This presentation is the seventh DPH’s series of presentation on the post-election environment.
This presentation will cover Federal Policy: BCRA, Federal Budget and Sanctuary Cities
State Policy: State Budget and SB 562
Communications: SF is doing, what you can do, Director’s msg
Better Care Reconciliation Act
Following passage of a bill to repeal and replace the ACA in the House of Representatives on May 4, 2017, the Senate has released its proposal, called the Better Care Reconciliation Act (BCRA) on June 26, 2017, that follows a similar, but somewhat different approach.

- The Senate’s plan would strike the biggest parts of the Affordable Care Act (ACA): it not only ends the Medicaid expansion that states were allowed under the Affordable Care Act, but it fundamentally changes the terms of the entire Medicaid program.

- **Medicaid Expansion**: The BCRA rolls back the federal-state cost-sharing arrangement for states like California that took up the Affordable Care Act option to expand Medicaid to adults up to 133% of the federal poverty level. Under the Affordable Care Act, the cost of the Medicaid expansion would be paid for 90% by the federal government and 10% by state governments. The BCRA, like the AHCA, rolls this back to the state’s normal federal-state matching rate, which in California is 50%. The BCRA begins this rollback in 2021. The AHCA would initiate it in 2020.

- **Medicaid Per Capita Cap**: Like the AHCA, the BCRA would make changes to the Medicaid program beyond what was implemented by the Affordable Care Act. The
BCRA dramatically overhauls the historic federal-state Medicaid partnership by moving it from a cost-sharing entitlement, where the federal government providing matching funds for every dollar that states spent on eligible services for eligible populations, to a set statewide allocation. Similar to a capitated managed care rate, states would be given an amount of funding per enrollee and would be required to cover the cost of all care those enrollees. The allocation would be based on historic spending with no forward adjustments for volume, intensity, price increases, or new technology and would grow at a rate that falls short of the rate of medical inflation.
• **Individual and Employer Mandates**: In the area of private insurance, the BCRA, like the AHCA, would eliminate penalties on individuals who do not have insurance and mid-sized to large employers who do not offer coverage to their employees.

• **Insurance Subsidies and Tax Credits**: The affordability of health insurance offered on the exchanges would also be impacted. Cost-sharing subsidies, which are offered to the lowest income purchasers on Covered California would be eliminated. Like the Affordable Care Act, premium tax credits under the BCRA would be based on age, income and geography. However, the BCRA would reduce the income eligibility from 400% FPL to 350% FPL.

• **Prevention and Public Health Fund**: Like the AHCA, the BCRA repeals the Prevention and Public Health Fund. The Affordable Care Act established the Prevention and Public Health Fund to provide expanded and sustained national investments in prevention and public health, to improve health outcomes, and to enhance health care quality. To date, the Fund has invested in a broad range of evidence-based activities including community and clinical prevention initiatives; research, surveillance and tracking; public health infrastructure; immunizations and screenings; tobacco prevention; and public health workforce and training. Under
current law, the Fund will provides $18.75 billion in public health funding between 2010-2022 and $2 billion thereafter.

- **Planned Parenthood:** Like the AHCA, the BCRA defunds Planned Parenthood for one year.
On June 26th, the Congressional Budget Office (CBO) released their analysis of the BCRA. According to the CBO, the Senate’s proposal would increase the number of people who are uninsured by 22 million in 2026 relative to the current law – slightly fewer than the 23 million uninsured estimated for the House-passed legislation. By 2026, a total of 49 million people would be uninsured, a 75 percent increase in the uninsured rate compared to 28 million who would lack insurance under the current law.

Under the Senate’s plan, the average premiums for an individual in 2026 would be about 20 percent lower. However, these policies would cover about 58 percent of costs on average and individuals would have higher out-of-pocket cost.

There was concerning information about how premiums would change for low- and middle-income families and elderly Americans. The CBO projects that plans designed for the poorest enrollees could come with deductibles equal to half their annual income.
• The Senate’s BCRA is especially alarming for elderly, low-income people according to the CBO. Under the ACA 64-year-olds making $26,500 a year are on track to pay $1,700 in annual premiums in 2026. And under the Senate’s BCRA, they would pay $6,500.

• The BCRA repeals all ACA taxes (with the exception of the Cadillac tax) and eliminates ACA taxes that target health insurers, and makers of prescription drugs and medical devices. These tax revenue reductions are offset by cost saving elements of reduced coverage and substantially smaller subsidies to result in overall savings of $321 billion by 2020.
• On June 28, 2017, the California Department of Health Care Services (DHCS) released its analysis of the impacts for California’s Medicaid program.

