

112<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 6232

To establish a program to provide incentive payments to participating Medicare beneficiaries who voluntarily establish and maintain better health.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2012

Mr. PAULSEN (for himself, Mr. KIND, Mr. GRIFFIN of Arkansas, and Ms. FUDGE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To establish a program to provide incentive payments to participating Medicare beneficiaries who voluntarily establish and maintain better health.

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 “Medicare Better  
5 Health Rewards Program Act of 2012”.

1 **SEC. 2. MEDICARE BETTER HEALTH REWARDS PROGRAM.**

2 (a) IN GENERAL.—Part B of title XVIII of the Social  
3 Security Act (42 U.S.C. 1395j et seq.) is amended by add-  
4 ing at the end the following new section:

5 “MEDICARE BETTER HEALTH REWARDS PROGRAM

6 “SEC. 1849. (a) IN GENERAL.—The Secretary shall  
7 establish a Better Health Rewards Program (in this sec-  
8 tion referred to as the ‘Program’) under which incentives  
9 are provided to Medicare beneficiaries who voluntarily  
10 agree to participate in the Program.

11 “(b) ENROLLMENT.—A health professional partici-  
12 pating in the Program shall provide their patients who are  
13 Medicare beneficiaries with a description of and an oppor-  
14 tunity to enroll in the Program on a voluntary basis. If  
15 a Medicare beneficiary elects to enroll in the Program, the  
16 health professional shall inform the Secretary of the indi-  
17 vidual’s enrollment through a process established by the  
18 Secretary, which does not impose additional administra-  
19 tive requirements on the participating health professional.

20 “(c) ESTABLISHMENT OF BETTER HEALTH TARGET  
21 STANDARDS.—

22 “(1) IN GENERAL.—

23 “(A) ESTABLISHMENT.—The Secretary  
24 shall establish standards for measuring better  
25 health targets and points for achieving such  
26 standards for participating Medicare bene-

1           ficiaries, including such standards and points  
2           with respect to the following:

3                   “(i) Annual wellness visit.

4                   “(ii) Tobacco cessation.

5                   “(iii) Body Mass Index (BMI).

6                   “(iv) Diabetes screening test.

7                   “(v) Cardiovascular disease screening.

8                   “(vi) Cholesterol level screening.

9                   “(vii) Screening tests and specified  
10           vaccinations.

11           “(B) CONSULTATION.—In establishing  
12           standards and points for achieving such stand-  
13           ards under this subsection, the Secretary—

14                   “(i) shall consult with 1 or more na-  
15                   tionally recognized health care quality or-  
16                   ganizations, as determined appropriate by  
17                   the Secretary; and

18                   “(ii) may consult with physicians and  
19                   other professionals experienced with well-  
20                   ness programs.

21           “(C) POINTS.—The number of points  
22           awarded for a year for achieving standards with  
23           respect to each of the targets described in  
24           clauses (i) through (vii) of subparagraph (A)  
25           shall not exceed 5. Such points may be awarded

1 on a sliding scale, based on standards estab-  
2 lished under this subsection, as determined ap-  
3 propriate by the Secretary.

4 “(2) MODIFICATION OF BETTER HEALTH TAR-  
5 GET STANDARDS AND ASSIGNED POINTS.—

6 “(A) IN GENERAL.—The Secretary may  
7 modify standards for measuring better health  
8 targets and, subject to paragraph (1)(C), points  
9 for achieving such standards for participating  
10 Medicare beneficiaries under this subsection.

11 “(B) CONSULTATION.—In modifying  
12 standards and points for achieving such stand-  
13 ards under this paragraph, the Secretary—

14 “(i) shall consult with 1 or more na-  
15 tionally recognized health care quality or-  
16 ganizations, as determined appropriate by  
17 the Secretary; and

18 “(ii) may consult with physicians and  
19 other professionals experienced with well-  
20 ness programs.

21 “(d) CONDUCT OF PROGRAM.—

22 “(1) DURATION.—

23 “(A) IN GENERAL.—Subject to subpara-  
24 graph (B), the Program shall be conducted for  
25 not less than a 3-year period.

