

MEMORANDUM

To: Subcommittee on Health Members and Staff
From: Committee on Energy and Commerce Majority Staff

Re: Hearing entitled “Fiscal Year 2024 Department of Health and Human Services Budget”

The Subcommittee on Health will hold a hearing on Wednesday, March 29, 2023, at 10:00 a.m. (ET) in 2123 Rayburn House Office Building. The hearing is entitled, “Fiscal Year 2024 Department of Health and Human Services Budget.”

I. Witnesses

- **The Honorable Xavier Becerra**, Secretary, U.S. Department of Health and Human Services

II. Background- The President’s Budget Request for Fiscal Years 2024

The Biden administration has released its fiscal year (FY) budget for 2024.¹ The FY 2024 budget requests a total of \$144.3 billion in discretionary funding and \$1.7 trillion in mandatory proposed budget authority for the upcoming fiscal year. The budget proposes for an increase in discretionary funding by 13.4 percent, relative to current spending, and for a decrease in mandatory funding by roughly \$10 billion over the next year, with the decrease in mandatory spending solely driven by decreases in pandemic-era spending (including reforms enacted by Congress last year) that are otherwise offsetting other proposed increases in spending in the budget for the upcoming fiscal year. Throughout the memorandum are key highlights of the funding request for agencies within Department of Health and Human Services (HHS) that are within the Committee’s jurisdiction.

A. The Food and Drug Administration

The budget requests \$7.2 billion for the Food and Drug Administration (FDA), which is \$521.4 million above FY23 enacted. This total includes \$4 billion in discretionary budget authority and \$3.3 billion in user fees. Of the proposed \$20 billion in new mandatory funding across HHS for pandemic preparedness in the budget, \$670 million would be allocated to the FDA. The budget requests \$87 million towards the Healthy and Safe Food for All program, \$67 million above the FY23 enacted, and for other priorities set forth by President Biden’s National Strategy on Hunger, Nutrition, and Health, including \$12 million in new funding towards food labeling modernization. The budget calls for \$25 million to expand regulatory oversight and compliance activities related to dietary supplements and cosmetics.

The FY23 budget also includes legislative proposals that would expand FDA oversight over products currently regulated by the Environmental Protection Agency (EPA) and the United States Department of Agriculture (USDA) and would provide new post-market authorities for FDA regulated products.

Additionally, the budget calls for the continuance of the Overdose Prevention Framework of 2023 (\$103 million), the Cancer Moonshot project (\$50 million), food supply chain continuity (\$5 million), and FDA-operated facilities and related infrastructure (\$486 million) for the agency’s



overall budget.

B. Health Resources and Services Administration

For the Health Resources and Services Administration (HRSA), the budget calls for \$15.9 billion, a \$1.5 billion increase from FY23. This total includes \$9.2 billion in discretionary budget authority and \$6.6 billion in mandatory funding and other sources.

The budget includes an extension and increase in mandatory funding for the Community Health Center Program (\$1.3B increase), National Health Service Corps (\$548M increase), and the Teaching Health Center Graduate Medical Education program (\$38M increase). The budget also proposes to increase funding for programs within the Bureau of Health Workforce by \$892M, Maternal and Child Health Bureau by \$205M, Office of Rural Health Policy by \$63M, and Health Systems Bureau by \$36M. Further, the budget proposes to increase funding for the Ryan White HIV/AIDS program by \$125M.

C. Indian Health Services

The federal government has a relationship with 574 federally recognized tribes across the United States. With this relationship, the Indian Health Services (IHS) provides health care to American Indians and Alaskan Natives. For IHS, the budget requests \$9.7 billion, an increase of \$2.5 billion or 36% above the FY23 enacted level. Further, the budget requests full mandatory funding for IHS by FY 2025.

D. The Centers of Disease Control

The budget calls for \$19.5 billion in total mandatory and discretionary funding for the Centers for Disease Control and Prevention (CDC) and the Agency for Toxic Substances and Disease Registry (ATSDR). This includes \$10.5 billion in discretionary funding, \$1.2 billion for the Prevention and Public Health Fund, and \$8 billion in funding for mandatory programs. In addition, the FY 2024 budget includes \$20 billion in mandatory funding across HHS for pandemic preparedness, which is reflected in the Public Health and Social Services Emergency Fund. Of this total, \$6.1 billion is allocated to CDC.

The proposed budget includes several initiatives to bolster CDC's public health data infrastructure, including \$340 million for CDC's Data Modernization Initiative, and build upon internal agency functions, including \$144 million to support CDC's "Moving Forward" reorganization. It also proposes funding for several immunization efforts, including \$240 million for the Global Immunization Program, an additional \$317 million for Domestic Immunization, and a legislative proposal to establish a new mandatory Vaccines for Adults program. The budget also proposes a new mandatory Pre-Exposure Prophylaxis (PrEP) Delivery Program to End the HIV Epidemic in the US ("PrEP Delivery Program"), as well as \$1.4 billion for violence and injury prevention efforts and \$421 million for environmental health activities

E. National Institutes of Health

The budget includes \$48.6 billion in discretionary and mandatory funding for National Institutes of Health (NIH), an increase of \$920 million above FY23 enacted. In addition, the budget includes \$20 billion in mandatory funding across HHS for pandemic preparedness, which is reflected in the Public Health and Social Services Emergency Fund. Of this total, \$2.69 billion is allocated to NIH.

