

CITY COUNCIL STUDY SESSION

Federal Legislative Update

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

No formal action is required; this is an informational briefing. Congress, the Administration, and Federal agencies each year approve actions that impact the City in a broad range of areas. Staff may recommend, and/or Council may wish to direct, communication to the City's congressional delegation on a range of issues throughout the year.

RECOMMENDATION

NA

BACKGROUND & ANALYSIS**DC BIG PICTURE**

Mid-term elections earlier this month delivered surprises in many parts of the country. Nationally, some of the biggest new stories were in Louisiana and Kentucky where Democrats won the gubernatorial election, despite President Donald Trump's actively engagement and campaigning. Democrat John Bel Edwards held his seat in Louisiana and Kentucky Attorney General Andy Beshear defeated Republican incumbent Matt Bevin by a margin of just over 5,000 votes. Virginia Democrats also made history on election night by taking full control of the Virginia legislature for the first time in nearly a quarter century.

The House is holding public hearings as part of its impeachment inquiry of President Donald Trump. While the hearings have taken center stage in D.C., work continues on issues such as funding the day-to-day operations of the government and other issues described below.

Budget and Appropriations

Congressional leaders are close to securing a deal with the White House on bills that will fund the day-to-day operations of the federal government into the new year.

At the end of September, a few days before the end of the federal fiscal year, a Continuing Resolution (CR) was approved that extended current federal funding through November 21. The CR also increased funding for some programs (Census, Import-Export Bank) and extended the authorization of several programs set to expire, including the National Flood Insurance Program and several public health programs. It also canceled some funding cuts to mass transit programs.

With only days remaining before the November 21 CR runs out, House and Senate leaders and the White House appear to have reached an agreement to move another short-term CR that would continue current funding levels until December 20, buying time for House and Senate appropriations

leaders to hammer out a deal on budget allocations for each of the 12 appropriations bills. From all accounts it appears, they are very close to completing an agreement on the allocations.

Once an agreement is reached congressional leaders believe they can move the individual appropriations bills very quickly, assuming cooperation from the White House. Thus far, the White House is cooperating and seems just as intent on avoiding a government shutdown as is Congress. The main sticking points are around funding levels for the Labor-Health and Human Services (HHS) bill, which Democrats consider their top funding priority, and the President's funding request for the southern border wall.

OTHER POLICY UPDATES

Federal Emergency Management Agency (FEMA) to Delay Implementing Flood Insurance

On November 7, FEMA announced that it would delay implementation of a new rating structure for the National Flood Insurance Program, citing that, "additional time is required to conduct a comprehensive analysis of the proposed rating structure". Changes in the policy rating system have been opposed by lawmakers representing coastal areas who fear the new system could cause premiums to skyrocket. The new rates were set to go into effect at the start of FY21. FEMA now plans to delay implementation to the beginning of FY22.

HEALTH CARE

Administration Releases Cost Transparency Proposals

The President rolled out two regulations intended to increase transparency and drive down the cost of health care on November 15. One of the proposed rules requires health insurers and hospitals to shed more light on the reimbursement rates they negotiate. The proposal would also require health plans give their members upfront estimates of cost-sharing, or the portion of their medical bills for which consumers are directly responsible.

The Administration is also finalizing a proposed rule to make hospitals publish information about the sticker prices they set before any discounts are negotiated with insurance companies. The rule also requires more details on the cost of "shoppable services" to give consumers the ability to compare prices.

Under that provision, some 6,000 hospitals nationwide must disclose their standard charges for 300 procedures such as hip replacements and tonsillectomies in an easy-to-read format. The new rules would take effect January 1, 2021. The health care industry and insurance industry have come out against the Administration's proposed rules and is preparing a legal challenge.

Surprise Billing

Congress has moved bills to address "surprise billing"—instances where patients face high medical bills despite having insurance coverage sufficient to cover the health services they received. Leading legislative proposals are aimed at ending balance billing, where a doctor or facility fail to agree with an insurer on the cost of services and pass along to the patient a bill for any costs beyond what the insurer

will pay. The House has moved bills through committee and the Senate Health, Education, Labor, and Pensions Committee approved S. 1895 earlier this year by a 20-3 vote. Chairman Lamar Alexander (R-TN) is negotiating with members to see if agreement can be reached on issues related to billing disputes.

Drug Pricing

House Speaker Nancy Pelosi (D-CA) took the lead on the issue of drug pricing by introducing a bill (HR 3) in September that allows Medicare to negotiate the price of brand-name prescription drugs. The bill passed out of committee along party lines. House Majority Leader Steny Hoyer (D-MD) recently announced that he is expecting to push a floor vote in December, once the bill has been scored by the non-partisan Congressional Budget Office (CBO).

TRANSPORTATION AND INFRASTRUCTURE

Highway Contract Funding Rescission

The Fixing America's Surface Transportation (FAST) Act contains a funding mechanism that requires the rescission of unobligated transportation funds. The Federal Highway Administration (FHWA) reported earlier this month that states held \$5.4 billion in highway money subject to the rescission at the end of FY19. States are facing an additional \$2.2 billion cut in highway contract authority next summer and may be forced to de-obligate existing road projects in order to come up with the amount of full contract authority to be rescinded, according to industry groups. The rescission of highway contract authority is scheduled for July 1, 2020.

Industry groups such as the American Association of State Highway and Transportation Officials, the U.S. Chamber of Commerce, and the National Governors Association and several congressional members are working on a path that would avoid the implementation of this provision. They are looking to include a fix in legislation that is moving, including FY20 appropriations, the National Defense Authorization Act (NDAA), or another year-end vehicle. Senate Armed Services Chairman James Inhofe (R-OK) supports including the fix in the NDAA. Unfortunately, like the annual appropriations bill, the NDAA is still being negotiated and the path remains unclear if and how these "must-pass" bills will get done by year-end.

Transportation Reauthorization

In a closed-door meeting with House Democrats last week, House Transportation and Infrastructure Chairman Peter DeFazio (D-OR) presented his proposal to reauthorize surface transportation programs. The plan would be part of the Democrats' infrastructure package. The current authorization expires in September 2020. According to members who attended the meeting, there was no discussion on how to pay for the proposal; however, indications are that the U.S.-Mexico-Canada trade agreement needs to be advanced by the House Ways and Means Committee before leadership can start talking about how to pay for infrastructure.

Representative DeFazio said he hopes to be in conference with the Senate about a bill to fund highways, bridges, rail, and transit by late spring.

TELECOMMUNICATIONS

Online Privacy Act of 2019

Congresswomen Anna G. Eshoo (D-CA) and Zoe Lofgren (D-CA) introduced the *Online Privacy Act of 2019* (H.R. 4978) earlier this month. The legislation would create new online user “rights”, place obligations on companies to protect user data, establish a new federal agency to enforce privacy protections, and strengthen enforcement of privacy law violations.

According to the bill’s sponsors, the legislation is needed to establish a legal framework to protect consumers from the ever-growing data-collection and data-sharing industries that profit from using personal information. The legislation also would provide users more control of their personal information by making legitimate changes to business practices.

Robot Calls

House and Senate negotiators have reached an agreement on legislation that would criminalize illegal robocalls. The agreement requires phone carriers to verify calls at no cost to consumers and gives the Federal Communications Commission (FCC) and law enforcement more authority to go after scammers. The Senate passed its version of the bill (S.151) in May. The House passed its measure, (HR 3375) in July. It is expected that the House will take up the measure soon and the Senate will follow once the bill is passed in the House.

POLICY & FISCAL IMPACTS

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OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

N/A