THE COMMITTEE ON ENERGY AND COMMERCE

MEMORANDUM

April 16, 2013

To: Subcommittee on Health Members

From: Committee Staff

Re: Hearing on "A Financial Review of the Department of Health and Human Services and Its FY 2014 Budget"

On April 18, 2013, at 10:00 a.m., the Subcommittee on Health will hold a hearing in 2123 Rayburn House Office Building entitled "A Financial Review of the Department of Health and Human Services and Its FY 2014 Budget." At the hearing, the Subcommittee will examine the President's Proposed Fiscal Year (FY) 2014 Budget for the Department of Health and Human Services (Department or HHS) and the Department's activities related to implementing the new health care law.   The following provides background on the witness and the President's budget proposal.

I. **WITNESS**

The Honorable Kathleen Sebelius
Secretary
Department of Health and Human Services (HHS)

II. **PRESIDENT'S FY 2014 BUDGET PROPOSAL**

The President's FY 2014 budget proposal, which was due the first week of February, was submitted to Congress on April 10. With respect to HHS, it calls for a number of increases in discretionary spending when compared to his FY 2013 budget. The proposal includes the following:

Health Care Law Implementation

The Patient Protection and Affordable Care Act (PPACA), as amended, contains several sections that provide mandatory funding for implementation of the law and that exempt these funds from the appropriations process. In addition to that funding, the President's FY 2014 budget proposal includes several new funding requests for implementation of the new health care law.

Centers for Medicare and Medicaid Services

The HHS FY 2014 budget proposal request for CMS is $854 billion, which is an increase of $60.2 billion [says $1.4 B increase on page 1 of memo] from the FY 2013 budget. This

request would finance "Medicare, Medicaid, the Children's Health Insurance Program (CHIP), private health insurance programs and oversight, program integrity efforts, and operating costs."[1]

Medicaid and the Children's Health Insurance Program (CHIP)

The President's budget proposal estimates the Federal Medicaid share for FY 2014 would be approximately $303.8 billion, which is a 14 percent growth, or $37 billion increase, over FY 2013 spending levels. This increase primarily is due to the implementation of PPACA's Medicaid expansion. The total Federal spending on Medicaid is projected to reach nearly $5 trillion over 10 years.

Medicare

The budget proposal identifies multiple changes in Medicare. Most of the Medicare changes can be grouped in four main categories: (1) traditional Medicare benefit changes; (2) cuts to goods and services; (3) reductions and programmatic changes to Part B drugs and Part D drug plans; and (4) changes to Medicare Advantage.

Food and Drug Administration

In his budget proposal, President Obama calls for a total of $4.7 billion for the FDA. This amount is $821 million (21 percent) higher than the total FDA budget for FY 2013 . It includes increases of $165 million in current industry user fees, $269 million in user fees that would require a change in law, and $37 million in new budget authority.

Public Health

The President FY 2014 budget proposal requests $63.4 billion in FY 2014 for Federal public health agencies that include NIH, CDC, HRSA, Substance Abuse and Mental Health Services Administration (SAMHSA), Agency for Healthcare Research and Quality (ARHQ), Administration for Community Living (ACL), and the Indian Health Service (IHS).

III. **CONCLUSION**

This hearing will provide Members of the Committee an opportunity to question Secretary Sebelius about the Department's proposed budget, policy priorities, and implementation of PPACA.

Please contact Monica Popp, Robert Horne, or Carly McWilliams of the Committee staff at (202) 225-2927 with questions.

---

[1] U.S. Department of Health and Human Services Fiscal Year 2014 Budget in Brief.