• DHCS concludes that over the seven-year period 2020-2027, BCRA shifts $92.4 billion in costs from the federal government to California. To emphasize the gravity of this shift, the entire 2017-2018 state budget includes a total of $35 billion state general fund for all Health and Human Services Agency programs, including Medi-Cal.

• The BCRA phases out the enhanced federal funding, beginning in 2021 with five percentage point reductions each year for three years. Beginning in 2024, the federal matching rate will be reduced to a state’s traditional federal matching rate, which for California is 50%. This means that in order to maintain the expansion (notwithstanding the effects of the per capita limits) California would need to spend five times as much as originally estimated.

• Changes to the Affordable Care Act will require California to amend its state laws to reflect, accommodate, and implement those changes. The policy decisions that California makes as it implements any changes will determine the impact on counties,
cities, and safety net systems.
This chart shows the difference in premium costs for a Silver plan under the Affordable Care Act and the BCRA for a younger person and an older person in a high cost county and in a low cost county.

On the left is the situation for a 27-year old at different income levels, earning $20k, $50k, and $75k.

On the right is the situation for a 60-year old at those same income levels.

The BCRA tax credit structure would modestly lower “net premiums” — what consumers pay after receiving a subsidy — for some younger enrollees in lower cost regions. However, many consumers, especially those who are lower income and older and live in higher-cost regions, would see dramatically higher net premiums under the BCRA due to the tax credit changes.

At a basic level, lower enrollment would follow if the BCRA were approved as written. Healthier individuals would be more likely to drop coverage first, leading to higher premiums for the remaining enrollees.
• Source: Covered California
• The two bills that comprise the American Health Care Act (AHCA) were introduced 3/6/2017.

• The two ACHA bills were passed by the Energy and Commerce and Ways and Means Committees and the Budget committee, and later amended by the Rules Committee.

• On 3/24/17, Speaker Paul Ryan withdrew the bill from the House floor just before a scheduled vote.

• The AHCA was revised in April and a new version was passed by the House on 5/4/17.

• The AHCA now goes to the Senate for a vote, which could be in the next few weeks or months.

• If the Senate passes an ACA repeal bill that is different than the House version, which is considered very likely, a joint House and Senate conference committee will need to reconcile the differences and each pass the bill again before it goes to the President for signature.

• The major provisions of the AHCA are scheduled to go into effect in 2020.
• The main mechanism for repealing the ACA is the budget resolution. A budget resolution (also called budget reconciliation) is an agreement between the House and the Senate on a budget plan for the upcoming fiscal year that provides a framework for subsequent legislative action. Because the resolution is a non-binding budget blueprint and not an act of law, it does not require a presidential signature. Passing the resolution requires a simple majority vote. Only provisions that are directly budget-related may be addressed with a budget resolution; provisions on non-budget-related topics require separate pieces of legislation.

• May 4 AHCA passes the House, 217-213 ●
• June 22 Senate GOP releases discussion draft – Better Care Reconciliation Act of 2017 (BCRA) ●
• June 26 CBO releases score – 22 million uninsured ●
• June 27 Senate vote delayed until Post July 4th recess ●
• July 1 House and Senate adjourn for recess
• July 11 House and Senate return to Washington
• August 12 House and Senate adjourn for August recess
• Changes in the most recent version of the BCRA would likely result in reduced availability of benefits and services, and additional individuals losing coverage or facing higher costs – these individuals would likely be those who are already the sickest and most vulnerable.

• However, nothing has changed yet. No changes to health care coverage have been made.

• San Francisco remains committed to ensuring health care access for our residents and will continue to work toward this goal. Currently, all health insurance programs and benefits remain in place and we encourage all San Franciscans to use them, regardless of immigration or insurance status.
Federal Budget
• On May 5, 2017, the President signed the omnibus spending bill to fund the federal government through September 30, 2017.

• The bill provides $77.7 billion in discretionary funding for the U.S. Department of Health and Human Services (HHS), a $2.7 billion increase above the FY2016 level, not including cap adjustments. The bills were in sharp contrast to President Trump’s proposed “skinny budget” which would have cut HHS funding by 18 percent.

• Highlights of the spending bill include:
  • A $2 billion increase for the National Institutes of Health, which includes increases for Alzheimer’s disease and cancer research and continues $852 million pursuant to the 21st Century Cures Act.
  • An increase of $650 million for fighting opioid abuse (430 percent increase).
  • A small cut to the Centers for Disease Control and Prevention (CDC). Fully funded, however, are programs to prepare for pandemics or bioterrorism attacks, as well as $35 million to address the lead crisis in Flint, Michigan.
and $394 million to combat the Zika virus.

