



Basics of Budget Reconciliation and the Connection to Health Policy

Thursday, February 11, 2021

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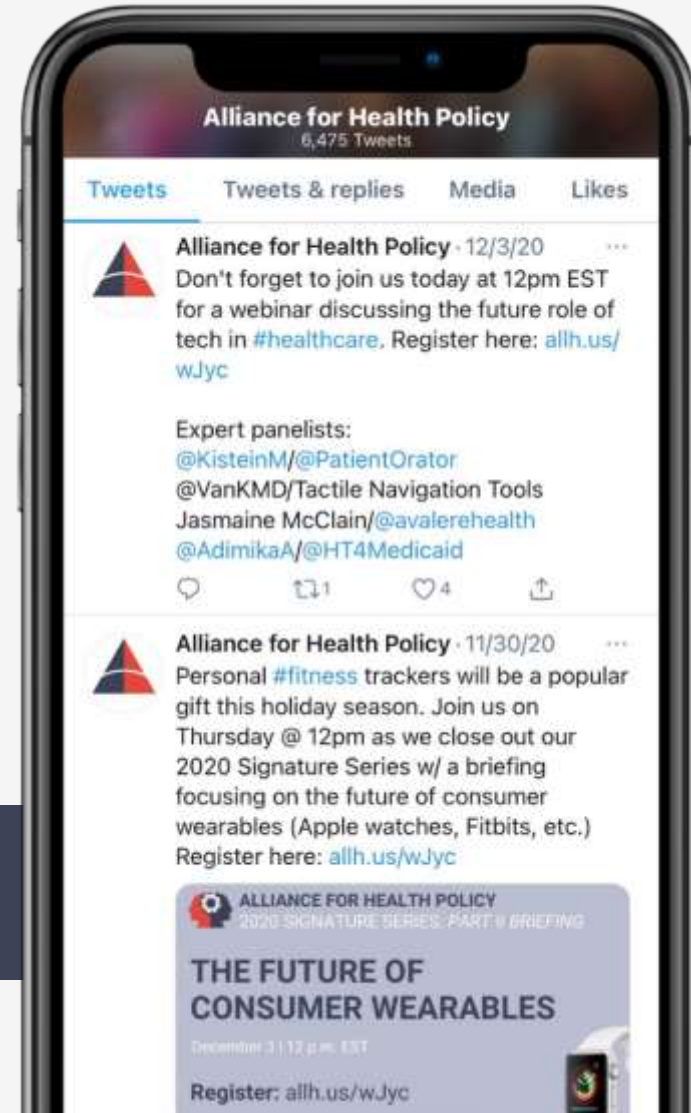


