

Highlights of the Administration's FY 2023 Budget

This summary provides highlights of healthcare-related proposals included in the President's budget for fiscal year (FY) 2023, which was released by the Biden Administration on March 28, 2022. All budget estimates shown are those provided by the Office of Management and Budget (OMB) or drawn from the Department of Health and Human Services (HHS) *Budget in Brief*. As usual, the Congressional Budget Office (CBO) is expected to prepare an analysis of the President's budget proposals, and CBO scoring may differ.

Table of Contents	
Budget Overview	1
Medicare Proposals	4
Medicaid and CHIP Proposals	10
Private Health Insurance	12
Discretionary Health Spending	14

BUDGET OVERVIEW

President Biden's budget for FY 2023 proposes policies that OMB estimates would reduce federal deficits by a total of \$1.045 trillion over the next 10 years (FYs 2023-2032). This total is comprised of a net increase of \$868 billion from mandatory spending, an increase of \$665 billion from discretionary programs (\$551 billion increase from nondefense programs and a \$115 billion increase from defense), \$96 billion in reduced interest payments on the debt, and \$2.5 trillion in additional revenue.¹

The Budget describes a number of health system priorities in the following areas:

Advanced Research Projects Agency for Health (ARPA-H). The budget would significantly increase funding for ARPA-H, providing \$5 billion for research and development with an initial focus on cancer and other diseases such as diabetes and dementia.

Cancer Moonshot Initiative. The budget proposes investments in ARPA-H, the National Cancer Institute, the Centers for Disease Control and Prevention (CDC), and the Food and Drug Administration (FDA) to accelerate the rate of progress against cancer with a goal of reducing the cancer death rate by at least 50 percent over the next 25 years and improving the experience of people who are living with or who have survived cancer.

Mental Healthcare. The budget proposes reforms across a number of programs to improve mental health coverage and invest in the mental health workforce. It would require sponsors of private health insurance to cover mental health benefits; require plans to have an adequate network of behavioral health providers; lower patients' costs for mental health services under Medicare, TRICARE, the Department of Veterans Affairs healthcare system, health insurance

¹ Tables S-3. Baseline by Category and S-4. Proposed Budget by Category. Budget of the U.S. Government for FY 2023.

issuers, group health plans, and the Federal Health Employee Benefit Program; require parity in coverage between behavioral health and medical benefits; expand coverage for behavioral health providers under Medicare; make investments in youth mental health and suicide prevention programs; and address the shortage of behavioral health providers.

HIV/AIDS. The budget includes \$850 million across HHS to reduce new HIV cases, increase access to pre-exposure prophylaxis (PrEP), and ensure equitable access to services and supports for those living with HIV. It would require coverage of PrEP under Medicaid. It also proposes a PrEP Delivery Program funded with direct spending of \$9.8 billion over 10 years to guarantee PrEP at no cost for all uninsured and underinsured individuals; provide essential wrap-around services through States, IHS and tribal entities, and localities; and establish a network of community providers to reach underserved areas and populations.

Pandemic and Biological Threat Preparedness. The budget makes new investments in pandemic preparedness and biodefense across HHS public health agencies. Agencies funded under this priority including the Office of the Assistant Secretary for Preparedness and Response, the CDC, the NIH, and the FDA.

Advancing Public Health Systems and Capacity. The budget includes a significant increase in discretionary funding to build capacity at CDC and at the State and local levels; improve the core immunization program; expand public health infrastructure in States and Territories and strengthen the public health workforce; support efforts to modernize public health data collection, including at the Center for Forecasting and Outbreak Analytics; and conduct studies on long COVID conditions to inform diagnosis and treatment options. In addition, the budget invests in equity by funding CDC programs related to viral hepatitis, youth mental health, and sickle cell disease and to address gun violence by investing in community violence intervention and firearm safety research.

Access to Vaccines. The budget establishes a new Vaccines for Adults (VFA) program, which would provide uninsured adults with access to all vaccines recommended by the Advisory Committee on Immunization Practices at no cost; would expand the Vaccines for Children (VFC) program to include all children under age 19 enrolled in the Children's Health Insurance Program (CHIP); and would consolidate vaccine coverage under Medicare Part B, making more preventive vaccines available at no cost to Medicare beneficiaries.

Maternal Health and Health Equity. The budget includes proposals to reduce maternal mortality and morbidity; expand maternal health initiatives in rural communities; implement implicit bias training for healthcare providers; create pregnancy medical home demonstration projects; address the highest rates of perinatal health disparities, including by supporting the perinatal health workforce; and increase funding for the Maternal, Infant, and Early Childhood Home Visiting program, which serves families at risk for poor maternal and child health outcomes. The budget also addresses the lack of data on health disparities.

Expands Access to Healthcare Services for Low-Income Women. The budget provides \$400 million, an increase of nearly 40 percent from the 2021 enacted level, to the Title X Family Planning program, which provides family planning and other healthcare to low-income communities.

CMS further describes its key initiatives to include addressing the opioid crisis and substance use disorders; improving health equity; improving the agency's analytic capacities and data sharing; and modernizing its operations.

Major direct spending proposals impacting Medicare and Medicaid reflect a strong focus on expanding access to mental health services. Medicare proposals would eliminate the 190-day lifetime limit on inpatient psychiatric care, cover three behavioral health visits without beneficiary cost sharing, allow direct billing under Part B by Licensed Professional Counselors and Marriage and Family Counselors and applying mental health parity to Medicare. Other major Medicare proposals include:

- Consolidating coverage for all preventive vaccines under Medicare Part B,
- Adding Medicare coverage for Community Health Workers without cost sharing for select, evidence-based preventive, chronic, and behavioral care management services, as well as certain social determinants of health evaluation and navigation services; and
- Making the results of accreditation surveys public.

Major Medicaid proposals would:

- Convert the Community Mental Health Services Demonstration Program into a State option;
- Establish a demonstration to help States build capacity for mental health treatment;
- Expand the Vaccines for Children Program;
- Eliminate barriers to PrEP treatment for individuals with HIV; and
- Increase CMS' enforcement tools applicable to Medicaid Managed Care.

In addition, the budget would establish a new direct spending program. The Vaccines for Adults Program would be administered by the CDC to provide vaccines for uninsured adults.

