

# Explaining the Budget Reconciliation Process

3:00pm ET | Wednesday, February 26, 2025



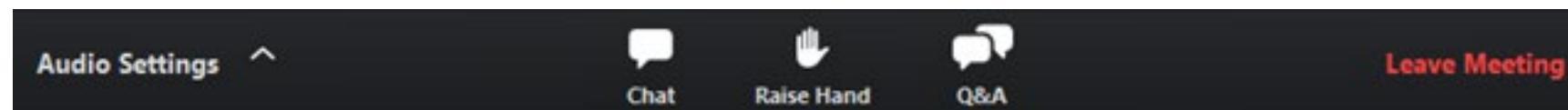
# Using the Chat and Q&A Features

## Chat

- **Send a Message:** Type in the text box and choose whether to send to **Everyone** or specific participants.
- **Respond to Messages:** Click on three dots next to a message to reply (if enabled).
- **Open Chat Panel:** Click the **Chat** button in the toolbar.
- **Send Files/Links:** Click **File** icon to share files (if enabled).

## Q&A

- **Open Q&A Panel:** Click the **Q&A** button in the toolbar.
- **View Questions:** See other submitted questions.
- **Vote on Questions:** Click thumbs-up to upvote questions.
- **Ask a Question:** Type and click **Send** to submit.



# What We're Covering Today



Today, we'll review the budget reconciliation process and become informed on its powers and limitations.



We will explore what to expect during this process and how it may affect state programs.

# Overview of Budget Reconciliation

# Key Terms

- **Committees of jurisdiction:** Both houses of Congress operate through committees, and every program, agency, and activity of the executive branch is assigned to a committee, which must approve any legislation impacting programs under its jurisdiction before they can be voted on by the full chamber.
  - Medicaid committees are House Energy & Commerce and Senate Finance
  - Senate Health, Education, Labor and Pensions (HELP) Committee oversees other relevant programs
- **Discretionary spending:** federal agency funding, including OAA programs and APS funds. Congress sets funding levels for these each year. This usually accounts for around a third of all funding.
- **Federal fiscal year:** the 12-month accounting period that runs from October 1 to September 30
- **Filibuster:** Any Senator can prevent “cloture” (the end of debate on a bill and move to a vote) through a filibuster; filibusters can be overcome by a 3/5ths vote—60 Senators.
- **Mandatory spending:** funding for Medicaid, Social Security, Medicare, veterans benefits, and other spending based on statutory formulae. This typically uses over half of all funding.
- **Provider tax:** A health care-related fee, assessment, or other mandatory payment for which at least 85% of the burden of the tax revenue falls on health care providers.

# NASDDDS Medicaid Primer



Intellectual and Developmental Disabilities (I/DD) Service Systems are Medicaid Systems

National Association of State Directors of Developmental Disabilities Services  
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People with I/DD, which includes conditions such as Down Syndrome, cerebral palsy, and autism, live in all parts of our country and are in families from all walks of life. Most people with I/DD live in their own homes or family homes.



## How does Medicaid support people with I/DD?

- Medicaid is an essential source of **healthcare** for people with I/DD.
- Medicaid is the only federal source for home and community-based services (HCBS) that **enables people with I/DD to live in and contribute to their communities**.
- Medicaid services also **allow families to remain in the workforce**, through personal assistance and employment supports for their loved ones, as well as respite for in-home caregivers.



## Who is supported in state I/DD systems?

- State I/DD agencies serve more than **1.5 million children and adults annually**.
- State agencies supporting people with I/DD **oversee three-quarters of the nation's HCBS**, reflecting both the lifelong nature and levels of support I/DD requires.



## What are the potential implications of federal adjustments to Medicaid?

Medicaid is a state and federal partnership. States fund services with their general revenue which is matched by the federal government. The federal government's share of spending varies by state and is called the federal medical assistance percentage (FMAP).

### There are three main ways states can manage Medicaid spending:

1-eligibility (who is served)      2-services (what is provided)      3-rates/payments (what it costs)

In order to participate in Medicaid, states are required to include certain services in their programs; these are known as mandatory services. Other services are optional. **Many of the most cost-effective services that are necessary to support people with I/DD and their families, including home and community-based services (HCBS), are optional services.**

When federal resources shrink, **states must make decisions** about how to respond. Often, their response is to reduce optional services like HCBS.

