

LEGISLATIVE FIX WOULD AVERT CUTS TO VITAL PROGRAMS

March 16, 2021

Last week, Chairman John Yarmuth introduced legislation that would protect Medicare, farm supports, and other direct spending programs from Statutory Pay-As-You-Go (PAYGO) sequestration. The legislation ([H.R. 1868](#)), was cosponsored by Agriculture Committee Chairman David Scott, Energy and Commerce Committee Chairman Frank Pallone, Jr., and Ways and Means Committee Chairman Richard E. Neal.

The bill will **avert cuts to vital programs, support health care providers** on the frontlines of the pandemic, and **make technical fixes** to ensure laws are implemented according to Congressional intent.

IT AVERTS CUTS TO VITAL PROGRAMS

The [Statutory Pay-As-You-Go Act of 2010](#) (sometimes called “Statutory PAYGO”) directs the Office of Management and Budget (OMB) to keep running tabs – or “scorecards” – of the deficit effects of enacted legislation over two different time periods. If, at the end of a session of Congress, either Statutory PAYGO scorecard shows a net debit for the budget year, numerous direct spending programs get hit with an across-the-board cut to “pay for” that debit. Because the critical direct spending included in the American Rescue Plan Act increases the deficit—and PAYGO scorecard exemptions could not be done in the reconciliation process—an additional legislative fix is needed to avert these painful and unnecessary cuts.

The consequences of inaction are serious. Unless Congress acts, OMB will issue a series of reductions that include a four percent reduction in Medicare payments, threatening health care for seniors and people with disabilities in the middle of a pandemic, and an increase of loan origination fees for student loans, making college more expensive for millions of students. In addition, federal funding would be completely eliminated for vital programs subject to uncapped across-the-board reductions, such as the Social Services Block Grant, the Commodity Credit Corporation, the Crime Victims Fund, and the Prevention and Public Health Fund.

H.R. 1868 protects Medicare and other crucial programs from these harmful across-the-board cuts by directing OMB to exclude the American Rescue Plan Act from the PAYGO scorecards. This provision would put the American Rescue Plan Act on equal footing with other COVID-19 relief measures previously enacted into law, such as the Families First Coronavirus Response Act and the CARES Act.

IT SUPPORTS HEALTH CARE PROVIDERS ON THE FRONTLINES OF THE PANDEMIC

Early in the COVID-19 pandemic, Congress came together to provide financial support to health care providers by temporarily pausing the sequestration of the Medicare program created by the Budget Control Act of 2011. This means that Medicare plans and providers are receiving payment rates that are approximately 2 percent higher than what they otherwise would have received during this time. This pause, originally enacted in the CARES Act and then further extended in the Consolidated Appropriations Act, 2021, is slated to expire on March 31, 2021. H.R. 1868 will extend the suspension through December 31, 2021.

IT MAKES TECHNICAL FIXES

The legislation also includes four technical fixes recommended by committees of jurisdiction to ensure that laws are implemented according to Congressional intent:

- It treats all supplemental unemployment compensation the same by not counting the federal payment to “mixed earners” – those who earn the majority of their income from self-employment – towards the income limits for Medicaid and the Children’s Health Insurance Program, just as the supplement is excluded for wage earners.
- It fixes the rural health clinic modernization provision in the Consolidated Appropriations Act, 2021 so that those rural health clinics that enrolled (or applied to enroll) in Medicare before December 31, 2020 are not subject to a new per-visit cap. The Consolidated Appropriations Act erroneously included December 31, 2019 for this cut-off date.
- It allows states to provide reemployment services to a broader range of unemployment insurance recipients.
- It restores language necessary to prevent unintended reductions for hospitals that receive Medicaid Disproportionate Share Hospital (DSH) payments, which offset uncompensated care costs to improve access for Medicaid and uninsured patients.

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.