

March 31, 2017

MEMORANDUM

TO: Sleep Research Society

FR: Dale Dirks and Dane Christiansen

RE: Budget, Appropriations, and Health Reform Update

Health Reform-Repeal/Replace

When pulling the House leadership health reform package late last week, both House Speaker Paul Ryan and President Trump then declared that the White House and Congress would move to other things, such as tax reform. After having the opportunity to consider the situation, there has been more discussion in Congress and by the administration this week about the ongoing prospects for moving forward on a package. No plan has solidified. Here is a quick summary of key developments since last week.

- There was a meeting this week between House Republican moderates and conservatives to see if there are ways to find a middle ground on their disparate views. According to *Politico* the meeting was not productive.
<http://www.politico.com/story/2017/03/obamacare-repeal-divided-gop-house-effort-236693>
- Speaker Ryan and President Trump have both made statements this week in support of rekindling the discussion on health reform. The President has said he'd welcome the involvement of Democrats in the debate and has also admonished the House Freedom Caucus (conservatives) for obstructing the legislation. Speaker Ryan is reluctant to involve the Democrats.
- Some attention has turned to the Senate. Senator Bernie Sanders (I-VT) announced that he will introduce legislation that would create a "Medicare for All" single-payer health care system, and Senate HELP Committee Chairman Lamar Alexander (R-TN) introduced a bill (S.761) intended to help individuals who live in areas with no insurers participating in the insurance markets created by the *Affordable Care Act* (ACA).
<http://thehill.com/policy/healthcare/325814-sanders-says-he-will-introduce-medicare-for-all-bill>
<http://thehill.com/policy/healthcare/326506-gop-sens-propose-temporary-obamacare-fix>
- HHS Secretary Tom Price appeared before a House appropriations panel this week this week to discuss the FY 2018 HHS budget proposal, but instead spent most of his time discussing whether his agency will enforce or not enforce the provisions of the Affordable Care Act. In response to questions, Secretary Price cited the agency's willingness to scale back several federal mandates, including what the ACA currently defines as "essential health benefits" in order to reduce premiums. Administrative action on redefining essential health benefits could be very troubling for patients with chronic and expensive health conditions, and undermine several key patient protections.
https://www.washingtonpost.com/politics/trump-administration-still-plans-to-undo-parts-of-the-aca-tom-price-testifies/2017/03/29/236f633a-14a5-11e7-9e4f-09aa75d3ec57_story.html?utm_term=.7543742ab17a

FY 2017 Appropriations

Even though it is six months into the fiscal year, so far, only one of twelve (12) annual appropriations bills have been enacted. Most federal agencies such as HHS, NIH, CDC, HRSA, SAMHSA, and DOD are operating at their FY 2016 levels under a flat-funding continuing resolution (CR) through April 28th. Appropriators have been trying to finish off negotiations on the 11 remaining appropriations bills in hopes they can roll them into

an “omnibus” measure, pass the bill in both the House and Senate, and then get the President to sign it—providing funding for all agencies through the end of the fiscal year. Although there are few details on the specific and final numbers for FY 2017, there is speculation that the negotiated bill for HHS contains some increases for agencies like NIH. However, the HHS appropriations bill also contains several social policy programs that have been the subject of partisan controversy. The argument over funding levels for these social policy programs could force the HHS appropriations bill into a year-long CR, even if it is negotiated as part of a larger package.

Appropriators seemed on track to finish off this process, but the Administration threw in a monkey wrench at the end of last week. The White House is now suggesting that the administration wants funding to start building the US/Mexico border wall and to otherwise dramatically shift spending priorities halfway through the fiscal year—including big cuts to NIH, CDC, public health, and education programs. Republican and Democrat appropriators—and many rank and file members—are resisting this late entreaty by the White House and are expected to try to move the FY 2017 process forward before April 28th. It is unclear whether the President would sign an omnibus appropriations bill that contains the spending plans negotiated by Congress, or if he would veto such a measure and insist that Congress include some of the priorities outlined at the end of last week.

FY 2018 Budget and Appropriations

In a new administration, it is not unusual for the President’s budget proposal to be delivered to Congress later than the traditional first week of February. The Trump Administration issued a brief outline of its budget proposal for fiscal year 2018 on March 16th and is expected to release a more detailed version in May. Notwithstanding the lack of detail, enough information is provided to appreciate that the budget proposal represents a dramatic shift in priorities from the status quo and the previous Administration, and marks the President’s stated priority to increase spending on defense and security programs by \$54 billion annually while recommending a concurrent decrease of \$54 billion in non-defense, discretionary spending.

Public health, medical research, health professions training, education, environmental, and foreign assistance programs are all cut dramatically in the President’s budget proposal outline. Although the funding levels and policy changes in the budget proposal seem daunting, many of the programs recommended for cuts have bipartisan support in Congress, and are likely to receive better treatment during the congressional budget/appropriations process.

Here are examples of some of the cuts and changes recommended in the budget proposal:

- Reduces the **National Institutes of Health’s** (NIH) spending by \$5.8 billion to \$25.9 billion
- Consolidates the **Agency for Healthcare Research and Quality** (AHRQ) within NIH
- Reduces prevention programs at the **Centers for Disease Control and Prevention** (CDC) and initiates a prevention block grant program to states
- Eliminates \$403 million in **health professions and nursing training programs**
- Recommends that the **Food and Drug Administration** (FDA) rely more on user fees for its budget rather than federal discretionary spending

Here is a link to the FY 2018 budget outline:

https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018_blueprint.pdf

Since the FY 2017 process has not been completed, and both Congress and the Administration have been preoccupied with other topics, the FY 2018 process is behind. Expect action on the FY 2018 budget and appropriations process to pick up dramatically when Congress returns from the Easter recess.