Overall, the budget includes \$127 billion in FY 2023 discretionary funding for HHS, about \$13 billion (11.6%) above the FY 2022 level. Proposed program level funding, which combines discretionary funding with mandatory funding and user fees, varies among HHS agencies. Substantial increases are proposed for the Centers for Disease Control and Prevention (CDC) of \$32.7 billion, the National Institute of Health (NIH) of \$16.3 billion, the Substance Use and Mental Health Services Administrations (SAMHSA) of \$4.2 billion and the Food and Drug Administration (FDA) of \$2.1 billion. These additional resources will be used by CDC for pandemic preparedness and increased access to vaccines, a new entity within NIH– the Advanced Research Projects Agency for Health – to drive biomedical innovations, by SAMHSA to expand mental health and substance use services and by the FDA for pandemic preparedness.

MEDICARE PROPOSALS

The FY 2023 budget includes legislative proposals that invest a net \$3.0 billion into the Medicare program over 10 years. When combined with program integrity investments, the budget yields net savings to Medicare of \$17.7 billion over 10 years. Unless otherwise noted, the proposals would be implemented in fiscal year or calendar year 2023.

MEDICARE PROPOSALS IN THE PRESIDENT'S BUDGET FOR FY 2023			
	Savings (-) /cost (+) in \$ millions		
	2023	2023-2027	2023-2032
Legislative			
<i>Mental Health</i>			
Eliminate the 190-day Lifetime Limit on Psychiatric Hospital Services (Medicare Impact Only)	70	870	2,160
Require Medicare to Cover Three Behavioral Health Visits without Cost-Sharing	-	520	1,350
Revise Criteria for Psychiatric Hospital Terminations from Medicare	-	-	-
Modernize Medicare Mental Health Benefits	-	-	-
Apply Mental Health Parity and Addiction Equity Act to Medicare	-	-	-
Total, Mental Health Proposed Policy	70	1,390	3,510
<i>Pandemic Preparedness</i>			
Consolidate all Vaccine Coverage under Medicare Part B	-	1,750	3,580
Authorize Coverage for Unapproved Drugs and Devices Authorized for Emergency Use	-	-	-
Ensure Consistency and Clarity of Data Reporting Requirements for Medicare Providers, Suppliers, and Contractors during Public Health Emergencies	-	-	-
Enable the Secretary to Temporarily Modify or Waive Specific Requirements of the Clinical Laboratory Improvements Amendments of 1988 during Public Health Emergencies	-	-	-
Total, Pandemic Preparedness Proposed Policy		1,750	3,580
<i>Oversight, Quality & Beneficiary Protections</i>			
Enhance Physician Fee Schedule Conversion Factor Updates in CY 2025	-	1,040	3,450
Add Medicare Coverage of Services Furnished by Community Health Workers	-	-	-
Standardize Data Collection to Improve Quality and Promote Equitable Care	-	-	-
Remove Restrictions on the Certification of New Entities as Organ	-	-	-
Procurement Organizations and Increase Enforcement Flexibility	-	-	-
Increase Transparency by Disclosing Accreditation Surveys	-	-	-
Hold Long-Term Care Facility Owners Accountable for Noncompliant Closures and Substandard Care	-	-	-
Total, Oversight, Quality & Beneficiary Protections Proposed Policy		1,040	3,450

MEDICARE PROPOSALS IN THE PRESIDENT'S BUDGET FOR FY 2023			
	Savings (-) /cost (+) in \$ millions		
	2023	2023-2027	2023-2032
Administrative			
<i>Strengthen Oversight, Quality, and Beneficiary Protections</i>			
Increase Social Security Administration Sharing and Collection of Race and Ethnicity Data for Medicare Beneficiaries	-	-	-
Subtotal, Administrative and Legislative Proposals	70	4,180	10,540
Medicare Interactions			
Eliminate the 190-day Lifetime Limit on Psychiatric Hospital Services (Medicaid Impact - Non-Additive)	-40	-410	-1,020
Extension of Sequester	-	-	-7,550
Total Outlays, Medicare Proposals	70	4,180	2,990
Medicare Proposed Policy			
Total Outlays, Medicare Proposals	70	4,180	2,990
Savings from Program Integrity Investments	-1,141	-7,682	-20,715
Total Outlays, Medicare Proposed Policy	-1,071	-3,052	-17,725

Legislative Proposals

Mental Health

The 2023 budget proposal includes a number of provisions intended to expand access to mental health care. Together they are estimated to reduce federal spending by over \$69 billion with the vast majority of those savings coming from the Medicare program.

Eliminate the 190-day Lifetime Limit on Psychiatric Hospital Services. Under current law, there is a 190-day lifetime limit on care in an inpatient in a freestanding psychiatric hospital but not a distinct part psychiatric unit of a general acute care hospital. This proposal will eliminate the 190-day lifetime limit on inpatient psychiatric services in a freestanding psychiatric hospital. Estimated costs are \$2.2 billion over 10 years.

Require Medicare to Cover Three Behavioral Health Visits Without Cost-Sharing. This proposal would require Medicare to cover up to three behavioral health visits per year without application of deductible or coinsurance. Estimated costs are \$1.4 billion over 10 years.

Revise Criteria for Psychiatric Hospital Terminations from Medicare. Current law requires CMS to terminate psychiatric hospital participation in Medicare after six months of non-compliance with conditions of participation, even if the deficiency does not jeopardize patient health and wellbeing. No analogous provision applies to any other provider category. This proposal would give CMS flexibility to allow a psychiatric hospital to continue receiving Medicare payments when deficiencies are not considered to immediately jeopardize the health and safety of its patients and where the facility is actively working to correct the deficiencies identified in an approved plan of correction. No cost.

Modernize Medicare Mental Health Benefits. This proposal would expand Medicare Part B to include mental health services furnished by Licensed Professional Counselors and Marriage and Family Counselors. It would remove limits on the scope of services that can be billed by Clinical Social Workers. All of these mental health practitioner services would be billable by Federally Qualified Health Centers and Rural Health Clinics and during Part A covered Skilled Nursing Facility stays. The proposal would also establish Medicare Part B payment for services provided under an Assertive Community Treatment delivery system. Not Scorable.

Apply the Mental Health Parity and Addiction Equity Act to Medicare. This proposal would expand application of mental health parity to Medicare. The Medicare Payment Advisory Commission would be required to issue a report to identify existing gaps in mental health and substance use disorder benefits to be addressed in Medicare statute. Not Scoreable.