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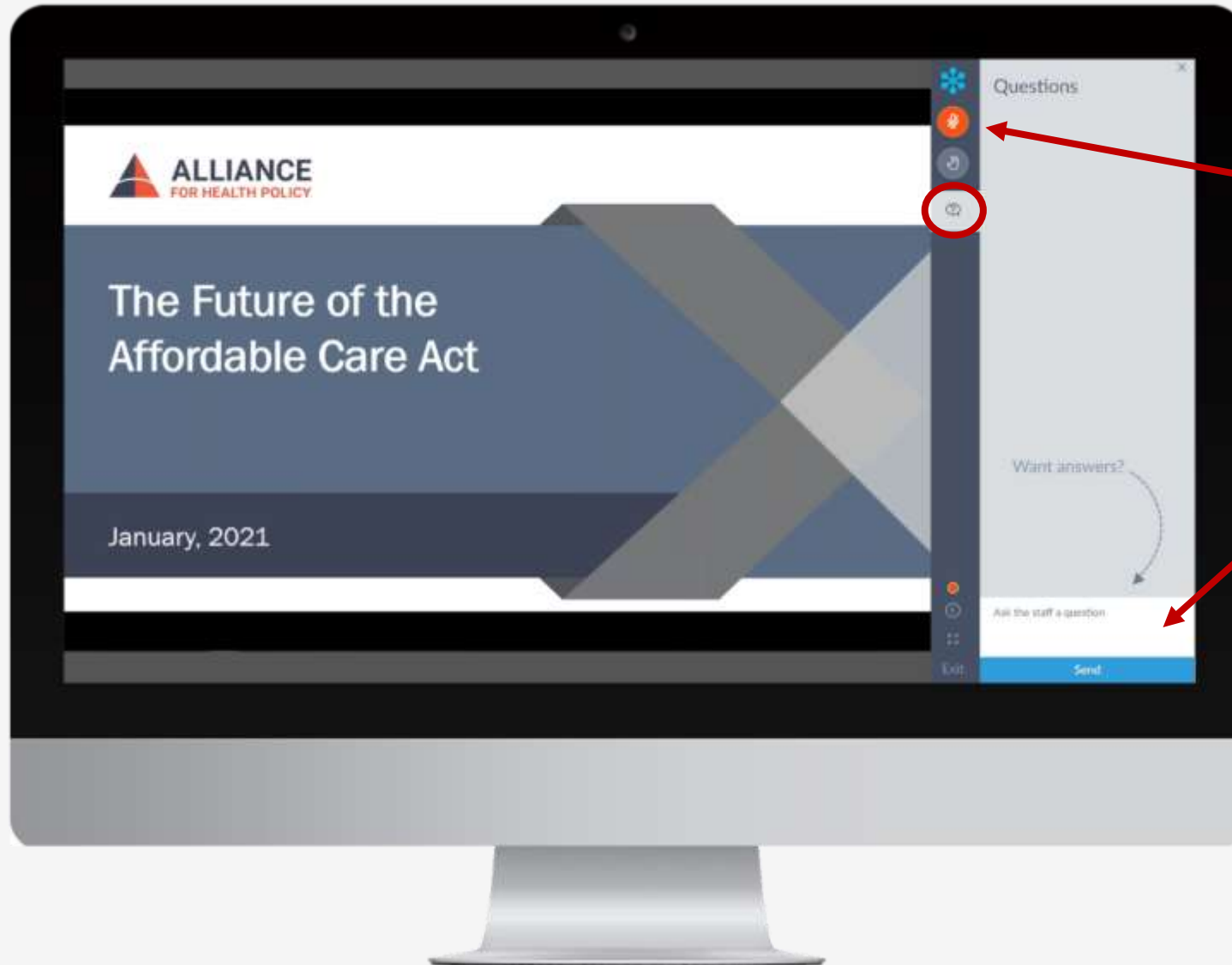


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Materials

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Upcoming Event

Feb
25

Medicare Solvency

12 pm – 1 pm ET

- Panelists:

- Adaeze Enekwechi, Ph.D., MPP, Associate Professor, George Washington University School of Public Health
- Cori Uccello, MAAA, FSA, MPP, Senior Health Fellow, American Academy of Actuaries
- Jonathan Blum, MPP, Vice President, Federal Policy and Managing Director, Medicare, Health Management Associates



Panelists



Sarah Kuehl Egge, MPP
Principal, SplitOak Strategies



Purva Rawal, Ph.D.
Principal, CapView Strategies



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Moderator





Sarah Kuehl Egge, MPP
Principal, SplitOak Strategies





Congressional Budget Process Overview

Sarah Kuehl Egge
SplitOak Strategies

February 11, 2021

Federal Budget Process Components

- ▶ President submits a budget to Congress
- ▶ ***Congressional budget resolution consideration/adoption***
- ▶ ***Budget reconciliation (optional process)***
- ▶ ***Budget resolution enforcement***
- ▶ Statutory deficit-control measures (PAYGO, sequestration)

First Step in Congress: Passing a Concurrent Budget Resolution

- ▶ **Must** include totals of new budget authority and outlays, revenues, surplus/deficit, and public debt
- ▶ **May** include “reconciliation instructions”
- ▶ **May** include “reserve funds” for particular policy priorities
- ▶ **May** include budget enforcement provisions
- ▶ Typically covers 5 or 10 fiscal years
- ▶ Process issues:
 - ▶ In the Senate, debate limited to 50 hours, plus a vote-a-rama
 - ▶ Concurrent resolution must pass both Chambers, in same form, in order be in force
 - ▶ President does not sign into law

What is a “reconciliation instruction”?

