

# BASICS OF BUDGET RECONCILIATION AND THE CONNECTION TO HEALTH POLICY



## Overview

Budgetary and spending pressures heavily influence the design of Congressional policy changes, especially in health care. Budget reconciliation is a special legislative process, created in the 1970s, that is intended to facilitate tax and spending changes to meet a recommended congressional budget resolution cost or savings target. However, because the process allows members of Congress to circumvent standard rules and procedures, it has been increasingly used as a mechanism by both political parties to enact significant policy changes.

On Thursday, February 11, 2021 the Alliance for Health Policy held a briefing that provided a high-level overview of the budget reconciliation process, including unique rules and restrictions, historical uses, and its use as a tool to advance legislative priorities in Congress. Panelists discussed potential applications of reconciliation to address national economic and health policy concerns of the 117th Congress and the new administration, such as COVID-19 relief, economic stimulus, and equitable health care access and affordability. This briefing was supported by the Commonwealth Fund and Arnold Ventures.

### Quick Reconciliation Facts / Key Lessons

- **Budget Resolution:** A governing blueprint that provides an annual plan for the Government's finances. It is privileged in nature and limits debate time in the Senate to 50 hours. It can't be [filibustered](#) and only needs a simple majority (51 votes in Senate) to pass.
- **Reconciliation Instructions:** A legislative tool to expedite action by the authorizing committees to bring spending and revenue policies in line with what is envisioned in the budget resolution. Reconciliation instructions cannot direct policy outcomes, but policy assumptions generally inform budget targets. Reconciliation instruction includes **three components**:
  - Committee(s) being instructed,
  - A budget target each instructed Committee must meet (revenue, spending, deficit reduction, deficit increase),
  - A deadline for reporting recommendations.
- **Reserve Funds:** Can provide flexibility to the Budget Chair to change budget allocations or aggregates and avoid [budget points of order](#). When floor measures violate budget protocols or the agreed upon spending level, Senators can raise a point of order, to ensure that budget and rules are enforced.
- Reconciliation instruction content that does not pertain to budgetary matters can be removed using the ["Byrd rule"](#).
- **Key players** in the process include the [Senate Budget Chair](#), the [Congressional Budget Office](#) and [Joint Committee on Taxation](#), and the [Senate Parliamentarian](#).

## Questions & Answers

### How often can budget reconciliation be used per Congressional session?

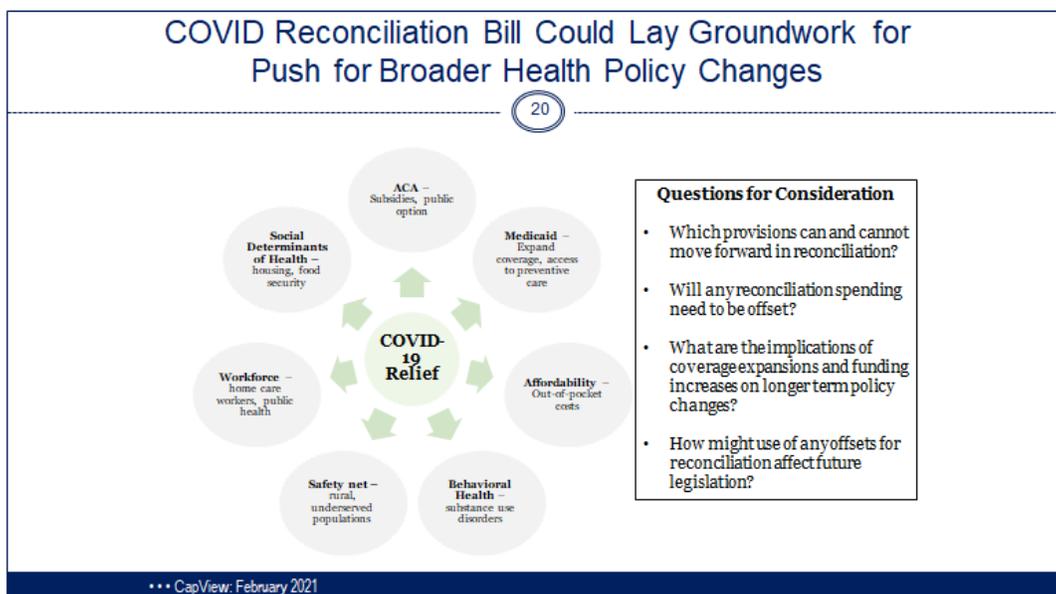
“The reason we are taking up a Reconciliation Bill so quickly before President Biden has submitted a budget is because Congress never completed action last year on its FY21 Budget Resolution. Based on precedence from 2017, Congress is able to move forward on a budget resolution and reconciliation process. However, once the President submits his budget for FY22 and the Budget Committee is able to start their regular budget resolution cycle, including adopting a conference budget resolution in both chambers that also includes reconciliation or instructions, then they can move forward with a second reconciliation process. I would also note that there is nothing that prevents Congress from then adopting another budget resolution for a third reconciliation process.” – Sarah Kuehl Egge, MPP, Principal, SplitOak Strategies

### How many years can the budget reconciliation bill span?

“[The] Congressional Budget Act actually requires you to use the current year and then the next five, but oftentimes we end up doing 10 years because CBO, [Congressional Budget Office], does 10-year budget projections.” – Sarah Kuehl Egge, MPP, Principal, SplitOak Strategies

### What are some of the different policy initiatives that we might see included in reconciliation? Could we something as large as public infrastructure or something more narrowly focused like a “public option”?

