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(Original Signature of Member)

115TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend title XIX of the Social Security Act to clarify the treatment of lottery winnings and other lump sum income for purposes of income eligibility under the Medicaid program, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. UPTON introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend title XIX of the Social Security Act to clarify the treatment of lottery winnings and other lump sum income for purposes of income eligibility under the Medicaid 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 “The Prioritizing the  
5 Most Vulnerable Over Lottery Winners Act of 2017”.

1 **SEC. 2. TREATMENT OF LOTTERY WINNINGS AND OTHER**  
2 **LUMP-SUM INCOME FOR PURPOSES OF IN-**  
3 **COME ELIGIBILITY UNDER MEDICAID.**

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

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

8 (2) in subsection (e)—

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

12 “(J) TREATMENT OF CERTAIN LOTTERY  
13 WINNINGS AND INCOME RECEIVED AS A LUMP  
14 SUM.—

15 “(i) IN GENERAL.—In the case of an  
16 individual who is the recipient of qualified  
17 lottery winnings (pursuant to lotteries oc-  
18 ccurring on or after January 1, 2018) or  
19 qualified lump sum income (received on or  
20 after such date) and whose eligibility for  
21 medical assistance is determined based on  
22 the application of modified adjusted gross  
23 income under subparagraph (A), a State  
24 shall, in determining such eligibility, in-  
25 clude such winnings or income (as applica-  
26 ble) as income received—

1           “(I) in the month in which such  
2           winnings or income (as applicable) is  
3           received if the amount of such  
4           winnings or income is less than  
5           \$80,000;

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

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

16          “(IV) over a period of 3 months  
17          plus 1 additional month for each in-  
18          crement of \$10,000 of such winnings  
19          or income (as applicable) received, not  
20          to exceed a period of 120 months (for  
21          winnings or income of \$1,260,000 or  
22          more), if the amount of such winnings  
23          or income is greater than or equal to  
24          \$100,000.

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

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

21                  “(iv) NOTIFICATIONS AND ASSIST-  
22                  ANCE REQUIRED IN CASE OF LOSS OF ELI-  
23                  GIBILITY.—A State shall, with respect to  
24                  an individual who loses eligibility for med-  
25                  ical assistance under the State plan (or a

1 waiver of such plan) by reason of clause

2 (i)—

3 “(I) before the date on which the  
4 individual loses such eligibility, inform  
5 the individual—

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

17 “(bb) of the date on which  
18 the individual would no longer be  
19 considered ineligible by reason of  
20 clause (i) to receive medical as-  
21 sistance under the State plan or  
22 under any waiver of such plan  
23 and be eligible to reapply to re-  
24 ceive such medical assistance;  
25 and

1                   “(II) provide technical assistance  
2                   to the individual seeking to enroll in  
3                   such a qualified health plan.

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

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

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

23                         “(II) Damages received, whether  
24                         by suit or agreement and whether as  
25                         lump sums or as periodic payments

1 (other than monthly payments), on  
2 account of causes of action other than  
3 causes of action arising from personal  
4 physical injuries or physical sickness.

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

9 (B) by striking “(14) EXCLUSION” and in-  
10 serting “(15) EXCLUSION”.

11 (b) RULES OF CONSTRUCTION.—

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

20 (2) APPLICABILITY LIMITED TO ELIGIBILITY OF  
21 RECIPIENT OF LOTTERY WINNINGS OR LUMP SUM  
22 INCOME.—Nothing in the amendment made by sub-  
23 section (a)(2)(A) shall be construed, with respect to  
24 a determination of household income for purposes of  
25 a determination of eligibility for medical assistance

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