**Public Policy Update – June 2017 Plus**

**By Brian Lindberg and Marly Santoro**

**Big Picture**

The Senate went home for a ten day Fourth of July recess without considering the Senate Republican proposal to repeal the ACA, and returned with just as many if not more doubts about the legislation. Shortly after their return to DC, the Senate Majority Leader Mitch McConnell announced that the Senate would be cancelling the first two weeks of its planned August recess in order to continue its work on a number of issues.

**FY2018 Appropriations**

The Fiscal Year (FY) 2018 appropriations hearings and mark-up are moving forward without a FY 2018 budget resolution. On June 8, the House Ways and Means Committee held a hearing on President Trump’s FY 2018 budget proposals for the Department of Health and Human Services (HHS). Secretary of HHS Tom Price was the only witness. View the hearing [here.](https://waysandmeans.house.gov/event/hearing-department-health-human-services-fiscal-year-2018-budget-request/) To date, the House Appropriations Committee has approved the following appropriations bills: Agriculture, Legislative Branch, Energy Water, Defense and the FY 18 Military Construction and Veterans Affairs.

On June 8, the Senate Finance Committee also held a hearing on the FY 2018 President’s budget request for HHS. The hearing also featured Secretary Price. View the Senate Finance hearing [here.](https://www.finance.senate.gov/chairmans-news/-hatch-announces-finance-hearing-on-administrations-hhs-fy-2018-budget-request) On June 15, Labor HHS-Education Appropriations subcommittee held a hearing about the President’s budget proposal for HHS. During the hearing, Secretary Price maintained that major cuts to Medicaid and repealing the ACA would result in better care for Americans. Secretary Price offered few details on how that would occur. The Senate has not passed any bills at the full committee level.

During the opening statement, Chairman of the Labor HHS-Education Appropriations Subcommittee, Roy Blunt (R-MO), expressed concerns over proposed cuts to the National Institutes of Health by $7.5 billion, elimination of funding for LIHEAP, and reduction of funding for the Centers for Disease Control and Prevention by $1.2 billion. He also stated that “I will not write a bill this year that reduces funding for the National Institutes of Health…NIH funding is important for those individuals suffering from life-threatening illnesses, as well as for the American taxpayer who pays for many of these individuals’ care through Medicare and Medicaid. I will not erase the gains we have made over the past two years.” View the hearing [here.](https://www.appropriations.senate.gov/hearings/review-of-the-fy2018-deptartment-of-health-and-human-services-budget-request)

The House Labor HHS-Education Appropriations Subcommittee has scheduled a mark-up for its bill on July 12, 2017. Below is a summary and the bill. In many cases it ignores the president’s budget proposals, but it does cut the LHHS funding by more than $5 billion from FY 2017 levels. For example, it proposes an increase in NIH by $1.1 billion whereas Trump proposed a $5 billion cut. HRSA’s health workforce programs are reduced less than Trump proposed, but the full details were not initially available.

Summary: <https://appropriations.house.gov/news/documentsingle.aspx?DocumentID=394995>

Bill: <https://appropriations.house.gov/uploadedfiles/turn_4_xml.pdf>

**Debt Ceiling**

A report by the Congressional Budget Office (CBO) states that Congress will need to raise the nation’s debt limit by mid-October to avoid defaulting on loan payments. Contrary to CBO’s analysis, Secretary of Treasury Steven Mnuchin suggested the government will hit the debt ceiling at the end of September. Secretary Mnuchin continues to ask Congress to move forward with raising the country’s debt limit before leaving Washington for the August recess so that a shutdown or default is avoided. Republican leaders in the House have begun having discussions on whether to have a “clean” increase or attach other policy priorities or spending cuts to legislation that lifts the limit. The Freedom Caucus has developed a list of items that it wants to have addressed in the bill. Read more [here.](http://thehill.com/policy/finance/340299-gop-leaders-have-few-sure-votes-on-debt-ceiling)

**Senate Better Care Reconciliation Act (BCRA)**

On June 22, Senate leadership released the Better Care Reconciliation Act (BCRA), the Senate’s proposal to repeal and replace the Affordable Care Act (ACA). The Senate’s version would drastically cut and restructure Medicaid with a per capita cap; restrict Medicaid expansion; impose age rating so that people 50 to 64 could pay 5 times more than younger adults for insurance; repeal taxes on the wealthiest earners thereby threatening Medicare solvency; and reduce the subsidies to low-income persons getting health insurance, while limiting them to plans with worse coverage. Following the release of the BCRA, the bill was modified to include a provision to address continuous coverage. According to new Section 206, individuals who had a break in continuous healthcare coverage for 63 days or more in the prior year will be subject to a six-month waiting period before coverage begins. Consumers will not have to pay premiums during the six-month period.

