



# President's Fiscal Year 2022 Budget: What You Need to Know

On May 28, 2021, President Biden released his [Fiscal Year \(FY\) 2022 Budget](#). This document builds upon the “[skinny budget](#)” released on April 9, 2021, and includes \$6 trillion in mandatory and discretionary spending. The [US Department of Health and Human Services \(HHS\) budget](#) proposes \$131.8 billion in discretionary budget authority and \$1.5 trillion in mandatory funding, representing a 23% increase in spending compared to FY 2021.

The president's budget makes broad proposals to allow Medicare to negotiate prices for prescription drugs; expand Medicare benefits to include vision, dental and hearing; lower the Medicare eligibility age; and create a public option. However, the budget does not provide specifics for developing these policies. Instead it calls on Congress to take these steps.

The budget builds upon the American Families Plan and the American Jobs Plan by including \$400 billion for home and community based services (HCBS) and expanding advanced premium tax credits. The budget includes few new policy proposals beyond those, however, perhaps because it was developed when many key HHS leaders were not yet confirmed, or even nominated, such as the US Food and Drug Administration (FDA) commissioner.

The budget also focuses on investing in and driving health equity initiatives across many of the agencies within HHS. These efforts include investments in creating a diverse workforce, and new funding for research initiatives focusing on equity and improving health for underserved communities and minority populations.

A president's budget is usually seen as an ambitious blueprint for the administration's policy vision and priorities. But this year is different than those in the recent past. Since Democrats control both Congress and the White House, the proposed spending levels should be considered more seriously than if the government were divided. Rather than being viewed as aspirational, this budget may be viewed as reasonable to those in the president's party. Several Republican senators have already expressed alarm at the proposed level of spending, and many of the budget's proposed spending levels and policies will be a non-starter in the US Senate, which is split 50-50 and requires a 60-vote threshold for most legislation.

Below, you will find HHS funding and policy highlights.

## Centers for Medicare and Medicaid Services

### *Medicare*

The president's budget estimates that FY 2022 spending on Medicare benefits will total \$995.7 billion and that the program will provide health benefits to 65 million beneficiaries. Noticeably, the budget does not include detailed administrative policy proposals for Medicare. Instead, the budget expresses support for broader Medicare policy goals that will require legislative action, including:



- **The public option.** The budget expresses support for creating a public health insurance option that would be available through the Affordable Care Act marketplaces.
- **Medicare drug pricing.** The budget supports reforms to bring down drug prices by letting Medicare negotiate payment for certain high-cost drugs and by requiring manufacturers to pay rebates when drug prices rise faster than inflation. These changes are projected to yield more than \$0.5 trillion in federal savings over 10 years.
- **Eligibility and benefit expansion.** The budget supports expansion of Medicare benefits to cover dental, vision and hearing services, and supports giving people age 60 and older the option to enroll in the Medicare program (with the same premiums and benefits as current Medicare beneficiaries, but with financing separate from the Medicare Trust Fund.)

The president's proposed budget also prioritizes funding for Medicare (and Centers for Medicare and Medicaid Services (CMS)) program integrity, including \$65.8 million in new discretionary investments to detect, prevent and prosecute healthcare fraud. It also includes \$7.5 million in funding for prior authorization that will allow the Medicare Administrative Contractors to conduct reviews of prior authorization requests and work related to appeals, conduct customer service operations, provide outreach and education, and create reports for CMS. Finally, the budget prioritizes updating Medicare information and technology systems, with \$686 million to accelerate enhancements to CMS cybersecurity, upgrade systems and accelerate efforts to modernize Medicare payment systems.

## Medicaid

On March 31, 2021, the Biden Administration released the American Jobs Plan, a \$2 trillion infrastructure package. The proposals in this plan reflect overarching themes of investment in rural and minority communities and populations, as well as alignment with the Biden Administration's policies on climate science. While the American Jobs Plan includes many provisions aimed at traditional infrastructure (e.g., jobs, roads and utilities), it also would invest significantly in HCBS to support widely accessible healthcare. The plan calls for \$400 billion in spending toward HCBS, largely aimed at strengthening the caregiver workforce through increased wages, better benefits and collective bargaining power. The plan also would extend the Money Follows the Person program.