• The spending bill does not place restrictions on “sanctuary cities” receiving federal grants, does not defund Planned Parenthood and also does not undermine the Affordable Care Act.

• Congress and the President have until September 30, 2017 to pass a federal budget for the 2018 fiscal year.
President Trump’s Proposed Federal Budget

On 5/23/2017 the Trump Administration released its FY 2018 budget. $4.1 trillion budget would make significant reductions to safety net programs, leaving Medicare and Social Security largely intact.

Below are some of the key issues of interest to SFPDH:

- Reduces Medicaid by $800 billion over the next decade
- Reduces the Children’s Health Insurance Program by 20% of the next two years
- Reduces the CDC budget by $1.3 billion or 17% in FY2018
- Reduces the NIH budget by $6 billion or 18% in FY2018

*The final FY 2018 budget will likely look different than this proposed version.*

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President Trump’s Proposed FY2018 Budget

- On Tuesday, May 23, the Trump Administration released its FY 2018 budget. As proposed, the $4.1 trillion budget would make significant reductions to several safety net and other domestic programs while leaving Medicare and Social Security largely intact. Total spending cuts over the next decade will total $3.6 trillion. Below are some of the key areas of interest to SFPDH.

- **Medicaid:** Reflecting the changes included in the American Health Care Act that passed the House of Representatives earlier this month plus additional reductions, the budget proposes reducing the Medicaid program by more than $800 billion over the next decade. The majority of these reductions – $610 billion – would be the result of ending the current federal-state partnership structure of the Medicaid program that provides federal matching funds based on state spending and replacing it with a fixed allocation, either through a per capita cap or a block grant. The budget estimates $250 billion in savings over 10 years attributed to repealing and replacing the Affordable Care Act. States like California that
expanded Medicaid under the Affordable Care Act would also lose the enhanced federal funding for that expansion. Additionally, Medicaid funds would not be permitted to be allocated to entities that provide abortions, including Planned Parenthood. California’s response to these or any other changes that may be included in the final budget will be key to determining the impact on San Francisco.

- **Children’s Health Insurance Program (CHIP):** Though it extends the CHIP program through 2019, the proposed budget would reduce CHIP funding by approximately 20 percent for the next two years. CHIP funding would be cut by eliminating the 23 percent increased federal funding match added by the Affordable Care Act and no longer providing federal CHIP dollars for children in families with incomes above 250 percent of the federal poverty level. CHIP provides funding for San Francisco's Healthy Kids program to support children in families up to 322 percent of the federal poverty level.

- **Centers for Disease Control and Prevention.** The Administration proposes reducing the budget for the CDC by $1.3 billion or 17% in FY2018. This includes a $186 million cut in programs at the CDC's center on HIV/AIDS, hepatitis and other sexually transmitted diseases. The CDC's chronic disease prevention programs, such as diabetes, heart disease, stroke and obesity, would be cut by $222 million. How these reductions would be implemented and the impact on grant programs at DPH is unclear.

- **National Institutes of Health.** Though likely to have little or no direct financial impact on DPH, proposed cuts to the NIH budget reduce important investments in medical treatments and basic science. The budget proposal would reduce the NIH budget by nearly $6 billion, to about $26 billion. That would include a $575 million cut to the National Heart, Lung and Blood Institute and $838 million cut to the National Institute of Allergy and Infectious Diseases, which is involved in a wide range of diseases include AIDS and Zika.

- The final FY 2018 budget will most certainly look different from the version proposed by the Administration today. The House and Senate appropriations committees will work on their own spending bills, which will need to be reconciled with each other and approved by each chamber before going to the President for his signature. DPH will continue to monitor these conversations as they proceed.
• This is a high level overview of the estimated federal budget timeline.

• Typically, the 1st year of a first time President has a later budget release and the congressional work in the fiscal 2018 budget resolution appears to be on hold until after Congress passes/fails a repeal of the 2010 health care law.

• Typically, though, the budget process proceeds as follows:

  • Step 1: The President Submits the Budget Request The President’s Budget Request, released in early February, is his budget proposal for the coming fiscal year. Based on priorities decided by the President and his Cabinet, the White House Office of Management and Budget (OMB), through a series of guidelines, instructs federal agencies how to prepare their strategic plans and budgets.

  • Step 2: Congress Passes a Budget Resolution After the President submits his budget, the House and Senate traditionally spend the early spring preparing budget resolutions for mid-April. A budget resolution is a framework for making budget decisions about spending and taxes. It does not set binding spending amounts for particular programs. After the House and Senate pass their budget
resolutions, a joint conference is formed to reconcile the two versions, the outcome of which is then voted on by each chamber.