- ▶ Reconciliation instructions include 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
- ▶ Reconciliation instructions cannot direct policy outcomes, but policy assumptions generally inform the budget targets
- ▶ Example from Section 2001 of S. Con. Res. 5:

(l) COMMITTEE ON WAYS AND MEANS.—The Committee on Ways and Means of the House of Representatives shall submit changes in laws within its jurisdiction to increase the deficit by not more than \$940,718,000,000 for the period of fiscal years 2021 through 2030.

(m) SUBMISSIONS.—In the House of Representatives, not later than February 16, 2021, the committees named in the subsections of this section shall submit their recommendations to the Committee on the Budget of the House of Representatives to carry out this section.

What is a “reserve fund”?

- ▶ Reserve funds can provide important flexibility to Budget Chairmen to change budget allocations/aggregates and avoid budget point of orders (i.e., Congressional PAYGO, short-term deficit, long-term deficit)
- ▶ Example from S. Con. Res. 5, Sec. 3001, Reserve Fund for Reconciliation Legislation:

(b) SENATE.— (1) IN GENERAL.—In the Senate, the Chairman of the Committee on the Budget of the Senate may revise the allocations of a committee or committees, aggregates, and other appropriate levels in this resolution, and make adjustments to the pay-as-you-go ledger, for any bill or joint resolution considered pursuant to section 2002 containing the recommendations of one or more committees, or for one or more amendments to, a conference report on, or an amendment between the Houses in relation to such a bill or joint resolution, by the amounts necessary to accommodate the budgetary effects of the legislation, if the budgetary effects of the legislation comply with the reconciliation instructions under this concurrent resolution.

(2) DETERMINATION OF COMPLIANCE.—For purposes of this section, compliance with the reconciliation instructions under this concurrent resolution shall be determined by the Chairman of the Committee on the Budget of the Senate.

(3) EXCEPTIONS FOR LEGISLATION.—

(A) SHORT-TERM.—Section 404 of S. Con. 13 Res. 13 (111th Congress), the concurrent resolution on the budget for fiscal year 2010, as amended by section 3201(b)(2) of S. Con. Res. 16 11 (114th Congress), the concurrent resolution on the budget for fiscal year 2016, shall not apply to legislation for which the Chairman of the Committee on the Budget of the Senate has exercised the authority under paragraph (1).

(B) LONG-TERM.—Section 3101 of S. Con. 22 Res. 11 (114th Congress), the concurrent resolution on the budget for fiscal year 2016, shall not apply to legislation for which the Chairman of the Committee on the Budget of the Senate has exercised the authority under paragraph 2 (1).

Budget Reconciliation: Process and Constraints

- ▶ Debate limited in Senate to 20 hours, plus votes on amendments
- ▶ Generally, amendments must be germane and offset, except that a motion to strike a provision is always in order
- ▶ Content of reconciliation bills is constrained to budgetary matters; extraneous matter may be knocked out via “Byrd rule” if a provision:
 - A. Does not produce a change in outlays or revenue
 - B. Produces a net effect that causes an instructed Committee to fail to achieve its reconciliation instruction
 - C. Is outside of the jurisdiction of the instructed Committee
 - D. Produces changes in outlays or revenues that are *merely incidental* to the non-budgetary components of the provision
 - E. Increases net outlays or decreases net revenues during a fiscal year after those covered by the reconciliation bill
 - F. Contains recommendations with respect to Title II of the Social Security Act.
- ▶ Points of order are not self-executing
- ▶ Key Players: Senate Budget Chairman, CBO/JCT, Parliamentarian

Budget Enforcement Tools

- ▶ Statutory rules (in Congressional Budget Act) vs. House/Senate rules (in Budget Resolutions or House Rules)
- ▶ Some rules apply to all legislation, others only to budget resolutions and reconciliation bills
- ▶ Rules may require simple majority or 60 votes to waive in the Senate
- ▶ Common points of order:
 - ▶ **302(f) Committee Allocations.** Prohibits consideration of legislation that exceeds (1) an authorizing committee's allocation of budget authority and outlays or (2) an appropriations subcommittee's sub-allocation of budget authority and outlays.
 - ▶ **311(a)(2) - Spending and Revenue Aggregates.** Prohibits consideration of legislation that would (1) exceed the budget authority and outlay spending totals in the budget resolution, or (2) cause total revenues to fall below enforceable levels.
 - ▶ **4106 - Senate Pay-As-You-Go.** Prohibits consideration of direct spending or revenue legislation that would cause or increase an on-budget deficit over the current year, the budget year, or the current year plus the periods covered by the budget resolution.
- ▶ Many of these points of order can be avoided through a reserve fund
- ▶ Points of order are not self-executing