1           “(B) EXPANSION.—The Secretary shall ex-  
2           pand the duration and scope of the Program, to  
3           the extent determined appropriate by the Sec-  
4           retary, if—

5                   “(i) the Secretary determines that  
6                   such expansion is expected to—

7                           “(I) reduce spending under this  
8                           title without reducing the quality of  
9                           care; or

10                           “(II) improve the quality of care  
11                           and reduce spending;

12                   “(ii) the Chief Actuary of the Centers  
13                   for Medicare & Medicaid Services certifies  
14                   that such expansion would reduce program  
15                   spending under this title; and

16                   “(iii) the Secretary determines that  
17                   such expansion would not deny or limit the  
18                   coverage or provision of benefits under this  
19                   title for individuals.

20           “(2) COLLECTION AND USE OF BASELINE  
21           DATA.—During the first year of the Program, a  
22           health professional shall establish and report to the  
23           Secretary baseline information for each participating  
24           Medicare beneficiary who is a patient of the health  
25           professional as part of that beneficiary’s first year

1 assessment under paragraph (3)(A). The health pro-  
2 fessional shall use such data to aid in the determina-  
3 tion of whether and to what extent the participating  
4 Medicare beneficiary is meeting the target standards  
5 under subsection (c) in each of years 2 and 3 of the  
6 Program.

7 “(3) REQUIRED ASSESSMENTS FOR PARTICI-  
8 PATING MEDICARE BENEFICIARIES.—

9 “(A) FIRST YEAR.—During year 1 of the  
10 Program, a health professional shall furnish to  
11 each participating Medicare beneficiary that is  
12 a patient of the health professional either an  
13 annual wellness visit or an initial preventive  
14 physical examination.

15 “(B) SECOND AND THIRD YEARS.—During  
16 each of years 2 and 3 of the Program, a health  
17 professional shall furnish to each participating  
18 Medicare beneficiary that is a patient of the  
19 health professional an annual wellness visit to  
20 determine whether and to what extent the par-  
21 ticipating Medicare beneficiary has met the tar-  
22 get standards under subsection (c).

23 “(e) DETERMINATION OF POINTS AND PAYMENT OF  
24 INCENTIVES.—

1           “(1) DETERMINATION OF POINTS.—During  
2 each of years 2 and 3 of the Program, a health pro-  
3 fessional shall—

4           “(A) evaluate and report to the Secretary  
5 whether each participating Medicare beneficiary  
6 that is a patient of the health professional has  
7 achieved the target standards under subsection  
8 (c); and

9           “(B) determine the total amount of points  
10 that each such participating Medicare bene-  
11 ficiary has achieved for the year based on the  
12 points assigned for achieving such standards  
13 under subsection (c).

14           “(2) INCENTIVE PAYMENT.—

15           “(A) IN GENERAL.—The Secretary shall  
16 pay to each participating Medicare beneficiary  
17 who achieves at least 20 points under para-  
18 graph (1)(B) for the year an incentive payment  
19 as follows:

“Points	Year 2 Payment Amount	Year 3 or a Subsequent Year Payment Amount
20–24 points .....	\$100	\$200
25 or more points .....	\$200	\$400.

20           “(B) INFLATION ADJUSTMENT.—The dol-  
21 lar amounts specified in this paragraph shall be  
22 increased, beginning with 2016, from year to

1           year based on the percentage increase in the  
2           consumer price index for all urban consumers  
3           (all items; United States city average), rounded  
4           to the nearest \$1.

5           “(3) FINAL DETERMINATION OF STANDARDS  
6           ACHIEVEMENT MADE BY PARTICIPATING HEALTH  
7           PROFESSIONAL.—Under the Program, a partici-  
8           pating health professional shall make the final deter-  
9           mination as to whether or not a participating Medi-  
10          care beneficiary has met the target standards under  
11          subsection (c) and what screening tests and specified  
12          vaccinations, or other services, are necessary for  
13          purposes of making such determination.

14          “(f) SPENDING BENCHMARKS.—

15                 “(1) IN GENERAL.—The Secretary shall collect  
16                 relevant data, including data on claims paid under  
17                 this title for services furnished to participating  
18                 Medicare beneficiaries during the Program, for pur-  
19                 poses of determining the aggregate estimated sav-  
20                 ings achieved under this title for participating Medi-  
21                 care beneficiaries during each of years 2 and 3 of  
22                 the Program in accordance with paragraph (2) (and  
23                 for a subsequent year if the Program is expanded  
24                 under subsection (d)(1)(B)).



