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**CONGRESSIONAL
HEALTH POLICY
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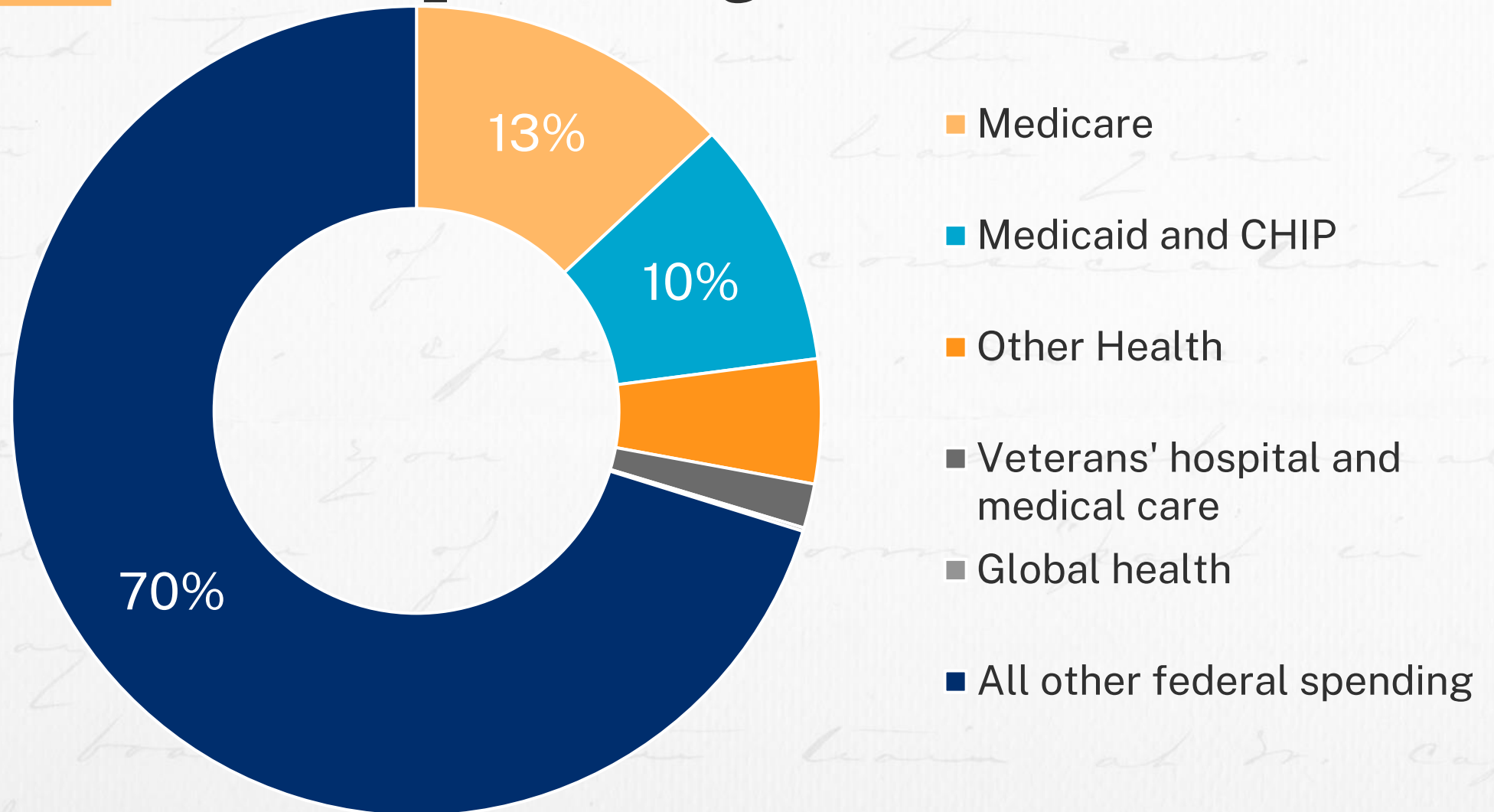
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The Budget: A Health Policy Perspective

Federal Spending on Health Care

- The federal government provides support for health care through spending on programs and tax expenditures.
- Spending on health accounted for 30% of net federal outlays in 2022.
- Medicare accounted for 13% (\$760.9 billion).
- Medicaid and CHIP accounted for 10% (\$578.5 billion).