• Step 3: Congressional Subcommittees ‘Markup’ Appropriation Bills In late spring and early summer, using the budget resolutions, the Appropriations Committee of each chamber sets allocations for each of its subcommittees (twelve each in the House and in the Senate). Each subcommittee reviews the relevant budget requests with justifications submitted by agencies, conducts hearings, and follows up with agencies to obtain answers to questions that arise.

• Step 4: The House and Senate Vote on Appropriation Bills and Reconcile Differences After both versions of a particular appropriations bill are passed in their respective chambers, ideally in the late summer or early fall, a conference committee resolves differences between the House and Senate versions. The House and Senate both vote on a conference report for each bill.

• Step 5: The President Signs each Appropriations Bill and the Budget is Enacted The President must sign each appropriations bill after it has passed Congress. When he has signed all of the bills, the budget is enacted. The objective is to complete the budget process before October 1.
Sanctuary Cities
Sanctuary City Update

On 1/13/17, Mayor Lee launched the Equity and Immigrant Services Campaign to serve the legal needs of the City’s immigrant community and promote partnerships with community-based organizations.

On 1/31/17, San Francisco sued President Trump for his Executive Order which threatens to withhold federal funding from sanctuary cities.

On 3/7/17, SF passed legislation to prohibit City employees from cooperating with any government program that requires the creation of a list, registry or database of persons on the basis of their religious affiliation, national origin, or ethnicity.

On 4/25/17, a federal judge issued a preliminary injunction which blocks the government from enforcing the Executive Order.

Mayor’s Office has been convening city departments and community organizations, to ensure that all San Franciscans, including immigrants, continue to access services in their communities.

- In response to the actions by the federal government, San Francisco has taken several actions:

- San Francisco City Attorney Dennis Herrera sued President Trump for his Executive Order which threatens to withhold federal funding from sanctuary cities. The lawsuit says that the Executive Order is unconstitutional.
  - On April 25, a federal judge issues a preliminary injunction which blocks the federal government from enforcing the Executive Order. The judge found that it is unconstitutional for the executive branch to place new retroactive conditions on federal funds.
  - The ruling does not prevent the government from enforcing existing conditions imposed on federal grants or from developing regulations to define a sanctuary jurisdiction.
  - Attorney General Jeff Sessions has stated that the Justice Department will continue to litigate the case.

- Mayor Lee launched the Equity and Immigrant Services Campaign which dedicates an additional $1.5 million dollars to serve the legal needs of the City’s immigrant population. Two organizations, the San Francisco Immigrant Legal Education Network and the San Francisco Immigration Legal Defense Collaborative will receive city funds to
help immigrant communities. The $1.5 million will be allocated as follows:

- Legal Representation & Rapid Response Social Services - $1.2 million
- SF Pathways to Citizenship initiative - $200k
- Public Outreach - $100k

- On March 7, SF passed legislation that prohibits City employees from cooperating with any government program that requires the creation of a list, registry or database of persons on the basis of religious affiliation, national origin or ethnicity. The legislation also prohibits disclosure of any information for the purposes of creating a list or registry, etc.

- The Mayor’s Office is convening city departments and community organizations, to ensure that all San Franciscans, including immigrants, continue to access services in their communities. Some of the current efforts include:
  - Human Rights Commission and Office of Civic Engagement and Immigrant Affairs has released a toolkit with information and resources – this is available on the Post-Election website.
  - City Attorney has issued guidance for responding to ICE, including advice about how to comply with warrants and subpoenas.
  - Carecen is developing a hotline for all community groups
State Update
On Thursday, June 15th, the California State Legislature approved a $183.2 billion state budget. The pivotal elements of the approved budget include education, tax credit for low-wage workers, cannabis, healthcare, and infrastructure spending.

