

Using Budget Reconciliation to Advance Health Policy in the 119th Congress

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FEDERAL HEALTH POLICY INSIGHTS

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Today's Discussion



Why Use Budget Reconciliation?

How Does Budget Reconciliation Work?

Which Health Policies May Be Included In Budget Reconciliation In 2025?

How Can Healthcare Stakeholders Navigate This Complex Process?

Why Use Budget Reconciliation?



Budget Reconciliation 101



The budget reconciliation process was intended to facilitate the consideration and enactment of legislation that implements the policies assumed in the Congressional budget resolution.



The Congressional Budget Act establishes special procedures which govern consideration and passage of budget reconciliation legislation:

- Limits scope of legislation to changes to mandatory spending, revenue, and debt ceiling levels set forth in the budget.
- Sets timelines by which authorizing committees must pass legislation in line with reconciliation instructions.
- Allows for a simple majority vote in the Senate.
- Limits floor debate time in the Senate.



While originally created to force budgetary changes to help reduce the debt, the procedural elements of budget reconciliation have made it the preferred method for passing legislation on a party-line.



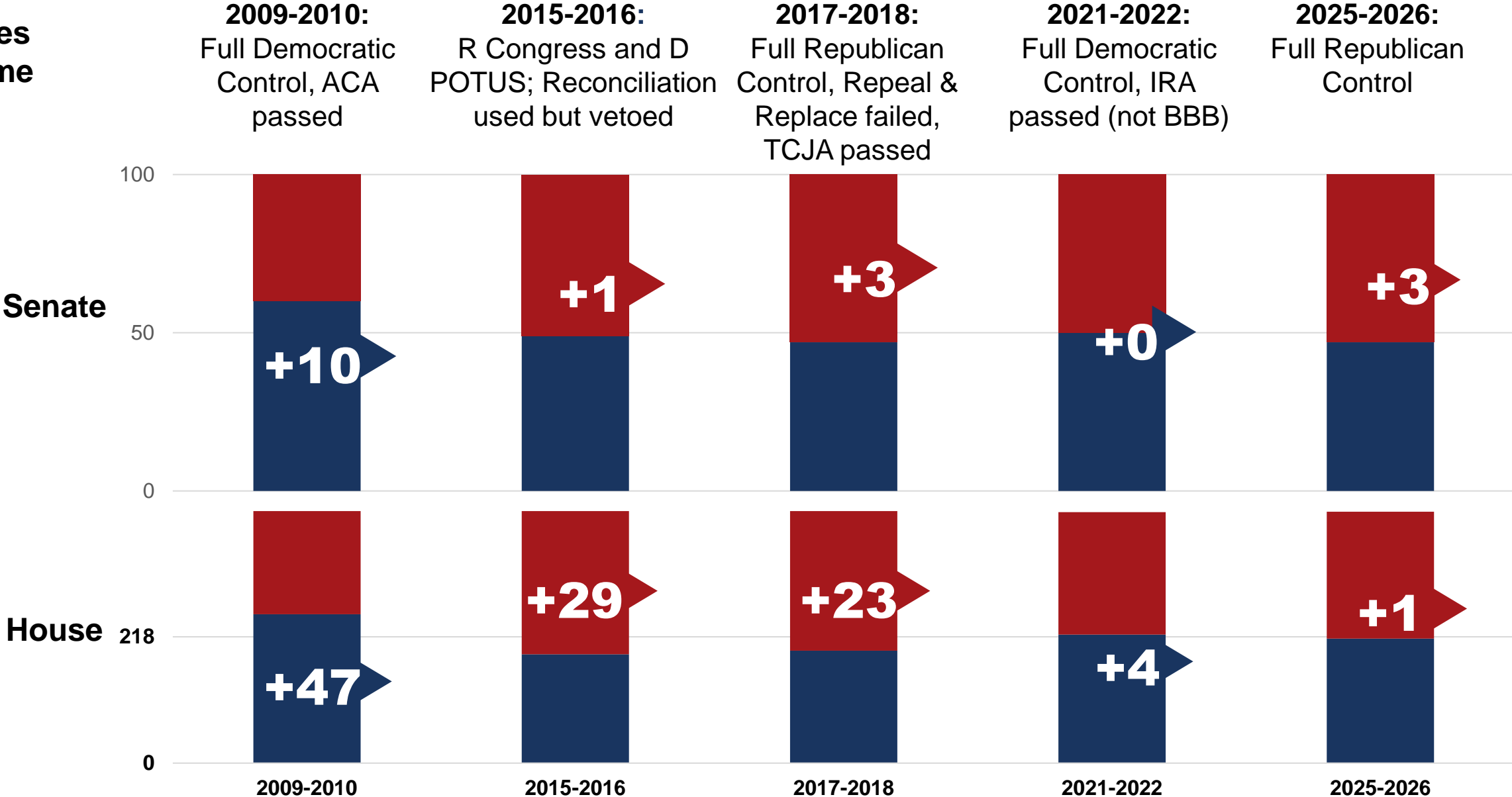
However, budget reconciliation also comes with significant political, procedural, and substantive limitations which can make the process complex for both policymakers and healthcare stakeholders.



