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 OTHER MEDICAID AND CHIP PROVISIONS

2 SEC. 101. FIVE-YEAR FUNDING EXTENSION OF THE CHILDREN’S HEALTH INSURANCE PROGRAM.

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

4 (1) in paragraph (19), by striking “and”;

5 (2) in paragraph (20), by striking the period at the end and inserting a semicolon; and

6 (3) by adding at the end the following new paragraphs:

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

8 “(22) for fiscal year 2019, $22,600,000,000;
“(23) for fiscal year 2020, $23,700,000,000;
“(24) for fiscal year 2021, $24,800,000,000;

and

“(25) for fiscal year 2022, for purposes of making 2 semi-annual allotments—

“(A) $2,850,000,000 for the period beginning on October 1, 2021, and ending on March 31, 2022; and

“(B) $2,850,000,000 for the period beginning on April 1, 2022, and ending on September 30, 2022.”.

(b) ALLOTMENTS.—

(1) IN GENERAL.—Section 2104(m) of the Social Security Act (42 U.S.C. 1397dd(m)) is amended—

(A) in paragraph (2)—

(i) in the heading, by striking “THROUGH 2016” and inserting “THROUGH 2022”; and

(ii) in subparagraph (B)—

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

(II) in clause (ii), in the matter preceding subclause (I), by inserting
“(other than fiscal year 2022)” after
“even-numbered fiscal year”; and
(III) in clause (ii)(I), by inserting
“(or, in the case of fiscal year 2018, under paragraph (4))” after “clause (i)”; (B) in paragraph (5)—
(i) by striking “or (4)” and inserting
“(4), or (10)”; and
(ii) by striking “or 2017” and insert-
ing “, 2017, or 2022”; (C) in paragraph (7)—
(i) in subparagraph (A), by striking
“2017” and inserting “2022”; (ii) in subparagraph (B), in the mat-	er preceding clause (i), by inserting “(or, in the case of fiscal year 2018, by not later than the date that is 60 days after the date of the enactment of the HEALTHY KIDS Act of 2017)” after “before the Au-
gust 31 preceding the beginning of the fis-
cal year”; and
(iii) in the matter following subpara-
graph (B), by striking “or fiscal year 2016” and inserting “fiscal year 2016, fis-
(D) in paragraph (9)—

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

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

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

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

“(10) FOR FISCAL YEAR 2022.—

“(A) FIRST HALF.—Subject to paragraphs (5) and (7), from the amount made available under subparagraph (A) of paragraph (25) of subsection (a) for the semi-annual period described in such subparagraph, increased by the amount of the appropriation for such period under section 101(b)(3) of the HEALTHY KIDS Act, the Secretary shall compute a State allotment for each State (including the District of Columbia and each commonwealth and territory) for such semi-annual period in an amount equal to the first half ratio (described in sub-
paragraph (D)) of the amount described in subparagraph (C).

“(B) SECOND HALF.—Subject to paragraphs (5) and (7), from the amount made available under subparagraph (B) of paragraph (25) of subsection (a) for the semi-annual period described in such subparagraph, the Secretary shall compute a State allotment for each State (including the District of Columbia and each commonwealth and territory) for such semi-annual period in an amount equal to the amount made available under such subparagraph, multiplied by the ratio of—

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

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

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

“(i) the amount of the State allotment for fiscal year 2021 determined under paragraph (2)(B)(i); and
“(ii) the amount of any payments made to the State under subsection (n) for fiscal year 2021, multiplied by the allotment increase factor under paragraph (6) for fiscal year 2022.

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

“(i) the sum of—

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

“(II) the amount of the appropriation for such period under section 101(b)(3) of the HEALTHY KIDS Act; to

“(ii) the sum of—

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

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

(2) TECHNICAL AMENDMENT.—Section 2104(m)(2)(A) of such Act (42 U.S.C. 1397dd(m)(2)(A)) is amended by striking “the allotment increase factor under paragraph (5)” each
place it appears and inserting “the allotment increase factor under paragraph (6)”.