The president's budget includes a legislative proposal to enact and implement the \$400 billion for HCBS. The budget contains no other Medicaid-specific legislative or regulatory policy proposals. The \$400 billion HCBS funding is a sticking point for the infrastructure package's movement in Congress. Republicans in Congress have developed a competing infrastructure package that recommends spending nearly 50% less than Biden's proposal and would strike all HCBS spending. The Republican plan focuses on more traditional infrastructure funding, such as building bridges and roads. The Biden Administration has signaled that eliminating this additional support to the Medicaid population is not on the table, however. Lawmakers continue to work towards compromise, but Democrats are considering turning once again to



the reconciliation process, under which they would not need Republican support to advance an infrastructure bill.

### *Private Insurance and Marketplace*

The budget requests \$1.7 billion to operate the federally facilitated Marketplace. Of this amount, \$1.5 billion would be funded by Marketplace user fees and \$0.2 billion would be funded by other sources in CMS Program Management.

The only policy proposal related to the private insurance market is to make permanent the two-year advanced premium tax credits to individuals who purchase insurance on the Marketplace. This proposal was included in the American Rescue Plan, the Administration's first COVID-19 relief bill, enacted in March 2021. The budget calls for permanently expanding premium tax credit eligibility by eliminating the required contribution for individuals and families making 100% to 150% of the federal poverty level (FPL), and limiting the maximum income contributions towards benchmark plans to 8.5% of income. This proposal also would remove the 400% of the FPL (\$106,000 for a family of four) cap on premium tax credit eligibility. This expansion proposal was also included in the American Families Plan.

The budget includes no policy provisions relating to short-term limited duration insurance plans.

### *Center for Medicare and Medicaid Innovation*

The president's budget calls for \$1.168 billion for the Center for Medicare and Medicaid Innovation (CMMI). This is a \$90 million reduction from the 2021 enacted level. The budget does not include new CMMI initiatives, but instead focuses on older and ongoing programs, including the Community Health Access and Rural Transformation Model, Global and Professional Direct Contracting, and the Part D Senior Savings model. These models are undergoing revamping, however, which is not mentioned in the budget.

### **US Food and Drug Administration**

The president's budget requests \$6.5 billion for FDA, a \$477 million increase above the FY 2021 request. This figure consists of \$3.6 billion in total discretionary budget authority and \$2.9 billion in user fees. The budget allocates funding for safety and effectiveness of medical products, drug safety surveillance and oversight, and emerging challenges and infrastructure and facilities, including the need for data modernization. Additional allocations include maternal and infant health, food safety and tobacco harms support.

The budget calls for \$4 billion in medical product safety investments, as well as opioid overdose reversal product investment. The budget would allocate additional funding to implement the 21st Century Roadmap for modernizing FDA's safety and surveillance and oversight program for marketed drugs. The budget also calls for \$22 million for the new resilient Supply Chain and Shortages Program, which establishes a new US supply chain to ensure greater access to critical devices.



The budget also seeks to address emerging challenges by requesting \$83 million to support data modernization, an increase of \$76 million from FY 2021.

The funding would support FDA efforts to build core programs and infrastructure for a coordinated data modernization strategy. Funding would support a centralized enterprise data modernization effort, program-specific investments, and site and additional inspections. The budget also requests \$73 million for building capacity in areas such as cybersecurity, information technology and business services, and \$478 million for infrastructure and facility improvements.

The budget also includes \$8 million to enhance FDA's ability to support and expand health equity and health disparity efforts. This investment would allow FDA to expand culturally and linguistically tailored communication and outreach efforts, establish new scientific initiatives, support novel health disparity and health equity focused intramural and extramural research, and advance activities that enhance meaningful inclusion of minority populations in clinical trials. Additionally, \$478 million is requested to support rent, utilities, maintenance and infrastructure improvement critical to advance public health.

## National Institutes of Health

The budget requests \$53 billion for the National Institutes of Health (NIH), an increase of \$9 billion, or 21%, over the FY 2021 enacted level. The budget sets aside \$6.5 billion for a new medical research agency within NIH, the Advanced Research Projects Agency for Health (ARPA-H), which President Biden highlighted in his April 2021 address to Congress. Modeled after the Defense Advanced Research and Development Agency, ARPA-H is intended to accelerate innovative and transformational research on medical treatments, such as those for cancer, diabetes and Alzheimer's. ARPA-H researchers would work with industry, academia, nonprofits and other federal agencies to "scale up projects with the most promise for improving health and saving lives."

