

Highlights from the Alliance for Health Policy’s Webinar – Basics of Budget Reconciliation and the Connection to Health Policy

Overview

On February 11, 2021, the Alliance for Health Policy held a webinar on the basics of budget reconciliation and its connection to health policy. Speakers explained the fundamentals of this complex process and how it is used to achieve policy objectives, and discussed how budget reconciliation may be used to further the healthcare goals of the current majority party. Kate Sullivan Hare, vice president for policy and communications at the Alliance moderated the discussion and introduced the speakers, which included Sarah Kuehl Egge, principal at SplitOak Strategies, Dr. Purva Rawal, principal at CapView strategies, and Dr. Rodney Whitlock, vice president at McDermott+Consulting. Event materials, including speaker bios, resources, presentation slides, and a recording of the webinar can be found online at the Alliance’s [webpage](#).

Highlights

Sarah Kuehl explained the budget making and budget reconciliation processes, starting with a brief overview of the federal budget process. There are five steps to the federal budget process:

- First, the President submits a budget to Congress;
- Second, a joint congressional budget resolution based on the President’s proposed budget is considered and adopted;
- Third, the budget reconciliation process occurs, but this step is optional;
- Fourth, the budget resolution is enforced;
- Fifth, statutory deficit control measures come into effect.

She noted that the budget-making process allows Congress to revisit previous spending and revenue decisions and develop and enforce fiscal targets. Because Congress did not complete its work on the Fiscal Year 2021 budget, Congress was able to adopt a joint congressional budget resolution early in February, kicking off the current ongoing budget reconciliation process.

Ms. Kuehl explained that budget resolutions may include reconciliation instructions, which are legislative tools to bring spending and revenue policies in line with the originally approved budget resolution, typically covering 5 to 10 fiscal years. They contain instructions for specific committees to meet certain budget targets (i.e. revenue, spending, deficit reduction, deficit increase), and a deadline for reporting recommendations. Budget resolutions are privileged, which means debate on these resolutions is limited, making them immune to filibuster. Because of this privileged status, budget resolutions also only require a simple majority to pass, making reconciliation an effective tool for achieving policy goals that otherwise might be defeated by rules measures, with some limits. Budget reconciliation cannot direct policy outcomes, but policy assumptions generally inform the budget targets set by reconciliation.

Ms. Keuhl also explained that there are limits to what can be achieved by budget reconciliation. There are constraints on what amendments can be proposed, and the “Byrd rule”, which lays out guidelines for what can be included in budget reconciliation instructions. (The Byrd rule is covered in further depth later in this summary.)

Dr. Purva Rawal discussed how the budget making and budget reconciliation processes could be used by Democrats to achieve some of the Biden administration’s healthcare objectives. Ms. Rawal said the Biden administration has laid out a number of policy priorities for their healthcare agenda, including addressing gaps in coverage, making healthcare more affordable, and suppressing the spread of COVID-19. Dr. Rawal highlighted the broad range of provisions related to healthcare and the economy included in the current text of the budget reconciliation bill, including:

- Allocating CDC funding to distribute, promote, administer, and track vaccines;
- Boosting the Affordable Care Act by providing funding to make subsidies more robust;
- Providing a 100% Federal Medical Assistance Percentage (FMAP) for vaccine administration, and;
- Providing enhanced FMAP funds to encourage non-expansion states to expand their Medicaid programs and create incentives for expanding postpartum Medicaid coverage to twelve months.

Dr. Rawal noted that depending on what is in the final budget reconciliation bill, it is possible that some of these budget provisions may fall through. She also said that as the process moves forward, it will be important to consider the implications of measures within the reconciliation bill, like where reconciliation spending may need to be offset, and how coverage expansions and funding increases could affect longer term policy changes.

Dr. Rodney Whitlock explained the role of the minority in the budget reconciliation process. He explained that the budget reconciliation process is a necessarily partisan undertaking, since the majority party uses the process as a way to further policy objectives that could otherwise be defeated by the minority through measures like the filibuster. He explained that it becomes the role of the minority to make it as difficult as possible to push through policy priorities through budget reconciliation.

Dr. Whitlock explained that the Byrd rule is the tool the minority party uses to challenge the budget reconciliation process. The Byrd rule lays out guidelines under which provisions in budget reconciliation bills can be “knocked out”. Provisions can be knocked out under the Byrd rule if they:

- Do not produce a change in outlays or revenue;
- Produce a net effect that causes an instructed Committee to fail to achieve its reconciliation instruction;
- Are outside of the jurisdiction of the instructed Committee;
- Produce a change in outlays or revenues that are “merely incidental” to the non-budgetary components of the provision;
- Increase net outlays or decrease net revenues during a fiscal year after those covered by the reconciliation bill, or;
- Contain recommendations with respect to Title II of the Social Security Act.

During the budget reconciliation process, the minority party argues that provisions within the majority’s budget reconciliation bill fall under these guidelines. The majority party argues the opposite. The Senate parliamentarian, based on precedent, reasonableness, and the criteria cited above, advises the presiding officer on the decision about which provisions must fall out. While technically, the presiding officer can overrule the parliamentarian, historically this has rarely occurred. A ruling by the presiding officer can only be overridden by a three-fifths vote of the Senate. Throughout the process, the majority still retains distinct advantages, including the ability to withhold the final language of the reconciliation bill for as long as possible to reduce the amount of time for the minority to prepare arguments.

Dr. Whitlock noted that these are extraordinary times for the Senate because rules changes are being considered. He said it will be interesting to see how the majority party will respond when rules impede their policy goals.

The Alliance’s event concluded with a brief **question and answer** segment. During the Q&A, one audience member asked if there are limits to what kinds of policy objectives that can be furthered by budget reconciliation.

Dr. Rawal explained that policy initiatives in budget reconciliation can be expansive and relate to a variety of different policy areas, but that lawmakers must carefully balance their proposals so as not to have them struck down by Byrd rule provisions.

Another audience member asked about what areas of spending could be adjusted or cut to fund health policies under budget reconciliation. **Ms. Kuehl** noted that there is currently interest among congressional Democrats to advance policies in this second budget reconciliation bill to expand affordable coverage to struggling individuals by extending ACA tax credit subsidy policies, creating a version of a public option in states that do not opt to expand Medicaid under the ACA, or lowering the eligibility age from Medicare down from 65 to 60. **Mr. Whitlock** noted that if Democrats are trying to advance these policies in a permanent way, they will need to offset the spending of these policies in Committees that have jurisdiction to make such adjustments. **Ms. Kuehl** said Democrats might consider cutting the Trump administration’s drug rebates or revisiting the Trump administration’s 2017 tax cuts.

The Alliance will continue to release timely content related to health policy and the government’s response to COVID-19. For more information and access to future webinars, visit the Alliance’s [website](#).