#### States may significantly:

- limit how many people they serve (waitlists)
- cut services
- reduce provider rates
- increase use of institutional care which is generally more costly



#### This affects:

- people's ability to live and work in their communities
- families' opportunity to receive respite support and to remain in the workforce



**Mark's Story:** "My name is Mark and I have an intellectual disability. I am 28 years old and live at home with my parents. I am a Medicaid recipient and receive HCBS supports to live in my community and work at the local hardware store. Without HCBS, my family would have to leave the workforce to provide my care or maybe even move me to an institution. My Medicaid is very important to me, because it assures I have good healthcare and provides supports that make it possible for me to earn money, pay taxes, and contribute to my community."

Please feel free to use and share this document to assist in educating others.

Access the document here:



# Advancing States OAA and APS Infographics

## Older Americans Act

**16.8%** of Americans are over 65 years of age

**11 million** Americans receive OAA services each year

### What is the OAA?

The Older Americans Act (OAA) funds essential services, including home-delivered meals, transportation, caregiver support, and in-home assistance that enables older adults to live safely and independently.

The OAA was passed by Congress in 1965. Over the last 60 years, it has received bipartisan support and remains a cost-effective, impactful program.

### Why Maintain Funding for the OAA?

- Supports independence and dignity: Helps older adults remain in their homes and communities.
- Provides essential services for older Americans: Home-delivered meals, transportation, caregiver support, and in-home assistance.
- Supports family caregivers: Provides crucial respite care and training.
- Combats social isolation: Provides community engagement opportunities that prevent loneliness and associated health risks.
- Delivers cost-effective supports: Reduces Medicare and Medicaid expenses by preventing the need for hospitalizations and nursing home care.
- Strengthens local economies: Supports jobs in aging services, including home care providers, nutrition program staff, and transportation workers.
- Addresses growing demand: As the aging population grows rapidly, the need for services is higher than ever.

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## Protective Services

### What is the APS?

Adult Protective Services (APS) programs support older Americans and people with disabilities at risk of being abused, neglected, financially exploited, or experiencing self-neglect.

APS systems receive and respond to reports of maltreatment and work closely with older Americans and a variety of partners to ensure safety and independence.

### Funding for APS?

- **Cost effectiveness:** APS funding is small compared to other federal programs, but it has an enormous impact in protecting the 73 million older adults in America.
- **Prevention:** Addressing abuse early helps avoid expensive hospitalizations, long-term care placements, and legal interventions. Without APS, there would be higher costs in Medicaid and Medicare.

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# Budget Reconciliation: Overview

Budget reconciliation is a special process that makes it easier to pass legislation. It differs from the regular budget process in a few ways:

## Regular Budget Process

### Budget resolution

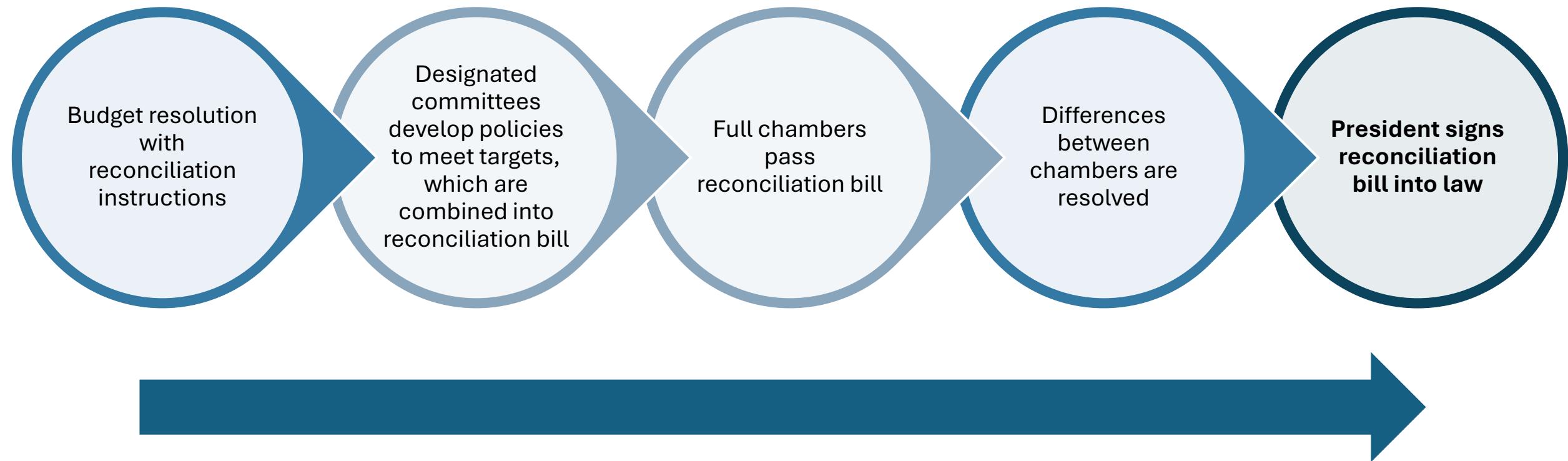
- Non-binding blueprint
- Passed by House and Senate Budget Committees
- Passed by full House and Senate
- Goes to conference, if necessary
- Enacting legislation (annual appropriations bills are passed through regular order, and can be subject to filibuster)