Health Spending Accounted for 30% of all Federal Spending in 2022



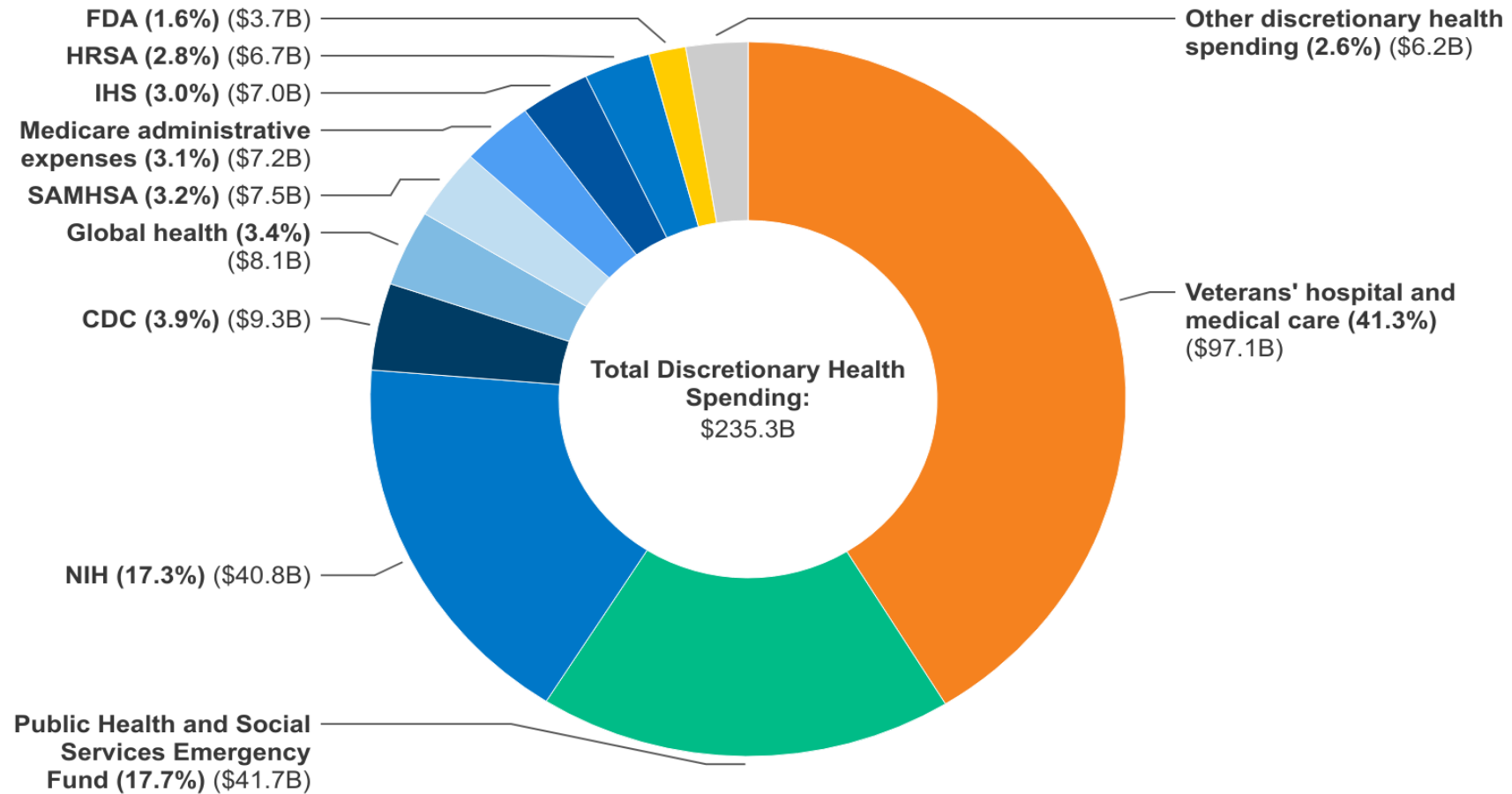
Mandatory and Discretionary Spending

- Mandatory spending is federal spending mandated by existing laws. This spending is not subject to the annual appropriations votes.
 - Most of federal spending on health care is mandatory spending.
- Discretionary spending is subject to annual votes.
 - 14% or \$235 billion of federal health spending is discretionary spending.
 - Includes spending on veterans' care, spending on the CDC, NIH, FDA, and HRSA, and other health programs and services.

