

TRP SPECIAL REPORT: HEALTH ‘EXTENDERS’ IN THE CARES ACT

EXECUTIVE SUMMARY

As part of the Coronavirus Aid, Response, and Economic Security (CARES) Act ([H.R. 748](#)), Congress reauthorized a variety of expiring health care-related programs through November 30, 2020. This was to avoid the programs lapsing after May 22, 2020, the date to which lawmakers last extended the programs in December 2019. Congress has now punted on health care “extenders” four times since the beginning of fiscal year (FY) 2020, though there is interest in a longer-term reauthorization of these programs. Such a reauthorization may be expected after the election.

A reauthorization of these health “extenders” — which we estimate to be in the neighborhood of \$130 billion for a five-year extension, or around \$50 billion not including the Temporary Assistance for Needy Families (TANF) block grant — historically have been extended by coupling the policies with program offsets. These offsets could potentially include consideration of unrelated health policy matters, such as surprise billing or drug pricing proposals.

An early, Senate GOP-driven draft of the CARES Act included a roughly two-year reauthorization of these programs. These extensions were pared back to expire shortly following the 2020 elections — when the makeup of the House and Senate as well as the occupant of the White House for the next four years will be clear. Lawmakers may be relatively unconstrained to offer longer-term extensions of the expiring programs during a lame-duck session and may serve as a vehicle to address issues that have emerged in the context of the COVID-19 crisis.

This memo explores the programs that must be reauthorized, the estimated cost of doing so, proposals for reauthorizations in the 116th Congress, and outstanding process questions.

CARES Act

The CARES Act was a clean reauthorization of the bulk of the programs and policies needing to be extended. That is, they were reauthorized at current funding levels and without policy changes. Two extenders were different due to being more complex or to having policy changes: (1) a delay of disproportionate share hospital (DSH) funding reductions, which was further delayed by pushing back the effective dates of funding cuts; and (2) a reauthorization of a demonstration program for Certified Community Behavioral Health Centers (CCBHC), which added two new states to the demonstration. Additionally, funding for the National Quality Forum was increased from \$7,500,000 annually to \$20,000,000 annually, in line with current proposals for reauthorization.

DSH Reductions

DSH reductions were, following the last extension of the DSH reduction delay, set to go into effect on May 23, 2020. As scheduled, a \$4 billion reduction would have gone into effect for the period between May 23, 2020 and the end of fiscal year 2020. Then, a reduction of \$8 billion per year would have gone into effect for each of fiscal years 2021 through 2025. The CARES Act delayed the beginning of the \$4 billion reduction to December 1, 2020 and delayed the beginning of the \$8 billion reduction to fiscal year 2022. The bill did not modify the end dates of the reductions.

CCBHCs

The Community Mental Health Services Demonstration Program, which funds CCBHCs, was reauthorized through November 30, 2020. It also added two states to the demonstration in addition to the eight states already participating in the program. Congress appropriated an additional \$250 million for the demonstration program in the CARES Act.

EXTENDERS

Certain policies were given longer reauthorizations in the end-of-year funding deal passed in December 2019. Notably, the Patient Centered Outcomes Research Institute (PCORI) was reauthorized for ten years, and territories' Medicaid funding was extended through fiscal year 2021. Most provisions, however, were extended through May 22, 2020, and then again through November 30, 2020 in the CARES Act. These, including a reauthorization of the Temporary Assistance to Needy Families (TANF) program, add up to over \$133 billion over five years.

A list of the programs needing reauthorization, their current annualized authorization, and the cost of a five-year reauthorization, is below. CBO scores are drawn from previous authorizations of these provisions and may be extrapolated. If no CBO score is available, the authorized amount is used. All assume level funding. **All scores and sums thereof in this document should be considered ballpark estimates.**

Est. CBO Scores for 5-Year Reauthorization

Program/Policy	Current Annualized Authorization (or cost, if mandatory)	Est. CBO Score for 5-Year Reauthorization
Geographic Practice Cost Index Floor	\$477,500,000	\$2,387,500,000
National Quality Forum	\$20,000,000	\$100,000,000
Low-Income Outreach and Assistance	\$37,500,000	\$187,500,000
Certified Community Behavioral Health Centers	Demonstration — No Defined Annual Cost	\$1,375,000,000
Disproportionate Share Hospital (DSH) Reduction Delay	N/A	\$22,600,000,000

Program/Policy	Current Annualized Authorization (or cost, if mandatory)	Est. CBO Score for 5-Year Reauthorization
Spousal Impoverishment	\$200,000,000	\$1,300,000,000
Money-Follows-the-Person (MFP) Rebalancing	\$450,000,000	\$2,170,000,000
Health Professions Workforce Demonstrations	\$85,000,000	\$410,000,000
Temporary Assistance to Needy Families (TANF)	\$16,500,000,000	\$82,500,000,000
Sexual Risk Avoidance Education Program	\$75,000,000	\$100,000,000
Personal Responsibility Education Program	\$75,000,000	\$85,000,000
Community Health Centers/National Health Service Corps/Graduate Medical Education	\$4,436,500,000	\$20,105,000,000
Special Diabetes Programs	\$300,000,000	\$1,207,500,000
Total Cost		\$134,527,500,000
Total Cost without TANF		\$52,027,500,000

Two main proposals for long-term reauthorizations emerged last year prior to Congress reauthorizing most expiring programs through May 22, 2020. Senate Finance Committee-related items were proposed by the duo of Chairman Chuck Grassley (R-IA) and Ranking Member Ron Wyden (D-OR). The Health, Education, Labor, and Pensions (HELP) Committee came to a deal with the House Energy & Commerce Committee for items in HELP's jurisdiction. For the most part, these proposals offer level funding, though they differ in terms of the length of reauthorization.