1           “(2) DETERMINATION OF AGGREGATE ESTI-  
2 MATED SAVINGS.—

3           “(A) IN GENERAL.—The amount of the  
4 aggregate estimated savings under this title for  
5 participating Medicare beneficiaries under para-  
6 graph (1), with respect to a year, shall be equal  
7 to—

8                   “(i) the estimated savings determined  
9 under subparagraph (B) for the year;  
10 minus

11                   “(ii) the aggregate incentive payments  
12 made under the Program during the year.

13           “(B) DETERMINATION OF ESTIMATED SAV-  
14 INGS.—For purposes of subparagraph (A)(i),  
15 the estimated savings determined under this  
16 subparagraph for a year shall be equal to—

17                   “(i) the estimated aggregate expendi-  
18 tures under this title (as projected under  
19 subparagraph (C)) for the year; minus

20                   “(ii) the actual aggregate expendi-  
21 tures under this title (as determined by the  
22 Secretary and taking into account any re-  
23 duction in specific health risks of the par-  
24 ticipating Medicare beneficiaries) for the  
25 year.

1                   “(C) PROJECTION OF ESTIMATED AGGRE-  
2                   GATE CLAIMS COST.—

3                   “(i) BENCHMARK BASE YEAR.—The  
4                   Secretary shall establish a benchmark base  
5                   year amount of expenditures under this  
6                   title for participating Medicare bene-  
7                   ficiaries during year 1 of the Program.

8                   “(ii) PROJECTION.—The Secretary  
9                   shall use the benchmark base year amount  
10                  established under clause (i) to project the  
11                  estimated aggregate expenditures for all  
12                  participating Medicare beneficiaries during  
13                  each of years 2 and 3 of the Program as  
14                  if the beneficiaries were not participating  
15                  in the Program. In making such projec-  
16                  tion, the Secretary may include adjust-  
17                  ments for health status or other specific  
18                  risk factors and geographic variation for  
19                  the participating Medicare beneficiaries.

20                  “(D) PUBLIC REPORT OF DETERMINATION  
21                  AND OTHER PROGRAM INFORMATION.—Not  
22                  later than 90 days after determining the aggre-  
23                  gate estimated savings (if any) under subpara-  
24                  graph (A) with respect to a year, the Secretary  
25                  shall make available to the public a report con-

1           taining a description of the amount of the sav-  
2           ings determined, including the methodology and  
3           any other calculations or determinations in-  
4           volved in the determination of such amount.  
5           Such report shall include—

6                   “(i) a description of any reduction in  
7                   specific health risks of participating Medi-  
8                   care beneficiaries identified by the Sec-  
9                   retary;

10                   “(ii) a description of—

11                           “(I) standards for measuring bet-  
12                           ter health targets under subsection  
13                           (c); and

14                           “(II) the points available for  
15                           achieving each such standard under  
16                           that subsection; and

17                   “(iii) recommendations for such legis-  
18                   lation and administrative action as the  
19                   Secretary determines appropriate.

20                   “(3) ADDITIONAL FUNDING IF AGGREGATE IN-  
21                   CENTIVE PAYMENTS EXCEED ESTIMATED SAV-  
22                   INGS.—If, for a year during the Program, the aggre-  
23                   gate incentive payments made during the year ex-  
24                   ceed the estimated savings determined under para-  
25                   graph (2)(B) for the year, the Secretary shall pro-

1       vide for the transfer, from the Prevention and Public  
2       Health Fund established under section 4002 of the  
3       Patient Protection and Affordable Care Act, of an  
4       amount equal to the amount of such excess, to the  
5       Federal Supplementary Medical Insurance Trust  
6       Fund under section 1841.

7       “(g) WAIVER AUTHORITY.—The Secretary may  
8       waive such requirements of this title and title XI as may  
9       be necessary to carry out the purposes of the Program  
10      established under this section.

11      “(h) DEFINITIONS.—In this section:

12           “(1) ANNUAL WELLNESS VISIT.—The term ‘an-  
13      nual wellness visit’ includes personalized prevention  
14      plan services (as defined in section 1861(hhh)(1)).

15           “(2) HEALTH PROFESSIONAL.—The term  
16      ‘health professional’ includes a physician (as defined  
17      in section 1861(r)(1)) and a practitioner described  
18      in clause (i) of section 1842(b)(18)(C).

19           “(3) INITIAL PREVENTIVE PHYSICAL EXAMINA-  
20      TION.—The term ‘initial preventive physical exam-  
21      ination’ has the meaning given that term in section  
22      1861(ww)(1).