Figure 3

Spending on Veterans' Hospital and Medical Care is the Largest Portion of Federal Discretionary Health Spending

Discretionary health spending in FY 2022



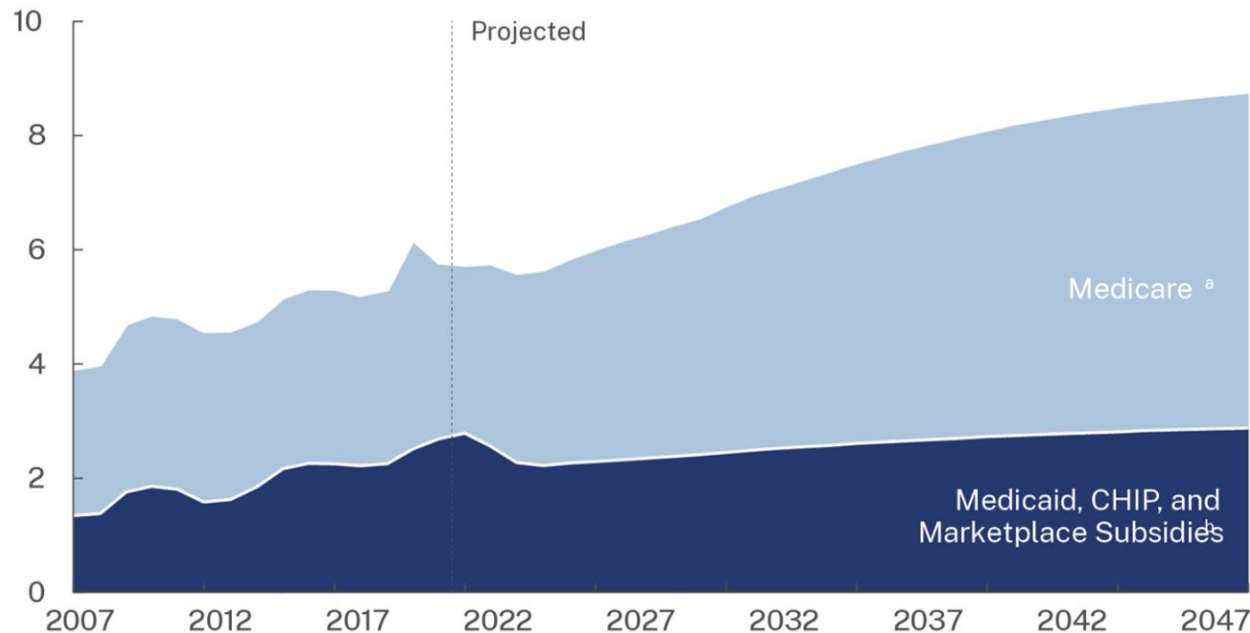
NOTE: B is billion. CDC is Centers for Disease Control and Prevention. FDA is Food and Drug Administration. HRSA is Health Resources and Services Administration. IHS is Indian Health Service. NIH is National Institutes of Health. SAMHSA is Substance Abuse and Mental Health Services Administration. See Table 2 for details on the components of other discretionary health spending.

SOURCE: KFF analysis of data from Office of Management and Budget, FY2023 President's Budget, Table 25-1, Budget Authority and Outlays by Function, Category, and Program.

CBO Documents Unsustainable Growth in Federal Health Programs

Composition of Outlays for the Major Health Care Programs

Percentage of Gross Domestic Product



Spending on Medicare is projected to account for more than four-fifths of the increase in spending on the major health care programs over the next 30 years.

