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Executive Summary: Key Health Care Provisions in House \$3.5T Reconciliation Package

Overview

House Committees are moving forward to craft its final \$3.5 trillion budget reconciliation package. The Ways and Means and Energy and Commerce Committees have completed their work, which contains substantial health care funding and policy changes. The Committees voted this week.

Our expectation is that the House package will be reduced in size over the next month as House leaders negotiate with the Senate. Best analysis now is that the final package will be between \$1.5T and \$2T and pass in late October/early November. There are enough Democratic moderates in both chambers who want substantially less spending and are likely to get much of what they want.

However, we also believe that most of the provisions cited below will be substantially intact at the end of the process. This is why we are providing a detailed update at this time. We will provide additional updates as this moves forward.

Energy and Commerce Provisions

Under [Subtitle F: Budget Reconciliation Legislative Recommendations Relating to the Affordable Care Act](#) includes provisions that would impact the ACA to expand coverage and lower cost as well as provide reinsurance payments to insurers operating in marketplace exchanges and assistance to individuals to reduce out-of-pocket costs.

Section 30601 would provide ACA Marketplace cost-sharing reduction assistance to individuals with incomes below 138 percent of the Federal Poverty Level (FPL) beginning in 2022 through 2024. Consistent with current law, individuals who qualify for government sponsored insurance, such as Medicaid, would not qualify for the temporary cost-sharing assistance.

Section 30602 would provide Marketplace subsidies to individuals with incomes below 100 percent of the FPL beginning in 2022 through 2024. Consistent with current law, individuals who currently qualify for government sponsored insurance, such as Medicaid, would not qualify for the temporary Marketplace subsidies.

Section 30603 would provide \$10,000,000,000 annually to states, providing the option for states to establish a state reinsurance program or use the funds to provide financial assistance to reduce out-of-pocket costs. It would also require CMS to establish and implement a reinsurance program in states that are not expending amounts under the state plan for all individuals described in [42 U.S.C. 18061 et seq](#) during 2023 and 2024 plan years.

Under [Subtitle G: Budget Reconciliation Legislative Recommendations Relating to Medicaid](#) would close the Medicaid coverage gap for lower-income individuals in states that did not expand the program under the ACA.

Section 30701 would establish a federal Medicaid program for individuals who reside in states that have not expanded Medicaid beginning in 2025. The federal Medicaid program would provide the same benefits and beneficiary protections to individuals as are provided by state Medicaid expansion. It would authorize the Secretary of HHS to contract with third-party entities to operate the federal Medicaid program.

Sections 30711-30715 would provide incentives to states to create programs to expand access to home and community-based services including strengthening the workforce.

Section 30721 – 30726 would expand and provide additional eligibilities through Medicaid such as 12 months of continuous Medicaid eligibility to postpartum women and 12 months of continuous eligibility to children enrolled in Medicaid.

Under [Subtitle H: Budget Reconciliation Legislative Recommendations Relating to CHIP](#) would permanently authorize the Children’s Health Insurance Program (CHIP) and extend certain programs and demonstration projects under CHIP.

Section 30801 would authorize permanent funding for CHIP for low-income children.

Section 30802 would provide permanent funding for several programs related to CHIP, including the pediatric quality measures program and the child enrollment contingency fund to provide states with additional funding in the event its CHIP allotment is insufficient.

Section 30803-30805 would allow states to increase the income level needed for families to participate in CHIP and require states to provide one year of continuous eligibility for children enrolled in CHIP.

Under [Subtitle I: Budget Reconciliation Legislative Recommendations Relating to Medicare](#) would expand Medicare coverage to provide dental benefits beginning in 2028, hearing benefits beginning in 2023, and vision benefits beginning in 2022.

Section 30901 would provide Medicare coverage of preventive and screening dental services (e.g., cleanings and x-rays), basic (e.g., tooth extractions and oral disease management services) and major (e.g., crowns and root canals) dental treatment services, and dentures beginning January 1, 2028.

Section 30902 would provide Medicare coverage of hearing aids for individuals with severe or profound hearing loss beginning October 1, 2023.

Section 30903 would provide Medicare coverage of routine eye exams, glasses, and contact lenses beginning October 1, 2022.

Under [Subtitle J: Budget Reconciliation Legislative Recommendations Relating to Public Health](#) of the “Build Back Better Act,” the House Committees have included funding construction and modernization projects for health care providers. It is important to note that this draft does not draw upon the Hill-Burton Act for this funding, rather through various grant authorities under the Secretary of Health and Human Services (HHS Secretary).