Since 2010, reconciliation has been used seven times, all of which included health care provisions.

Why Margins Matter, Especially in Budget Reconciliation

Majorities Over Time



How Does Healthcare Fit In Reconciliation 2025?



GOP Policy Priorities:

- “Must Pass” Items (debt ceiling)
- Expiring Tax Cut and Jobs Act
- Border Security/Immigration
- Department of Government Efficiency (DOGE)
- Reverse Biden Climate/Energy Policies



Process Realities:

- Byrd Rule
- Need to find offsets for spending increases
- Need for significant WH/House/Senate coordination
- Small vote margins = no room for error
 - House +1
 - Senate +3

Healthcare Impact:

- Unlike 2017, structural health reforms are not a top GOP policy priority for reconciliation, but significant changes are still possible.
- Likely a source of funds/offsets to pay for other priorities.
- Some GOP priorities may only be done through reconciliation if they lack bipartisan support.

How Does Budget Reconciliation Work?



Step 1: Budget Resolution



Two potential sets of reconciliation instructions this year

Reconciliation instructions must identify:

FY25

FY26

Policy instructions are non-binding.

which **authorizing committees** are required to pass reconciliation legislation;

the **dollar amount** of revenue or mandatory spending changes that must be achieved (or change to debt limit);

the **time period** in which the changes must be achieved (usually the 10-year budget window);
and

by what **date** the reconciled authorizing committees are required to report their legislation.

Step 3. Floor Consideration



House


- Special Rule
- Limited Amendments





Senate


- Simple Majority
- 20 Hours of Debate
- Vote-a-rama!
- Byrd Rule


The Senate Byrd “Rule”


 Does not produce a change in outlays or revenues

 Committee non-compliance

 Outside committee jurisdiction

 “Merely incidental” change in outlays or revenues

 Increases the deficit for a fiscal year beyond the “budget window”

 Changes Social Security

Any Senator who believes a provision violates the Byrd Rule can raise a Point of Order to have the provision stricken.

Any Senator can make a motion to waive the Byrd rule, which requires 60 votes.

The Byrd Rule In Action: Individual Mandate



Repealing individual mandate violates Byrd Rule.

- Change in revenue.
- “Merely incidental” to larger policy change of getting rid of the mandate.
- Argued that the primary purpose of the individual mandate was to change behavior by compelling people to purchase insurance.



Reducing individual mandate penalty DOES NOT violate Byrd Rule.

- Change in revenue.
- No accompanying policy change.

Byrd Rule and the 2025 GOP Health Agenda



- ACA tax credit
- Mandatory \$ funding for high-risk pools
- HSA policy changes
- Tax treatment of ESI
- IRA drug pricing provisions
- Medicaid reforms

