NACHSA National Association of County Human Services Administrators

An Affiliate Organization of NACo ★ National Association of Counties

Federal Update

April 17, 2017

As Congress enters its second week of recess, this NACHSA Federal Update provides you with a summary of legislative activity to date and a look at what is on the legislative agenda once they return. This Update also reviews possible legislative action on a number of county-administered programs over the coming months.

Affordable Care Act Repeal and Replace: The *American Health Care Act* (AHCA) (HR 1628) was pulled from the House floor on March 24 without a vote, due to the intense advocacy efforts of numerous stakeholders nationwide. House leadership was unable to bridge the divide between conservative Freedom Caucus members who wanted more amendments to strike additional *Affordable Care Act* provisions and GOP moderates from Mid-Atlantic States concerned that the AHCA was already problematic for their state, especially if their state adopted the ACA's Medicaid expansions.

Before reaching the floor, additional amendments were added to the bill by the House Rules Committee which sets the parameters for debate. The amendments would have given states the option of accepting a capped Medicaid block grant with wide flexibility in determining the program's operation at the state level along with a state option to require work or related activities in order to receive Medicaid, fashioned along the same lines as the Temporary Assistance for Needy Families program (TANF).

Conservatives then pushed for even more amendments to strike the guaranteed package of ten essential health benefits and to allow insurers to charge higher premiums for persons with chronic conditions such as cancer, while maintaining the requirement that plans cover pre-existing conditions.

Before the above amendments, the underlying AHCA would:

- end the enhanced 95% federal match for Medicaid expansion on January 1, 2020;
- place a per capita cap on federal Medicaid spending on October 1, 2019;
- make a number of administrative changes to Medicaid to make it more difficult to maintain coverage, (e.g., re-determine eligibility for Medicaid expansion enrollees every six months);
- eliminate the enhanced six percentage point increase in the normal federal match some states have adopted to provide supportive services in the home; and,

- repeal the Prevention and Public Health Fund used by the state and local public health departments to reduce infectious disease and respond to other public health issues.

Despite some House Republicans stating that a modified bill will be considered soon, there is no clear legislative path as of this update. The two House committees with key jurisdiction over the AHCA are pivoting to other issues, including tax reform and reauthorization of the home visiting program within the House Ways and Means Committee and the reauthorization of funding for the Children's Health Insurance Program and community health centers within the Energy and Commerce Committee.

FFY 2017 and 2018 Budgets

Congress has not completed the federal fiscal year (FFY) 2017 appropriations bills. The current continuing resolution expires April 28 and funds nearly all federal programs, including all health and human services discretionary programs. Once they return from their spring recess on April 24, it is likely that the House and Senate will extend current funding for FFY 2017 through the end of the fiscal year. Given control of the legislative and executive branches, there is no indication that the GOP would shut down the federal government. Bipartisan negotiations continue in an effort to complete the bill.

Trump FFY 2018 Budget: In mid-March, the Trump administration released the outlines of its FFY 2018 budget proposals. The proposals were very short on detail – not unusual for a new administration only in its first few months. A much more comprehensive proposal will be sent to Capitol Hill in mid-May.

The proposals, however, would cut deeply into domestic spending programs. The proposals for each federal department totaled two pages in length. Democrats and many Republicans stated that the level of cuts requested meant that most of the proposals would be dead on arrival. Budget proposals include:

HHS: The FFY 2018 budget for HHS would be cut by 17.9 percent – a $15.1 billion reduction in discretionary funding. The budget does not address proposed policy changes and possible cuts to federal mandatory spending programs such as Medicaid and the Temporary Assistance for Needy Families (TANF) program, but states that the Trump budget 'supports efficient operations for Medicare, Medicaid, and the Children's Health Insurance Program and focuses spending on the highest priority activities necessary to effectively operate these programs.'

Programs targeted for elimination are the $715 million Community Services Block Grant (CSBG) and the $3.1 billion Low Income Home Energy Assistance Program. CSBG funds community-based social services organizations and LIHEAP assists low-income families in paying their utility bills. Both programs were also targeted for reductions in some Obama budgets but were rejected consistently by both Democrats and Republicans. The Trump budget asserts that the two programs have not demonstrated strong outcomes.

The budget also proposes a $500 million increase above 2016 levels to address the opioid epidemic, and a new $500 million block grant to states to address public health needs. There is not enough detail within the proposal to determine the fate of the nearly $1 billion a year

Prevention and Public Health Fund, but that program was slated for elimination in the GOP *American Health Care Act* supported by the President.

Finally, the budget proposes a surprising 18 percent cut to the National Institutes of Health (NIH), which supports ground breaking medical research. Republicans and Democrats have increased the NIH budget over the past few years, so a cut of nearly $6 billion is likely to be rejected, potentially placing additional pressure on cuts to other HHS programs.

USDA – Nutrition Programs: The Trump FFY 2018 budget proposes a 21 percent cut to discretionary programs within USDA. Given the entitlement nature of the Supplemental Nutrition Assistance Program (SNAP), the initial budget outline does not address any changes to it. It propose $6.2 billion to fund the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) which provides food and nutrition education for low-income pregnant mothers, infants and children. That level is $200 million below the Senate's target, but the difference appears to be in the assumptions made and does not signify an actual cut.

DOL – Employment & Training Programs: A cut of 21 percent is slated for Department of Labor programs which amounts to a $2.5 billion cut in its $9.6 billion budget. The specific cuts are unknown, however, with the exception of a proposal to eliminate the $434 million Senior Community Service Employment Program. The Trump administration argues that it only places half of the participants into unsubsidized employment.

