

SFDPH Federal Legislative Update

Budget and Finance Federal Select Committee on Federal Policy Changes

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SF Department of Public Health Federal Updates



TAX REFORM
AND
HEALTH CARE
IMPLICATIONS

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INSURANCE
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HOSPITAL PAYMENTS

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PROGRAM

Tax Reform and Health Care Implications

DESCRIPTION

Federal tax reform may significantly impact the health care landscape. The Senate bill eliminates the ACA individual mandate. The House bill does not eliminate the mandate, but does eliminate the deduction for medical expenses, student loan interest and corporate tax credits for the orphan drug industry. Because both bills include large tax cuts, they would likely trigger across-the board spending cuts.

STATUS

The House bill passed 11/16/17. The Senate bill passed 12/2/17. Bills must be reconciled either through a conference committee, or by having the House vote on the Senate-passed version of the bill.

POTENTIAL IMPACT

A repeal of the individual mandate would decrease gov. expenditures & result in 13 million fewer people having insurance and raise premiums. The tax bill may impact Medicare and other federal health program.



Children's Health Insurance Program (CHIP)

DESCRIPTION

CHIP is a federal and state partnership designed to provide low-income children with health insurance coverage. The program improves access to health care services and quality of life for nearly 1.3 million California children less than 19 years of age. Congress established CHIP through the Balanced Budget Act of 1997 to expand coverage to uninsured low-income children.

STATUS

Funding expired in Sept-17. House Bill "Championing Healthy Kids Act of 2017" passed Oct-17. House Bill would renew funding for five years. Senate bill stalled.

POTENTIAL IMPACT

CA will run out of funding by the end of the year. ACA has a MOE clause which prevents states from reducing CHIP coverage through 2019. CA will need to pass legislation in the absence of federal funding.



Disproportionate Share Hospital Payments

DESCRIPTION

Medicaid programs make Disproportionate Share Hospital (DSH) payments to hospitals that serve a large number of Medicaid and uninsured individuals. Based on the assumption of increased coverage and reduced uncompensated under the ACA, the law calls for a reduction in DSH allotments. Reductions in DSH funding from FY 2014 through FY 2020 were delayed until 2017.

STATUS

The House CHIP bill delays DSH reductions for FY17-18 and 18-19, and imposes steep cuts in FY 20-21 (\$8.0 billion – initially scheduled for FY 2024). Public hospital advocates request another two year delay.

POTENTIAL IMPACT

According to the current reduction schedule, SF is already expecting an \$11.09M cut in FY 17-18 and it increasing \$38.81M by FY 2024. Pending changes in federal legislation these scheduled reductions may change.



Community Health Center Funding

DESCRIPTION

Community health centers (CHC) are community-based and patient-directed organizations that serve populations with limited access to health care. Federal grants represent a key source of funding for the nation's CHCs through the Health Center Trust Fund (HCTF) – which includes both annual discretionary and mandatory funding.

STATUS

The mandatory portion for the CHC funding sunset on 9/30/17. The House bill “Championing Healthy Kids Act of 2017” passed on 11/3/17 includes community health centers funding for two years.

POTENTIAL IMPACT

CA could lose over \$300 million in funds if Congress does not extend the funding for its 1,200 federally funded clinics. The SFCCC - the collective of San Francisco's community health centers, estimates the funding loss to be \$5 - \$10 million, primarily to SF community clinics.



Opioid Crisis Funding

DESCRIPTION

In 2016, more than two million Americans had an addiction to prescription or illicit opioids. Drug overdoses are now the leading cause of injury death in the United States, outnumbering both traffic crashes and gun-related deaths. In 2016, more than 64,000 people died of drug overdoses in America — with synthetic opioids, heroin, and opioid painkillers topping other causes of overdose.

STATUS

On 10/26/17 Trump declared opioid crisis a public health emergency. On 11/2/17 Trump's Commission released final report with recommended response. On 11/26/17 the House Committee held its first hearing on the report. Kellyanne Conway will lead the White House efforts.

POTENTIAL IMPACT

The public health emergency declaration does not provide any direct funding, but may provide opportunities to increase addiction treatment.



340B Drug Discount Program

DESCRIPTION

The 340B Drug Discount Program is a federal program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations at significantly reduced prices. Under 340B, eligible safety-net hospitals buy drugs at a discount from the pharmaceutical companies and then are reimbursed for those purchases from Medicare, providing them additional resources for serving patients.

STATUS

On 11/1/2017 CMS announced a final rule to cut 340B payments. Hospital groups have filed suit and Rep. Thompson (D-CA) and McKinley (R-WV) introduced a bill that would prevent CMS from implementing the rule.

POTENTIAL IMPACT

The final CMS rule cut Medicare payments for hospitals enrolled in the 340B program by 28 percent, or about \$1.6 billion. The impact to SFDPH is estimated to be \$500,000.



Questions?

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