23           “(4) MEDICARE BENEFICIARY.—The term  
24      ‘Medicare beneficiary’ means an individual enrolled  
25      under this part.

1           “(5) PARTICIPATING MEDICARE BENE-  
2           FICIARY.—The term ‘participating Medicare bene-  
3           ficiary’ means a Medicare beneficiary who enrolls in  
4           the Program under subsection (b).

5           “(6) SCREENING TESTS.—The term ‘screening  
6           tests’ means any of the following that are deter-  
7           mined by a health professional to be appropriate for  
8           a participating Medicare beneficiary:

9                   “(A) Colorectal cancer screening tests (as  
10                   defined in section 1861(pp)).

11                   “(B) Screening mammography (as de-  
12                   scribed in section 1861(jj)).

13                   “(C) Screening pap smear and screening  
14                   pelvic exam (as defined in section 1861(nn)).

15                   “(D) Screening for glaucoma (as defined  
16                   in section 1861(uu)).

17                   “(E) Bone mass measurement (as defined  
18                   in section 1861(rr)) for qualified individuals de-  
19                   scribed in paragraph (2)(A) of such section.

20                   “(F) HIV screening for high-risk groups  
21                   (as identified by the Secretary).

22           “(7) SPECIFIED VACCINATIONS.—The term  
23           ‘specified vaccinations’ means the vaccinations de-  
24           scribed in section 1861(ww)(1) that are determined

1 by a health professional to be appropriate for a par-  
2 ticipating Medicare beneficiary.”.

3 (b) CONFORMING AMENDMENT.—Section 4002(c) of  
4 the Patient Protection and Affordable Care Act (Public  
5 Law 111–148) is amended by inserting “and shall transfer  
6 amounts in the Fund to the Federal Supplementary Med-  
7 ical Insurance Trust Fund under section 1841 of the So-  
8 cial Security Act in accordance with section 1849(f)(3) of  
9 such Act” before the period at the end.

10 **SEC. 3. PARTICIPATION BY MEDICARE ADVANTAGE PLANS.**

11 Section 1859 of the Social Security Act (42 U.S.C.  
12 1395w–28) is amended by adding at the end the following  
13 new subsection:

14 “(h) PROVIDING INCENTIVES FOR VOLUNTARY PAR-  
15 TICIPATION IN A BETTER HEALTH REWARDS PRO-  
16 GRAM.—

17 “(1) IN GENERAL.—Effective for plan years be-  
18 ginning on or after the date of enactment of the  
19 Medicare Better Health Rewards Program Act of  
20 2012, a Medicare Advantage organization may pro-  
21 vide to individuals enrolled in an MA plan offered by  
22 the organization incentive payments, including cash,  
23 cash-equivalent, or other types of incentives, for vol-  
24 untary participation in a Better Health Rewards  
25 Program (in this subsection referred to as the ‘Pro-

1       gram’) that rewards individuals for meeting certain  
2       health targets established by the Secretary.

3               “(2) LIMITATION.—In no case shall the month-  
4       ly bid amount submitted by a Medicare Advantage  
5       organization under section 1834(a)(6) (or the  
6       monthly premium charged by the organization under  
7       section 1854(b)) with respect to an MA plan offered  
8       by the organization take into account any incentive  
9       payments made to enrollees under the Program.

10              “(3) IMPLEMENTATION.—The Program under  
11       this subsection shall be conducted in a similar man-  
12       ner to the manner in which the program under sec-  
13       tion 1849 is conducted, in accordance with stand-  
14       ards established by the Secretary.

15              “(4) NOTIFICATION AND PROVISION OF INFOR-  
16       MATION.—A Medicare Advantage organization seek-  
17       ing to participate in the Program shall—

18                      “(A) notify the Secretary of the organiza-  
19       tion’s intent to participate in the Program; and

20                      “(B) agree to provide to the Secretary—

21                              “(i) information regarding—

22                                      “(I) which enrollees participate  
23       in the Program;

1                   “(II) the scores of those enrollees  
2                   with respect to applicable health tar-  
3                   gets under the Program; and

4                   “(III) the incentives enrollees re-  
5                   ceive for meeting such health targets;  
6                   and

7                   “(ii) any other information specified  
8                   by the Secretary for purposes of this sub-  
9                   section.

10                   “(5) WAIVER AUTHORITY.—The Secretary may  
11                   waive such requirements of this title and title XI as  
12                   may be necessary to carry out the purposes of the  
13                   Program established under this subsection.”.