Data source: Congressional Budget Office. See www.cbo.gov/publication/57971#data

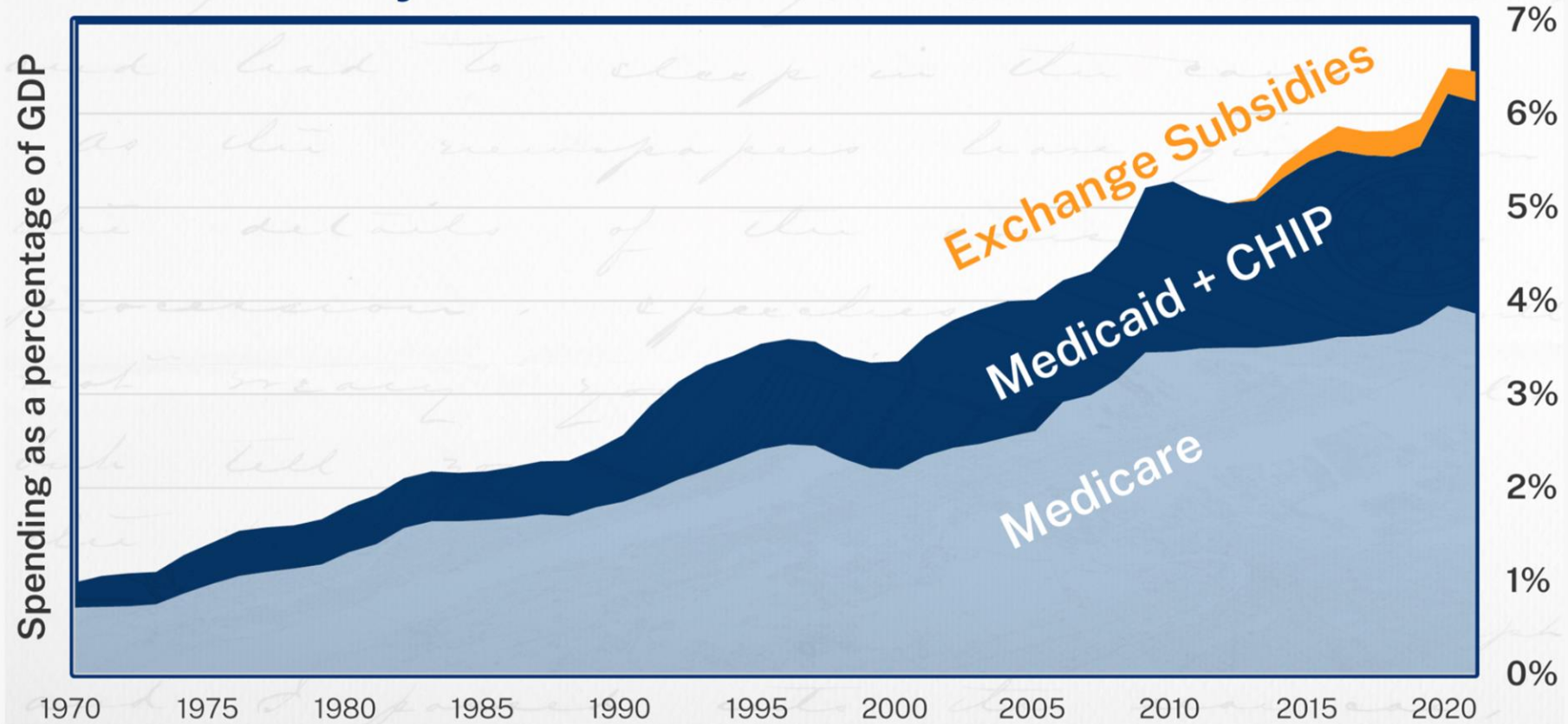
CHIP = Children's Health Insurance Program.

a. Net of premiums and other offsetting receipts.

b. "Marketplace Subsidies" refers to outlays to subsidize health insurance purchased through marketplaces established under the Affordable Care Act and related spending.



Federal Health Expenditures Have Increased by 600% Over the Last 50 Years



Source: National Health Expenditures Accounts and Congressional Budget Office.

