PHC 6102
Principles of Health Policy & Management

Policy Formulation:
Legislative Development
Objectives

• Relate agenda setting to legislative development in the policy formulation phase
• Summarize the steps involved in the development of federal legislation
• Differentiate the budgeting process from the general legislative development process
• Discriminate state government legislative processes from federal legislative development
Overview

• Policy formulation
  1. Agenda setting (in previous lecture)
  2. Legislative development

• Policy implementation
  1. Rulemaking
  2. Operations

• Policy modification
Health Policy Making Process

Preferences of individuals, organizations, and interest groups, along with biological, cultural, demographic, ecological, economic, ethical, legal, psychological, social, and technological inputs

**Policy Formulation Phase**
- Agenda Setting
  - Problems
  - Possible Solutions
  - Political Circumstances
- Development of Legislation
- Window of Opportunity*

**Policy Implementation Phase**
- Bridged by Formal Enactment of Legislation
- Rulemaking
- Operation

**Policy Modification Phase**
- Feedback from individuals, organizations, and interest groups experiencing the consequences of policies, combined with the assessments of the performance and impact of policies by those who formulate and implement them, influences future policy formulation and implementation.

*The window of opportunity opens when there is a favorable confluence of problems, possible solutions, and political circumstances.

Legislative Proposals

• Many sources of ideas for legislative proposals
  – Politicians/legislators
  – Private citizens (see 1st Amendment to the U.S. Constitution)
  – Interest groups
  – Executive branch

• Health Reform example
U.S. Congress

• A bicameral legislature:
  – House of Representatives
    • 435 Representatives
    • Elected for two year terms
    • Apportioned among the states by population
  – Senate
    • 100 Senators
    • Elected to six year terms
    • Two Senators for each state
How a Bill Becomes Law

Source: http://jackiewhiting.net/amgov/Legislative/billtolaw2.jpg
# Health-related Committees

<table>
<thead>
<tr>
<th>Committee</th>
<th>Subcommittee</th>
<th>Example legislation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senate Committee on Finance</td>
<td>Subcommittee on Health Care</td>
<td>Medicare and Medicaid</td>
</tr>
<tr>
<td>Senate Committee on Health, Education, Labor, &amp; Pensions (HELP)</td>
<td>Subcommittees on Children &amp; Families, Employment &amp; Workplace Safety, and Retirement and Aging</td>
<td>Most programs in Department of Health and Human Services, public health, insurance policy</td>
</tr>
<tr>
<td>House Committee on Ways and Means</td>
<td>Subcommittee on Health</td>
<td>Payments for health care, health delivery systems, or health research</td>
</tr>
<tr>
<td>House Committee on Energy and Commerce</td>
<td>Subcommittee on Health</td>
<td>Medicare, Medicaid, public health, quarantine, hospital construction</td>
</tr>
</tbody>
</table>
How a Bill Becomes Law

Floor action
- **Full House**
  - Bill is debated by full House, amendments are offered, and a vote is taken. If the bill passes in a different version from that passed in the Senate, it is sent to a conference committee.
- **Full Senate**
  - Bill is debated by full Senate, amendments are offered, and a vote is taken. If the bill passes in a different version from that passed in the House, it is sent to a conference committee.

Conference action
- Conference Committee
  - Conference committee composed of members of both House and Senate meet to iron out differences between the bills. The compromise bill is returned to both the House and Senate for a vote.

Presidential decision
- **Full House**
  - Full House votes on conference committee version. If it passes, the bill is sent to the president.
- **Full Senate**
  - Full Senate votes on conference committee version. If it passes, the bill is sent to the president.

President
- President signs or vetoes the bill. Congress may override a veto by a two-thirds vote in both the House and Senate.

Law
Different Legislative Rules

• House and Senate follow different rules in the legislative process
• House has a Rules Committee
  • Schedules debate of legislation on the floor
  • Limits the time for debate for legislation
• Senate allow members to filibuster
  – Delay tactics that prevent passage of bill
  – Super-majority vote (60 out of 100 Senators) required to invoke **cloture**, a parliamentary procedure ending filibuster
Budget Legislation Process

• Must begin in House
• Review APHA’s “The Budget & Appropriations Process: How the Congress Funds Public Health Programs”
• Four distinct stages:
  1. President creates budget
  2. Budget resolution
  3. Appropriations (programs must be authorized)
  4. Reconciliation
The President’s Budget

• Required by statute (law)
• Budget includes funding requests for all federal executive departments & agencies.
• Detailed proposal of the intended spending for the following fiscal year.
• Office of Management and Budget (OMB)
  – Serves as an objective reviewer of the federal budget.
  – “Scores” bills – scrutiny of all federal legislation
Authorization vs. Appropriation

- **Authorizing** legislation establishes, continues, or modifies existing agencies or programs.
  - Usually specifies the maximum amount that can be spent on a program and for how long.
- The **appropriations** process would then decide how much money (if any) would be spent for this program for each year.
  - Even if a program has been authorized at $18 million, the appropriations committee could decide on no funding or funding at a lower level.
  - Programs rarely receive appropriations at the maximum amount authorized.
Mandatory vs. Discretionary Spending

• Mandatory Spending
  – Funded programs established by laws (i.e., changes in spending can only be made via changes in substantive laws)
  – Examples: interest on the public debt, Medicare, Medicaid, and Social Security

• Discretionary Spending
  – Refers to the portion of the budget which goes through the annual *appropriations process* each year.
  – Congress directly sets the level of spending on programs which are *discretionary*. Congress can increase or decrease spending on any of those programs in a given year.
Congressional Budget Office

- Service for Congress
- Non-partisan federal agency
- Policy analyses, cost estimates of legislation, and budget and economic projections
- Reviews every piece of legislation
- “Reality check” on President’s Office of Management and Budget estimates
States Government

• 10th Amendment of the U.S. Constitution states that all powers not granted to the federal government are reserved for the states and the people.
• Mandates that all states uphold a "republican form" of government
  – Usually three branches: executive, legislative, and judicial
  – Three-branch structure is not required
• In every state, the executive branch is headed by a directly elected governor
• No two state organizations are identical
• All 50 states have legislatures made up of elected representatives that create legislation and approve a state's budget
The State of Florida’s Budget Process

Source: http://www.myfloridahouse.gov
Florida Funding Sources

• General Revenue
• State trust funds
• Federal trust funds
Questions

1. What Congressional Committees are most important in development of health policy?

2. What is the relationship between the CBO and the OMB?

3. Describe the difference between mandatory and discretionary spending categories. Most public health programs belong to which category?

4. What is the relationship between federal budget and health policy?

5. What actions can the State of Florida government undertake in instances of a budget shortfall?