(3) **One-time Appropriation for Fiscal Year 2022.**—There is appropriated to the Secretary of Health and Human Services, out of any money in the Treasury not otherwise appropriated, $20,200,000,000 to accompany the allotment made for the period beginning on October 1, 2021, and ending on March 31, 2022, under paragraph (25)(A) of section 2104(a) of the Social Security Act (42 U.S.C. 1397dd(a)) (as added by subsection (a)(3)), to remain available until expended. Such amount shall be used to provide allotments to States under paragraph (10) of section 2104(m) of such Act (as added by subsection (b)(1)(E)) for the first 6 months of fiscal year 2022 in the same manner as allotments are provided under subsection (a)(25)(A) of such section 2104 and subject to the same terms and conditions as apply to the allotments provided from such subsection (a)(25)(A).

(c) **Extension of the Child Enrollment Contingency Fund.**—Section 2104(n) of the Social Security Act (42 U.S.C. 1397dd(n)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)(ii)—

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

(B) in subparagraph (B)—


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

(2) in paragraph (3)(A), in the matter preceding clause (i), by striking “or a semi-annual allotment period for fiscal year 2015 or 2017” and inserting “or in any of fiscal years 2018 through 2021 (or a semi-annual allotment period for fiscal year 2015, 2017, or 2022)”.

(d) EXTENSION OF QUALIFYING STATES OPTION.—

Section 2105(g)(4) of the Social Security Act (42 U.S.C. 1397ee(g)(4)) is amended—
(1) in the heading, by striking “THROUGH 2017” and inserting “THROUGH 2022”; and

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

(e) Extension of Express Lane Eligibility Option.—Section 1902(e)(13)(I) of the Social Security Act (42 U.S.C. 1396a(e)(13)(I)) is amended by striking “2017” and inserting “2022”.

(f) Assurance of Affordability Standard for Children and Families.—

(1) In General.—Section 2105(d)(3) of the Social Security Act (42 U.S.C. 1397ee(d)(3)) is amended—

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

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

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

(ii) by striking “The preceding sentence shall not be construed as preventing a State during such period” and inserting “During the period that begins on October 1, 2019, and ends on September 30, 2022,”
the preceding sentence shall only apply with respect to children in families whose income does not exceed 300 percent of the poverty line (as defined in section 2110(e)(5)) applicable to a family of the size involved. The preceding sentences shall not be construed as preventing a State during any such periods”.

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

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

(B) by striking “September 30, 2019,” and inserting “September 30, 2022 (but during the period that begins on October 1, 2019, and ends on September 30, 2022, only with respect to children in families whose income does not exceed 300 percent of the poverty line (as defined in section 2110(e)(5)) applicable to a family of the size involved)”.

(g) CHIP LOOK-ALIKE PLANS.—
(1) **BLENDED RISK POOLS.**—Section 2107 of the Social Security Act (42 U.S.C. 1397gg) is amended by adding at the end the following:

“(g) **USE OF BLENDED RISK POOLS.**—

“(1) **IN GENERAL.**—Nothing in this title (or any other provision of Federal law) shall be construed as preventing a State from considering children enrolled in a qualified CHIP look-alike program and children enrolled in a State child health plan under this title (or a waiver of such plan) as members of a single risk pool.

“(2) **QUALIFIED CHIP LOOK-ALIKE PROGRAM.**—

In this subsection, the term ‘qualified CHIP look-alike program’ means a State program—

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

“(B) that is funded exclusively through non-Federal funds, including funds received by
the State in the form of premiums for the purchase of such coverage.”.

(2) COVERAGE RULE.—

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

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall apply with respect to taxable years beginning after December 31, 2017.

SEC. 102. EXTENSION OF CERTAIN PROGRAMS AND DEMONSTRATION PROJECTS.

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

(1) by striking “and $10,000,000” and inserting “, $10,000,000”; and

(2) by inserting after “2017” the following: “, and $25,000,000 for the period of fiscal years 2018 through 2022”.
(b) Pediatric Quality Measures Program.—

Section 1139A(i) of the Social Security Act (42 U.S.C. 1320b–9a(i)) is amended—

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

“(1) In general.—Out of any”;

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

“(A) for each”;

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

“(B) for the period”;

(4) by striking “. Funds appropriated under this subsection shall remain available until expended” and inserting “; and”; and

(5) by adding at the end the following:

“(C) for the period of fiscal years 2018 through 2022, $75,000,000 for the purpose of carrying out this section (other than subsections (e), (f), and (g)).

“(2) Availability.—Funds appropriated under this subsection shall remain available until expended.”.
SEC. 103. EXTENSION OF OUTREACH AND ENROLLMENT PROGRAM.