On June 26, the Congressional Budget Office (CBO) analysis estimated the Senate’s measure would decrease direct spending by about $1 trillion and reduce revenues by $700 billion. BCRA would result in 22 million Americans losing healthcare coverage by 2026 and would cut $772 billion (26 percent) from Medicaid over the next decade. At the request of the Ranking Members of the Senate Budget and Finance Committees, CBO released an updated analysis on the impacts of the BCRA on Medicaid spending over a two-decade period. A second analysis by CBO estimates that the BCRA would result in 35 percent reduction in Medicaid spending by 2036. Original CBO score can be read [here.](https://www.cbo.gov/publication/52849) Read the updated CBO analysis [here.](https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/52859-medicaid.pdf) Other CBO analyses have been requested. One estimate due out July 17 will analyze the current bill with an amendment by Senator Cruz, which would allow non-Obamacare compliant insurance products to also be introduced in the market. Here is a piece on the Cruz amendment: <https://www.cbpp.org/research/health/cruz-amendment-would-worsen-already-harmful-senate-health-bill-for-people-with>

Senate leadership remained committed to hold a vote before the July 4th recess but ultimately the bill did not have the sufficient support to secure the necessary 50 votes in the Senate. News outlets reported that at least 10 Republican Senators voiced concerns about the bill. On June 27, Senate Majority Leader Mitch McConnell (R-KY) announced that a vote would be postponed until Congress returned from July 4th recess. The next possible date for that vote appears to be July 20. At the end of this update see a summary of the latest Senate bill revisions.

Here are some of the many items that describe the bill.

* Legislative text: [https://www.budget.senate.gov/bettercare](http://r20.rs6.net/tn.jsp?f=001wZ0ceLmcCFFz-Iir9jDSGOqW4-DypOPScCVj_YljbOzhDPszYxYIDIdD9scmOj1RHlSHsCL2nC7M0TyBmrJjUYiLexD0fmyyvoRVhRJWrBbiQERpbVaCEZGoOwv9TyTeCCbtI-t2ODy4trxOpzaNaTSUzKWe0G1WZhpXNZKVRRFztnB43VYAfjyRMLEJQ6L9&c=ZkdnAgb8XMK6lIqm6875tALYZQnlBzYkxrNlimifM2huuUTteGJlQQ==&ch=0VqySKpo_Z6K2qyWuGb2wSCYsR_6lgr39glo3s0WN7uzbzW5b-X67A==)
* Republican summary: <https://www.budget.senate.gov/bettercare>
* Senate Finance Democratic Ranking Member response to repeal bill: <https://www.finance.senate.gov/ranking-members-news/wyden-explains-destructive-consequences-of-senate-health-bill>
* Leadership Council of Aging Organizations letter: <http://www.lcao.org/files/2017/06/LCAO-Senate-ACA-Repeal-Letter-062117.pdf>
* Kaiser Family Foundation Report on Older Adults Likely to See Largest Changes in their Health Insurance un AHCA: <http://files.kff.org/attachment/Issue-Brief-How-ACA-Repeal-and-Replace-Proposals-Could-Affect-Coverage-and-Premiums-for-Older-Adults>

**Released Report on How Republican Health Care Bill Threatens Rural Hospitals**

Senators Martin Heinrich (D-NM), Ranking Member of the Joint Economic Committee and Bob Casey (D-PA), Ranking Member of the Senate Special Committee on Aging released a report titled, *“TrumpCare Threatens Rural Hospitals.”* The report outlined communities that depend on Medicaid and rural hospitals to provide quality health care services. The potential deep cuts to Medicaid could threaten the ability for these hospitals to provide care to rural residents. The report describes how rural hospitals are the economic source in many small communities and that Medicaid makes up more than 10 percent of net revenue in rural hospitals. Click [here](https://www.aging.senate.gov/press-releases/republican-health-care-bill-threatens-rural-hospitals-and-the-older-americans-and-economies-they-support) to view a fact sheet on how each state is affected.

**Assistant Secretary for Aging Nominee Announced**

President Trump has announced his intent to nominate Lance Allen Robertson to be Assistant Secretary for Aging in the Department of Health and Human Services. There is a possibility that he could also serve as the Administrator of the Administration for Community Living, which is not a Senate confirmed position. The White House states that for the past decade, “Mr. Robertson served as Oklahoma's Director of Aging Services, overseeing a range of programs that included the Older Americans Act and a large 1915c Medicaid waiver. He was also an administrator at Oklahoma State University for twelve years, where he co-founded the Gerontology Institute...”Read the announcement from the White House [here.](https://www.whitehouse.gov/the-press-office/2017/06/19/president-donald-j-trump-announces-intent-nominate-personnel-key)

**Senators Collins and Nelson Introduce Retirement Security Act**

Senator Susan Collins (R-ME), the Chairman of the Senate Aging Committee, and Senator Bill Nelson (D-FL) introduced the Retirement Security Act. The bipartisan bill would help small business offer retirement plans to their employees and make it easier for workers to save more and be better prepared when they retire. The Retirement Security Act proposes the following:

* Enable more business to join multiple employer plans (MEPs) to offer retirement programs to their employees.
* Make MEPs a more attractive option for small businesses by protecting members of a MEP from losing their tax benefits if one employer in a MEP fails to meet the minimum criteria necessary for retirement plans to obtain tax benefits.
* Reduce the cost of maintain a retirement plan.
* Encourage employees in the workforce to save more for retirement.