14 **SEC. 4. PARTICIPATION OF SECTION 1876 COST PLANS.**

15                   Section 1876 of the Social Security Act (42 U.S.C.  
16 1395mm) is amended by inserting at the end the fol-  
17 lowing:

18                   “(1) PROVIDING INCENTIVES FOR VOLUNTARY PAR-  
19 TICIPATION IN A BETTER HEALTH REWARDS PRO-  
20 GRAM.—

21                   “(1) IN GENERAL.—Effective for contract peri-  
22                   ods beginning on or after the date of enactment of  
23                   the Medicare Better Health Rewards Program Act  
24                   of 2012, an eligible organization may provide to  
25                   members enrolled under this section with the organi-



1 zation incentive payments, including cash, cash-  
2 equivalent, or other types of incentives, for voluntary  
3 participation in a Better Health Rewards Program  
4 (in this subsection referred to as the ‘Program’) that  
5 rewards members for meeting certain health targets  
6 established by the Secretary.

7 “(2) LIMITATION.—In no case shall the pay-  
8 ment to an eligible organization under this section  
9 (or the premium rate charged by the organization  
10 under this section) with respect to members enrolled  
11 with the organization take into account any incentive  
12 payments made to members under the Program.

13 “(3) IMPLEMENTATION.—The Program under  
14 this subsection shall be conducted in a similar man-  
15 ner to the manner in which the program under sec-  
16 tion 1849 is conducted, in accordance with stand-  
17 ards established by the Secretary.

18 “(4) NOTIFICATION AND PROVISION OF INFOR-  
19 MATION.—An eligible organization seeking to partici-  
20 pate in the Program shall—

21 “(A) notify the Secretary of the organiza-  
22 tion’s intent to participate in the Program; and

23 “(B) agree to provide to the Secretary—

24 “(i) information regarding—

1                   “(I) which members participate  
2                   in the Program;

3                   “(II) the scores of those members  
4                   with respect to applicable health tar-  
5                   gets under the Program; and

6                   “(III) the incentives members re-  
7                   ceive for meeting such health targets;  
8                   and

9                   “(ii) any other information specified  
10                  by the Secretary for purposes of this sub-  
11                  section.

12                  “(5) WAIVER AUTHORITY.—The Secretary may  
13                  waive such requirements of this title and title XI as  
14                  may be necessary to carry out the purposes of the  
15                  Program established under this subsection.”.

16 **SEC. 5. PARTICIPATION OF PROGRAMS OF ALL-INCLUSIVE**  
17 **CARE FOR THE ELDERLY (PACE).**

18                  (a) MEDICARE.—Section 1894 of the Social Security  
19 Act (42 U.S.C. 1395eee) is amended by inserting at the  
20 end the following:

21                  “(j) PROVIDING INCENTIVES FOR VOLUNTARY PAR-  
22 TICIPATION IN A BETTER HEALTH REWARDS PRO-  
23 GRAM.—

24                  “(1) IN GENERAL.—Effective for PACE pro-  
25                  gram agreements entered into on or after the date

1 of enactment of the Medicare Better Health Re-  
2 wards Program Act of 2012, a PACE provider may  
3 provide to PACE program eligible individuals en-  
4 rolled under this section with the PACE provider in-  
5 centive payments, including cash, cash-equivalent, or  
6 other types of incentives, for voluntary participation  
7 in a Better Health Rewards Program (in this sub-  
8 section referred to as the ‘Program’) that rewards  
9 enrollees for meeting certain health targets estab-  
10 lished by the Secretary.

11 “(2) LIMITATION.—In no case shall the pay-  
12 ment to a PACE provider under this section (or any  
13 premium charged by the provider under this section)  
14 with respect to PACE program eligible individuals  
15 enrolled with the PACE provider take into account  
16 any incentive payments made to individuals under  
17 the Program.

18 “(3) IMPLEMENTATION.—The Program under  
19 this subsection shall be conducted in a similar man-  
20 ner to the manner in which the program under sec-  
21 tion 1849 is conducted, in accordance with stand-  
22 ards established by the Secretary.