Pandemic Preparedness

Consolidate all Vaccine Coverage under Medicare Part B. This proposal would shift coverage for all preventive vaccines and their administration to Medicare Part B. There would be no cost-sharing on Medicare covered vaccines recommended by the CDC's Advisory Committee on Immunization Practices, and approved by the CDC Director. Medicare Advantage (MA) would be limited to charging the same cost-sharing as Medicare Part B. Vaccines would be priced at 103 percent of wholesale acquisition cost rather than 95 percent of average wholesale price. Estimated costs are \$3.6 billion in costs over 10 years.

Ensure Consistency and Clarity of Data Reporting Requirements During Public Health Emergencies. This proposal would permit CMS to require all Medicare providers, suppliers, and contractors to collect and report relevant data under a declared public health emergency as specified by the Secretary. The Secretary could enforce these requirements with intermediate penalties such as civil monetary penalties. Budget Neutral.

Enable the Secretary to Waive Specific Requirements of the Clinical Laboratory Improvement Amendments of 1988 Act (CLIA). Rather than relying on enforcement discretion as is occurring during the current COVID-19 pandemic, this proposal would enable the Secretary to temporarily waive or modify the application of CLIA to ensure laboratory services are accessible to the maximum extent feasible in any federally declared emergency period and area. Not Scorable.

Strengthen Oversight, Quality, and Beneficiary Protections

Enhance Physician Fee Schedule Conversion Factor Updates in CY 2025. Under current law, participants in Alternative Payment Models (APM) receive a five percent incentive payment on their Part B covered professional services annually from 2019 through 2024, nothing in 2025 and then a 0.75 percent annual increase beginning in 2026 compared to 0.25 percent non-APM participants. This proposal would begin the update of 0.75 percent in 2025 rather than 2026. Estimated costs are \$3.5 billion over 10 years.

Add Medicare Coverage of Services Furnished by Community Health Workers. Effective for 2024, this proposal would provide Medicare coverage for select, evidence-based preventive, chronic, and behavioral care management services, as well as certain social determinants of health evaluation and navigation services. Payment would be under the Medicare physician fee schedule with no cost sharing. Services must be furnished under the direction of and billed by a Medicare-enrolled supplier or provider in accordance with a comprehensive community needs assessment and engagement plan. The Secretary would be permitted to enroll community-based organizations (e.g., non-profits, public health departments, etc.) in Medicare. Not Scorable.

Standardize Data Collection to Improve Quality and Promote Equitable Care. This proposal would add a new category of standardized patient assessment data for social determinants of health for post-acute care providers (inpatient rehabilitation facilities, skilled nursing facilities and home health agencies) and long-term care hospitals. These data could include, for example, transportation, housing, social isolation, and food insecurity. Budget Neutral.

Remove Restrictions on the Certification of New Entities as Organ Procurement Organizations and Increase Enforcement Flexibility. This proposal will allow CMS to certify new entities as organ procurement organizations, and recertify organ procurement organizations that do not meet the criteria for recertification based on outcome measure performance, but which have shown significant improvement during a recertification cycle. Budget Neutral.

Increase Transparency by Disclosing Accreditation Surveys. This proposal would remove the restriction that currently prohibits the Secretary from disclosing results of certain accreditation surveys. Budget Neutral.

Hold Long-Term Care Facility Owners Accountable for Noncompliant Closures and Substandard Care. This proposal would change the party subject to a civil money penalty from “administrator” to “owner, operator, or owners or operators” of a facility and add a provision that would ensure the Secretary has the authority to impose enforcement on the owners of a facility, after the facility has closed. Budget Neutral.

Administrative Proposals

Strengthen Oversight, Quality, and Beneficiary Protections This administrative proposal would have the Social Security Administration (SSA) increase sharing of race and ethnicity data with CMS (potentially to the 2011 HHS or newer data standards) for the purposes of tracking disparities in healthcare treatment and outcomes. Budget Neutral.

Program Integrity Proposals (Medicare and Medicaid)

The FY 2023 budget provides \$2.5 billion in total mandatory and discretionary investments for the Health Care Fraud and Abuse (HCFAC) and Medicaid Integrity Programs. The budget requests \$899 million in discretionary HCFAC funding, \$26 million above the FY 2022 enacted level. A top priority for increased investment in this account is Medicare medical review.

Protect Beneficiary Safety in Medicare

Prohibit Unsolicited Medicare Beneficiary Contacts. This proposal would disallow certain ordering or referring providers (and other individuals or entities acting on their behalf) from making unsolicited contacts with Medicare beneficiaries. The proposal would grant rulemaking authority to the Secretary to modify the restrictions consistent with emerging fraud threats. Not Scorable.

Reduce Fraud, Waste and Abuse in Medicare

Expand Tools to Identify and Investigate Fraud in the MA Program. This proposal would require MA plans to collect referring provider identifiers for healthcare services and report this information as part of encounter data to CMS. This proposal would not require additional funding. [Not Scorable]

Other FY 2023 Budget Proposals

The FY 2023 budget includes an allocation adjustment for the SSA to conduct continuing disability reviews and Supplemental Security Income redeterminations to confirm that participants remain eligible to receive benefits. These increased workloads are projected to yield savings to Medicare and Medicaid totaling \$9.3 billion over ten years.

PROGRAM INTEGRITY PROPOSALS IN THE PRESIDENT'S BUDGET FOR FY 2023			
	Savings (-) /cost (+) in \$ millions		
	2023	2023-2027	2023-2032
<i>Protect Beneficiary Safety in Medicare</i>			
Prohibit Unsolicited Medicare Beneficiary Contacts	-	-	-
Subtotal Outlays, Protect Beneficiary Safety in Medicare Proposed Policy	-	-	-
Subtotal, Medicare Impact (non-add)	-	-	-
Subtotal, Medicaid Impact (non-add)	N/A	N/A	N/A
<i>Reduce Fraud, Waste and Abuse in Medicare</i>			
Expand Tools to Identify and Investigate Fraud in the Medicare Advantage Program	-	-	-
Subtotal Outlays, Reduce Fraud, Waste and Abuse in Medicare Proposed Policy	-	-	-
Subtotal, Medicare Impact (non-add)	-	-	-
Subtotal, Medicaid Impact (non-add)	N/A	N/A	N/A
<i>Program Integrity Legislative Proposals</i>			
Subtotal Outlays, Program Integrity Legislative Proposals	-	-	-
Subtotal, Medicare Impact (non-add)	-	-	-
Subtotal, Medicaid Impact (non-add)	N/A	N/A	N/A