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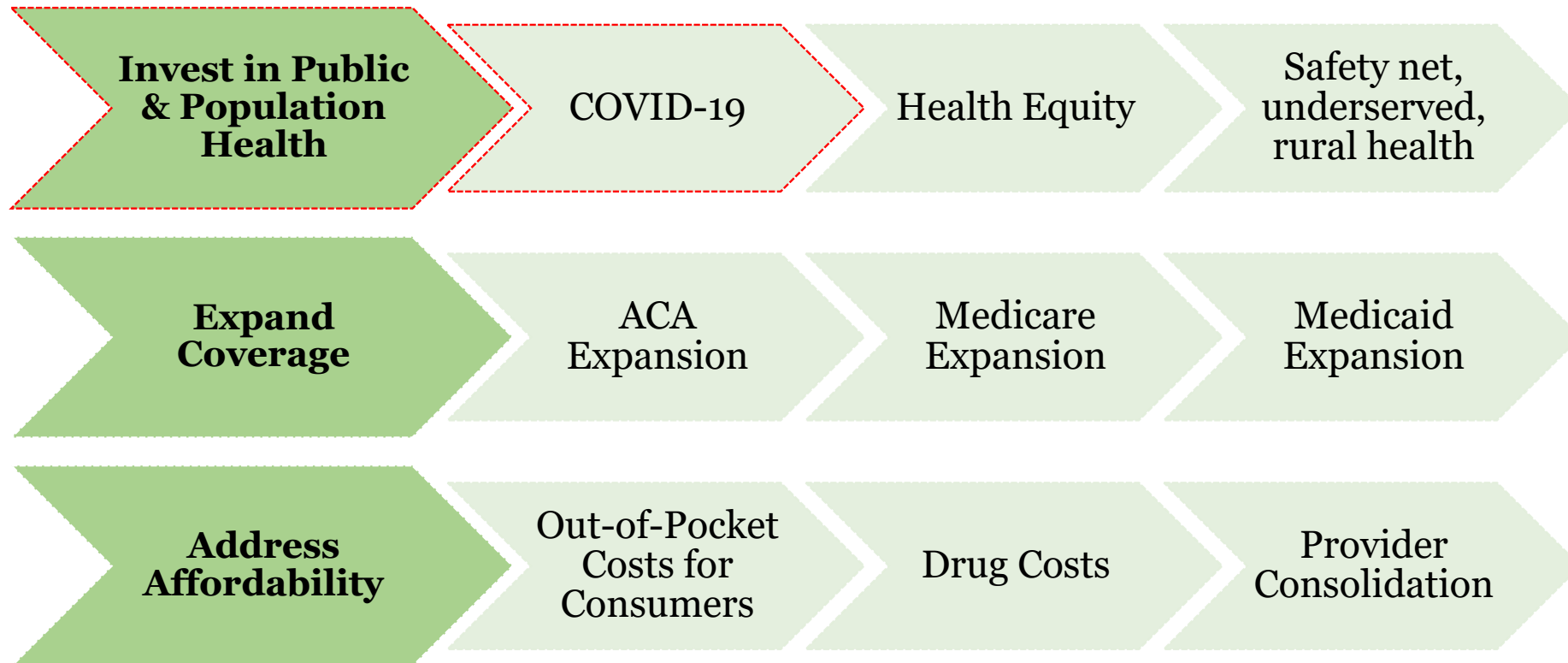
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Biden Administration and Congress – Facing a Number of Health Policy Challenges