The Workforce Innovation and Opportunity Act and Job Corps are likely to be cut, but details are lacking on how deep they would be. The budget document states that it "Decreases Federal support for job training and employment service formula grants, shifting more responsibility for funding these services to States, localities, and employers."

Family and Children's Services Programs

Temporary Assistance for Needy Families (TANF) Reauthorization: TANF continues on short term extensions tied to appropriations measures. It has not received a full reauthorization since the last one expired in 2010. To date, no bill has been introduced in the House and the House Ways and Means Subcommittee on Human Resources has not conducted a hearing focusing on possible changes to TANF.

Across Capitol Hill, the Senate Finance Committee has jurisdiction over the program and typically waits for House action on TANF. Meanwhile, it will focus on tax reform and other matters.

Family First Prevention Services Act (FFPSA): Last year's bill was reintroduced in the House (H.R. 253) in early January. The bill's introduction serves as a placeholder and does not indicate any action soon. In fact, House Ways and Means majority staff indicate that their Committee would wait until the Senate acted before considering the bill again.

Last year, the House passed the measure (HR 5456) it within weeks of introduction. After a more careful review of the bill, numerous states and counties voiced concerns about the legislation and requested that the Senate consider amendments in the summer. The Senate tried to move the bill without amending it and was blocked repeatedly by Democratic and Republican

Senators. It ultimately died on the last day of the 2016 session when Senator Enzi (R-WY) objected to the bill moving under unanimous consent which would not have allowed amendments.

The bill contained a federal match entitlement under IV-E foster care for a limited set of prevention services and would have placed restrictions and new mandates on the use of congregate care. Stakeholders opposed to the bill, including some child advocacy organizations, offered amendments to improve it, but they were not accepted.

Through NACHSA, counties in California and Colorado and the County Welfare Directors Association of California collaborated successfully on a FFPSA policy resolution at the National Association of Counties' (NACo) legislative conference. Adopted by NACo, the resolution calls for consideration of amendments to the FFPSA and continued use of federal child welfare waivers after their 2019 expiration to further test and demonstrate best child welfare practices.

Child Support Enforcement Program: Policy changes to child support typically occur during a TANF reauthorization. Spending is mandatory and the federal government matches administrative expenditures at 66 percent. As a high performing program returning $5.26 for every one public dollar invested, it has enjoyed bipartisan support. There is, however, some concern that to save federal funds, there may be an effort to reduce the match to the typical 50/50 federal-state match for most programs such as Medicaid and IV-E foster care.

Supplemental Nutrition Assistance Program (SNAP): The House Agriculture Committee has conducted at least 12 hearings on SNAP over the past year. Last year, House Speaker Paul Ryan (R-WI) proposed to block grant SNAP by 2021. That proposal would have cut SNAP by 30 percent over five years. SNAP is typically part of the farm bill debate and reauthorization, which will not occur until next year, so there is very little likelihood that block granting SNAP will be raised until then.

Social Services Block Grant (SSBG): NACHSA is making Hill visits with NACo, the Child Welfare League of America, Generations United and others to counter efforts to eliminate SSBG. The $1.7 billion flexible block grant is used to meet community-based needs in child and adult protective services, aging services and many other human services programs. Given the flexible nature of the SSBG, some members of Congress have argued that it duplicates other federal programs and should be repealed, generating $17 billion in federal savings over ten years. Past House bills to end SSBG have not survived the legislative process, but here is reason to be concerned that the current focus on finding $54 billion in domestic savings proposed by President Trump will make SSBG a target once again.

In addition to visits targeting staff to Senate Finance Committee members to make them aware of the program, the SSBG Coalition also sent a letter to the Hill earlier this year signed by over 70 national groups and entities from all 50 states urging that SSBG be protected.

Health Program Reauthorizations for FFY 2018

Three bipartisan health programs require congressional action before the end of FFY 2017. Given the amount of funding necessary to continue them, action to reauthorize the programs may place further pressure on funding of other health and human services programs.

- **Children's Health Insurance Program (CHIP):** CHIP funding expires at the end of this federal fiscal year (FFY). The bipartisan program was last funded for two years in 2015. Projected CHIP spending in FFY 2018 is projected to be $18.2 billion. Since it is not an open-ended entitlement, states have had different spending rates. According to the federal Medicaid and CHIP Payment and Access Commission, Colorado is expected to exhaust its current allotment in the second quarter of FFY 2018 (January-March). Additionally, the federal match was increased by 23 percentage points in 2015, so most states enjoy a match rate of at least 88 percent. While the match rate is currently available until September 30, 2019, there may be an effort to reduce the match this year to save federal funds. Most states are beginning to plan for their upcoming state fiscal year and need assurances that CHIP will continue uninterrupted.

- **Home Visiting Program:** The Maternal, Infant, and Early Childhood Home Visiting program must be funded in FFY 2018. According to HHS's Health Resources and Services Administration, eleven Colorado counties received direct federal funding as of February 2016. This evidence-based program receives bipartisan support, so it will be funded. At issue is how to pay for the program, funded currently at approximately $400 million annually.

- **Community Health Centers:** A major portion of the community health center program was funded under the Affordable Care Act under a five year Health Centers trust fund. Two years ago, funding was extended through this fiscal year. This portion of the bipartisan program amounts to $3.6 billion annually and funding expires on September 30, 2017.

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