PROGRAM INTEGRITY PROPOSALS IN THE PRESIDENT'S BUDGET FOR FY 2023			
	Savings (-) /cost (+) in \$ millions		
	2023	2023-2027	2023-2032
Non-PAYGO Savings²			
Capture Savings to Medicare and Medicaid from HCFAC Allocation Adjustment	-1,119	-6,215	-13,614
Capture savings to Medicare and Medicaid from Social Security Administration Allocation Adjustment	-40	-2,048	-9,294
Subtotal, Medicare Impact (non-add)	-22	-1,467	-7,101
Subtotal, Medicaid Impact (non-add)	-18	-581	-2,193
Subtotal, Medicare and Medicaid Savings from Program Integrity Investment	-1,159	-8,263	-22,908

Medicare Baseline Assumptions

The budget displays assumptions related to current law activities and regulatory proposals that are incorporated into Medicare baseline spending estimates. Some of those assumptions are displayed below.

Assumptions in the Medicare Baseline (Outlays in millions of dollars)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
DME Competitive Bidding (net of premium)	-2,525	-3,000	-3,250	-3,500	-3,540	-3,590	-3,650	-3,700	-3,730	-3,830	-3,933	-38,248
MACRA Advance APM 5% Bonus	539	601	616	838	---	---	---	---	---	---	---	2,594
Medicare Improvement Fund*	99	---	---	---	---	---	---	---	---	---	---	99
Accelerated and Advance Payments Repayment Stream	Part A -43,313 Part B -23,746											

Source: Excerpts from Table 22-4, Impact of Regulations, Expiring Authorizations, and Other Important Assumptions in the Baseline, Analytical Perspectives for FY 2023 <https://www.whitehouse.gov/omb/budget/analytical-perspectives/>

² Includes non-PAYGO savings from proposed allocation adjustments in HCFAC and the Social Security Administration program integrity activities.

MEDICAID AND CHIP PROPOSALS

The Administration's legislative proposals for Medicaid are estimated to increase program spending by a net \$30.7 billion over 10 years when all interactions are taken into account. Most of the costs would come from CMS proposals to convert the Community Mental Health Services Demonstration Program into a state option (\$24.0 billion), establish a demonstration to help states build capacity for mental health treatment (\$7.5 billion), and expand the Vaccines for Children Program (\$3.0 billion). Offsetting savings would result from eliminating barriers to PrEP treatment for individuals with HIV (\$-4.2 billion) and increasing CMS' enforcement tools applicable to Medicaid Managed Care (\$-2.1 billion). The proposals are displayed in the following table and described below.

MEDICAID AND CHIP PROPOSALS IN THE PRESIDENT'S BUDGET FOR FY 2023		
	Savings (-) /cost (+) in \$ millions	
	FY23	FY23-32
Medicaid Legislative Proposals		
Mental Health		
Convert Community Mental Health Services to State Option	--	24,020
Increasing Capacity for Mental Health Treatment	40	7,500
Require States to Permit Same Day Billing for Medicaid Behavioral Health Services	190	2,380
HIV/AIDS		
Eliminate Barriers to PrEP under Medicaid	-290	-4,200
Program Efficiencies		
Modify the Medicaid Drug Rebate Program in the Territories	--	--
Enhance Medicaid Managed Care Enforcement	-100	-2,100
Other Legislative Proposals Impacting Medicaid		
<i>Establish a Performance Bonus Fund for Behavioral Health (non-add)¹</i>	500	2,500
Expand the VFC Program	250	3,010
Treat Certain Immigrants as Refugees for Public Benefit Purposes	74	533
Extend Special Immigrant Visa Program	10	333
Eliminate Medicare's 190-day Lifetime Limit on Inpatient Psychiatric Facility Services	-40	-1,020
Provide Mandatory Funding for the Indian Health Services	2	2
Sub-Total Medicaid Legislative Proposals	134	30,456
Interactions among proposals	--	290
Total Medicaid Legislative Proposals	134	30,746
CHIP Legislative Proposals		
Impact on CHIP of Expanded VFC Program	--	-230

Notes

¹ Budgetary impact incorporated in State Grants and Demonstrations.

² Budgetary impact not available.

Mental Health Care Initiatives

Convert Community Mental Health Services Demonstration to State Option. The Budget includes a proposal to permit all States and Territories to participate in the Certified Community Behavioral Health Clinics (CCBHCs) demonstration program by converting the program to a Medicaid state plan option. As under the demonstration, payments for mental health services provided by CCBHCs would be subject to an enhanced federal matching rate. Costs to Medicaid are estimated at \$24 billion over 10 years, although an additional \$45 million would be funded through State Grants and Demonstrations program.

Increasing Capacity for Mental Health Treatment. Planning grants and a demonstration opportunity would be made available for states and to improve Medicaid mental health provider capacity. Grant funding of \$7.5 billion would be made available over 10 years to enable states to assess and develop strategies on education, recruitment, integration, reimbursement, and training of providers.

Require States to Permit Same Day Billing for Medicaid Behavioral Health Services. Some states impose payment rules that prohibit same day billing for mental health and physical health visits. This proposal would prevent states from prohibiting same day billing, allowing providers to be reimbursed for Medicaid mental health and physical health visits provided to a Medicaid beneficiary that occur on the same day. In addition, it would require that Medicaid behavioral health services, whether provided under fee-for-service or managed care, be consistent with current and clinically appropriate treatment guidelines. It is estimated to cost \$2.4 billion over 10 years.

HIV/AIDS

Eliminate Barriers to PrEP under Medicaid. The Budget would require state Medicaid programs to cover PrEP, treatment that can reduce the risk for an individual of getting HIV. In addition to the PrEP itself, states must cover associated laboratory services, and no cost sharing for the drug or its associated laboratory services would be permitted. Under the proposal, utilization management practices that would limit access to PrEP would be prohibited. The proposal is estimated to result in savings to Medicaid of \$4.2 billion over 10 years.

