



Health Care July Preview

Welcome back everybody. Congress is back in session and facing a three-week work period before the August recess. There is plenty at stake these next few weeks as Senate Republicans and the White House pitch their Republican colleagues, a growing number of who are opposed to the current repeal and replace bill. Senate Majority Leader Mitch McConnell is moving to forge a compromise this week. For the Senate to vote on a bill during this work period, they are going to have to have an agreement in principle this week, in order to write the full legislative text to then turn that over to the Congressional Budget Office (CBO) to then bring it up on the Senate floor by the week of the 24th. Yes, it has to come together that quickly.

The current legislative focus is on a proposal from Sen. Ted Cruz (TX). His idea, as publicly described, would be to allow insurers to sell plans that were not ACA compliant so long as they offered one ACA compliant plan. Not surprisingly, this proposal has drawn criticism as undermining pre-existing condition protections and creating an adverse selection death spiral for the ACA compliant plans.

There are at least 10 Republicans opposed to the current bill. The recess saw Republicans becoming more comfortable opposing the bill. How McConnell plans to get a broad array of critics supportive of the bill in a very short time period remains unclear. Remember, the Senate can't lose more than two votes on the package so flipping numerous Republicans from different corners of the party is the task at hand. How McConnell threads the needle will likely play out over the course of this week, but it should not stretch much farther than that if no solution is obvious. The pivot becomes the next question.

If the Republican health care effort fails in the Senate, McConnell said last week that some kind of action would have to occur to strengthen private health insurance markets. Some conservatives were quick to call it an 'Obamacare bailout,' and with the White House still focused on repeal, pivoting to a bipartisan repair package would seem difficult in the short term. However, at least three Senators have voiced support for stabilizing the insurance markets publicly and working with Democrats to fix the flaws in the ACA. Amongst conservatives, there will be a call to simply repeal the ACA and worry about replacing it later. While that proposal would satisfy conservatives, it is highly unlikely to get 50 votes in the Senate.

In the midst of all the furor over repeal and replace, the clock is ticking on the FDA User Fees. The House is expected to vote on the measure this week, meaning the Senate could vote on the measure the following week. However, with the health reform debate on the precipice, action on the User Fees in the Senate could be politically complicated. The Senate still has to schedule floor time for a vote to occur and there are certain to be amendments offered. It would be a significant surprise if it moved without a floor debate. User Fees will have to be addressed this month or else the FDA is likely to begin issuing furlough notices.

Congress will eventually have to turn to the health care minibus that has been [on the radar](#) while repeal and replace has dominated the conversation. How the intense debate on health reform spills into other issues like reauthorizing CHIP, MIECHV, or the Community Health Centers Fund, depends on how these next three weeks play out. They will also have to act to prevent Disproportionate Share Hospital reductions and extend the exception process for outpatient therapy caps. The minibus becomes much more complicated if repeal and replace has failed and the minibus is seen as a vehicle for political opportunism.

We will be keeping in contact with developments regarding the health care debate.

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