



Date: March 5, 2020

To: Federal Legislation Committee

From: Thomas B. Modica, Acting City Manager 

Subject: Federal FY 2020 Budget Updates

Attached is a memo, from Dentons US, LLP, the City's federal legislative advocates, updating the provisions of House Resolution 6074 (HR 6074), the Coronavirus Preparedness and Response Supplemental Appropriations Act. HR 6074 allocates \$7.8 billion to provide medical professionals and healthcare workers on the front lines of the coronavirus epidemic with the resources to prepare, prevent and respond to the coronavirus health crisis.

Yesterday, the U.S. House of Representatives voted to pass the HR 6074 and the Senate will hear HR 6074 by the end of the week.

If you have questions or comments, please contact Julia Katz, Government Affairs Analyst, at 562-570-5191.

cc: Mayor and Members of the City Council
Charles Parkin, City Attorney
Laura L. Doud, City Auditor
Doug Haubert, City Prosecutor
Rebecca Guzman Garner, Acting Assistant City Manager
Kevin Jackson, Deputy City Manager
Teresa Chandler, Interim Deputy City Manager
Department Directors
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Bianca Villanueva, Acting Harbor Director of Government Affairs
Dentons

Attachments
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MEMORANDUM

To: Tom Modica
From: John Russell and Darry Sragow
Date: March 4th, 2020
Subject: Congressional Coronavirus Emergency Supplemental Funding Update

Coronavirus Preparedness and Response Supplemental Appropriations Act

On March 4th, the House of Representatives voted 415-2, with 14 members not voting, to pass the Coronavirus Preparedness and Response Supplemental Appropriations Act (coronavirus supplemental). The coronavirus supplemental (H.R. 6074) allocates \$7.8 billion (plus an additional \$500 million authorization to enhance telehealth services) to provide medical professionals and healthcare workers on the front lines of the coronavirus epidemic with the resources to prepare, prevent and respond to the coronavirus health crisis. Under the coronavirus supplemental, funding is provided for: developing a vaccine, supporting prevention and response efforts of state and local governments, and purchasing critical medical supplies to protect the health and safety of Americans.

Executive Summary*Vaccines and Treatments*

The coronavirus supplemental will send \$826 million to the National Institute of Allergy and Infectious Diseases to drive the development of coronavirus vaccines, treatments and tests. The Food and Drug Administration (FDA) will get \$61 million to speed up review of these new therapies and respond to possible drug and device shortages stemming from manufacturing disruptions at the virus' epicenter in China.

States and Localities

Despite a growing outcry over the cost of testing and treating patients, Congress didn't explicitly address how to handle funding for mandatory quarantines or the uninsured. The legislation sends \$950 million in state and local grants, with half of the money due within 30 days. States will receive a minimum of \$4 million. The legislation also reimburses states and counties for what they spent to prepare for and mitigate the virus between January 20th and whenever the funding package is enacted. Funds can be used to build or renovate facilities. The emergency funding supplemental authorizes the CDC to meet the funding thresholds outlined in the legislation by making awards through other grant or cooperative agreement mechanisms.

Stockpiles and Supplies

The package includes about \$3.1 billion to purchase medical supplies for state and local health departments to beef up the Strategic National Stockpile, the largest national repository of emergency treatments. It will also provide additional resources for states and assist federal efforts to develop vaccines and therapeutics, as well as hospital preparedness.

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Another \$300 million would help the government buy vaccines and treatments once they are approved. Democrats and Republicans had argued over how to ensure the government doesn't overpay for these products. The legislation specifies that products purchased with these funds must meet federal acquisition guidance "on fair and reasonable pricing." It also empowers the HHS secretary to ensure that any vaccines, drugs or diagnostic tests developed from funds provided by the bill "will be affordable in the commercial market," but doesn't specify how affordability will be determined.

However, language in the bill says that HHS can't delay the development of these products in an effort to maintain affordable prices, a win for Republicans and the drug industry, who argue that government constraints on pricing will limit private industry investment in coronavirus treatments

Community Health Centers

Community health centers on the front lines of the social safety net will receive \$100 million just as their funding is set to expire at the end of May. Another \$10 million would go to the National Institute of Environmental Health Sciences to put together trainings for health care workers on the front lines of the outbreak to avoid becoming infected.