Program Efficiencies

Modify the Medicaid Drug Rebate Program in the Territories. The proposal would provide the territories with a new flexibility to opt into or out of the Medicaid Drug Rebate Program. Under existing rules, territories are to be included beginning April 1, 2022 unless they seek and receive approval of a waiver to opt out of the program. In addition, the budget proposes to exclude sales in the Territories in calculating the average manufacturer price and best price under the Medicaid Drug Rebate Program. HHS states that this would ensure continued discounted drug prices for Territories. The proposal is expected to be budget neutral.

Enhance Medicaid Managed Care Enforcement. The Budget includes a proposal to add an enforcement option for CMS applicable to compliance failures of Medicaid managed care plans. Under existing law, the only compliance tool available to CMS is to withhold all federal financial participation under the contract – which is often an excessive tool that would cause considerable disruption to the state program. The Budget proposes to permit CMS to withhold federal financial participation on a service-by-service basis and to apply additional but unspecified enforcement options. The proposal is estimated to save \$2.1 billion over 10 years.

Other Legislative Proposals Impacting Medicaid

Establish a Performance Bonus Fund for Behavioral Health. The budget would provide \$2.5 billion for HHS to make awards to states for improvements in certain quality measures having to do with behavioral health, access to care, or other measures selected by the Secretary. The funds would be available for a 5-year period beginning in 2023.

Expand the Vaccines for Children Program. The budget would expand the Vaccines for Children Program to all CHIP children, resulting in a net cost to of \$280 million over 10 years. That budgetary impact incorporates an increase of \$3 billion to Medicaid and a reduction of \$2.7 million to CHIP. The proposal would also include several improvements such as updating the provider administration fee structure to increase provider capacity and eliminating cost-sharing for eligible children.

Other proposals. Several other proposals, some described elsewhere in this document or in non-health parts of the budget, would impact Medicaid spending over the 10-year budget window. They include proposals to treat certain immigrants as refugees for public benefit purposes (\$533 million in Medicaid costs); extend the Special Immigrant Visa Program (\$333 million in Medicaid costs); and eliminate Medicare’s 190-day lifetime limit on inpatient psychiatric facility services (\$1 billion in Medicaid savings). The budgetary impact on Medicaid of converting IHS funding from discretionary to mandatory was not available at the time of publication. In addition, Medicaid interactions among the various proposals incorporated throughout the budget would increase Medicaid costs by \$290 million over 10 years.

Centers for Disease Control and Prevention

The Budget includes a proposal to provide mandatory funding to the Centers for Disease Control and Prevention for a ***Vaccines for Adults Program***. The program would be established to provide uninsured adults with access to all vaccines recommended by the Advisory Committee on Immunization Practices at no cost to the individual. Direct spending costs of the program are estimated to be \$24 billion over 10 years.

PRIVATE HEALTH INSURANCE

The Administration’s legislative proposals for private health insurance are estimated to increase federal spending by a net \$51 billion over 10 years. Most of this spending is to expand coverage and compliance regarding mental health and substance use disorder benefits. Although the budget described the benefits of the American Rescue Plan Act (enacted March 2021) in

increasing Marketplace enrollment through increased premium and cost-sharing subsidies, the budget did not include proposals to extend those enhancements past the current expiration date, at the end of 2022.

PRIVATE INSURANCE PROPOSALS IN THE PRESIDENT'S BUDGET FOR FY 2023		
	Savings (-) / cost (+) in \$ millions	
	FY23	FY23-32
Private Insurance Legislative Proposals		
Improve Access to Behavioral Healthcare in the Private Insurance Market	+1,881	+30,954
<i>Premium Tax Credits</i>	+369	+4,901
<i>Cost-Sharing Reductions (CSR)</i>	--	+720
<i>Other Government-Wide Impacts (programs under Treasury, USPS, OPM)</i>	+1,512	+25,333
Require Coverage of Three Behavioral Health Visits and Three Primary Care Visits without Cost-Sharing	+1,203	+20,313
<i>Premium Tax Credits</i>	+153	+1,929
<i>Cost-Sharing Reductions</i>	+10	+310
<i>Other Government-Wide Impacts (programs under Treasury, USPS, OPM)</i>	+1,040	+18,074
Funding for State Enforcement of Mental Health Parity Requirements	+10	+125
Consumer Protections in Self-Insured Non-Federal Governmental Plans	--	--
Total, Government-wide Impact, Private Insurance Proposals	+3,094	+51,392
Total Outlays, Private Insurance Proposals (CSR only)	+20	+1,155

Improve Access to Behavioral Healthcare in the Private Insurance Market. This proposal would require all issuers of private insurance in the individual and group markets, as well as employer-based plans, to provide mental health and substance use disorder benefits. To improve compliance with behavioral health parity standards, plans and issuers would be required to use medical necessity criteria for behavioral health services that are consistent with the criteria developed by nonprofit medical specialty associations (none specifically mentioned); profit considerations would also be limited in determinations of medical necessity. The Secretaries of HHS, Labor and Treasury would be authorized to regulate behavioral health network adequacy and to issue regulations on a standard for parity in reimbursement rates based on the results of comparative analyses submitted by plans and issuers. This set of provisions would increase federal spending by \$31 billion over 10 years (of which \$720 million is for ACA cost-sharing reductions).

Require Coverage of Three Behavioral Health Visits and Three Primary Care Visits without Cost-Sharing. All issuers of private insurance in the individual and group markets, as well as employer-based plans, would be required to cover three behavioral health visits and three primary care visits each year without charging a copayment, coinsurance or deductible-related fee. This provision would increase federal spending by \$20.3 billion over 10 years (of which \$310 million is for ACA cost-sharing reductions).

Funding for State Enforcement of Mental Health Parity Requirements. This proposal provides \$125 million in mandatory funding over five years for grants to states to enforce mental health

and substance use disorder parity requirements, with any funds not expended at the end of five fiscal years available to the HHS Secretary to make additional mental health parity grants.

Consumer Protections in Self-Insured Non-Federal Governmental Plans. This proposal would eliminate the ability of self-insured non-federal governmental plans (e.g., state and local government group health plans) to opt out of certain provisions of the Public Health Service Act, such as behavioral health parity rules, hospital care after childbirth, breast reconstruction after a mastectomy, and coverage if an employee’s child takes a leave of absence from college for a serious illness or injury. This provision would have no impact on the federal budget.

