

2017 year-end congressional outlook

Congress has a long list of legislation to address before its scheduled adjournment on Dec. 15. Congress must reach agreement on how to fund the government beyond Dec. 8 and address the debt ceiling, also expiring on Dec. 8. Legislative action is needed on a variety of health care-related issues, including potentially restoring the Affordable Care Act (ACA) cost-sharing reduction (CSR) payments, extending funding for the Children's Health Insurance Program (CHIP) and renewing the so-called "Medicare extenders."

Historically, Congress has approved extending CHIP funding and renewing the Medicare extenders. It is likely these provisions will move through Congress as part of a larger year-end legislative package that could include CSR payments, government funding for the remainder of fiscal year (FY) 2018 and extension of the debt ceiling.

MHA shared with the Minnesota congressional delegation that extending CHIP coverage and providing CSR payments is essential to providing health care coverage to low-income Minnesotans. In Minnesota, CHIP covers 125,000 children, 200 infants and about 1,700 pregnant women. About 11,000 people in Minnesota are being helped by CSR payments. MinnesotaCare derives a large part of its funding from a formula based on CSR payments; discontinuing these payments could reduce federal contributions to MinnesotaCare by more than \$100 million annually.

Cost-Sharing Reduction Payments

Leaders for the Senate Health, Education, Labor and Pensions (HELP) Committee Sen. Lamar Alexander (R-TN) and Sen. Patty Murray (D-WA) introduced a bill restoring the CSR payments that help insurers offset discounts they provide for low-income consumers for 2017-19. The bill also provides states additional flexibility to use 1332 waivers, provides states with outreach and education funding and directs the Department of Health and Human Services to issue regulations facilitating the sale of insurance products across state lines.

The Congressional Budget Office (CBO) said the bill would reduce the deficit by almost \$4 billion over the next decade without significantly affecting the number of people who have coverage. The bill was introduced with 11 Republican and 11 Democratic cosponsors, including Sens. Amy Klobuchar and Al Franken. The White House and some Republicans oppose the legislation, saying it does not do enough to repeal the ACA.

Children's Health Insurance Program

The Senate Finance Committee and House Energy and Commerce Committee have approved legislation to extend CHIP funding for five years through FY 2022. The bills would maintain the ACA's enhanced federal matching rate of 23 percent through FY 2019; reduce it to 11.5 percent for FY 2020; and eliminate the enhanced rate in FYs 2021 and 2022, returning to a traditional CHIP matching rate.

Unlike the Senate bill, the House legislation includes offsets for the funding extension. The House bill would delay cuts to Medicaid disproportionate share hospital (DSH) payments for FY 2018 and add two more years of cuts for 2026 and 2027. Additionally, it would reform Medicaid third-party liability and the treatment of lump-sum income and increase Medicare Part B and D premiums for higher-income individuals. The bill differences will need to be worked out as the full House and Senate consider extending CHIP funding.

Medicare Extenders

The Senate Finance Committee has released a proposal to renew the Medicare extenders. The bill would permanently repeal the annual limit on per-patient therapy caps, extend ambulance add-on payments through Dec. 31, 2022, and extend the Medicare low-volume adjustment and Medicare-dependent hospital adjustment through Sept. 30, 2022. The proposal does not address how the extensions would be paid for.