

MEMORANDUM

To: ASTS

From: Peggy Tighe, Peter Thomas, Leif Brierley, and Michael Lewis

Date: January 25, 2018

Re: Continuing Resolution Extends Government Funding Through February 8, Includes 6-Year Extension of Children’s Health Insurance Program (CHIP)

Summary

On Monday, January 22, President Trump signed a [Continuing Resolution](#) (“CR”) to fund the government through February 8, 2018, after a 3-day shutdown that began early Saturday morning, January 20th. The shutdown occurred after Congressional leaders and the Administration were unable to come to an agreement over a fix to the Deferred Action for Childhood Arrivals (DACA) program, which is set to expire in early March. The CR was passed in the Senate on Monday by an 81-18 vote, with mostly Democrats opposed. The House quickly followed suit, passing the bill in a largely party-line vote of 266-150. The House had originally passed a CR earlier last week, but the bill was rejected in the Senate, where Democrats held up the bill because it lacked measures to address outstanding immigration issues related to DACA.

In exchange for Democratic support of the CR, Senate Majority Leader Mitch McConnell (R-KY) agreed to hold a debate and vote on an immigration bill, which was enough for Senate Democrats to agree to another vote on the House-passed bill. The CR sets yet another short-term deadline for Congress to come up with a long-term budget agreement. In addition to reopening the government, the new law provides a 6-year authorization of the Children’s Health Insurance Program (CHIP), as well as the delay of several taxes related to the Affordable Care Act.

This memorandum provides an overview of the key features of the Continuing Resolution.

Key Features:

- **3-week Funding Extension:** The CR keeps the government open until February 8, 2018, giving Congress 3 weeks to negotiate a deal on the overall budget and a raft of other important issues.
- **CHIP Funded for 6 Years:** The CR included six years of funding for the Children’s Health Insurance Program (CHIP) after funding ran out September 30, 2017. The previous CR, passed on December 22, 2017, had provided funding for CHIP through March 2018. States now have longer-term assurance of CHIP funding, a program which covers an estimated 9 million low-income children nationwide. An extension of funding for CHIP had previously been scored by the Congressional Budget Office (CBO) as costing the federal government \$8 billion over ten years; however, in light of recent

changes to the federal tax law (including the repeal of the individual mandate), CHIP was scored as a modest saver over six years and a saver of \$6 billion over ten years. House Republicans have been rumored to be considering passing additional extensions of CHIP later this year to help offset the cost of other health care legislation.

- **ACA Taxes Delayed:** The Continuing Resolution also delays the implementation of three taxes contained in the Affordable Care Act:
 - The medical device excise tax is delayed until 2020;
 - The tax on health insurance providers is delayed until 2019, and;
 - The “Cadillac” tax on premium health plans is delayed until 2022.

Unresolved Issues

While the continuing resolution provides much-needed certainty for CHIP, Congress has again delayed action on key healthcare issues, including:

- **Medicare Extenders:** The CR did not address outstanding issues including therapy caps repeal legislation, other Medicare extenders, the CHRONIC Act (which is designed to improve care for persons with chronic health conditions, or an extension of the Independence at Home Demonstration.
- **Opioid Funding:** Despite the President declaring the opioid crisis a public health emergency last fall, Congress has yet to appropriate any funds to combat the crisis.
- **Community Health Center Funding:** The CR did not include long-term funding for community health centers, which receive significant federal funding, and only received an extension through March 2018 in the previous CR enacted in December 2017.
- **ACA Stabilization:** In December, Senator Susan Collins (R-ME) voted for the tax reform bill in exchange for a promise from Senate Majority Leader Mitch McConnell (R-KY) that the Senate would take up ACA stabilization measures proposed by Senators Lamar Alexander (R-TN) and Patty Murray (D-WA), as well as Senators Susan Collins (R-ME) and Bill Nelson (D-FL), to shore up the individual insurance markets and resume cost-sharing payments to insurers for high-risk enrollees. The CR did not address ACA stabilization.

Additionally, the fate of so-called “Dreamers” under the DACA program remains to be addressed after President Trump announced late last year that he would end the program by March of 2018, unless Congress acts. While there is bipartisan support for a measure to shield these immigrants from deportation, shifting signals from the White House has made an immigration deal difficult to achieve. President Trump has said he will not sign a DACA bill unless it includes funding for increased border security, including funding for the border wall.

Conclusions

The latest CR reopened the government after a 3-day partial shutdown, buying time for continued negotiations on the budget, spending and immigration. However, the fundamentals of the debate have not changed, setting Congress up for another three weeks of brinkmanship.