DISCRETIONARY HEALTH SPENDING

Overall, the budget includes \$127 billion in FY 2023 discretionary funding for HHS, about \$13 billion (11.6%) above the FY 2022 level. Proposed program level funding, which combines discretionary funding with mandatory funding and user fees, varies among HHS agencies. Substantial increases are proposed for the Centers for Disease Control and Prevention (CDC) of \$32.7 billion, the National Institute of Health (NIH) of \$16.3 billion, the Substance Use and Mental Health Services Administrations (SAMHSA) of \$4.2 billion and the Food and Drug Administration (FDA) of \$2.1 billion. These additional resources will be used by CDC for pandemic preparedness and increased access to vaccines, a new entity within NIH– the Advanced Research Projects Agency for Health – to drive biomedical innovations, by SAMHSA to expand mental health and substance use services and by the FDA for pandemic preparedness.

Proposed HHS Health-Related Agency/Office Funding for FY 2023 (Program levels, in \$ millions)		
HHS Agency/Office	FY 2023	Change from 2022
Agency for Healthcare Research and Quality (AHRQ)	527	+71
Centers for Disease Control and Prevention (CDC)	47,475	+32,743
CMS Program Management	7,099	+452
Food and Drug Administration (FDA)	8,390	+2,139
Health Resources and Services Administration (HRSA)	13,335	+41
Indian Health Service (IHS)*	-	N/A
National Institutes of Health (NIH)	62,503	+16,325
Substance use and Mental Health Services Administration (SAMHSA)**	10,697	+4,150
Office of the National Coordinator for Health Information Technology (ONC)	104	+39
Office of Medicare Hearings and Appeals (OMHA)	196	--
Center for Medicare and Medicaid Innovation – obligations***	756	-10
*The FY 2023 budget proposes to authorize mandatory funding for IHS. Expects funding to increase from \$9.3 billion in FY 2022 to \$36.7 billion in FY 2032.		
**The FY 2023 budget proposes to change the name to remove “abuse” from the agency name.		
***CMMI reports obligations and outlays in lieu of program level funding.		
Source: Department of Health and Human Services, <i>Fiscal Year 2023 Budget in Brief</i>		

Centers for Disease Control and Prevention (CDC)

The proposed \$47.5 billion funding for CDC (and the Agency for Toxic Substances and Disease Registry (ATSDR)) is \$32.7 billion above FY 2022 levels. This total includes \$9.9 billion in discretionary budget authority, \$903 million from the Prevention and Public Health Fund, and \$36.7 billion in current and proposed mandatory funding. New proposed mandatory funding would establish a Vaccines for Adults program (\$2.1 billion) and support HHS pandemic preparedness (\$28 billion). The Vaccines for Adults program would provide uninsured adults with access to all vaccines recommended by the Advisory Committee on Immunization Practices at no cost. The budget also includes a legislative proposal to restructure CDC's current budget structure with 13 separate Treasury accounts into one "CDC wide activities and program support" account.

The budget includes \$969 million in crosscutting funding of which \$600 million will support flexible public health and capacity investments and \$50 million will sustain the Center for Forecasting and Outbreak Analytics. The budget also includes \$124 million for leadership, communication and public health innovation.

The budget proposes \$1.2 billion, an increase of \$383 million, for immunization and respiratory diseases. This includes \$994 million for the discretionary Section 317 Immunization program to support COVID-19 vaccination and enhance human papilloma virus (HPV) vaccination efforts (which support the Cancer Moonshot Initiative). The budget includes \$251 million to enhance the influenza program to increase surveillance of novel influenza viruses. The budget would also expand the Vaccines for Children program to include all children under age 19 enrolled in CHIP.

The budget proposes \$1.5 billion (\$126 million above FY 2022) for domestic HIV/AIDS, viral hepatitis, sexually transmitted infections and tuberculosis prevention activities to support state, tribal, local, and territorial health departments' responses to infectious disease outbreaks. This budget includes \$310 million, an increase of \$115 million, to continue to advance HHS' efforts to end the HIV/AIDS epidemic. Funding for CDC's National Center for Emerging and Zoonotic infectious diseases is proposed at \$703 million, \$10 million above FY 2022 levels.

The budget proposes \$1.6 billion for chronic disease prevention and health promotion activities, an increase of \$274 million from FY 2022 levels. This funding includes \$164 million, an increase of \$81 million, to improve maternal health by providing additional funding for Maternal Mortality Review Committees and expansion of Perinatal Quality Collaboratives. The budget proposes \$1.3 billion for injury prevention and control programs, an increase of \$568 million from FY 2022 levels. This funding supports efforts to reduce all forms of violence, including gun, partner, gender-based and sexual violence. Included in this funding request is \$713 million for CDC's opioid overdose prevention and surveillance programs and \$35 million for research to identify the most effective ways to prevent firearm injuries and death.

Proposed funding for Public Health Preparedness and Response is \$799 million, an increase of \$147 million from FY 2022. This includes \$200 million for continued improvements in CDC's data modernization initiative and \$182 million for the National Center for Health Statistics to enhance data collection activities including increasing the sample size of the National Health

Interview Survey. Global health activities would receive program funding of \$748 million, an increase of \$101 million, for use in establishing additional public health partnerships in other countries. To support environmental health issues, the budget includes \$402 million, an increase of \$174 million above FY 2022. This increase will strengthen the Childhood Lead Poisoning Program and the Cancer Moonshot Initiative, with a focus on enhanced study of cancer clusters.

Funding for ATSDR is \$85 million for activities related to protecting communities from harmful environmental exposures.

Center for Medicare & Medicaid Services (CMS) Program Management

CMS total program level management funding is proposed at \$7.1 billion, an increase of \$452 million above FY 2022 levels; total program management includes discretionary administration, mandatory appropriations and user fees. This budget request also includes \$300 million in proposed mandatory funding to cover the costs associated with implementing proposed legislative changes to Medicare, Medicaid, and CHIP.

The discretionary budget funding is proposed at \$4.3 billion, an increase of \$322 million above FY 2022 levels. The budget requests \$3.0 billion for Program Operations, an increase of \$122 million. Approximately 30 percent (\$971 million) of the Program Operations request supports ongoing Medicare contractor operations. The budget includes \$84 million to process second level Medicare appeals, \$646 million for information technology system upgrades, and \$225 million for Medicaid and CHIP operations. The budget also requests \$35 million to develop an analytic capability to focus on minority and underserved populations.