The Fiscal Imbalance Is Driven by Only a Few Areas of the Budget

Federal Budget Category	% Share of Long-term Shortfall
Total spending	83.2%
Total tax revenues	16.8%
Medicare	47.1%
Medicaid + CHIP + ACA	21.6%
Social Security	14.5%
Other mandatory	0.0%
Defense	0.0%
Nondefense approps	0.0%

Health Related Budget Functions

550: Health:

551: Health care services

552: Health research and training

554: Consumer and occupational health and safety

570: Medicare

700: Veterans Benefits and Services

703: Hospital and medical care for veterans

Federal Outlays for Discretionary Health Programs and Services in FY2022

Discretionary health programs and services — millions of dollars

Budget function 151: International development and humanitarian assistance

Global health	\$8,106
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Budget function 551: Health care services

\$73,136

Public Health and Social Services Emergency Fund	\$41,664
Centers for Disease Control and Prevention	\$9,255
Substance Abuse and Mental Health Services Administration	\$7,524
Indian Health Service	\$7,024
Health Resources and Services Administration	\$6,680
Department management and other	\$989

Budget function 552: Health research and training

\$42,871

National Institutes of Health	\$40,796
Clinical training	\$1,207
NIH Innovation, CURES Act	\$140
Other health research and training	\$728

Budget function 554: Consumer and occupational health and safety

\$6,012

Food and Drug Administration	\$3,706
Food safety and inspection	\$1,103
Occupational and mine safety and health	\$1,006
Consumer Product Safety Commission	\$146
FDA Innovation, Cures Act	\$51

Budget function 571: Medicare

\$8,097

Medicare Hospital insurance (HI) administrative expenses	\$2,923
Medicare Supplementary medical insurance (SMI) administrative expenses	\$3,451
Medicare prescription drug (SMI) administrative expenses	\$871
Health care fraud and abuse control	\$852

Budget function 703: Hospital and medical care for veterans

\$97,077

Medical care collections, receipts	-\$3,922
Medical care and hospital services	\$73,284
Medical facilities	\$7,176
Medical and prosthetic research	\$886
Medical community care	\$17,959
Construction	\$1,694

Total (in millions):

\$235,299

Federal Outlays for Mandatory Health Programs and Services in FY2022

Mandatory health programs and services — millions of dollars

Budget function 551: Health care services	\$744,301
Grants to states for Medicaid	\$561,838
Premium assistance tax credit	\$62,672
Federal employees' and retired employees' health benefits	\$18,768
Children's Health Insurance Program (CHIP)	\$16,614
DoD Medicare-eligible retiree health care fund	\$11,298
Reduced cost sharing for individuals enrolling in qualified health plans	\$9,763
Health Resources and Services Administration	\$9,362
Reinsurance and risk adjustment program payments	\$8,990
Maternal, infant, and early childhood home visiting programs	\$446
State grants and demonstrations	\$364
UMWA Funds (coal miner retiree health)	\$358
Health coverage tax credit	\$20
Other mandatory health services activities	\$43,808
Budget function 552: Health research and training	\$1,128
Patient-Centered Outcomes Research Trust Fund	\$658
Health Resources and Services Administration	\$432
Centers for Disease Control and Prevention	\$1
Diabetes research and other	\$37

Budget function 554: Consumer and occupational health and safety	\$994
Budget function 571: Medicare	\$752,843
Hospital insurance (HI)	\$344,411
Supplementary medical insurance (SMI)	\$454,871
Medicare prescription drug (SMI)	\$106,455
HI premiums and collections	-\$5,209
SMI premiums and collections	-\$131,021
Prescription drug premiums and collections	-\$18,453
Health care fraud and abuse control	\$1,583
Medicare interfunds and other	\$206
Allowance for Joint Committee enforcement	--
Budget function 703: Hospital and medical care for veterans	\$6,459
Medical care services and program administration, medical community care, and medical facilities	\$6,195
Veterans Choice Fund	\$15
Construction	\$249

Total (in millions):	\$1,505,725
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Spending Terminology

