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Obamacare Repeal Bill Goes After Lottery Winners

Republicans have long griped about people with winning tickets staying on welfare.

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There are a number of winners and losers in the Republican health care plan unveiled this week, but one particular population seems to draw the toughest GOP ire: lottery winners.

The GOP's Obamacare replacement targets jackpot winners by having their one-time windfall counted as income over a period of months. That means those lucky people would swiftly be kicked off of Medicaid, and would remain ineligible for government health insurance for a longer time.

Rep. Greg Walden (R-Ore.), chairman of the House Energy and Commerce Committee, which on Wednesday started the process of advancing the legislation through the House, said the lottery provision is part of a broader effort to plug holes in Medicaid.

"Each one of these that gets identified, we're going to go plug, so the money that is there goes to the people who really need it — low-income Americans on Medicaid who need help with their plans, not somebody who hit the jackpot with the lottery," Walden told HuffPost.

The top Democrat on the committee called the lottery thing a distraction. "How many cases are there like that? I haven't even seen one. It's so irrelevant," Rep. Frank Pallone (D-N.J.) said.

Michael Cannon, a health policy expert with the libertarian Cato Institute, called the overall health reform legislation a "train wreck" in an analysis this week, but said in an interview the lottery provision was common sense and easy for lawmakers to explain at town halls and in TV interviews.

“This comes nowhere near salvaging all the awful stuff in the House Republicans’ bill,” Cannon said.

President Donald Trump and House Speaker Paul Ryan (R-Wis.) have championed the bill, which is the long-awaited Republican alternative to the Affordable Care Act. The legislation has been panned by an array of outside groups, and it faces deeply uncertain prospects in both the House and the Senate. The bill makes big changes to Medicaid, undoing the Obamacare coverage expansion.

Not all members of Congress were familiar with or excited about the lottery piece. “I don’t even know what you’re talking about,” Rep. John Shimkus (R-Ill.) said as he was trying to eat a sandwich.

Rep. David McKinley (R-W.Va.) said he didn’t think the lotto provision deserved a lot of attention. “Don’t you think there are other, bigger issues that we need to be dealing with on this?” he asked.

“It’s not the biggest part of the bill, but it makes sense,” Rep. Joe Barton (R-Texas) said.

Though it has received little national attention, the lottery provision is one of the only pieces of the overall legislation that got a hearing in advance of Wednesday’s committee votes. Avik Roy, a Republican health policy consultant, outlined the lotto problem for Republicans at last month’s hearing on the provision.

“An individual who receives a $10 million lottery in one month is not eligible for Medicaid in that month, because his income is too high,” Roy testified. “But if his income goes to zero for the remainder of the year, he becomes eligible again for Medicaid due to his low monthly income.”

Democrats voted against the bill and offered only modest counterarguments, saying there probably aren’t a lot of lottery winners on Medicaid. An expert from the liberal Center on Budget and Policy Priorities testified that the proposal was a vast improvement over a previous version Republicans pushed last year.

The measure says that jackpots — as well as other lump-sum payments, such as insurance settlements — greater than $80,000 would be counted for more than just the one month they landed in a Medicaid recipient’s bank account. Every additional $10,000 above a $100,000 threshold would be considered income for an additional month, for up to 10 years. States would be allowed to make hardship exemptions.

Kicking lotto winners off government programs has been something of a Republican pet project for a few years, one that has roots in local news reports of people with winning tickets remaining on public benefits instead of immediately reporting their windfall to the government (which they are already supposed to do).

In response to news reports of lotto-winning welfare recipients — including the story of Amanda Clayton, an unemployed Michigan woman who won $1 million from the lottery, but continued receiving food stamps — the Michigan legislature in 2011 approved a law ordering the state lottery to share information on winners with the state Department of Human Services. That agency has subsequently put out reports detailing welfare payments to hundreds of lotto winners each year. Republicans in Congress pointed to the Michigan example in justifying their legislation at a hearing last month.

The Congressional Budget Office said in 2016 that a more stringent version of the language included in the GOP health care bill would save more than $400 million over a period of 10 years. That's a lot of money, but not on the scale of Medicaid, which insures tens of millions of Americans and is projected to cost trillions over that time frame.

Republicans in Congress and state legislatures have introduced many bills that target the supposed bad behavior of people on public benefits, whether it's food stamp recipients eating junk food, or Temporary Assistance for Needy Families beneficiaries withdrawing cash benefits from ATMs inside liquor stores.

Congress also targeted lottery winners when it reauthorized the Supplemental Nutrition Assistance Program in 2014, requiring state agencies that administer SNAP to work with state gaming agencies on determining someone's winnings.

Poor people are likelier than the wealthy to play lotteries, which earn states tens of billions of dollars that are typically used to bolster education budgets. Haters have likened lotteries to a tax on the poor.

Clayton, the Michigan lottery winner prosecuted by the state's attorney general for continuing to receive food stamps, found herself in a harsh media spotlight amid the state's crackdown on welfare fraud. She wound up dead in 2012 from an accidental overdose of anti-anxiety medication, according to the Wayne County coroner's office. Her boyfriend told a local TV station that of the $1 million she'd won — about 40 percent of which would have gone to taxes — only $67,000 remained.