The budget request for federal administrative costs is \$895 million, which is \$123 million above FY 2022 levels and will increase the full-time staff level by 288 FTEs to 4,518. The budget requests \$494 million for Survey and Certification, an increase of \$97 million. CMS projects that this FY 2023 request will allow states to fully complete surveys for all provider types. The budget requests two-year budget authority for the Medicare Survey and Certification program.

The budget funds the National Medicare Education Program at \$445 million, including \$306 million in discretionary budget authority. The budget requests \$2 billion for federal administrative expenses associated with operating the Exchanges; \$1.7 billion will be funded by Marketplace user fees and \$300 million will be funded by program management.

Food and Drug Administration (FDA)

The proposed program level funding of \$8.4 billion in FY 2023 would provide a \$2.1 billion increase in program level funding above FY 2022 levels. This includes \$3.0 billion, an increase of \$48 million, from current user fees. The user fees collected in support of FDA's prescription drug program would be increased by \$24 million and the generic drug would be increased by \$11 million. Legislative proposals would increase the tobacco user fee by \$100 million and the export certification user fee by \$4 million. In addition, the proposed program level funding includes \$1.6 billion in mandatory funding to support HHS pandemic preparedness.

Within the current FDA programs, most of the proposed increase in the program level funding is for human drugs (\$104 million), food (\$87 million), tobacco products (\$97 million), medical devices (\$51 million), and animal drugs and food (\$47 million). In support of the Cancer Moonshot Initiative, the budget includes an additional \$20 million to support FDA's Oncology Center of Excellence programs. The budget provides an increase of \$30 million to support FDA's activities to reduce the opioid epidemic including the development of opioid reversal treatments and treatments for opioid use disorder, and new funding to develop and evaluate digital health medical devices to address opioids use disorder. The budget includes \$6 million to address cybersecurity vulnerabilities by improving the safety and security of medical devices.

To support ongoing enterprise technology and data modernization efforts, the budget includes an increase of \$68 million which would be used to strengthen the common data infrastructure across the agency and modernize food and medical product safety data efforts. To optimize inspections for medical product and food safety, the budget includes an increase of \$24 million to support the recruitment and training of staff.

Health Resources and Services Administration (HRSA)

The proposed \$13.3 billion for HRSA is \$41 million above FY 2022 levels. Funding increases are for health workforce (+ \$324 million), maternal and child health (+ \$318 million), Ryan White HIV/AIDS Program (+ \$160 million), family planning (+ \$114 million), health centers (+90 million), rural health (+ \$43 million), and other health care system activities including the 340B Drug Pricing Program (+ \$6 million).

Health care workforce activities would be funded at \$2.05 billion (\$324 million above FY 2022). This includes \$397 million for the Behavioral Health Workforce Development Programs (+ \$235 million); this funding will train new behavioral health providers, including a track for health support workers including peers and community health workers. It also includes \$350 million for the Children's Hospital Graduate Medical Education Payment Program (a decrease of \$25 million) and \$295 million for Nursing Workforce Development (an increase of \$15 million). The budget also requests \$119 million in mandatory funding for FY 2023 (same as FY 2022) to support up to 801 slots in primary care and dental residencies across the nation and in community-based and ambulatory settings.

The Ryan White HIV/AIDS program would be funded at \$2.7 billion (\$160 million above FY 2022). Almost \$2.4 billion of this total amount funds primary medical care, essential support services, and medication for low-income people living with HIV/AIDS by providing support to states, counties, cities, and local community-based organizations (a collective increase of \$46 million from 2022). The budget also includes \$290 million designated to support Ending HIV Epidemic HIV/AIDS Program (an increase of \$165 million) – intended to target geographic locations with high proportions of new HIV diagnoses.

Health centers would receive \$5.7 billion in discretionary and proposed mandatory funding (an increase of \$90 million from 2022 levels). Maternal and child health funding is \$1.7 billion, an increase of \$318 million from 2022 levels to build upon its current efforts to reduce maternal mortality and morbidity. The 340B Drug Pricing Program would receive \$17 million to improve operations and oversight (an increase of \$6 million).

Indian Health Service (IHS)

The FY 2023 budget proposes \$9.3 billion for IHS, an increase of \$2.5 billion or 37 percent above FY 2022. The Administration proposes that all funding for the IHS as mandatory funding and to exempt the IHS budget for sequestration. Funding would grow over time from \$9.3 billion in FY 2023 to \$36.7 billion in FY 2032 over the 10-year budget window. The Administration believes this budget will enable IHS, Tribal Health Programs, and Urban Indian Organizations to more effectively plan healthcare programming over multiple years and help address health inequities.

In FY 2023, the budget includes \$6.3 billion in the Services account, an increase of \$1.6 billion, which primarily funds direct health care services the IHS provides through its network of more than 1,200 hospitals, clinics, and health stations on or near Indian reservations. Over the 10-year budget window, this account would grow to \$34.2 billion, an increase of \$29.5 billion above FY 2022. These funding increases would be distributed across the IHS funding lines that provide direct healthcare services, including, for example, Hospitals and Health Clinics, Purchased/Referred Care, Dental Health, Mental Health, Alcohol and Substance Abuse, among others. The budget provides \$1.6 billion for Facilities program, an increase of \$627 million above FY 2022 to support construction projects, purchase medical equipment, and fund other related activities. Over the 10-year budget window, this account would grow to \$4.7 billion, an increase of \$3.7 billion above FY 2022. This budget would provide additional funding to complete the projects on its Healthcare Facilities Construction Priority List (an almost 30-year-old list).

National Institutes of Health (NIH)

The FY 2023 budget proposes NIH program level funding of \$63 billion, an increase of \$16 billion from FY 2022. Within this total, \$5 billion is proposed for the Advanced Research Projects Agency for Health (ARPA-H). Total funding available through the 21st Century Cures Account is \$1.085 billion. Across NIH \$12.1 billion is proposed for pandemic preparedness including development of vaccine, diagnostic and therapeutic agents; \$2.6 billion for opioids, stimulant and pain research including \$811 million for the Helping to End Addiction Long-term (HEAL) Initiative; \$260 million for the development of a universal influenza vaccine; and \$2 million to establish a center for ongoing sexual orientation and gender identity (SOGI).