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

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

(2) in subsection (g)—

(A) by striking “and $40,000,000” and inserting “, $40,000,000”; and

(B) by inserting after “2017” the following: “, and $100,000,000 for the period of fiscal years 2018 through 2022”.

SEC. 104. EXTENSION AND REDUCTION OF ADDITIONAL FEDERAL FINANCIAL PARTICIPATION FOR CHIP.

Section 2105(b) of the Social Security Act (42 U.S.C. 1397ee(b)) is amended in the second sentence by inserting “and during the period that begins on October 1, 2019, and ends on September 30, 2020, the enhanced FMAP determined for a State for a fiscal year (or for any portion of a fiscal year occurring during such period) shall be increased by 11.5 percentage points” after “23 percentage points,”.
SEC. 105. MODIFYING REDUCTION IN MEDICAID DSH ALLOTMENTS.


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

(2) in subclause (VI), as redesignated by paragraph (1), by striking at the end “and”;

(3) in subclause (VII), as redesignated by paragraph (1), by striking at the end the period and inserting a semicolon; and

(4) by adding at the end the following new subclauses:

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

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

SEC. 106. PUERTO RICO MEDICAID PAYMENTS.

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

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

(2) in paragraph (5)—
(A) in subparagraph (A), by striking “sub-
paragraph (B)” and inserting “subparagraphs
(B), (C), (D), and (E)”; and

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

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

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

“(I) reduce fraud, waste, and abuse
under the program under title XIX;
“(II) implement strategies to reduce unnecessary, inefficient, or excessive spending under title XIX;

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

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

“(ii) As a condition of any additional increase pursuant to clause (i), not later than October 1, 2018, Puerto Rico shall submit to the Financial Oversight and Management Board for Puerto Rico a report regarding steps taken to achieve each of the goals described in subclauses (I) through (IV) of clause (i).

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

(b) FEDERAL MATCH FOR MEDICAL PERSONNEL AND FRAUD REDUCTION.—Section 1903(a) of the Social Security Act (42 U.S.C. 1396b(a)) is amended—
(1) in paragraph (2)(A), by inserting “subject to paragraph (8),” before “an amount”; 

(2) in paragraph (6)—

(A) in subparagraph (B), by inserting “subject to paragraph (8),” before “75 per centum”; and

(B) by striking at the end “plus”; 

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

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

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

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

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

TITLE II—OFFSETS

SEC. 201. MEDICAID THIRD PARTY LIABILITY PROVISIONS.

(a) Medicaid Third Party Liability.—
(1) Delay of Bipartisan Budget Act of 2013 Third Party Liability Provisions.—


(B) Effective date; treatment.—The amendment made by subparagraph (A) shall take effect on September 30, 2017, and shall apply with respect to claims generated or filed after such date.

(2) Clarification of definitions applicable to third party liability.—

(A) In general.—Section 1902 of the Social Security Act (42 U.S.C. 1396a) is amended by adding at the end the following new subsection:

“(nn) For purposes of subsection (a)(25) and section 1903(d)(2)(B):
“(1) The term ‘responsible third party’ means a health insurer, an accountable care organization, or any other party that is, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service. Such term does not include a party if payment by such party has been made or can reasonably be expected to be made under a workmen’s compensation law or plan of the United States or a State, or under an automobile or liability insurance policy or plan (including a self-insured plan), or under no fault insurance.

“(2) The term ‘health insurer’ means a group health plan, as defined in section 607(1) of the Employee Retirement Income Security Act of 1974, a self-insured plan, a fully-insured plan, a service benefit plan, a medicaid managed care plan under section 1903(m) or 1932, a pharmacy benefit manager, and any other health plan determined appropriate by the Secretary.”.

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

(i) in subparagraph (A), in the matter preceding clause (i), by striking “third parties” and all that follows through “item or
service)” and inserting “responsible third parties”;

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

(iii) in subparagraph (I), in the matter preceding clause (i), by striking “health insurers” and all that follows through “item or service” and inserting “responsible third parties”; and

(iv) by inserting “responsible” before “third” each place it appears in subparagraphs (A)(i), (A)(ii), (C), (D), and (H).

(3) REMOVAL OF SPECIAL TREATMENT OF CERTAIN TYPES OF CARE AND PAYMENTS UNDER MEDICAID THIRD PARTY LIABILITY RULES.—Section 1902(a)(25) of the Social Security Act (42 U.S.C. 1396a(a)(25)), as amended by section 202(c) of the Bipartisan Budget Act of 2013 (after application of paragraph (1)), is amended by striking subparagraphs (E) and (F).