The Administration continues its focus on health disparities and inequity, and requests an additional \$330 million to enhance research in these areas. The budget includes \$250 million for the National Institute on Minority Health and Health Disparities, and \$80 million targeted for disparities research at the National Heart, Lung, and Blood Institute; the National Institute of Nursing Research; and the Fogarty International Center. The budget also allocates \$30 million for the Implementing a Maternal health and Pregnancy Outcomes Vision for Everyone initiative, which researches ways to reduce preventable maternal mortality.

The budget prioritizes the opioid crisis and allocates \$2.2 billion across NIH institutes and centers for opioids, stimulant and pain research, an increase of \$627 million above FY 2021 enacted levels. Of this funding, \$811 million is set aside for the Helping to End Addiction Long-term Initiative.

The NIH budget also includes \$26 million for the Centers for AIDS Research to support the initiative to end HIV/AIDS through evidence-based research; \$25 million to research firearm violence prevention; \$100 million to study the impacts of climate change on human health; and \$25 million within the National Institute of Mental Health for research on COVID-19's impact on individuals who are at risk for, or experiencing, mental health disorders.



## Health Resources and Services Administration

The president's budget requests \$12.65 billion for the Health Resources and Services Administration (HRSA). This level is \$496.5 million, or 4.1%, above the FY 2021 enacted level.

The budget includes an increase of \$7 million to expand HRSA's program integrity efforts within the 340B Drug Pricing Program. The HRSA budget justification includes suggested legislative language that would require covered entities to report on the use of savings under the 340B Drug Pricing Program. This is the same legislative language included in the Trump Administration's budget on 340B reporting requirements.

The budget requests \$37 million for telehealth, which is \$3 million above FY 2021 enacted, to promote health services and distance learning with telehealth technologies. The budget also requests \$400 million for rural health programs, which is \$71 million above FY 2021 enacted. These funds will provide grants to improve rural area service delivery by strengthening health networks' telehealth infrastructure and encouraging healthcare providers to remain in rural communities.

The HRSA budget also includes several investments focusing on improving health equity and reducing health disparities. The budget has a significant focus on maternal health, and dedicates \$138 million to improve maternal health and specifically to reduce maternal mortality and morbidity, an additional \$92 million above FY 2021 enacted. It also includes an increase of \$12 million above FY 2021 enacted to expand the diversity of the health professions workforce, including Nursing Workforce Diversity, Centers of Excellence, Health Careers Opportunity Program, Faculty Loan Repayment and Scholarships for Disadvantaged Students.

## Substance Abuse and Mental Health Services Administration

The president's budget provides \$9.7 billion for the Substance Abuse and Mental Health Services Administration (SAMHSA), an increase of \$3.7 billion (62%) above FY 2021. This funding will be used to address the opioid and substance use crisis, expand access to mental health services and build capacity to improve behavioral health care delivery.

Specifically, the agency includes \$6.7 billion (or 63%) of HHS-wide funding for the opioid and substance use crisis for SAMHSA's substance use prevention and treatment programs. The budget supports the Substance Abuse Prevention and Treatment Block Grant, which distributes funds to 60 eligible states and territories, and one eligible tribe; the State Opioid Response grant program with special allocation to the Tribal Opioid Response grant program; the drug court program; and SAMHSA's Medication Assisted Treatment for Prescription and Drug Addiction program. The budget also invests in recovery support services through SABG 10% set-aside and through funding for the Building Communities of Recovery program.

The president's budget also calls for expanding access to mental health services through \$2.9 billion in funding, which represents a \$1.1 billion increase over the FY 2021 enacted. This support is channeled to the Community Mental Health Block Grant program, funding for suicide prevention programs and the suicide lifeline program, Project AWARE and the Mental Health Awareness Training Program, National Child Traumatic Stress Network and Children's Mental





Health Services. Additional funding is allocated to address mental health needs within criminal and juvenile justice programs, and to expand the Certified Community Behavioral Health Clinical Expansion Program.

Finally, the budget calls for improving behavioral health care by including \$17 million for SAMHSA's Minority Fellowship Programs and \$172 million in support of the Health Surveillance and Program.