Approximately half of the institutes and centers would experience an increase in budgetary resources with the largest increases for the National Institute on Drug and Addiction (+ \$248 million); the National Institute on Minority Health and Health Disparities (+ \$201 million); and the National Institute of Neurologic Disorders and Stroke (+ \$157 million). Of the institutes and centers with a proposed budget decrease, the largest decreases are for The National Institute on Aging (+ \$209 million) and the National Cancer Institute (- \$199 million).

Substance Abuse and Mental Health Services Administration (SAMHSA)

Proposed program level funding of \$10.7 billion is sought for FY 2023 for SAMHSA, an increase of \$4.2 billion above FY 2022. The Administration states this investment is needed to

eliminate barriers of care and expand the full continuum of prevention, treatment, and recovery services for mental health and substance use services.

Over fifty percent of the budget (or \$5.6 billion) is for substance use services. This includes \$3.0 billion for the Substance Use Prevention, Treatment, and Recovery Block Grant (an increase of \$1.1 billion over FY 2022), a formula grant program that helps states finance their substance abuse activities. This budget category also includes \$2.0 billion for the State Opioid Response program to address opioid misuse, abuse, and overdose, a proposed increase of \$475 million.

The remaining half of the budget (or \$5.1 billion) is mostly for SAMHSA's mental health activities, an increase of \$2.5 billion over FY 2022. This includes investing \$1.7 billion into the Community Mental Health Block Grant (almost double the 2022 funding level), which provides states non-clinical coordination and support services that are not covered by Medicaid or other third-party insurance. It also provides \$697 million for Suicide Lifeline program and behavioral health crisis services, an increase of \$590 million over FY 2022. This includes resources to launch and transition the Suicide Lifeline program from a 10-digit number to a 3-digit hotline (9-8-8). The budget also includes additional resources for children's mental health needs.

Office of the National Coordinator for Health Information Technology (ONC)

ONC funding is proposed at \$104 million, an increase of \$40 million from FY 2022. The budget prioritizes funding to advance the interoperability and usability of health IT, advancing patient access to their electronic records, combatting information blocking, and bringing innovative easy-to-use products into the hands of users. The FY 2023 budget also continues to administer the Health IT Advisory Committee (HITAC) as a method for obtaining routine input from a group of 27 health IT experts and six federal representatives. In addition, ONC would continue to support a wide range of activities to support standards and certification including administration and oversight of the ONC Health IT Certification Program, among other priorities.

Office of Medicare Hearings and Appeals (OMHA)

The FY 2022 budget proposes OMHA program level funding of \$196 million, the same level as FY 2022. The budget will allow further reduction of the pending appeals backlog. While still significant, OMHA has reduced its backlog of cases by 93 percent to about 60,062 appeals (from a high of nearly 900,000 in FY 2015).

Center for Medicare & Medicaid Innovation (CMMI)

CMMI (also known as the CMS Innovation Center) was established by section 1115A of the Social Security Act as added by Section 3021 of the ACA. The ACA appropriated \$10 billion to support the activities work of CMMI for 2011-2019 and the same amount for each subsequent 10-year fiscal period. CMMI is now in its second decade of mandatory funding and operations (i.e., FY 2020-2029). Its actual, unexpired, unobligated balance at the end of FY 2021 was \$9.835 billion. The estimated unexpired, unobligated balances for FY 2022 and FY 2023 are \$9.069 and \$8.313 billion, respectively.

To date, CMMI has launched more than 50 models, ranging from accountable care organizations to bundled episode payment models. CMMI also implements demonstrations established directly by Congress (e.g., the Medicare Shared Savings Program). The budget does not provide detail on any proposed new CMMI initiatives for FY 2023.³ In October, 2021, CMMI embarked on a *Strategy Refresh*, setting the following objectives for its models through 2030: Drive Accountable Care, Advance health Equity, Support Innovation, Support Innovation, Address Affordability, and Partner to Achieve System Transformation.

The estimated effects of current CMMI initiatives are presented, some of which are shown in the table below. No estimates were provided for certain models at this time, including the Home Health Value-Based Purchasing Program and the Medicare Advantage Value-Based Insurance Design Model, among others.

Approved and Implemented Demonstrations and Pilot Programs in Medicare Baseline (Outlays in millions of dollars)						
	2022	2023	2024	2025	2026	2027
Maryland Total Cost of Care (TCOC)						
Baseline	13,179	14,154	15,201	16,326	17,534	18,832
Demonstration	13,043	13,982	14,994	16,083	17,255	18,517
Pennsylvania All-Payer Rural Health						
Baseline	1,146	1,193	301			
Demonstration	1,135	1,177	297			
Medicare Diabetes Prevention Program						
Baseline	9	20	31	43	56	70
Demonstration	10	20	31	43	56	70
Primary Care First (PCF)						
Baseline	37,603	38,444	37,743	38,329	40,054	19,825
Demonstration	37,749	38,342	37,598	38,047	39,899	19,816
ACO Realizing Equity, Access, and Community Health (ACO REACH)*						
Baseline	12,960	14,260	12,750	11,990	11,610	2,890
Demonstration	12,860	14,170	12,730	11,900	11,580	2,920
Comprehensive Care for Joint Replacement						
Baseline	1,318	1,389	1,456	368		
Demonstration	1,266	1,318	1,381	349		
ESRD Treatment Choices (ETC)						
Baseline	2,337	2,419	2,504	2,592	2,684	2,778
Demonstration	2,348	2,420	2,496	2,581	2,667	2,764
Prior Authorization Repetitive Nonscheduled Ambulance Transport (RNSAT PA)						
Baseline	525	602	602	602	602	602
Demonstration	254	204	304	304	304	304

³ The ACO REACH model, a modified version of the existing GPDC model, was announced February 24, 2022 with a start date of January 1, 2023. The modification adds several equity-related policies to the model that require participants to have health equity plans, to perform health equity data collection, and to be benchmarked using a formula that includes an equity adjustment.

Part D Senior Savings (PDSS)						
Baseline	121,130	130,070	139,950	148,440		
Demonstration	121,050	129,990	139,500	148,340		
*ACO REACH is the most recently announced CMMI model; it is a modification of the Global Professional Direct Contracting Model (GPDC).						

Source: Excerpts from Table 22-4, Impact of Regulations, Expiring Authorizations, and Other Important Assumptions in the Baseline, Analytical Perspectives for FY 2023 <https://www.whitehouse.gov/omb/budget/analytical-perspectives/>.