(4) CLARIFICATION OF ROLE OF HEALTH INSURERS WITH RESPECT TO THIRD PARTY LIABILITY.—
(A) IN GENERAL.—Section 1902(a)(25) of the Social Security Act (42 U.S.C. 1396a(a)(25)), as amended by paragraph (3), is further amended by inserting after subparagraph (D) the following new subparagraphs:

“(E) that, in the case of a State that provides medical assistance under this title through a contract with a health insurer, such contract shall specify whether the State is—

“(i) delegating to such insurer all or some of its right of recovery from a responsible third party for an item or service for which payment has been made under the State plan (or under a waiver of the plan); and

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

“(F) that, in the case of a State that elects an option described in clause (i) or (ii) of subparagraph (E) with respect to a health insurer,
the State shall provide assurances to the Secretary that the State laws referred to in subparagraph (I) confer to the health insurer the authority of the State with respect to the requirements specified in clauses (i) through (iv) of such subparagraph;”.

(B) Treatment of collected amounts.—Section 1903(d)(2)(B) of the Social Security Act (42 U.S.C. 1396b(d)(2)(B)) is amended by adding at the end the following:

“For purposes of this subparagraph, reimbursements made by a responsible third party to health insurers pursuant to section 1902(a)(25)(E) shall be treated in the same manner as reimbursements made to a State under the previous sentence.”.

(5) Increasing state flexibility with respect to third party liability.—Section 1902(a)(25)(I) of the Social Security Act (42 U.S.C. 1396a(a)(25)(I)) is amended—

(A) in clause (i), by striking “medical assistance under the State plan” and inserting “medical assistance under a State plan (or under a waiver of the plan)”;}
(B) by striking clause (ii) and inserting the following new clause:

“(ii) accept—

“(I) any State’s right of recovery and the assignment to any State of any right of an individual or other entity to payment from the party for an item or service for which payment has been made under the respective State’s plan (or under a waiver of the plan); and

“(II) as a valid authorization of the responsible third party for the furnishing of an item or service to an individual eligible to receive medical assistance under this title, an authorization made on behalf of such individual under the State plan (or under a waiver of such plan) for the furnishing of such item or service to such individual;”;

(C) in clause (iii)—

(i) by striking “respond to” and inserting “not later than 60 days after receiving”; and
(ii) by striking ‘‘; and’’ at the end and
inserting ‘‘, respond to such inquiry; and’’;
and
(D) in clause (iv), by inserting ‘‘a failure
to obtain a prior authorization,’’ after ‘‘claim
form,’’.

(6) State Incentive to Pursue Third
Party Liability for Newly Eligibles.—Section
1903(d)(2)(B) of the Social Security Act (42 U.S.C.
1396b(d)(2)(B)), as amended by paragraph (4)(B),
is further amended by adding at the end the fol-
lowing: ‘‘In the case of expenditures for medical as-
sistance provided during 2017 and subsequent years
for individuals described in subclause (VIII) of sec-
tion 1902(a)(10)(A)(i), in determining the amount,
if any, of overpayment under this subparagraph with
respect to such medical assistance, the Secretary
shall apply the Federal medical assistance percent-
age for the State under section 1905(b), notwith-
standing the application of section 1905(y).’’.

(b) Compliance With Third Party Insurance
Reporting.—Section 1903 of the Social Security Act (42
U.S.C. 1396b) is amended by inserting after subsection
(m) the following new subsection:
“(n)(1) For any year beginning after 2020 (or a sooner year as provided in paragraph (2)), if a State fails to comply with the requirements of section 1902(a)(25) with respect to each calendar quarter in such year, the Secretary may reduce the Federal medical assistance percentage by 0.1 percentage point for calendar quarters in each subsequent year in which the State fails to so comply (and cumulatively for a failure to so comply for a period of consecutive years).