## Centers for Disease Control and Prevention

The budget requests \$15.4 billion for the Centers for Disease Control and Prevention (CDC) and the Agency for Toxic Substances and Disease Registry. This total includes \$8.7 billion in discretionary funding, which would be the largest CDC budget authority increase in nearly two decades. CDC's funding would support core public health capacity improvements in states and territories; modernize public health data collection nationwide; train new epidemiologists and other public health experts; and build international capacity to detect, prepare for, and respond to emerging global threats. The budget also includes funding to address violence and climate change. Priorities include:

- **Public health capacity and infrastructure.** The budget includes \$400 million in new, flexible funding to support core public health infrastructure and capacity nationwide. The budget also includes \$106 million for public health workforce and career development programs, a \$50 million increase above FY 2021 enacted. The budget also provides \$842 million for CDC's public health preparedness and response activities.
- **Ending the HIV and opioid epidemics.** The budget provides \$1.1 billion for CDC's domestic HIV/AIDS surveillance and prevention efforts, including \$275 million to continue efforts to end the HIV/AIDS epidemic. The budget also includes \$713 million, an increase of \$238 million from FY 2021, for CDC's opioid overdose prevention and surveillance efforts.
- **Public Health Data Modernization Initiative.** The budget includes \$742 million for Public Health Scientific Services (PHSS) for CDC to provide leadership and training for the public health workforce, to modernize public health surveillance systems and infrastructure, and to improve access to information needed by public health professionals who monitor and respond to disease outbreaks and other threats. Within PHSS, the budget includes \$150 million (\$100 million above FY 2021 enacted) to support CDC's Public Health Data Modernization Initiative, a multi-year strategy to transform how CDC collects and uses public health data.
- **Chronic disease prevention.** The budget includes \$1.5 billion (an increase of \$176 million over FY 2021) for chronic disease prevention and health promotion activities.
- **Social determinants of health.** The budget would invest an additional \$150 million (above the \$3 million received in FY 2021) to enhance and expand CDC's funding to all states and territories to plan and implement interventions to improve health equity.



- **Combatting violence.** The budget includes \$1.1 billion (an increase of \$420 million) for the National Center for Injury Prevention and Control. This investment would include an additional \$12.5 million to support firearm injury and mortality prevention research and data collection to identify the most effective ways to prevent firearm related injuries and deaths.
- **Environmental health.** The budget would invest \$333 million in CDC's environmental health activities, including monitoring health outcomes resulting from environmental exposures, developing guidance to address environmental health issues, and building partnerships to discuss health impacts and support collaborative decision-making.

## Office of the National Coordinator

The president's budget requests \$87 million for the Office of the National Coordinator (ONC), an increase of \$25 million over the FY 2021 funding of \$62 million. The budget would allow ONC to "increase health care data connectivity and data services between health information networks, health information exchanges, public health agencies, and health care systems." The budget includes no specific legislative or regulatory policy proposals focusing on ONC.

## Agency for Healthcare Research and Quality

The budget requests \$489 million for the Agency for Healthcare Research and Quality (AHRQ), a \$53 million increase over FY 2021 spending levels. This includes \$353 million in budget authority, \$27 million in PHS evaluation funds and \$109 million in mandatory transfers from the Patient Centered Outcomes Research Trust Fund. The budget provides \$10 million for AHRQ to support its opioid initiative, with \$7 million in new research grants to increase equity in treatment access and outcomes. It also includes \$36 million for research into healthcare-associated infections, \$7 million towards the HHS-wide Improving Maternal Health Initiative, \$16 million for AHRQ digital healthcare research and \$72 million for the Medical Expenditure Panel Survey. The budget includes no specific policy proposals for AHRQ.

## Conclusion

Now the US House of Representatives and Senate Appropriations Committees begin their work, which will continue throughout the next few months. House Majority Leader Steny Hoyer (D-MD) has stated a goal for all 12 bills to be passed out of the House before the August 2021 break. While the House may adopt much of what the Administration has laid out by a simple majority vote, the 60-vote threshold in the Senate means that final spending levels must be at a number where there is agreement. A continuing resolution to keep the government open before the fiscal year ends on September 30, 2021, is a near certainty. The process may face a stalemate for many months to come after that.

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