

Feb. 12, 2018

Trump Budget Would Slash Billions from HHS Programs

President Donald Trump's budget request for fiscal 2019 calls for hundreds of billions of dollars in cuts over 10 years to Medicaid, Medicare, discretionary block grant programs, and dozens of other health programs. The recent bipartisan budget deal provided HHS with \$27 billion in additional funding, including \$10 billion in discretionary funding to address the opioid crisis and mental health. However, these increases are dwarfed by proposals in the president's budget to cut the major mandatory health programs.

Budget Goes Beyond Previous Proposals to Repeal ACA

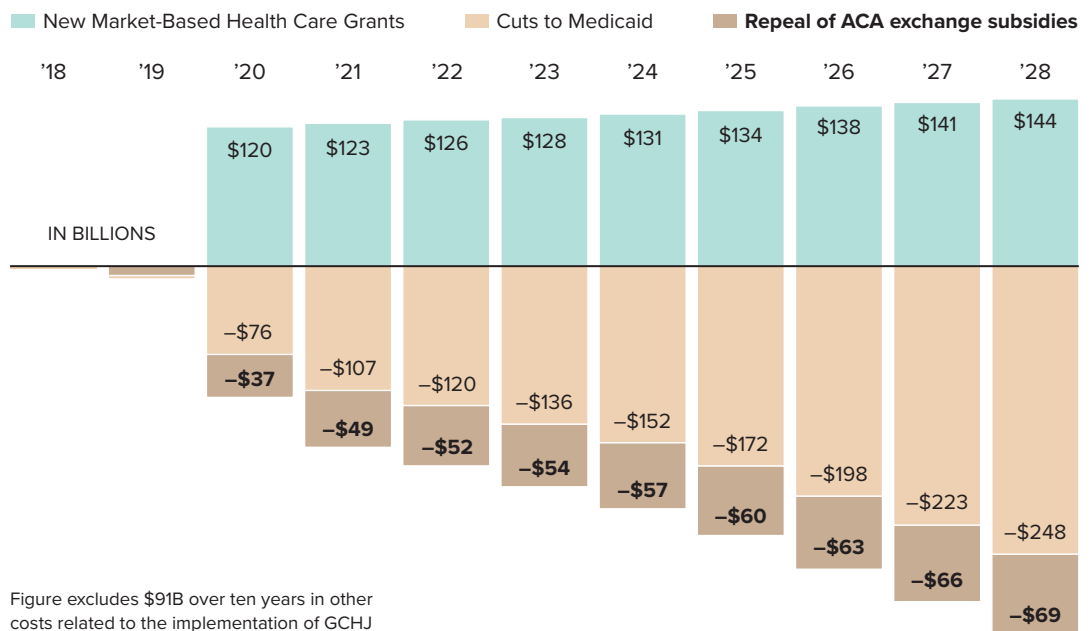
The president's budget request takes a two-part approach to repealing the Affordable Care Act.

First, the budget calls for the enactment of reforms along the lines of the Graham-Cassidy-Heller-Johnson bill. Federal Medicaid expansion funding would be replaced with a block grant, and premium subsidies on the ACA's exchanges would also be eliminated. The remaining Medicaid enrollees would be subject to a per-capita funding cap.

The budget would then deepen these cuts by applying a more conservative growth formula to the proposal's block grants and caps, tied to the Consumer Price Index.

In total, the budget proposal envisions \$675 billion in savings over 10 years from Obamacare repeal.

Major spending components of Obamacare repeal proposal



Discretionary Cuts Focus on Block Grant Programs

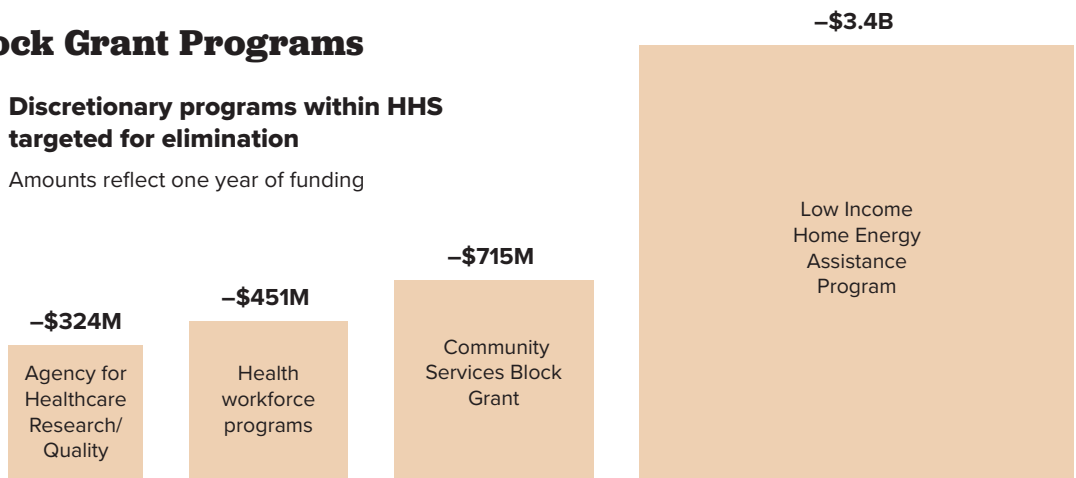
Much like last year's budget request, the administration's fiscal 2019 request would produce major discretionary savings by targeting grant programs within HHS.

The largest discretionary program within HHS targeted for elimination is the LIHEAP grant program, which helps low-income families pay for heating bills and weatherproofing activities.

The proposal also calls for the elimination of the Agency for Healthcare Research and Quality, arguing that its function duplicates research already occurring within NIH.

Discretionary programs within HHS targeted for elimination

Amounts reflect one year of funding



Medicare Targeted for Major Spending Cuts and Reforms

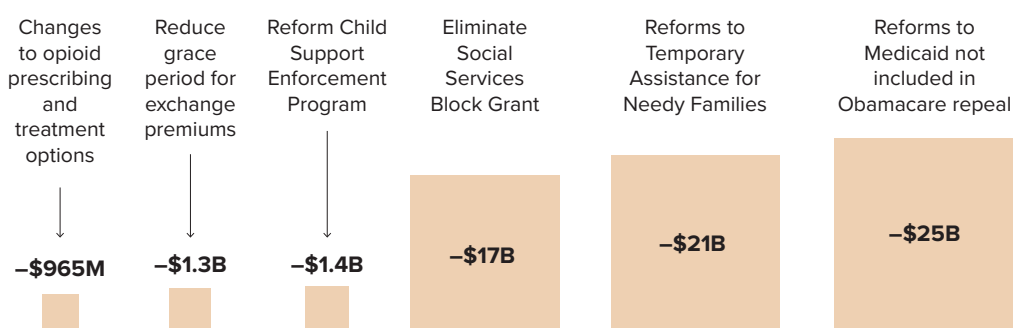
Excluding the effects of Obamacare repeal, the largest cuts to mandatory HHS programs in the budget request stem from proposed reforms to Medicare.

Funding for post-acute care would be consolidated and reduced, which includes skilled nursing facilities, home health agencies, inpatient rehabilitation and long-term care hospitals.

Payments for uncompensated care would be removed from the Medicare payment system and reformulated. And funding for Graduate Medical Education would be consolidated into a new program with caps on federal funding. These reforms and other smaller changes would cut more than \$272 billion from Medicare over ten years.

Major savings proposals for mandatory programs within HHS

Amounts reflect 10 years of funding, does not include Obamacare repeal proposals



Reforms to Medicare

-\$272 billion total