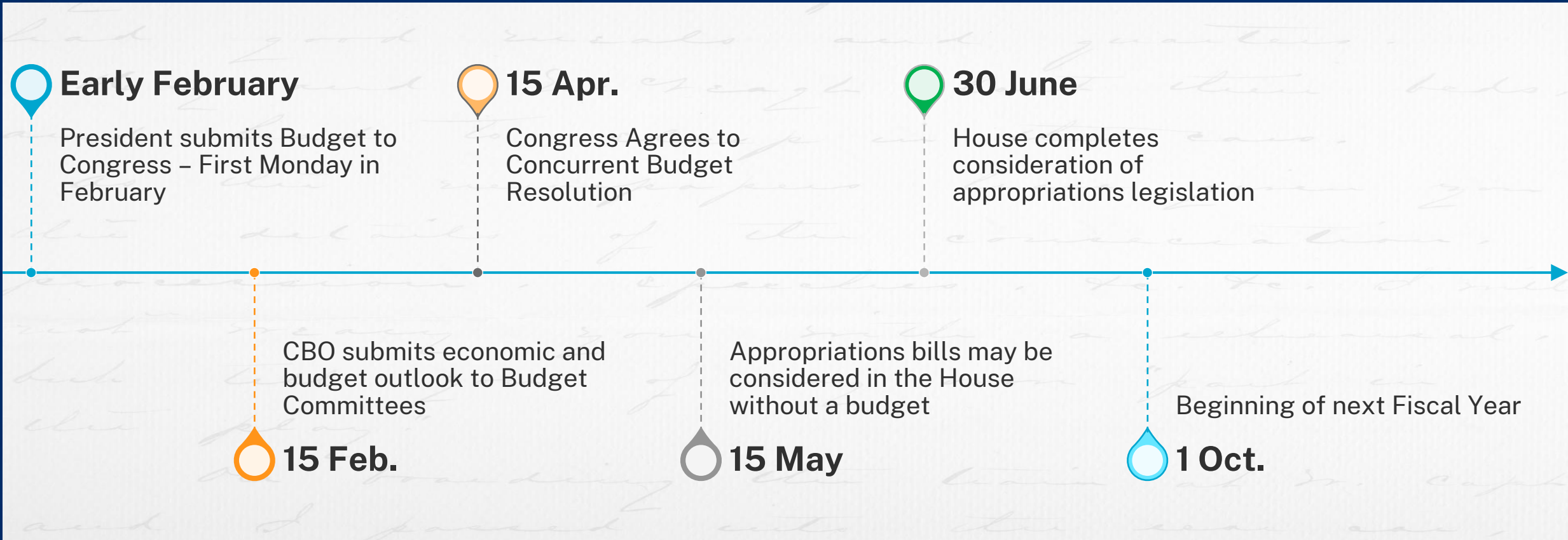
- **Authorizations**
 - Authorizes spending allowance for an account or program.
- **Budget Authority (BA)**
 - Provides spending allowance to an account or program.
- **Obligations**
 - Creates a legal commitment to spend.
- **Outlays (OT)**
 - When funds are actually spent out of an account.

Types of Spending

- Discretionary
 - Appropriation of BA is granted through annual appropriations bills.
- Mandatory or Direct Spending
 - Authorization and BA is given outside of appropriation bills.
- Appropriated Entitlements
 - Mandatory program with BA projections set in appropriations bills.

Federal Budget and Appropriations Process

Budget and Appropriations Timeline



Budget and Appropriations Cont...

- Executive Branch
 - President's budget submission
 - Execution of funds
- Congress
 - Baseline
 - Committee views and estimates
 - Budget resolution
 - Appropriations bills

Office of Management and Budget

- Coordination
 - Issues instructions to agencies for submission of budget requests.
 - “Spring guidance” memorandum includes detailed instructions for submitting requests and includes Presidential priorities and policy goals.
- OMB review
 - Agency requests are reviewed and more information is gathered if necessary.
 - OMB notifies agencies of approved budgetary levels through a process known as “passback.”
 - Agencies may appeal.
- President’s Budget submission and justification to Congress
- Apportionment of funds to agencies

Congressional Budget Process

Congressional Budget Office

- CBO is under the jurisdiction of the budget committees.
- CBO produces legislative cost estimates, economic and budgetary projections (baselines), and analysis of mandates proposed by legislation on local and state governments and the private sector.

What's a Budget Resolution?