“We are seeing pretty expansive policies in this COVID relief bill, but they are time limited, which I think makes them a little easier to pass. It’s also dialing up and down on existing policies like ACA subsidies. If we are thinking of completely new policies, those things become more difficult. It’s hard to do true policy making through reconciliation. I think there are going to have to be policies that move through regular order in terms of big policy priorities for this Administration.” – Purva Rawal, Ph.D., Principal, CapView Strategies



“Basics of Budget Reconciliation and the Connection to Health Policy.” Purva Rawal, Ph.D. Presentation available [here](#).

## What advantages and disadvantages does the minority party have? What about the majority?

“The majority is always at a very distinct advantage because they get to see the final language, have access to the CBO score, access to the [Senate] Parliamentarian, and time to plan before they argue before the Parliamentarian. The minority’s job is to make it as difficult as possible for the majority. The advantages are limited, though, and that limitation is the Byrd rule. With that rule in place. it makes it very difficult to do complicated public policy under reconciliation.” – Rodney Whitlock, Ph.D., Vice President, McDermott+ Consulting

### Tips for Hill Staffers

- “Get to know the counsel in your office as they understand legal precedent.”  
– Purva Rawal, Ph.D., Principal, CapView Strategies
- “Keep perspective. Purva and I argued in front of the former Parliamentarian and we are still friends.”  
– Rodney Whitlock, Ph.D., Vice President, McDermott+ Consulting
- “Read Bill Dauster’s annotated [document](#) [on the Byrd rule]. It’s a great primer for anyone [who] wants to get into the nitty gritty of how the Byrd rule has worked in the past.”  
– Sarah Kuehl Egge, MPP, Principal, SplitOak Strategies

## Experts

### James C. Capretta

American Enterprise Institute, Resident Fellow;  
Milton Friedman Chair  
[jcapretta@aei.org](mailto:jcapretta@aei.org)

### Greg D’Angelo

The Nickles Group, Vice President  
[greg\\_dangelo@nicklesgroup.com](mailto:greg_dangelo@nicklesgroup.com)

### Sarah Kuehl Egge\*

SplitOak Strategies, Principal  
[sarah.egge@splitoakstrategies.com](mailto:sarah.egge@splitoakstrategies.com)

### Marc Goldwein

Committee for a Responsible Federal Budget,  
Senior Vice President and Senior Policy Director  
[goldwein@crfb.org](mailto:goldwein@crfb.org)

### Seth Hanlon

Center for American Progress, Senior Fellow  
[shanlon@americanprogressaction.org](mailto:shanlon@americanprogressaction.org)

### Larry Levitt

Kaiser Family Foundation,  
Senior Vice President for Health Reform  
[larryl@kff.org](mailto:larryl@kff.org)

### Nina Owcharenko Schaefer

The Heritage Foundation, Senior Research Fellow,  
Domestic Policy Studies, Health Policy  
[nina.schaefer@heritage.org](mailto:nina.schaefer@heritage.org)

### Purva Rawal, Ph.D. \*

Principal, CapView Strategies  
[purva.rawal@capviewstrategies.com](mailto:purva.rawal@capviewstrategies.com)

### Paul N. Van de Water

Center on Budget and Policy Priorities,  
Senior Fellow  
[vandewater@cbpp.org](mailto:vandewater@cbpp.org)

### David Wessel

Brookings Institute, Director, Hutchins Center  
on Fiscal and Monetary Policy,  
Senior Fellow – Economic Studies  
[dwessel@brookings.edu](mailto:dwessel@brookings.edu)

### Rodney L. Whitlock, Ph.D., M.A.\*

Vice President, McDermott+Consulting  
[rwhitlock@mcdermottplus.com](mailto:rwhitlock@mcdermottplus.com)

*\*Served as panelist for February 11, 2021 event “Basics of Budget Reconciliation and the Connection to Health Policy”.*

## Resources

“S.Con.Res.5: The Budget Resolution FY2021.” Lynch, M., Saturno, J. Congressional Research Services. February 8, 2021. Available at <http://allh.us/Nqrp>.

“McDermott+ Healthcare Preview: Week of February 8.” McDermott+Consulting. February 8, 2021. Available at <http://allh.us/P84x>.

“The Role of Reconciliation in Advancing President Biden’s Health Agenda.” Egge, S., Fowler, E., Nuzum, R. The Commonwealth Fund. February 5, 2021. Available at <http://allh.us/3BbT>.

“The Budget Reconciliation Process: Stages of Consideration.” Lynch, M., Saturno, J. Congressional Research Service. January 25, 2021. Available at <http://allh.us/keRD>.

“Budget Reconciliation: The Basics.” U.S. House of Representatives Committee on the Budget. October 28, 2020. Available at <http://allh.us/nTmX>.

“The Budget Reconciliation Process: Timing of Legislative Action.” Lynch, M. Congressional Research Service. February 23, 2016. Available at <http://allh.us/Whyk>.

“The Budget Reconciliation Process: The Senate’s ‘Byrd Rule.’” Keith, R. Congressional Research Service. July 2, 2010. Available at <http://allh.us/HCwf>.

*Additional resources available [online](#).*

---

*This event was hosted by the Alliance for Health Policy on February 11, 2021. The Alliance gratefully acknowledges the support of Arnold Ventures and the Commonwealth Fund for this event. For additional resources, please visit [allh.us/UAxK](http://allh.us/UAxK).*

