PPC CAPITOL CONNECTION
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What Matters Now in Washington:

- A long-term CHIP funding extension could pass Congress by the end of the week. More…
- A full-year government funding bill is being held up as negotiations on other priorities stall. More…
- NIH funding escapes politics, with lawmakers on both sides of the aisle ready to give the agency a major funding boost. More…
- In a major win for the inclusion of children in biomedical research, NIH will require grantees to submit data on the age of study participants at enrollment. More…
- The Trump administration will allow states to impose work requirements on some Medicaid beneficiaries. More…
- PPC authored a policy commentary in *Pediatric Research* on the ethical and regulatory considerations for neonatal stem cell therapies. More…

AS REPUBLICANS STURGGLE TO KEEP GOVERNMENT OPEN, LONG-TERM CHIP EXTENSION MAY CATCH A RIDE WITH SHORT-TERM FUNDING PATCH. Unable to hammer out a long-term spending deal, Republican leadership announced a plan this week to tie a long-term extension of the Children's Health Insurance Program (CHIP) to a short-term continuing resolution (CR) meant to keep the government open through February 16. Lacking the votes to pass a bill that would avert a government shutdown by the January 19 deadline, the plan to tie the politically popular CHIP program to a short-term funding bill that leaves those on both sides of the political spectrum otherwise unhappy may be Republicans' only option to avoid the impending federal funding shortfall. Even still, the bill faces a difficult path in the House, as Democrats continue to insist on a deal to provide legal status to Deferred Action for Childhood Arrivals (DACA) recipients and conservative members remain skeptical of short-term government funding that leaves the military without certainty over long-term funding prospects.

—Longer CHIP Extension Costs Feds Less, CBO Says. The inclusion of CHIP on the CR was made easier by an updated cost estimate from the Congressional Budget Office (CBO) showing that CHIP funding would cost the federal government significantly less money than previously expected. The CBO released an updated "score" for the long-term extension showing that a five-year CHIP deal would cost the federal government only $800 million over a decade rather than the initially forecast $8.2 billion. Just a few days later, the CBO released an additional cost estimate showing that a 10-year extension of CHIP would actually save the federal government $6 billion over that period; the CBO estimate also found that a six-year extension of CHIP would be budget neutral. The updated estimates reflect changes in the underlying assumptions the budget office uses when creating its projections. In particular, the recent repeal of the individual mandate would make subsidized individual market coverage more expensive, driving up the cost of subsidies for the federal government and making CHIP coverage a less expensive alternative.

—Unexpected Snags Have Made Long-Term CHIP Deal Difficult. The road to a long-term CHIP extension has so far posed major challenges for a Congress that has experienced major gridlock and brinksmanship over the last year. Mired in politically fraught debates over how to raise budget caps on federal spending and what to do about the fate of more than 700,000 DACA recipients whose status is soon to expire, Congress has continued to struggle in finding a path forward for a program long heralded as a bipartisan success story. Funding for CHIP expired more than 100 days ago, leaving states and families uncertain about the future of a program that provides health insurance coverage to nearly 9 million

children. Since then, Congress has repeatedly failed to reach a deal to provide long-term funding for the program, choosing instead to enact two stopgap provisions to prevent state CHIP programs from shutting down. In December, Congress provided a cash infusion of $2.85 billion to help keep CHIP programs afloat while negotiations continued, an arrangement they anticipated would last states through the end of March. More recent estimates from the Centers for Medicare and Medicaid Services (CMS), however, indicate that some states will exhaust their CHIP funds in a matter of days.

BIPARTISAN DEALS ON BUDGET CAPS, DACA REMAIN ELUSIVE, SLOWING PROGRESS ON 2018 SPENDING BILL. Disagreements between congressional Republicans and Democrats over federal spending and immigration policy have delayed a final deal that will enable them to enact a spending bill for the remainder of Fiscal Year (FY) 2018. At issue are ongoing negotiations over a bipartisan deal to raise federal budget caps and parallel discussions over how to address the fate of more than 700,000 Deferred Action for Childhood Arrivals (DACA) recipients whose work authorizations will begin expiring in March.

