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The Democratic Substitute Extends Important Healthcare Priorities Without Hurting Other Beneficiaries

Committee on Energy and Commerce, Democratic Staff

The Democratic Substitute extends funding for critically important healthcare programs such as the Children's Health Insurance Program (CHIP) and Community Health Centers that were last authorized in the bipartisan Medicare Access and CHIP Reauthorization Act of 2015. Unlike the Republican bill, it does so without making it harder for people to keep their health insurance or gutting funding for public health programs supported by the Prevention Fund. Instead, it fully pays for these policies with a commonsense offset.

The Democratic Substitute:

- **Reauthorizes CHIP for 5 years.**
 - The Democratic Substitute reflects the bipartisan Hatch-Wyden agreement (S. 1827). It provides for a full and robust CHIP extension for 5 years, including Maintenance of Effort protections, and continuation of the ACA's 23 percentage point "bump" in payments to states through FY 2019 and begins to phase down the bump in FY 2020. It also includes a 5 year extension of the Childhood Obesity Demonstration Project, the Pediatric Quality Measures Program, and outreach and enrollment grants to states.
- **Reauthorizes Community Health Centers and other important public health programs for 2 years.**
 - The Democratic Substitute includes a 2 year extension of important bipartisan public health programs at current funding levels. Those include extending Community Health Centers and National Health Service Corps without the harmful Hyde restrictions as well as the Special Diabetes Programs and the Personal Responsibility Education Program.
 - It also includes a 2 year extension and increased funding for both the Family to Family Health Information Centers Programs and the Teaching Health Center Graduate Medical Education Program.

The Democratic Substitute takes important steps to address the critical needs of Puerto Rico and the U.S. Virgin Islands:

- The Republican bill provides inadequate funding, with strings attached for Puerto Rico and the Virgin Islands and does nothing to address the needs of evacuees. Furthermore, the policy does not address the already low (55 percent) matching rate for Puerto Rico and the USVI. Puerto Rico and the USVI will not be able to maintain their share of the costs in light of the disasters, which will only exacerbate and lengthen challenges to recovery.

- The Democratic Substitute provides for an \$8 billion increase in Puerto Rico's cap over the course of five years, as requested by the Governor, and provides an additional \$275 million increase in USVI's Medicaid cap over the same time period. It provides an additional \$1 billion to reimburse states and providers for Medicaid costs for evacuees, and removes administrative barriers to coverage in the wake of a disaster for victims. The Democratic Substitute also increases the caps in the Medicaid program for all territories, and ensures that smaller territories can keep any remaining funding last provided in the ACA through 2022.

The Democratic Substitute cancels the Medicaid Disproportionate Share Hospital (DSH) cuts for 5 years without setting up deeper cuts later on:

- The Republican bill provides a 2 year cancellation of Medicaid DSH cuts but pays for these cuts by creating even larger cuts to these hospitals in the future.
- The Democratic Substitute offers long-term certainty to hospitals by eliminating all Medicaid DSH cuts for 5 years (through FY2022) and reducing DSH cuts for 3 years (FY2023 to FY2025) until the cuts expire in FY2025.

The Democratic Substitute offsets these policies with the following commonsense pay-for:

- Provides \$58.4 billion in savings from a shift in the timing of payments to Medicare Advantage and Medicare Part D plans.
- This offset is a commonsense, good government policy recommended by both the Department of Health and Human Services Office of the Inspector General (HHS OIG) and the Government Accountability Office (GAO) and is in line with how other plans, like the Federal Employee Health Benefits Program (FEHBP) are paid.
- Currently, payments for Medicare Advantage and Part D plans are made prospectively. This offset would change that timing to bring MA and Part D plan payments closer in line when services are actually delivered.
- Starting in January 2019, payment dates for Medicare advantage and Part D would be gradually shifted each successive month through December. So, for example, instead of the Medicare program paying a plan by December 31st for any expenses that would be incurred in January, plans would be paid on January 2nd.
- This shift in timing ensures that the taxpayer dollars are held by the Treasury--Instead of private companies holding on to taxpayer dollars and investing the interest.
- This is the right way to pay for children's health coverage and our other public health priorities, not by harming people.

The Republican bill strips health care away from some for the sake of others. By bringing a bill with harmful, partisan offsets to the floor Republicans are playing politics with the future of these important bipartisan programs.