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

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

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

“(3) For purposes of this subsection, the term ‘non-expansion individual’ means, with respect to a State for a month, an individual who is—
“(A) eligible for medical assistance for items or services under this title and enrolled under the State plan (or a waiver of such plan) under this title for the month;

“(B) not under 19 years of age;

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

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

(e) Application to CHIP.—

(1) In general.—Section 2107(e)(1) of the Social Security Act (42 U.S.C. 1397gg(e)(1)) is amended—

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

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

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

(2) Mandatory reporting.—Section 1902(a)(25)(I)(i) of the Social Security Act (42 U.S.C. 1396a(a)(25)(I)(i)), as amended by subsection (a)(5), is further amended—

(A) by striking “(and, at State option, child” and inserting “and child”; and
(B) by striking “title XXI)” and inserting “title XXI”.

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

(1) in subsection (b)(4), by striking “and quality of care” and inserting “, quality of care, and the liability of responsible third parties (as defined in section 1902(nn))”;

and

(2) by adding at the end the following new subsection:

“(f) THIRD PARTY LIABILITY TRAINING.—With respect to education or training activities carried out pursuant to subsection (b)(4) with respect to the liability of responsible third parties (as defined in section 1902(nn) for payment for items and services furnished under State plans (or under waivers of such plans)) under this title, the Secretary shall—

“(1) publish (and update on an annual basis) on the public Internet website of the Centers for Medicare & Medicaid Services a dedicated Internet page containing best practices to be used in assessing such liability;

“(2) monitor efforts to assess such liability and analyze the challenges posed by that assessment;
“(3) distribute to State agencies administering the State plan under this title information related to such efforts and challenges; and

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

(e) Development of Model Uniform Fields for States to Report Third Party Information.—
Not later than January 1, 2019, the Secretary of Health and Human Services shall, in consultation with the States, develop and make available to the States a model uniform reporting field that States may use for purposes of reporting to the Secretary through the Transformed Medicaid Statistical Information System (T-MSIS) (or a successor system), or within CMS Form 64 (or any successor form), information identifying responsible third parties (as defined in subsection (nn) of section 1902 of the Social Security Act (42 U.S.C. 1396a), as added by subsection (a)(2)(A)) and other relevant information for ascertaining the legal responsibility of such third parties to pay for care and services available under the State plan (or under a waiver of the plan) under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(f) Effective Date.—
(1) IN GENERAL.—Except as provided in paragraph (2), this section and the amendments made by this section (other than as specified in the preceding provisions of this section) shall take effect on October 1, 2019, and shall apply to medical assistance or child health assistance provided on or after such date.

(2) EXCEPTION IF STATE LEGISLATION REQUIRED.—In the case of a State plan for medical assistance under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), or a State child health plan for child health assistance under title XXI of such Act (42 U.S.C. 1397aa et seq.), that the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirement imposed by the amendments made under this section, such plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet this additional requirement before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the
case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

SEC. 202. TREATMENT OF LOTTERY WINNINGS AND OTHER LUMP-SUM INCOME FOR PURPOSES OF INCOME ELIGIBILITY UNDER MEDICAID.

(a) In General.—Section 1902 of the Social Security Act (42 U.S.C. 1396a) is amended—

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

(2) in subsection (e)—

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

“(J) Treatment of Certain Lottery Winnings and Income Received as a Lump Sum.—

“(i) In General.—In the case of an individual who is the recipient of qualified lottery winnings (pursuant to lotteries occurring on or after January 1, 2018) or qualified lump sum income (received on or after such date) and whose eligibility for medical assistance is determined based on the application of modified adjusted gross
income under subparagraph (A), a State shall, in determining such eligibility, include such winnings or income (as applicable) as income received—

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

“(II) over a period of 2 months if the amount of such winnings or income (as applicable) is greater than or equal to $80,000 but less than $90,000;

“(III) over a period of 3 months if the amount of such winnings or income (as applicable) is greater than or equal to $90,000 but less than $100,000; and

“(IV) over a period of 3 months plus 1 additional month for each increment of $10,000 of such winnings or income (as applicable) received, not to exceed a period of 120 months (for winnings or income of $1,260,000 or
more), if the amount of such winnings or income is greater than or equal to $100,000.

“(ii) Counting in equal installments.—For purposes of subclauses (II), (III), and (IV) of clause (i), winnings or income to which such subclause applies shall be counted in equal monthly installments over the period of months specified under such subclause.

“(iii) Hardship exemption.—An individual whose income, by application of clause (i), exceeds the applicable eligibility threshold established by the State, shall continue to be eligible for medical assistance to the extent that the State determines, under procedures established by the State (in accordance with standards specified by the Secretary), that the denial of eligibility of the individual would cause an undue medical or financial hardship as determined on the basis of criteria established by the Secretary.

