



CWDA

Advancing Human Services
for the Welfare of All Californians

Federal Update

Post-Election Status of Federal HHS Issues

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TO: County Welfare Directors Association

FROM: Tom Joseph, Director, CWDA Washington, D.C. Office

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RE: Post-Election Update

Both political parties in Washington are beginning to grapple with the Donald Trump's stunning upset in the presidential race and the unanticipated continuing control of the Senate by Republicans. Both houses of Congress and the executive branch will be led by the GOP. Given the rancor between Trump and many Republican leaders, it remains unclear how exactly those dynamics will unfold politically and ultimately policy-wise. What is known, however, is that Republicans will likely pursue more aggressively a number of health and human services proposals that have died in recent sessions of Congress. Below are some of them.

Lame Duck Session: Congress returns next week. Must-pass legislation includes acting on the 11 remaining appropriations bills before their temporary extensions expire on December 9. There are competing strategies on acting on the spending measures. Some conservative Republicans are pushing for another short-term extension of funding through perhaps March 2017 to allow for cuts to programs mid-year, while others, including some appropriations committee members, argue for passing a bill that continues funding at current levels for the remainder of fiscal year 2017, so the committees can have a clean slate at the beginning of the year to work on FY 2018 bills. House and Senate Republican leadership have not committed to an action plan yet.

It is very likely that there will be further Senate attempts to adopt the Family First Prevention Services Act before year's end. Senate holds continue to be placed on further consideration, but the pressure from advocates and those within HHS to pass the bill will likely intensify given the uncertainties of a Trump Administration and the full plate of

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potential assaults on key entitlements next year.

Affordable Care Act Repeal: Perhaps the only HHS-related policy that President-elect Trump touted in his campaign was to repeal the Affordable Care Act (ACA). Senate Majority Leader Mitch McConnell (R-KY) announced yesterday that ACA repeal is at the top of his agenda. Earlier this year, after dozens of failed House attempts, the GOP was able to pass a bill repealing ACA’s Medicaid expansion, premium subsidies, and the employer and individual mandates, among other provisions. In January 2016, President Obama vetoed the measure.

The House and Senate will use a special legislative vehicle called reconciliation to repeal portions of the ACA as they did earlier this year. That process begins with the House and Senate adopting a very broad budget blueprint that would include reconciliation instructions to committees to find revenues and/or cut entitlements. The budget resolution does not go to the President for his signature, but it does set the path for a future omnibus bill containing an ACA repeal and changes to other entitlements. Given the time it takes to draft and adopt a budget resolution and the deliberations within the committees of jurisdiction which would follow, a reconciliation bill is not likely to be enacted quickly. And, without enacting so-far elusive or unspecified policy options to replace ACA provisions, 20 million individuals risk losing coverage that a number of Republicans acknowledge will be a problem politically.

Clearly at risk is the enhanced funding for Medicaid expansion, premium subsidies and individual and employer mandates – all of which would be germane under reconciliation. There is already some discussion about phasing out the premium subsidies over two years to allow individuals and families to transition to a new federal plan which could include full tax deductibility for purchasing private insurance and/or more robust, tax-advantaged health savings accounts. Clearly, such tax approaches assume that lower- to moderate-income families have the financial ability to purchase a private plan.

At the same time, Congress will likely try to retain popular provisions such as the prohibition on denying insurance coverage due to pre-existing health conditions, no lifetime dollar limits on coverage and extending family coverage to young adults to age 26, including emancipated foster youth. How these more popular health care policies would be financed and maintained by insurance companies without individual or employer mandates and subsidies is problematic at best.

Children’s Health Insurance Program (CHIP): CHIP block grant funding expires on September 30, 2017. Given that states will want some budgetary certainty well before then, Congress will be under pressure to appropriate funds early in the year. In April 2015, CHIP was funded for two years under a major health bill which also contained reforms to Medicare physician payments and home visiting programs. At that time, California risked losing \$1.1 billion in federal CHIP funds over two years. Also at issue next year will be

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whether the enhanced federal match will be retained. Currently, California's CHIP match rate is 88% instead of the normal Federal Medical Assistance Percentage (FMAP) of 50%.

Block Grants

Block granting of Medicaid and the Supplemental Nutrition Assistance Program will likely be high on the Republican's entitlement reform agenda. Changes to both programs could be included in an omnibus budget reconciliation measure later in 2017.

Medicaid: President-elect Trump has stated that he supports block granting Medicaid. Past Republican House budget proposals have contained such a proposal, but the committee with jurisdiction over Medicaid has never acted on a bill. House Speaker Ryan (R-WI) has also called for block granting the program. In return for increased flexibility at the state level, per-capita payments would be provided to each state based on their Medicaid spending patterns. According to the most recent data from the Kaiser Family Foundation (2011), California was one of the lowest spending states on a per-capita basis, ranking 47th in the country, potentially locking the state in to a very low block grant allotment.

Supplemental Nutrition Assistance Program (SNAP): While the farm bill, typically the vehicle for SNAP changes, is not due for reauthorization until 2019, House Republicans have been proposing block granting the program for some time, but no legislation has been introduced. The House Agriculture Committee has conducted seven hearings on SNAP this year, with one more slated for next week. These hearings will give the Committee the opportunity to assert that a full review of the program has already been undertaken, leaving open the potential to move a block grant proposal in 2017 before the full farm bill reauthorization is due.

Social Services Block Grant (SSBG): Proposed for elimination in numerous House budgets and Speaker of the House Paul Ryan (R-WI), the House Ways and Means Committee adopted a bill (H.R. 4724) earlier in 2016 to eliminate the \$1.7 billion block grant at the end of the fiscal year. It will likely again surface as a budget target in 2017, given the ten year 'savings' of \$17 billion if the flexible block grant is repealed.

TANF/Foster Care/Other Entitlements – As noted above, action in 2016 on the Family First Prevention Services Act continues to be stalled, due to objections from California and a handful of other states. The Temporary Assistance for Needy Families program (TANF) will be extended before year's end, but whether a full reauthorization will be considered in 2017 is uncertain. Key Senate Finance and Ways and Means Committee members will continue to serve next year, and how the Trump Administration views foster care or TANF is unknown. Certainly key conservative think tanks such as the Cato Institute and Heritage Foundation will be even more influential, either within HHS or advising it from the outside.

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This federal budget update was created by CWDA Staff. Direct questions to the contact at right.

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