Section 31002 provides \$10,000,000,000 in funding grants for construction or modernization projects to increase capacity and update hospitals. Grants will be provided under [42 U.S. Code § 300r](#) (Grants for construction or modernization projects) with special priority given to projects that will include public health preparedness, natural disaster emergency preparedness, or cybersecurity against cyber threats.

Section 31003 provides \$10,000,000,000 in funding grants and entering into cooperative agreements for capital projects for health centers under [42 U.S. Code § 254b](#) and Federally qualified health centers under [42 U.S.C. 1395x\(aa\)\(4\)\(B\)](#). Recipients shall use the funding for alteration, renovation, remodeling, expansion, construction, and other capital improvement costs, including the costs of amortizing the principal of, and paying interest on, loans for such purposes.

Section 31004 provides \$500 million in funding grants for qualified teaching health centers and to behavioral health care centers (including both substance abuse and mental health care facilities) to support the improvement, renovation, or modernization of infrastructure at such centers, including to respond to public health emergencies.

Section 31005 provides \$1 billion in funding for medical school construction, expansion and training in underserved communities for the establishment, improvement, or expansion of an allopathic or osteopathic school of medicine, or a branch campus of an allopathic or osteopathic school of medicine. The legislation emphasizes that programs must prioritize underserved communities (including rural), students from disadvantaged backgrounds (including racial and ethnic groups underrepresented among medical students and health professions and individuals from rural and underserved areas, low-income individuals, and first-generation college students), and develop, implement, and expand curriculum that emphasizes care for rural and underserved populations, among others.

Section 31006 provides \$1 billion in funding to support schools of nursing (as defined by [42 U.S.C. 296](#)) with program enhancement and infrastructure modernization. In addition to requiring the schools prioritize underserved communities and students for disadvantaged backgrounds similar to the medical schools, the schools must also partner with health care facilities, nurse managed health clinics, community health centers, or other facilities that provides health care, in order to provide educational opportunities.

Section 31007 provides \$6 billion in funding for payments to teaching health centers (under [42 U.S.C. 256h](#)) that operate graduate medical education programs to establish new approved graduate medical residency training programs and maintain and expand current programs especially for new primary care physicians.

Section 31023 provides \$1,250,000,000 in funding to award grants to enhance and strengthen early warning and detection systems including surveillance based in hospitals and other health care providers or facilities, and outpatient facility surveillance for severe acute respiratory infection, influenza-like illness, acute febrile illness, and other diseases.

Ways and Means Provisions

Under [Subtitle E Part 1 – Pathways to Health Careers](#) (Part 1) would make permanent the Health Profession Opportunity Grants (HPOG).

Sections 134101 would appropriate \$15 million to take the HPOG Program out of a demonstration, authorizes new HPOG competitive grants, and provides funding in states, the District of Columbia, U.S. territories, and tribal communities.

Under [Subtitle E Part 4 – Medicare Dental, Hearing, and Vision Coverage](#) would expand Medicare coverage to provide dental benefits beginning in 2028, hearing benefits beginning in 2023, and vision benefits beginning in 2022.

Sections 134401-134403 generally follows the language under Subtitle I of the Energy and Commerce Committee draft.

Under [Subtitle H – Strengthening the Social Safety Net and Supporting State and Local Governments](#) (beginning on page 356), includes provisions that would impact the ACA to expand coverage and lower costs and create a medical training program for rural and underserved communities.

Section 137501 would make permanent the “affordability percentages” that reduces and caps out-of-pocket insurance premium costs for individuals with household incomes below 400 percent of the federal poverty level and provides tax credits for taxpayers with household incomes above 400 percent of the FPL. The tiers are as follows:

In the case of household income (expressed as a percent of poverty line) within the following income tier:	The initial premium percentage is—	The final premium percentage is—
Up to 150.0 percent	0	0
150.0 percent up to 200.0 percent	0	2
200.0 percent up to 250.0 percent	2	4
250.0 percent up to 300.0 percent	4	6
300.0 percent up to 400.0 percent	6	8.5
400.0 percent and higher	8.5	8.5

Sections 137502-137508 would provide varying degrees of tax credits cost-sharing reductions for certain populations to allow for increased coverage of low-income individuals.

Sections 137601- 137604 creates “Rural and Underserved Pathway to Practice Training Programs” for post-baccalaureate and medical students in rural and underserved communities to become physicians and practice in those communities with scholarships, stipends, and tax credits. Additionally, it would add 1,000 residency slots each year beginning in FY 2027.

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