A third reauthorization proposal came from the Senate GOP as Congress was considering the CARES Act, though it largely mirrored the proposals below with authorizations through 2021. All Senate GOP proposal reauthorization periods are expressed as either through CY or FY 2021, which would be approximately one year and five months to one year and eight months.

Extenders Proposals

Program/Policy	Grassley/ Wyden Reauth. Period	Annual Amount	HELP/E&C Reauth. Period	Annual Amount	CARES Act Proposal Reauth. Period	Annual Amount
Geographic Practice Cost Index Floor	3 Years	Mandatory	N/A	N/A	Through CY 2021	Mandatory
National Quality Forum	3 Years	\$20,000,000	N/A	N/A	Through FY 2021	\$20,000,000
Low-Income Outreach and Assistance	3 Years	\$37,500,000	N/A	N/A	Through FY 2021	\$37,500,000
Certified Community Behavioral Health Centers	2 Years (11 more states)	Demonstration — No Defined Annual Cost	N/A	N/A	Through FY 2021 (2 more states)	Demonstration — No Defined Annual Cost
Disproportionate Share Hospital (DSH) Reduction Delay	Through FY 2025	\$32,000,000,000	N/A	N/A	Would delay the beginning of reductions until FY 2022 but lengthen them through FY 2028, with a \$4 billion reduction in FY 2022 and \$8 billion reductions in FY 2023-2028.	
Spousal Impoverishment	Permanent	Mandatory	N/A	N/A	Through FY 2021	Mandatory
Money-Follows-the-Person (MFP) Rebalancing	Permanent	\$450,000,000	N/A	N/A	Through FY 2021	\$450,000,000
Health Professions Workforce Demonstrations	3 Years	\$85,000,000	N/A	N/A	Through FY 2021	\$85,000,000

Program/Policy	Grassley/ Wyden Reauth. Period	Annual Amount	HELP/E&C Reauth. Period	Annual Amount	CARES Act Proposal Reauth. Period	Annual Amount
Temporary Assistance to Needy Families (TANF)	3 Years	\$16,500,000,000	N/A	N/A	Through FY 2021	\$16,500,000,000
Sexual Risk Avoidance Education Program	3 Years	\$75,000,000	N/A	N/A	Through FY 2021	\$75,000,000
Personal Responsibility Education Program	3 Years	\$75,000,000	N/A	N/A	Through FY 2021	\$75,000,000
Community Health Centers/National Health Service Corps/Graduate Medical Education	N/A	N/A	5 Years	\$4,349,000,000	Through FY 2021	\$4,349,000,000
Special Diabetes Programs	N/A	N/A	5 Years	\$300,000,000	Through FY 2021	\$300,000,000

OUTSTANDING QUESTIONS

With the extenders deadline set at the end of November 2020, there are several outstanding questions that will shape how these health programs are reauthorized.

- **Who will win the 2020 presidential election?** The dynamics between Congress and the White House will be very different if President Trump wins re-election or if former Vice President Joe Biden will be sworn in on January 20, 2021. It should be noted that the November 30, 2020 deadline is well outside of pocket veto territory as long as Congress continues its recent practice of not adjourning *sine die* until just before the beginning of the next Congress.
- **Who will be in the majority during the 117th Congress?** While Democrats are currently favored to retain the House and Republicans are favored — albeit less strongly — to keep the Senate, nothing is certain until the votes are counted. Should control of either chamber change, the party losing clout may have an increased incentive to put in place a long-term reauthorization including their priorities.
- **Will Congress address extenders in the FY 2021 appropriations bills?** While the programs do not expire until November 30, 2020, Congress may be eager to get extenders out of the way by including them in FY 2021 appropriations. If the appropriations process has not been completed by the end of FY 2020, it is possible that the eventual package to fund the government for FY 2021 will line up with the need to do extenders, similar to what happened twice in 2019.
- **Will pay-fors be necessary?** Congress has historically sought pay-fors for the health care programs that require extension. Last year, when the Senate was examining options on extenders, Finance and Health, Education, Labor, and Pensions (HELP) Committee chairs were told to find offsets within their own jurisdictions. However, when the CARES Act was passed, no pay-fors were incorporated, largely due to the emergency nature of the bill. Lawmakers may be eyeing prescription drug or surprise billing reforms to help pay for the legislation.
- **Which programs will get increases in their authorizations?** The programs in question have not received increased funding in several years. Current proposals to reauthorize them generally include level funding, but some lawmakers may be eager to plus-up some of the programs.