S.C. 1396 et seq.) (or a waiver
 6 of such plan) made by applying modified adjusted
 7 gross income under subparagraph (A) of section
 8 1902(e)(14) of such Act (42 U.S.C. 1396a(e)(14)),
 9 as limiting the eligibility for such medical assistance
 10 of any individual that is a member of the household
 11 other than the individual who received qualified lot-
 12 tery winnings or qualified lump-sum income (as de-
 13 fined in subparagraph (J) of such section
 14 1902(e)(14), as added by subsection (a)(2)(A) of
 15 this section).

16 **SEC. 203. ADJUSTMENTS TO MEDICARE PART B AND PART**
 17 **D PREMIUM SUBSIDIES FOR HIGHER INCOME**
 18 **INDIVIDUALS.**

19 (a) IN GENERAL.—Section 1839(i)(3)(C)(i)(II) of the
 20 Social Security Act (42 U.S.C. 1395r(i)(3)(C)(i)(II)) is
 21 amended, in the table, by striking the last row and insert-
 22 ing the following new rows:

“More than \$160,000 but less than \$500,000	80 percent
At least \$500,000	100 percent.”.

23 (b) JOINT RETURNS.—Section 1839(i)(3)(C)(ii) of
 24 the Social Security Act (42 U.S.C. 1395r(i)(3)(C)(ii)) is

1 amended by inserting before the period the following: “ex-
2 cept, with respect to the dollar amounts applied in the last
3 row of the table under subclause (II) of such clause (and
4 the second dollar amount specified in the second to last
5 row of such table), clause (i) shall be applied by sub-
6 stituting dollar amounts which are 175 percent of such
7 dollar amounts for the calendar year”.

8 (c) INFLATION ADJUSTMENT.—Section 1839(i) of
9 the Social Security Act (42 U.S.C. 1395r(i)) is amended—

10 (1) in paragraph (5)—

11 (A) in subparagraph (A), by striking “In
12 the case” and inserting “Subject to subpara-
13 graph (C), in the case”;

14 (B) in subparagraph (B), by striking “sub-
15 paragraph (A)” and inserting “subparagraph
16 (A) or (C)”; and

17 (C) by adding at the end the following new
18 subparagraph:

19 “(C) TREATMENT OF ADJUSTMENTS FOR
20 CERTAIN HIGHER INCOME INDIVIDUALS.—

21 “(i) IN GENERAL.—Subparagraph (A)
22 shall not apply with respect to each dollar
23 amount in paragraph (3) of \$500,000.

24 “(ii) ADJUSTMENT BEGINNING 2027.—

25 In the case of any calendar year beginning

1 after 2026, each dollar amount in para-
2 graph (3) of \$500,000 shall be increased
3 by an amount equal to—

4 “(I) such dollar amount, multi-
5 plied by

6 “(II) the percentage (if any) by
7 which the average of the Consumer
8 Price Index for all urban consumers
9 (United States city average) for the
10 12-month period ending with August
11 of the preceding calendar year exceeds
12 such average for the 12-month period
13 ending with August 2025.”; and

14 (2) in paragraph (6)(B), by inserting “(other
15 than \$500,000)” after “the dollar amounts”.