The budget proposes a total of \$3.6 billion in mandatory and discretionary funding for the Cancer Moonshot initiative, including \$716 million in discretionary funding, an increase of \$500 million, as well as \$2.9 billion in mandatory funding to reauthorize the initiative through 2026. NIH's other stated priorities include: nutrition research (\$121 million); All of Us and Brain Research Through Advancing Innovative Neurotechnologies (BRAIN) (1.2 billion); opioid, stimulant, and pain research (\$1.8 billion); health disparities and inequities research (\$95 million); development of a universal influenza vaccine (\$270 million); HIV epidemic efforts (\$26 million); research to mitigate the effects of COVID-19 on maternal health (\$3 million); National Institute of Mental Health (\$2.5 billion); and the National Institute of Environmental Health Sciences (\$939 million).

The budget also includes several legislative proposals, including reauthorizing the Special Type 1 Diabetes Program with increased funding and changes to the Undergraduate Scholarship Program.

Finally, the budget includes \$2.5 billion for the Advanced Research Projects Agency for Health (ARPA-H). This is an increase of \$1 billion over FY 2023 enacted.

F. Substance Use and Mental Health Services Administration

The budget provides \$10.8 billion for the Substance Use and Mental Health Services Administration (SAMHSA), an increase of \$3.3 billion above the FY23 enacted funding level. This includes \$4.9 billion for SAMHSA's mental health activities, which is an increase of \$2.2 billion over FY23 enacted funding level. Other proposals include \$5.7 billion for substance use prevention and treatment activities, an increase of \$1.3B over the FY23 enacted level.

G. The Agency for Healthcare Research and Quality

The Agency for Healthcare Research and Quality (AHRQ) budget request includes \$564 million in funding, an increase of \$79M. The request includes \$403 million in budget authority, \$45 million in Public Health Service Evaluation Set Aside funding, and \$116 million in mandatory transfers from the Patient-Centered Outcomes Research Trust Fund.

H. The Centers of Medicare & Medicaid Services

The budget calls for \$1.45 trillion in total mandatory and discretionary net outlays for CMS, with \$855 billion in proposed Medicare spending and \$558 billion in proposed net federal spending in Medicaid for FY24.

Medicare

Under the budget, gross Medicare outlays for FY24 are estimated to be over \$1 trillion, an increase from 3% of the U.S. gross domestic product (GDP) to 4.5% of GDP by 2033. Of Some notable highlights from this increase in spending include an \$8 billion increase for diabetes prevention spending (via a permanent Medicare Diabetes Prevention Program benefit and expanded nutrition and obesity counseling services) and increased spending on behavioral health services and community health workers.

The budget expands the drug price programing to reduces Medicare spending by an estimated \$200 billion, but further details were not included. The administration previously announced that these savings would be transferred to help improve the solvency of the Medicare Hospital Insurance (HI) Trust Fund. ²

Medicaid

In regards to Medicaid spending, the budget proposes over \$531 billion in spending over the next fiscal year, a decline in spending by about \$52 billion over the next year, solely attributable to the ending of the Families First Coronavirus Response Act's continuous coverage requirements which had kept Medicaid beneficiaries (including those otherwise ineligible for the program) enrolled in the program for the past three years. Congress ended this policy in the Consolidated Appropriations Act of 2023 last December, triggering the forthcoming decrease in spending by allowing for States to begin a process for eligibility redeterminations starting on April 1st of this year.

Additionally, the budget calls for an increase in over \$150 billion in new Medicaid spending over the next ten years for behavioral health, the long-term care workforce, and public health interventions. Relatedly, the budget also calls for \$183 billion in mandatory spending over 10 years by making permanent the expanded Advanced Premium Tax Credits through the Affordable Care Act's marketplaces and making it available to those below 100% of the Federal Poverty Line in States that have not elected to expand Medicaid.

I. The Administration for Strategic Preparedness and Response

The budget includes \$4.2 billion in discretionary funding for the Administration for Strategic Preparedness and Response (ASPR), an increase of \$640 million over FY 2023 enacted. In addition, the budget includes \$20 billion in mandatory funding across HHS for pandemic preparedness, which is reflected in the Public Health and Social Services Emergency Fund. Of this total, \$10.5 billion is allocated to ASPR.

The budget proposes \$400 million in new resources for pandemic preparedness and biodefense, as well as \$1 billion for Biomedical Advanced Research and Development Authority (BARDA) (a \$65 million increase); \$995 million for the Strategic National Stockpile (SNS) (a \$30 million increase); \$375 million for the Pandemic Influenza Program (a \$47 million increase); \$830 million for Project BioShield (a \$10 million increase); \$33 million for the National Disaster Medical System (NDMS) (a \$33 million increase); \$312 million for Health Care Readiness and Recovery (HCRR) (a \$7 million increase); and \$83 million to H-CORE a (\$7.8 million increase).

Staff Contacts

If you have questions regarding this hearing, please contact Grace Graham of the committee staff at 202-225-3641.