Telehealth Programs

The package would also lift constraints on Medicare's payments for telehealth so beneficiaries could freely consult their doctors remotely, avoiding hospital and physician offices where they might risk exposure to the virus. Telehealth groups were hoping for a provision that would waive restrictions during all national emergencies, but this appears more narrowly tailored to the coronavirus.

International Programs

The legislation includes \$300 million to continue the Centers for Disease Control and Prevention's (CDC) programs to detect and respond to international disease outbreaks, and \$435 million for global health programs at the State Department. State's international disaster assistance fund will get \$300 million to provide humanitarian aid and address health needs in countries where the coronavirus is spreading.

Section Summary

Title I - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Under this title, the FDA receives \$61 million to develop a coronavirus vaccine. The FDA is provided funding to maintain national drug and device product inventory by working with medical product manufacturers to identify and mitigate potential interruptions in the pharmaceutical drug supply chain. The coronavirus supplemental also provides funding to support FDA efforts to strengthen America's medical product manufacturing sector. Specifically, funding is provided for FDA programs that are designed to promote investment and innovation in U.S.-developed advanced manufacturing methods for drugs, medical devices, and vaccines.

Title II - Financial Services and General Government

Title II of the coronavirus supplemental provides \$1 billion in loan subsidies for Small Business Disaster Loans. This funding will assist small businesses, small agricultural cooperatives, and non-profit organizations that have incurred financial losses as a result of the coronavirus. Additionally, the legislation enables the Small Business Administration to provide an estimated \$7 billion in loan to the above mentioned entities.

Title III - Labor, Health and Human Services, Education, and Related Agencies

The CDC is set to receive \$2.2 billion to support a federal, state, and local government response to the coronavirus. The legislation allocates \$950 million (and requires \$475 million to be allocated within 30 days) to support state and local government public health activities such as;

- Coronavirus surveillance and monitoring
- Laboratory testing to detect new positive cases of infection
- Contact tracing to identify additional positive cases
- Infection control at the local level to prevent additional cases
- Migration in areas with person-to-person transmission to prevent additional cases
- Other public health preparedness and response activities

Nearly \$1 billion is provided for the procurement of pharmaceuticals and medical supplies, to support healthcare preparedness and Community Health Centers, and to improve medical surge capacity. Of this amount, approximately \$500 million is designated for the procurement of pharmaceuticals, protective masks, personal protective equipment, and other medical supplies. These supplies can be distributed to state and local health agencies in areas with a shortage of medical supplies.

The coronavirus supplemental also allocates \$300 million to replenish the Infectious Disease Rapid Response Fund which supports immediate response activities during outbreaks of infectious diseases. Funding is also provided to support CDC repatriation and quarantine efforts, laboratory testing, emergency operations, epidemiological investigations, public information, and surveillance and data analysis.

Trump Administration - Recent Coronavirus Actions

Department of Health and Human Services

The Department of Health and Human Services (HHS) via the CDC [announced](#) that it will be providing federal funds to assist state and local governments that require immediate assistance to bolster their response to the coronavirus update. Using funds provided to CDC through the HHS Secretary's Transfer, CDC will:

- Award an initial \$25 million cooperative agreement to states and local jurisdictions that have borne the largest burden of response and preparedness activities to date. This is an initial award for those jurisdictions which require immediate assistance for activities such as monitoring of travelers, data management, lab equipment, supplies, staffing, shipping, infection control, and surge staffing. Once supplemental funding is provided, support will be provided to all states and local jurisdictions for a variety of critical public health activities;
- Award an initial \$10 million cooperative agreement to state and local jurisdictions to begin implementation of coronavirus surveillance across the U.S., building on existing influenza activities and other surveillance systems. This initial award is for a limited number of jurisdictions. Once supplemental funding is provided, additional support will be provided to all states and local jurisdictions to enhancing testing and surveillance.

The CDC has indicated that it will use existing networks to reach out to state and local jurisdictions to access this initial funding.