—Republicans and Democrats Split Over How Much to Increase Federal Spending. Without a deal to raise the budget caps, Congress risks across-the-board spending cuts to federal programs when the full-year FY18 spending bill is enacted. To date, Republicans and Democrats have been unable to reach an agreement on spending for domestic and defense spending. Democrats insist that any increase in defense spending must be matched with an equal increase in so-called non-defense discretionary spending, a condition Republicans have resisted in favor of increasing military spending alone.

—Democrats Seek Legislative Fix for DACA as Condition for Spending Bill. Meanwhile, Democrats are demanding that a legislative fix for the soon-to-expire DACA, including a path to citizenship for undocumented immigrants brought to the U.S. as children, be part of any government funding package. Republicans, on the other hand, are not satisfied with the immigration offer Democrats have presented and do not want to include a DACA fix in the government funding bill without additional border security measures. President Trump has also complicated a potential DACA deal, indicating at one time that he would sign any deal that came to his desk and later stating that Democrats did not offer sufficient funding for border security or a border wall.

CONGRESS SET TO GIVE NIH $2 BILLION FUNDING BOOST EVEN AS HEALTH POLICY REMAINS CONTENTIOUS. Assuming Congress is able to strike a bipartisan deal raising the budget caps, both the House and Senate look poised to give the National Institutes of Health (NIH) a major funding boost. Despite a years-long debate over health insurance and the role of the federal government in health care, lawmakers on both sides of the aisle strongly support increased funding for biomedical research, hoping to find cures to debilitating diseases and drastically improve quality of life.

IN MAJOR STEP FORWARD, NIH ANNOUNCES POLICY TO REQUIRE TRACKING OF CHILDREN IN RESEARCH. The National Institutes of Health (NIH) rolled out an updated policy in December that would require for the first time that NIH-funded researchers submit data on the age of study participants at enrollment. NIH has long required that children be included in government-funded biomedical research where appropriate and relevant to the pediatric population. However, NIH never collected or systematically tracked data on the age of research participants, making the pediatric inclusion requirement impossible to enforce. The updated policy will require researchers to submit de-identified individual-level participant data on age at enrollment, in addition to sex, race, and ethnicity. The updated policy continues to require that research proposals include a rationale for why a specific age group will be excluded. National Institute of Child Health and Human Development Director Diana

Bianchi, MD, authored a commentary articulating the importance of the inclusion of underrepresented populations in research for public health. The policy takes effect beginning in January 2019.

TRUMP ADMINISTRATION ISSUES GUIDANCE ON MEDICAID WORK REQUIREMENTS. Last week, the Trump administration issued new policy guidance allowing states to impose work requirements on certain Medicaid beneficiaries. The guidance invites states to seek Section 1115 Medicaid demonstration waivers, which allow states to experiment with new payment models and delivery system reforms, that condition eligibility for Medicaid coverage on having a job. According to the guidance, states could require non-disabled adults to engage in activities including skills training, education, job search, volunteering, or caregiving, in addition to a traditional job, with exclusions for certain populations. Ten states have indicated they will seek permission to implement an employment requirement.

—Work Requirements Represent a Major Change in Course for Medicaid. The decision to allow work requirements represents a drastic policy shift from the Obama administration, which considered work requirements a nonstarter in any 1115 waiver submissions, and is the first time in the program's half century history that such a condition may be placed on eligibility. Prior administrations have considered work requirements to be inconsistent with the objectives of the Medicaid program, and it is likely that newly approved waivers will face legal challenges contending that such requirements violate the Medicaid statute. Many are concerned that work requirements in the Medicaid program will harm children and families and do little to achieve the stated objective of encouraging employment. Underlying the new guidance is the assertion that requiring individuals to work can lead to improved health outcomes, though there is limited evidence to support such a claim.

PPC POLICY COMMENTARY. Members of the PPC have authored commentaries detailing the policy implications of research published in *Pediatric Research*. You can read these PPC-authored commentaries online:

- Hope vs. caution: ethical and regulatory considerations for neonatal stem cell therapies by Naomi Laventhal, MD, Scott Rivkees, MD, Valerie Opipari, MD