Healthcare is the single biggest function of state government — $105.6 billion

Most of the funding focused on Medi-Cal with more than one in three residents enrolled with a notable provision to boost payments to doctors and dentists who treat Medi-Cal patients (Prop 56 funding – tobacco tax)

An additional $546 million allocated from Prop 56 for women’s health, intermediate care facilities for the developmentally disabled and HIV/AIDS waiver provider payments

California Legislature Approves 2017-18 Budget Package

On Thursday, June 15th, the California State Legislature approved a $183.2-billion state budget. The pivotal elements of the approved budget include education, tax credit for low-wage workers, cannabis, healthcare, and infrastructure spending. The combination of federal and state funds makes healthcare the single biggest function of state government — with a total of $105.6 billion in the budget approved by the Legislature. The majority of that spending is focused on Medi-Cal, the healthcare program for low-income Californians. There are an estimated 14.2 million people, more than one in three state residents, enrolled in the program. The new budget’s most notable provision will boost the payments made to doctors and dentists who treat Medi-Cal patients using money generated by the tobacco tax increase contained in last year’s Proposition 56. The final budget agreement provides up to $546 million in supplemental payments for FY 2017-18 by allocating the tobacco tax revenues payments for the following:

- $50 million for women’s health;
- $27 million for intermediate care facilities for the developmentally disabled;
- $4 million for HIV/AIDS waiver provider payments;
- $325 million for physician services; and
- $140 million for dental services.
• SB 562 would create a single payer health program in California.
• Under a single-payer plan, the government replaces private insurance companies, paying doctors and hospitals for healthcare.
• It’s important to understand what single payer is and is not
  • Single payer is not the same as universal coverage, which is a system wherein everyone has health care coverage. There are multiple ways to go about achieving universal coverage, only one of which is to have a single payer system.
  • Single payer is also not the same as a public option, in which the government offers an alternative to other insurance plans on the market.
• In a single-payer system, one entity — in this case, the state of California — covers all the costs for its residents’ healthcare. Effectively, the government would step into the role that insurance companies play now, paying for all medically necessary care.
• SB 562 passed out of the California State Senate and advanced to the Assembly, where it was held by the Assembly speaker.
• With an estimated cost of $400 billion – more than two times the current state budget – the Assembly speaker noted “potentially fatal flaws in the bill, including the fact it does not address many serious issues, such as financing, delivery of care, cost controls, or the realities of needed action by the Trump Administration and voters to make SB 562 a genuine piece of legislation.”

• SB 562 will not advance in 2017, but may be taken up again in 2018.
What San Francisco is Doing...

- Board of Supervisors created a Budget & Finance Federal Select Committee to address potential changes in federal policy. The Committee will examine impact of potential federal policy changes.

- Tracking and analyzing state and federal policy developments and working with the City’s lobbyists to take action.

- Conducting a risk assessment and leading budget planning activities.

- Board of Supervisors created a Budget & Finance Federal Select Committee to address potential changes in federal policy. The Committee will examine impact of potential federal policy changes.

- City-wide, but also specifically at SFPDH, we are tracking and analyzing state and federal policy developments and working with lobbyists to take action on legislation.

- The City and SFDPH are conducting a risk assessment and engaging in budget planning activities to be prepared for any potential changes.
So what can you do?

**SUPPORT EACH OTHER**
- Continue to support your patients, your clients, and your colleagues
- Understand that they can represent a variety of different views and perspectives, which may or may not be the same as yours.

**USE ONLY SFDPH APPROVED MATERIALS**
- The SFDPH Post-Election Website is frequently updated with ACA and Sanctuary City resources ([www.sfdph.org/dph/comupg/aboutdph/election/](http://www.sfdph.org/dph/comupg/aboutdph/election/))
- Use SFDPH-approved communication materials to make sure that we are communicating accurate and consistent messages across the department.
- Post the You’re Safe Here flyer, pictured on this slide, in patient/client areas.
- This flyer communicates five key messages:
  - you’re safe here
  - your health coverage has not changed
  - you can continue to receive your care here
  - San Francisco is and always will be a sanctuary city
we are here for you
- The three statement message from Barbara is available on postcards.
- These postcards can be meant to communicate assurance and support and can be provided to patients and clients.
- The postcards and the flyer are available in English, Spanish, Chinese, Tagalog, and Arabic.
- Materials will be updated regularly.

SEEK ANY SUPPORT YOU MAY NEED
- For yourselves and your staff, remember that Employee Assistance Program (EAP) resources are available for anyone that would like to talk individually to a counselor.
- [Add info re debrief counselor, if available at this meeting]

LET US KNOW IF YOU HAVE QUESTIONS
- If you have any questions or topics you would like to see covered in future updates, please email us at post-election@sfdph.org.
- We will also compile frequently asked questions and make that information available as well.
Director Garcia’s message to patients & clients

At the Health Department, our mission has not changed. We are dedicated to serving all those in need of care, without regard to immigration or insurance status.

The ACA has made San Francisco healthier and strengthened our social safety net. We are dedicated to maintaining these gains.

We are working with community organizations, the Mayor’s office and other city agencies to ensure that all San Franciscans, including immigrants, continue to access services in their communities.

7/11/2017