“(iv) Notifications and assistance required in case of loss of eli-
GIBILITY.—A State shall, with respect to an individual who loses eligibility for medical assistance under the State plan (or a waiver of such plan) by reason of clause (i)—

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

“(aa) of the individual’s opportunity to enroll in a qualified health plan offered through an Exchange established under title I of the Patient Protection and Affordable Care Act during the special enrollment period specified in section 9801(f)(3) of the Internal Revenue Code of 1986 (relating to loss of Medicaid or CHIP coverage); and

“(bb) of the date on which the individual would no longer be considered ineligible by reason of clause (i) to receive medical assistance under the State plan or under any waiver of such plan
and be eligible to reapply to receive such medical assistance; and

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

“(v) Qualified lottery winnings defined.—In this subparagraph, the term ‘qualified lottery winnings’ means winnings from a sweepstakes, lottery, or pool described in paragraph (3) of section 4402 of the Internal Revenue Code of 1986 or a lottery operated by a multistate or multijurisdictional lottery association, including amounts awarded as a lump sum payment.

“(vi) Qualified lump sum income defined.—In this subparagraph, the term ‘qualified lump sum income’ means income that is received as a lump sum from one of the following sources:

“(I) Monetary winnings from gambling (as defined by the Secretary and including gambling activities described in section 1955(b)(4) of title 18, United States Code).
“(II) Damages received, whether by suit or agreement and whether as lump sums or as periodic payments (other than monthly payments), on account of causes of action other than causes of action arising from personal physical injuries or physical sickness.

“(III) Income received as liquid assets from the estate (as defined in section 1917(b)(4)) of a deceased individual.”; and

(B) by striking “(14) EXCLUSION” and inserting “(15) EXCLUSION”.

(b) RULES OF CONSTRUCTION.—

(1) INTERCEPTION OF LOTTERY WINNINGS ALLOWED.—Nothing in the amendment made by subsection (a)(2)(A) shall be construed as preventing a State from intercepting the State lottery winnings awarded to an individual in the State to recover amounts paid by the State under the State Medicaid plan under title XIX of the Social Security Act for medical assistance furnished to the individual.

(2) APPLICABILITY LIMITED TO ELIGIBILITY OF RECIPIENT OF LOTTERY WINNINGS OR LUMP SUM INCOME.—Nothing in the amendment made by sub-
section (a)(2)(A) shall be construed, with respect to a determination of household income for purposes of a determination of eligibility for medical assistance under the State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) (or a waiver of such plan) made by applying modified adjusted gross income under subparagraph (A) of section 1902(e)(14) of such Act (42 U.S.C. 1396a(e)(14)), as limiting the eligibility for such medical assistance of any individual that is a member of the household other than the individual who received qualified lottery winnings or qualified lump-sum income (as defined in subparagraph (J) of such section 1902(e)(14), as added by subsection (a)(2)(A) of this section).

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

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

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"More than $160,000 but less than $500,000 .......... 80 percent
At least $500,000 ................................................. 100 percent."
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(b) JOINT RETURNS.—Section 1839(i)(3)(C)(ii) of the Social Security Act (42 U.S.C. 1395r(i)(3)(C)(ii)) is
amended by inserting before the period the following: “except, with respect to the dollar amounts applied in the last row of the table under subclause (II) of such clause (and the second dollar amount specified in the second to last row of such table), clause (i) shall be applied by substituting dollar amounts which are 175 percent of such dollar amounts for the calendar year”.

(c) Inflation Adjustment.—Section 1839(i) of the Social Security Act (42 U.S.C. 1395r(i)) is amended—

(1) in paragraph (5)—

(A) in subparagraph (A), by striking “In the case” and inserting “Subject to subparagraph (C), in the case”;

(B) in subparagraph (B), by striking “subparagraph (A)” and inserting “subparagraph (A) or (C)”;

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

“(C) Treatment of Adjustments for Certain Higher Income Individuals.—

“(i) In General.—Subparagraph (A) shall not apply with respect to each dollar amount in paragraph (3) of $500,000.

“(ii) Adjustment Beginning 2027.—

In the case of any calendar year beginning
after 2026, each dollar amount in para-
graph (3) of $500,000 shall be increased
by an amount equal to—

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

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

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