



Health and Human Services Budget

The White House released its [2018 budget proposal](#) this morning, outlining its priorities for the upcoming fiscal year. In health care, the President has proposed cuts to several agencies and programs. The Administration's annual budget is seen as a statement of policy, not necessarily a legislative proposal certain to become law. That said, here are some highlights from the [Health and Human Services Budget](#) that are worth monitoring as Congress begins its work on the FY 2018 budget.

Centers for Medicare & Medicaid Services (CMS)

Top line: The FY 2018 budget includes \$1 trillion in mandatory and discretionary spending, an increase of \$13 billion from FY 2017. However, this proposal would produce savings of \$627 billion in Medicaid over 10 years. Of the \$627 billion in Medicaid savings, \$610 billion will be produced from providing states flexibility to use per capita cap or block grants for their Medicaid program. These savings are on top of the estimated \$839 billion in reduced federal funding to the Medicaid program created by the American Health Care Act (AHCA). In a press conference today, Office of Management and Budget Director Mick Mulvaney stated that the additional funding cuts to Medicaid result from a reduction to the growth rate for the per-capita cap, compared to the AHCA. (There is no detail on these reductions to the growth rate for the per capita cap in the budget.) The budget also calls for a two-year extension to the Children's Health Insurance Program. However, the budget calls for the elimination of the 23 percent enhanced federal match rate and the maintenance of effort requirements, resulting in a \$4.6 billion cut over two years. The Money Follows the Person Demonstration, extended by the Affordable Care Act, would continue under this budget at \$425 million for FY 2018. The budget also includes \$250 billion in net deficit savings over 10 years regarding the repeal of the Affordable Care Act.

The budget includes limited cuts in Medicare, but includes repealing the Independent Payment Advisory Board starting in 2023.

Food and Drug Administration (FDA)

Top line: The Food and Drug Administration would see a cut from \$2.74 billion to \$1.89 billion. The budget calls for increased user fees from manufacturers of medical device, pharmaceutical drugs, generics, and other products to the tune of \$1 billion.

The National Institutes of Health (NIH)

Top line: The National Institutes of Health would see a cut from \$31.8 billion to \$26.9 billion. The budget calls for \$496 million in FY 2018 authorized for the Precision Medicine Initiative, the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative, the Beau Biden Cancer Moonshot, and Regenerative Medicine. In FY2017, Congress passed the 21st Century Cures Act, authorizing \$4.8 billion over ten years to support these programs. The budget also calls for the consolidation of the Agency for Healthcare Research and Quality into NIH and the establishment of the National Institute for Research

on Safety and Quality “to improve efficiency, minimize potential overlap, and increase coordination of health services research.”

Health Resources and Services Administration (HRSA)

Top line: The Health Resources and Services Administration would see a cut from \$6.15 billion to \$5.55 billion. The FY 2018 budget provides \$5.1 billion for Health Centers, which includes an additional \$3.6 billion in new mandatory resources between FY 2018 and 2019. The budget also includes \$310 million in new mandatory resources for the National Health Service Corps, which is due for reauthorization at the end of September. The budget also proposes \$60 million in new mandatory funding for the Teaching Health Center Graduate Medical Education Program. Notably, the budget proposes to maintain funding for the 340B Drug Pricing Program, at \$10 million, but proposes to update regulatory authority in the program “to increase transparency and improve program integrity.”

Centers for Disease Control and Prevention (CDC)

Top line: The CDC would see a cut from \$6.4 billion to \$5.1 billion. Among the cuts, the Chronic Disease Prevention and Health Promotion fund would be cut by \$222 million, the Public Health Preparedness and Response fund would be cut by \$136 million, and the National Center for HIV/AIDS, Viral Hepatitis, STD, and TB prevention would be cut by \$186 million. Of note, the Budget calls for a new \$500 million for the America’s Health Block Grant to “increase State, tribal, and territorial flexibility and focus on the leading chronic disease challenges specific to each State.”

Substance Abuse and Mental Health Services Administration (SAMHSA)

Top line: SAMHSA would see a cut from \$4.14 billion to \$3.78 billion. The budget calls for cuts to the Community Mental Health Service Block Grant, but keeps level funding Children’s Health Services, the Substance Abuse Prevention and Treatment Block Grant, and the State Targeted Response to the Opioid Crisis Grants.