23 “(4) NOTIFICATION AND PROVISION OF INFOR-  
24 MATION.—A PACE provider seeking to participate  
25 in the Program shall—

1           “(A) notify the Secretary of the PACE  
2 provider’s intent to participate in the Program;  
3 and

4           “(B) agree to provide to the Secretary—

5           “(i) information regarding—

6           “(I) which PACE program eligi-  
7 ble individuals enrolled with the  
8 PACE provider participate in the Pro-  
9 gram;

10           “(II) the scores of those individ-  
11 uals with respect to applicable health  
12 targets under the Program; and

13           “(III) the incentives individuals  
14 receive for meeting such health tar-  
15 gets; and

16           “(ii) any other information specified  
17 by the Secretary for purposes of this sub-  
18 section.

19           “(5) WAIVER AUTHORITY.—The Secretary may  
20 waive such requirements of this title and titles XI  
21 and XIX as may be necessary to carry out the pur-  
22 poses of the Program established under this sub-  
23 section.”.

1 (b) MEDICAID.—Section 1934 of the Social Security  
2 Act (42 U.S.C. 1396u–4) is amended by adding at the  
3 end the following new subsection:

4 “(k) PROVIDING INCENTIVES FOR VOLUNTARY PAR-  
5 TICIPATION IN A BETTER HEALTH REWARDS PRO-  
6 GRAM.—

7 “(1) IN GENERAL.—Effective for PACE pro-  
8 gram agreements entered into on or after the date  
9 of enactment of the Medicare Better Health Re-  
10 wards Program Act of 2012, a PACE provider may  
11 provide to PACE program eligible individuals en-  
12 rolled under this section with the PACE provider in-  
13 centive payments, including cash, cash-equivalent, or  
14 other types of incentives, for voluntary participation  
15 in a Better Health Rewards Program (in this sub-  
16 section referred to as the ‘Program’) that rewards  
17 enrollees for meeting certain health targets estab-  
18 lished by the Secretary.

19 “(2) LIMITATION.—In no case shall the pay-  
20 ment to a PACE provider under this section (or any  
21 premium charged by the provider under this section)  
22 with respect to PACE program eligible individuals  
23 enrolled with the PACE provider take into account  
24 any incentive payments made to individuals under  
25 the Program.

1           “(3) IMPLEMENTATION.—The Program under  
2 this subsection shall be conducted in a similar man-  
3 ner to the manner in which the program under sec-  
4 tion 1849 is conducted, in accordance with stand-  
5 ards established by the Secretary.

6           “(4) NOTIFICATION AND PROVISION OF INFOR-  
7 MATION.—A PACE provider seeking to participate  
8 in the Program shall—

9                   “(A) notify the Secretary of the PACE  
10 provider’s intent to participate in the Program;  
11 and

12                   “(B) agree to provide to the Secretary—

13                           “(i) information regarding—

14                                   “(I) which PACE program eligi-  
15 ble individuals enrolled with the  
16 PACE provider participate in the Pro-  
17 gram;

18                                   “(II) the scores of those individ-  
19 uals with respect to applicable health  
20 targets under the Program; and

21                                   “(III) the incentives individuals  
22 receive for meeting such health tar-  
23 gets; and

1                   “(ii) any other information specified  
2                   by the Secretary for purposes of this sub-  
3                   section.

4                   “(5) WAIVER AUTHORITY.—The Secretary may  
5                   waive such requirements of this title and titles XI  
6                   and XVIII as may be necessary to carry out the pur-  
7                   poses of the Program established under this sub-  
8                   section.”.

9   **SEC. 6. EXCLUSION OF INCENTIVE PAYMENTS.**

10           (a) IN GENERAL.—Part III of subchapter B of chap-  
11   ter 1 of the Internal Revenue Code of 1986 is amended  
12   by inserting after section 139D the following new section:

13   **“SEC. 139E. MEDICARE BETTER HEALTH REWARDS PAY-**  
14                   **MENTS.**

15           “Gross income shall not include any payment made  
16   under the following programs:

17                   “(1) The Medicare Better Health Rewards Pro-  
18                   gram established under section 1849 of the Social  
19                   Security Act.

20                   “(2) A Better Health Rewards Program estab-  
21                   lished pursuant to section 1859(h), 1876(l), 1894(j),  
22                   or 1934(k) of the Social Security Act.”.

23           (b) CLERICAL AMENDMENT.—The table of sections  
24   for part III of subchapter B of chapter 1 of such Code

1 is amended by inserting after the item relating to section

2 139D the following new item:

“Sec. 139E. Medicare Better Health Rewards payments.”

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