## Budget Reconciliation Process

### Budget resolution

- Includes a binding “reconciliation directive” instructing one or more committees to produce legislation by a specific date that meets certain spending or tax targets
- Committees included in the directive produce appropriations bills to achieve the targeted reduction (or increase).
- Those bills are combined into a single reconciliation bill, which is not subject to regular order (no filibuster)

# Budget Reconciliation: Overview



# Why Use Budget Reconciliation

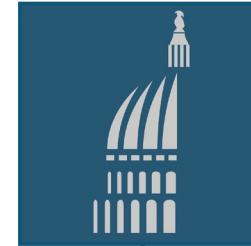
Congress uses the reconciliation process to **expedite** the consideration of **high-priority legislation**.



## Senate

In the **Senate**, the reconciliation bill:

- Cannot be filibustered (so can be passed with a simple majority instead of 60 votes)
- Is only subject to a maximum 12 hours of debate
- Can only have “germane” amendments proposed



## House

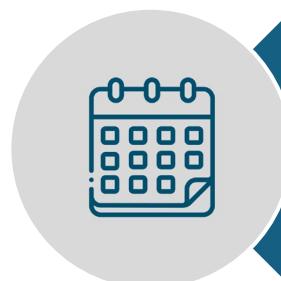
In the **House**, where there is no filibuster, special instructions are often added to the legislation to ease procedural obstacles.

# Budget Reconciliation Limitations



## Limited scope

- Changes to federal revenues
- Changes to direct mandatory federal spending
- Changes to the federal debt limit



## One use per year

- Each type of change can only be addressed in one bill per year
- One interpretation of the law concludes that only one budget resolution with reconciliation instructions of any kind can be passed each budget cycle



## Instructions expire

- Reconciliation instructions expire at the end of the relevant fiscal year



## Byrd rule

- Provisions must have direct budget impacts
- Senators can challenge any provision
- Senate Parliamentarian decides (can be overruled by a 3/5 vote)

# Byrd Rule

The Byrd rule prohibits the inclusion of “extraneous” measures, meaning those that:

- Do not produce a change in outlays or revenues;
- Produce an outlay increase or revenue decrease when the instructed committee is not in compliance with its instructions;
- Are outside the jurisdiction of the committee that submitted the title or provision for inclusion in the reconciliation measure;
- Produce a change in outlays or revenues which is merely incidental to the nonbudgetary components of the provision;
- Would increase the deficit for a fiscal year beyond those covered by the reconciliation measure (usually a period of 10 years); or,
- Recommend changes in Social Security.

Where are  
we now?

# Considerations

- ✓ Reconciliation is most often used to pass policies that would not gain 60 votes.
- ✓ Reconciliation instructions often include non-binding policy statements that indicate what policies are under consideration.
- ✓ The Senate is pursuing a two-bill strategy, the House a single bill. President Trump supports the single bill strategy.

# The Current State of Play

## Senate

The Senate has passed a budget resolution with reconciliation instructions

- Finance committee must reduce expenditures by \$1 billion
- HELP committee must reduce expenditures by \$1 billion

## House

The House budget resolution has passed 217-215

- Energy and Commerce committee must reduce expenditures by \$880 billion



The House and Senate must pass identical resolutions. The expectation is that the Senate will likely take up the House resolution, but may make changes that will lead to a conference committee.

# Q&A

Reach out to us at:

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Mary Sowers ([msowers@nasddd.org](mailto:msowers@nasddd.org))

# Thank you!

Join us for tomorrow's webinar!

## Potential Medicaid Changes - Defining the Terms

February 27 at 3:00-4:00 pm ET

*Congress is considering several important changes to Medicaid as a part of the budget reconciliation process. NASDDDS and Advancing States will discuss some of the Medicaid options that are on the table, provide an explanation of the terms and suggest some next steps for states to undertake so that you are prepared to engage in impact analysis and discussions in your state.*

Register here:

