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President Biden Releases FY24 Budget, Increasing Health Spending by \$14.8 Billion

On Thursday (March 28), President Joe Biden [released](#) his \$6.8 trillion fiscal year (FY) 2024 budget proposal, requesting \$1.7 billion in mandatory funding and \$144 billion in discretionary funding for the Department of Health and Human Services (HHS), an 11.5% increase from the 2023 enacted level.

Like most presidential budgets, the documents are largely aspirational, and unlikely to be supported by Congress, which ultimately is tasked with drafting and passing a budget for FY 2024 by the September 30th deadline.

Overview

According to the White House, the budget would reduce the federal deficit by nearly \$3 trillion over the next decade and protect and strengthen Medicare and Social Security. To do so, the budget includes an estimated nearly \$5 trillion in proposed tax increases on high-income individuals and corporations over the course of a decade.

Biden's budget request includes investments across multiple agencies to support several priority initiatives, including preparing for future pandemics and other biological threats, improving public health infrastructure and data sharing, addressing the nation's mental health and opioid epidemics, reducing new cases of HIV/AIDS, reducing maternal mortality and race-based disparities, and growing and diversifying the health care workforce.

In addition, the budget includes \$1.7 billion to support the president's "Cancer Moonshot" goal of reducing the cancer death rate by 50% over the next 25 years, including investments across the Centers for Disease Control and Prevention (CDC), Food and Drug Administration (FDA), Health Resources and Services Administration (HRSA), Indian Health Service (IHS), and the National Institutes of Health to support research to prevent, detect, and treat cancer, as well as an additional \$2.5 billion for the Advanced Research Projects Agency for Health to accelerate health research and breakthroughs for treatment, prevention, and early detection of cancer and other diseases, and a \$500 million increase in funding for the National Cancer Institute. In addition, the budget includes a new, five-year \$11 billion initiative across HHS to eliminate hepatitis C in the United States.

Proposals to Stave Off Medicare Trust Fund Insolvency

In addition, the budget includes a plan to extend the solvency of Medicare's Hospital Insurance Trust Fund by at least 25 years by increasing the net investment income tax rate on earned and unearned income above \$400,000 from 3.8% to 5%; expanding the net investment income tax to include business income; redirecting Medicare net investment tax revenue to the HI Trust Fund; and expanding the number of drugs eligible for Medicare drug price negotiation under the Inflation Reduction Act (IRA) and accelerating the timeline for drugs to become eligible for price negotiation. The budget estimates the drug price negotiation changes would generate \$160 billion in savings over a decade.

Proposals to Lower Health Care Costs

The budget also includes proposals to lower health care costs for seniors and the commercial market. The budget proposes a \$2 per month cap on Part D cost-sharing for certain generic drugs and eliminating cost sharing for

three mental health or other behavioral health visits per year. In the commercial market, the budget proposes eliminating cost sharing for three mental health or other behavioral health visits per year; expanding the IRA's inflation drug rebate provisions to commercial drug sales, which the budget estimates would generate \$40 billion in federal savings and reduce health insurance premiums for those with private coverage; and making permanent the IRA's enhanced and expanded premium tax credits for purchasing coverage on the ACA's exchanges.

Proposals to Reduce Medicaid Spending and Improve Care

For Medicaid, the budget proposes a nationwide requirement for private insurance companies to payback any Medicaid overpayments, which the budget estimates would lower Medicaid costs by \$20 billion; new authority for HHS to negotiate additional, supplemental Medicaid drug rebates on behalf of states; Medicaid-like coverage for individuals living in non-expansion states; and new investments in Medicaid home and community-based services.

In addition, the budget allocated \$1.9 billion toward Health Resources and Services Administration (HRSA) Maternal and Child Health programs, an additional \$56 million over FY 2023 enacted levels for Centers for Disease Control and Prevention programs aimed at reducing maternal mortality, \$7 million toward HHS' Improving Maternal Health Initiative, as well as proposals to implement implicit bias training for health care providers, establish pregnancy medical home demonstration projects and address the perinatal health disparities. In addition, the budget would require all states to provide continuous Medicaid coverage for 12 months postpartum.

The budget allocates millions of dollars in new funding to increase access to mental health care and support mental health research and allocates \$23 million in additional funding to combat the opioid misuse epidemic. In addition, the budget allocates \$966 million to expand the National Health Service Corps, which provides loan repayment and scholarships to health care professionals who agree to practice in underserved areas and \$350 million to expand the nursing workforce.

Proposals to Support Families

In addition, the budget proposes to restore and increase the child tax credit that was in place for 2021, proposing a credit of \$3,600 per child for those under age 6 and \$3,000 per child for older children. The budget also would allocate funding to establish a new federal-state program to provide no-cost universal pre-school and a national paid family and medical leave program that would provide 12 weeks of paid leave for eligible employees to use to care for and bond with a new child, care for a seriously ill loved one, heal from their own serious illness, address circumstances related to a military deployment, or steps to protect against domestic violence, sexual assault or stalking.

Proposals to Address Climate Change

The budget also calls for billions of dollars across departments to address climate change, including \$25 million in research funding for the National Institutes of Health.

Proposed Funding Levels for Health Care Departments and Related Agencies

See below a chart of health agency and department funding outlined by the Biden administration in their budget request and visit the budget [landing page](#) for more detail.

Health Agency, Department	Funding level	Detail
Food and Drug Administration (FDA)	\$7.2 billion	The funding is \$521.4 million above FY 2023 enacted levels and includes \$4 billion in discretionary budget authority and \$3.3 billion in user fees. The funding includes \$87 million for Healthy and Safe Food for all programs, \$103 million to combat the opioid epidemic,

		and \$50 million for cancer moonshot-related activities such as research to develop diagnostic and therapeutic products to treat rare cancers. FDA, separately, would receive \$670 million in mandatory funding for pandemic preparedness.
Health Resources and Services Administration (HRSA)	\$15.9 billion	The funding is \$1.5 billion above FY 2023 enacted levels and includes \$9.2 billion in discretionary budget authority and \$6.6 billion in mandatory funding and other sources. The funding includes \$7.1 billion for Health Centers, \$2.7 billion to expand the health care workforce, \$1.9 billion in HRSA maternal and child health programs, \$2.7 billion for the Ryan White HIV/AIDS Program, \$416 million in rural health programs, \$17 million for 340B Drug Discount Program oversight, and \$7 million for HRSA-supported telehealth services.
Indian Health Services (IHS)	\$9.7 billion	The funding is \$2.5 billion above FY 2023 enacted levels. The budget reiterates the Biden administration's support for mandatory funding for IHS to ensure a more predictable funding stream for IHS and to address health inequities experienced by American Indians and Alaska Natives.
Centers for Disease Control and Prevention (CDC)	\$19.5 billion	The funding, which includes funding for the Agency for Toxic Substances and Disease Registry, includes \$10.5 billion in discretionary funding, \$1.2 billion from the Prevention and Public Health Fund, and \$8 billion in current and proposed mandatory funding. CDC, separately, would receive \$6.1 billion in mandatory funding for pandemic preparedness. The CDC budget includes billions of dollars to improve CDC public health data, \$557 million for global and domestic immunization programs, \$80 million for suicide prevention, as well as new investments in CDC programs to reduce maternal health and improve mental health in schools.
National Institutes of Health (NIH)	\$48.6 billion	The funding represents a \$920 million increase over FY 2023 enacted levels. NIH estimates the funding will support 44,410 research project grants. The budget includes \$716 million for President Biden's Cancer Moonshot initiative, \$121 million for nutrition research, \$1.8 billion for research to combat the opioid epidemic, and \$25 million on research into climate change's impact on human health. NIH, separately, would receive \$2.69 billion in mandatory funding for pandemic preparedness.
Substance Abuse and Mental Health Services Administration (SAMSHA)	\$10.8 billion	The funding represents a \$3.3 billion increase over FY 2023 enacted levels. The budget would provide \$4.9 billion for mental health activities of which \$1.7 billion would be allocated to the Community Mental Health Block Grant, \$5.7 billion for substance use prevention and treatment activities, and \$37 million to diversify the behavioral health workforce.
Agency for Healthcare	\$564 million	The funding includes \$403 million in budget authority, \$45 million in Public Health Service Evaluation Set Aside funding, and \$116 million

Research and Quality (AHRQ)		in mandatory transfers from the Patient-Centered Outcomes Research Trust Fund. The budget would allocate \$7 million to support maternal health, \$7 million to support HHS efforts for an all-payer claims database, and \$91 million for patient safety research.
Centers for Medicare and Medicaid Services (CMS)	\$1.5 trillion	<p>The funding represents a net decrease of \$38 billion from FY 2023 enacted levels. The budget proposes new revenue streams for Medicare through tax increases and expanding drug provisions in the Inflation Reduction Act. The budget includes several 2024 legislative proposals to increase Medicare revenue through tax changes, expand on drug provisions in the Inflation Reduction Act, cap Medicare Part D cost-sharing on certain generic drugs at \$2 per month, apply the Mental Health Parity and Addiction Equity Act to Medicare, overhaul Medicare mental health benefits to expand eligible practitioners and provide coverage for three behavioral health visits without cost sharing, increase enforcement actions that can be taken against long-term care facility owners for noncompliant closures and substandard care, expand value-based purchasing programs, and more. The budget also includes legislative proposals for Medicaid, including those to eliminate barriers to PrEP, enable CMS and states to partner with private sector contractors to negotiate supplemental rebates from drug manufacturers, set a minimum medical loss ratio requirement for Medicaid and CHIP managed care plans, mandate 12 months of postpartum Medicaid coverage, and more. The budget also includes a proposal to recoup Medicaid overpayments.</p> <p>Biden’s budget also includes legislative proposal to make permanent the ACA’s enhanced and expanded premium tax credits, create a Medicaid-like coverage program for individuals in states that have not expanded their Medicaid programs under the ACA, require all plans to cover three behavioral health visits per year without cost sharing, extend protections under the No Surprises Act to ground ambulances, expand the IRA’s drug inflation rebates to the commercial market and limit insulin cost-sharing for all health plan enrollees to \$35 per month.</p>
Office of the National Coordinator for Health IT (ONC)	\$104 million	The funding represents a \$37 million increase over FY 2023 enacted levels. The budget allocates \$39 million for ONC’s Policy Development and Coordination work, which includes ONC’s efforts to advance interoperability and data exchange through the Trusted Exchange Framework and Common Agreement (TEFCA).
HHS Office for Civil Rights (OCR)	\$78 million	The funding would support OCR activities to prevent discrimination in behavioral health care, administering and enforcing HIPAA rules, and more. The budget includes a 2024 legislative proposal to increase the amount of civil monetary penalties that can be levied in a calendar year for HIPAA non-compliance.

Public Health and Social Services Emergency Fund	\$278 million	The funding represents a \$162 million increase over FY 2023 enacted levels and would be used to support efforts to improve HHS' cybersecurity efforts, bolster the Public Health Emergency Fund, and more.
Advanced Research Projects Agency for Health (ARPA-H)	\$2.5 billion	The funding would be used to support research programs related to disease outbreak response, personal health and wellness improvements, Cancer Moonshot efforts, and more.
Veterans Affairs (VA)	\$325.1 billion	The funding represents a \$16.6 billion increase over FY 2023 enacted levels. The budget includes \$139 million within VA research programs and \$16.6 billion for the VA Medical Care program with an aim to increase access to quality mental health care and lower the cost of mental health services for veterans.

If you have questions, please contact [Heather Meade](#) or [Heather Bell](#).

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