- A planning document to shape Congressional decision-making on legislation affecting spending and revenue, reflecting the goals of the majority
 - Balance the budget in ten years.
 - Set the spending contours that allow the appropriations process to begin.
- Establishes enforceable parameters for legislation
 - Total spending (ceilings on BA and OT), total revenues (floor), committee allocations
 - Budget points of order flow through the levels established in the budget resolution.
- It is NOT statute
 - A budget resolution is not signed by the President.
 - A budget cannot be vetoed.

What's in a Budget Resolution?

- Numbers
 - Spending levels (by Function, not by Committee)
 - Revenues
 - Projections of debt and deficits (not the debt limit)
 - Committee allocations of budget authority and outlays (in Committee print) – referred to as 302(a) allocations
- Reconciliation instructions
- Reserve funds (placeholders for future policy action)
- Points of order and scoring rules

Process for Consideration

- Budget Committee markups
- House floor – traditionally under a rule permitting only full alternatives (simple majority vote)
- Senate floor – special expedited procedures (simple majority vote); 50 hours of debate; vote-arama

Why Do a Budget Resolution?

- Return to regular order
- Reconciliation instructions and reconciliation bills
- Budget enforcement and to avoid a deeming resolution

Deeming Resolutions



If a full budget is not agreed to, a deeming resolution can be used to establish enforceable budgetary limits.



These can take a variety of legislative or procedural forms and do not need to be agreed to in both chambers.



Deeming resolutions can be thought of a shell budgets and do not include reserve funds, other parameters, or reconciliation instructions.



Usually include just the 302(a) allocations and the point of order enforceable fiscal limits.

House Rules Changes and the Congressional Budget Process

- Dynamic scoring information for certain legislation
- Inflationary effects provided in certain cost estimates.
- “CUTGO” rule
- Reconciliation instructions can’t increase direct spending.
- Prohibition on legislation increasing long-term direct spending
- Elimination of the Gephardt Rule and voting on debt limit
- Appropriations process rule changes (e.g. the Holman rule, reduction in unauthorized spending, etc.)

Appropriations Process

Ideal Appropriations Process

The Appropriations Committee gives 302(b) allocations to each subcommittee.

Between May 15th and June 30th the House considers all 12 appropriations bills separately.

Bills contain funding levels and policy riders requiring or prohibiting certain actions.

These are traditionally considered under open rules allowing for members to freely offer amendments.

Special Appropriations Bills

Continuing Resolution (CR) – CRs provide funding in lieu of full appropriations bills.

- Can be “clean” extensions of funding or contain anomalies (amended policies and funding levels).

Supplemental Appropriations – These carry an emergency designation and thus are outside of PAYGO and budget resolution limitations.

Unauthorized Appropriations and Earmarks

- FY 2022 appropriations bills gave \$461 billion to 422 unauthorized programs and accounts.
 - NIH was last authorized in FY20.
 - 48% of funding for the CDC was unauthorized in FY23.
 - 34% of funding for HRSA was unauthorized in FY23.
- FY 2023 House Appropriations bills contained 4,386 earmarks.
 - Democrats – 73%
 - Republicans – 26.8%
 - Bipartisan – 0.2%

House Rule Changes this Congress

Ensure enough time to read bills.

Individual consideration of appropriations bills.

Open rules on appropriations bills.

Earmark limitations.

Speaker's agreement to set appropriations to overall FY22 levels.

General Appropriations Amendment Rules

- Must be germane.
- Cannot fund unauthorized programs or impose new statutory duties on an agency (legislating on Approps).
- You write the blurb on the Rules Committee website.
- Everything sent to Rules gets published on their website.
- Can send in placeholder text and revise later.
- Missing the deadline doesn't matter.

Appropriations Funding Amendments

Funding Cuts – cut budget authority by percentage or dollar amount.

Transfer – Decrease budget authority for one account and increase another by the same amount.

Messaging Amendments – Increases/decreases an account to highlight it and a related issue.

Appropriations Limitation Amendments

- Blocking rules.
- Defunding federal salaries.
- Blocking implementation of laws.
- Blocking enforcement of items established after a certain date.
- Preventing action in contravention of certain items.

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