More Likely



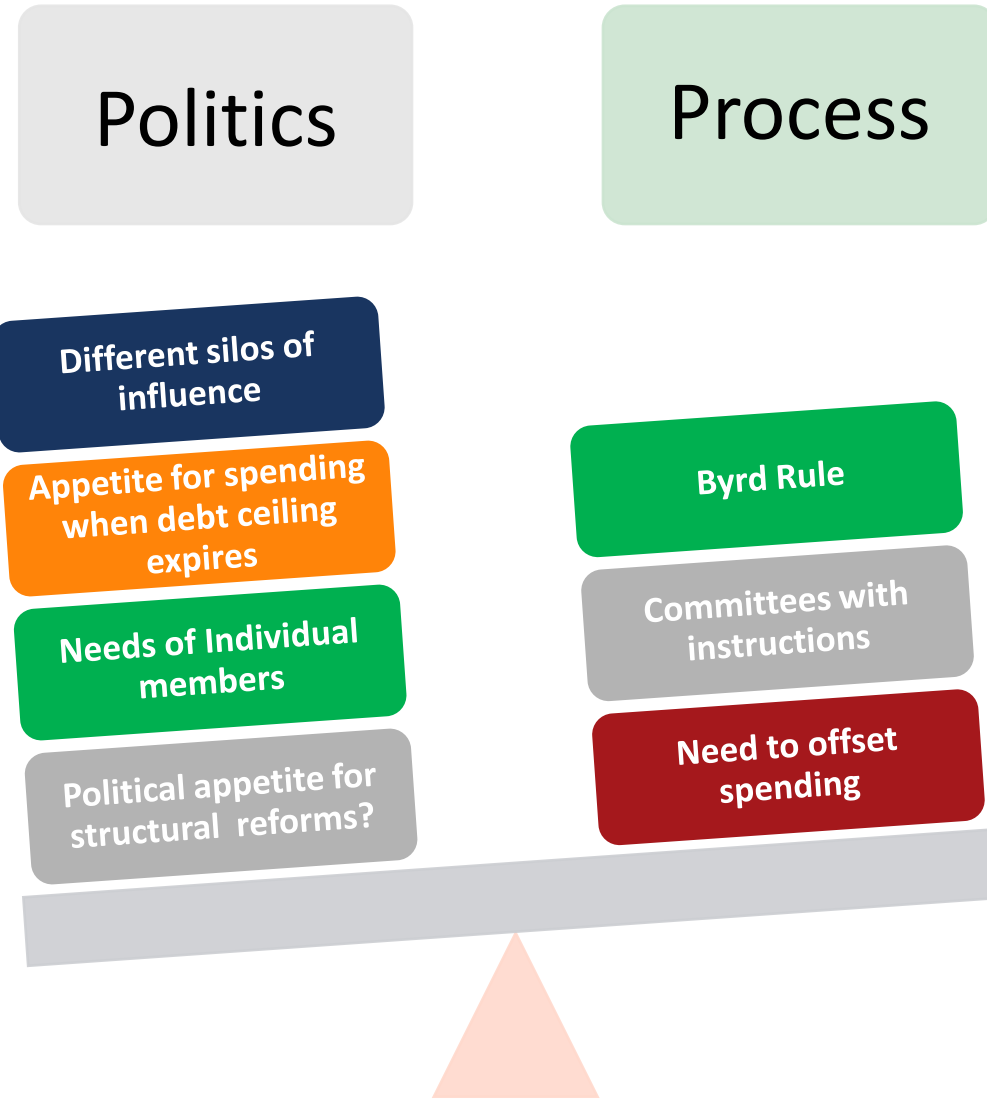
Less Likely

- ACA insurance market rules
- Public health/prevention policies (outside of new mandatory spending)
- FDA regulatory policies
- Drug pricing or transparency provisions that apply to the commercial market

Which Health Policies May Be Included In Budget Reconciliation In 2025?



GOP Policymakers Must Balance Key Considerations:



What Health Policies Might Be In Play?



ACA

Premium Tax Credit
Changes (eligibility,
recapture, amounts)
High-Risk Pool
Funding

Public Health

Eliminate Prevention
and Public Health Fund
Eliminate Unspent
COVID-19 Funds

Medicare

Site Neutral Payments
Bad Debt
Uncompensated Care
Sequester Extension

Medicaid

FMAP Changes
Per Capita Allotments
Provider Taxes
Work Requirements

HSAs

Direct Primary Care

PBMs

Ban spread pricing in
Medicaid

Employer Coverage

Cap ESI Tax Exclusion

How Can Healthcare Stakeholders Navigate This Complex Process?



Navigating The Complex Process of Budget Reconciliation



Conduct a SWOT analysis

Know your score

Take a Byrd bath

Cast a wider net

Leverage the tight majority

Understand the politics

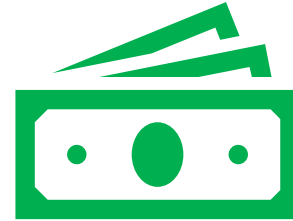
Don't forget about vote-a-rama

Call Us!

Key Takeaways



Budget Reconciliation allows for the passage of legislation with only a **simple majority** in the Senate but is a complex process fraught with **procedural and political** peril.



Congress has two bites at the reconciliation apple if they pass both a **FY 2025 budget resolution** and a **FY 2026 budget resolution** this year.



Health care stakeholders need a basic understanding of the budget reconciliation process to navigate the **2025 health care agenda**.

Q&A



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