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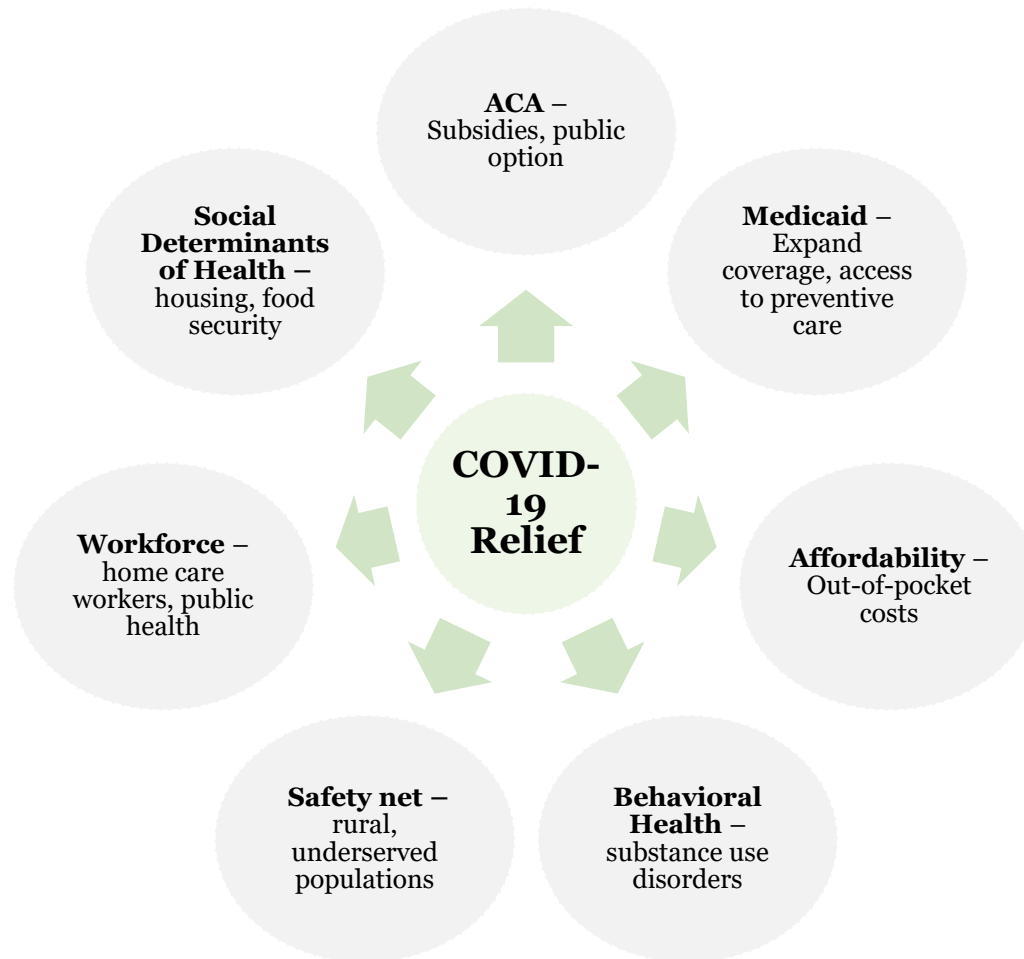
Wide-Range of Policies Under Consideration to Address Health and Economic Needs

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- **COVID-19 Pandemic Control – Testing and Vaccines**
 - CDC funding to distribute, promote, administer and track vaccines
 - Testing – development and distribution of tests, technical assistance to states, and expanding capacity
 - Workforce – contact tracers, community health workers, and epidemiologists, etc.
 - Skilled nursing facility funding
- **Coverage Expansion**
 - ACA – subsidy cliff, premium contributions held to 8.5 percent of income
 - Employer sponsored insurance - COBRA subsidies
 - Medicaid – FMAP for ACA expansion, post-partum coverage
- **Medicaid, Safety Net and At-risk Populations**
 - Medicaid – 100% FMAP for vaccine administration, HCBS, eliminate drug rebate cap
 - Community health center funding
 - Indian Health Service funding
- **Social Services and Supports**
 - Child welfare
 - WIC, SNAP
 - Older Americans Act programs
 - Home visitation

COVID Reconciliation Bill Could Lay Groundwork for Push for Broader Health Policy Changes

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Questions for Consideration

- Which provisions can and cannot move forward in reconciliation?
- Will any reconciliation spending need to be offset?
- What are the implications of coverage expansions and funding increases on longer term policy changes?
- How might use of any offsets for reconciliation affect future legislation?



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