



February 24, 2015

TO: Members, Subcommittee on Health

FROM: Committee Majority Staff

RE: Hearing entitled “Examining the FY 2016 HHS Budget”

I. INTRODUCTION

On February 26, 2015, at 10:00 a.m. in 2123 Rayburn House Office Building, the Subcommittee on Health will hold a hearing entitled “Examining the FY 2016 HHS Budget.”

II. WITNESSES

- The Honorable Sylvia Mathews Burwell, Secretary, Department of Health and Human Services

III. BACKGROUND

The President’s fiscal year (FY) 2016 budget proposal was submitted to Congress on February 2, 2015. With respect to Department of Health and Human Services (HHS), the President’s budget requests an \$80 billion increase in outlays relative to FY 2015 (a 7.9% increase in department spending). 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. In addition to this funding, the President’s FY 2016 budget proposal includes several new funding requests for implementation of the health care law.
- Centers for Medicare and Medicaid Services: The HHS FY 2016 budget request for the Centers for Medicare and Medicaid Services is \$957 billion, which is an increase of \$71 billion relative to FY 2015. This request would finance Medicare, Medicaid, the Children’s Health Insurance Program (CHIP), health insurance programs under PPACA, program integrity efforts, and operating costs.

- **Medicaid and the Children's Health Insurance Program (CHIP):** The President's budget proposal estimates the Federal Medicaid share for FY 2016 will be approximately \$345 billion, a \$16 billion increase relative to FY 2015. This increase primarily is due to the implementation of PPACA's Medicaid expansion. The budget also proposes a four year extension of funding for CHIP, including the 23 percent enhanced match starting FY 2016, which was included in PPACA. The Congressional Budget Office has estimated that the 23 percent enhanced match will increase Federal spending by about \$10 billion over a four-year period. The PPACA did not provide any funding for CHIP beyond FY 2015.
- **Medicare:** The budget proposal identifies multiple changes in Medicare, which 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.

The budget also proposes reform of Medicare's Sustainable Growth Rate consistent with bipartisan and bicameral legislation passed in the 113th Congress.

- **Food and Drug Administration:** In his budget proposal, President Obama calls for a total of \$4.9 billion for the Food and Drug Administration. This is an increase of \$425 million (9.4 percent) relative to FY 2015.
- **Public Health:** The President FY 2016 budget proposal requests approximately \$60 billion in FY 2016 for Federal public health agencies that include the National Institutes of Health, the Centers for Disease Control and Prevention, the Health Resources and Services Administration, the Substance Abuse and Mental Health Services Administration, the Agency for Healthcare Research and Quality, the Administration for Community Living, and the Indian Health Service.

IV. STAFF CONTACTS

If you have any questions regarding this hearing, please contact Paul Edattel of the Committee staff at (202) 225-2927.