



To: Members of the House Committee on Energy and Commerce

From: National Taxpayers Union

Date: February 10, 2021

Subject: Taxpayer considerations and amendment proposals for the Committee's reconciliation bill

I. Introduction and Key Taxpayer Considerations for the Reconciliation Bill

National Taxpayers Union (NTU) is the nation's oldest taxpayer advocacy organization. Given the Committee's reconciliation bill includes proposals that would deeply impact taxpayers and the federal budget, we wish to share some of our topline considerations for taxpayers regarding this bill.

- Though much of the Committee's [\\$188-billion allocation](#) for reconciliation legislation is tied to spending that will help the country overcome the pandemic (i.e., vaccine distribution, COVID-19 testing, and contact tracing), policymakers requesting these provisions should make a more compelling, data-driven case for why particular funding amounts are needed for particular initiatives, especially on the heels of a \$900-billion COVID bill passed just weeks ago;
- The Committee proposes an expensive five-percent boost to the *base* Federal Medical Assistance Percentage (FMAP) for states that decide to newly expand Medicaid during the crisis; not only is this a significant expansion on prior proposals to incentivize Medicaid expansion (which just provided a temporary FMAP boost for *expansion* populations only), but it comes on the heels of an [existing](#) 6.2-percent FMAP boost that applies to all states through the public health emergency (PHE) and reflects some policymakers' *pre-COVID* policy goals rather than narrow and targeted measures aimed at the crisis; and
- The Committee takes aim at drug manufacturers with a measure wholly unrelated to COVID-19 that would increase the rebates some manufacturers need to pay the government under the Medicaid program; this is not only a long-standing goal of some policymakers that predates the pandemic, but would actively punish some of the drug manufacturers that are working to ensure billions around the world receive COVID-19 vaccines in the years to come.

Notwithstanding the concerns outlined above, there are provisions in this legislation worth supporting, either on their own or with modifications. They are:

- Funding for COVID-19 vaccine distribution, vaccine and therapeutic research, contact tracing, testing, and data surveillance to monitor COVID hotspots; and
- Ensuring individuals covered by Medicaid and the Children's Health Insurance Program (CHIP) can receive a COVID-19 vaccine with no cost-sharing, which may help increase vaccine uptake.

II. Amendments That Could Improve the Committee’s Reconciliation Bill

Though we believe that several proposals in this reconciliation bill should not be advanced by the Committee under any circumstances, we hope to offer constructive amendment ideas that would, on net, improve the bill. They are:

Additional funding for “health extenders” programs:

- Reduce the \$7.6-billion allocation to Community Health Centers (CHCs); though additional funding to CHCs may be justified given the COVID-19 crisis, we question whether CHCs require nearly two times their annual funding ([\\$4 billion](#)) at this time;
- Reduce the \$800-million allocation to the National Health Service Corps (NHSC); though additional funding may be justified, we question whether the Corps requires more than 2.5 times their annual funding ([\\$310 million](#)) at this time; and
- Reduce the \$330-million allocation to teaching health centers that operate graduate medical education; though additional funding may be justified, we question whether the centers require more than 2.5 times their annual funding ([\\$126.5 million](#)) at this time.

Base FMAP boost for new Medicaid expansion states:

- Strike Section 3105, providing a two-year, five-percent FMAP boost to the base Medicaid population for states that newly provide Medicaid to Affordable Care Act (ACA) expansion populations; states are already receiving a 6.2-percent FMAP boost through the end of the PHE and this provision reflects policymakers’ goals before the COVID crisis existed;
- Reduce the five-percent FMAP boost in Section 3105; or
- Apply the five-percent FMAP boost (or some reduced FMAP boost amount) to only expansion populations, rather than traditional Medicaid populations.

Elimination of 100-percent cap on Medicaid drug rebates:

- Strike Section 3107; this recommendation has nothing to do with the COVID-19 crisis and may actively harm drug manufacturers developing COVID-19 vaccines and therapeutics.

III. NTU’s Thinking on the Combined Reconciliation Package

As the authorizing committees in Congress work on separate reconciliation bills, NTU wishes to inform Members and their staff that we have several significant concerns with the current framework of the overall, combined reconciliation effort. This proposed legislation would add \$1.9 trillion the national debt without meaningful offsets and includes several major initiatives that do not adhere to the narrow, targeted approach NTU has advocated for since the summer. Additional proposals may do active harm to the country’s economic recovery efforts in the years ahead.

If the combined reconciliation bill came to the House or Senate floor today without significant improvements, we would advise Members to vote “**NO**” on the legislation. The bill would be **heavily weighted** in NTU’s annual rating of Congress.

IV. Contact Information

Should you have any questions about the recommendations in this memo, please do not hesitate to reach out to Andrew Lautz at alautz@ntu.org.