Read more [here.](https://www.aging.senate.gov/press-releases/senators-collins-nelson-introduce-bipartisan-bill-to-help-americans-save-for-retirement)

**House W&M Hearing – Improving the Delivery and Design of Medicare Programs**

The House Ways and Means Health Subcommittee held a hearing to look for ways to reform Medicare programs to better serve older Americans and individuals with disabilities. The Subcommittee examined the following programs: Specials Needs Plans (SNP) and Program of All-Inclusive Care for the Elderly (PACE). View the hearing [here.](https://waysandmeans.house.gov/event/medicare-advantage-hearing-promoting-integrated-coordinated-care-medicare-beneficiaries/)

**Special Committee on Aging Hearing – Military Caregivers: Families Serving for the Long Run**

On June 14, the Senate Special Committee on Aging hosted a hearing titled *Military Caregivers: Families Serving for the Long Run.* The hearing unveiled a RAND Corporation report on how to help military caregivers going forward and featured testimony from Senator Elizabeth Dole with the Elizabeth Dole Foundation, actor Ryan Phillippe (Hidden Heroes ambassador) and a number of veterans and their caregivers. View the hearing and testimony statements [here.](https://www.aging.senate.gov/hearings/military-caregivers-families-serving-for-the-long-run)

**Released on July 13 by Senate Republicans:**

**REVISIONS TO THE BETTER CARE RECONCILIATION ACT**

After extensive consultations across the Senate Republican Conference, below are the primary revisions to the Better Care Reconciliation Act (BCRA) discussion draft:

 **MORE HELP TO COVER OUT-OF-POCKET COSTS:**

An additional $70 billion is dedicated to driving state-based reforms, which could include help with driving down premiums through cost-sharing, Health Savings Accounts (HSA), and other innovative ideas to help pay for health care costs. This is in addition to the $112 billion in funding already in the original bill.

**HEALTH SAVINGS ACCOUNTS TO PAY FOR PREMIUMS:**

In order to ensure that more people have financial support to pay for health care costs, a provision has been included in the bill that would, for the first time, allow people to use their HSAs to pay for their premiums.  This is a policy that the Joint Committee on Taxation says will increase health care coverage.

**ADDITIONAL RESOURCES TO COMBAT THE OPIOID EPIDEMIC:**

With the opioid crisis hitting Americans in every state, an additional $45 billion is dedicated for substance abuse treatment and recovery.

**MORE OPTIONS FOR AMERICANS TO BUY LOWER-PREMIUM PLANS:**

Individuals who enroll in catastrophic plans would be eligible for the tax credit so long as they meet other tax credit eligibility requirements. Obamacare prohibited individuals enrolled in catastrophic plans from receiving a tax credit even if they met all other eligibility requirements.

Anyone in the individual market would be allowed to purchase a lower-premium health insurance plan, including Americans with their federal tax credit assistance. These plans are higher deductible plans that cover three primary care visits a year and have federal protections that limit an individual’s out-of-pocket costs.

**TAX REVISIONS:**

The new draft bill will not include any changes from current law to the net investment income tax, the additional Medicare Health Insurance (HI) Tax, or the remuneration tax on executive compensation for certain health insurance executives.

**MEDICAID REVISIONS:**

To allow for more accurate Disproportionate Share Hospital (DSH) related decisions and maximum benefit to states to assist in providing uncompensated care, the new draft discussion changes the DSH calculation from per Medicaid enrollee to per uninsured.

 To improve management of vulnerable populations, states may apply for a waiver for the purpose of continuing and/or improving home and community-based services for aged, blind, and disabled populations.

 If a public health emergency is declared, state medical assistance expenditures in a particular part of the state will not be counted toward the per capita caps or block grant allocations for the declared period of the emergency.

 Expanded block grant option to allow states to also add expansion population under the block grant if they opt to do so.

 **ENHANCED FOCUS ON HIGHER RISK INDIVIDUALS:**

Creates a fund for the purpose of making payments to specified health insurance issuers for the associated costs of covering high risk individuals enrolled in the qualified health plans on the Affordable Care Act’s Individual Exchange. In order to qualify for such funds, an issuer must offer sufficient minimum coverage on the Exchange that remains subject to Title 1 mandates.  Offering such coverage would enable the issuer to also offer coverage off the Exchange that would be exempt from certain Title 1 mandates.