Proposals Affecting Health Programs in Budget Function 550—
CBO’s Estimate of the President’s Fiscal Year 2019 Budget

The programs within budget function 550 provide health care services, health research and training, and consumer and occupational health. The largest provide health insurance coverage:

- Medicaid is the main source of coverage for Americans who have very low income.
- The marketplaces established under the Affordable Care Act provide health insurance subsidies for eligible people whose household income is between 100 percent and 400 percent of the federal poverty guidelines.
- The Federal Employees Health Benefits Program provides coverage to civilian federal employees and annuitants.
- The Department of Defense’s Medicare-Eligible Retiree Health Care Fund provides Medicare wraparound coverage and pharmacy benefits to Medicare-eligible retirees of the uniformed services and their families through the TRICARE program.
- The Children’s Health Insurance Program provides coverage for children in families whose income, although modest, is too high for them to qualify for Medicaid.

Budget function 550 also includes other programs, including the following:

- Food and Drug Administration,
- National Institutes of Health,
- Centers for Disease Control and Prevention,
- Substance Abuse and Mental Health Services Administration,
- Health Resources and Services Administration,
- World Trade Center Health Program,
- Postal Service Retiree Health Benefits Fund,
- United Mine Workers of America Health Funds,
- Agency for Toxic Substances and Disease Registry,
- Agency for Healthcare Research and Quality
- Center for Medicare and Medicaid Innovation, and
- Prevention and Public Health Fund.
## Proposals Affecting Medicaid, Marketplaces, and other Accounts in Budget Function 550—CBO’s Estimate of the President’s Fiscal Year 2019 Budget

Revised May 31, 2018

On May 31, 2018, CBO reposted this table. The revised version corrects amounts reported as total changes in direct spending, revenues, and budget deficits.

### Millions of Dollars, by Fiscal Year

<table>
<thead>
<tr>
<th></th>
<th>2019‐2023</th>
<th>2019‐2028</th>
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<tbody>
<tr>
<td>Increases or Decreases (‐) in Direct Spending Outlays</td>
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</tbody>
</table>

### Cross Cutting Proposals

1. Proposal modeled after legislation sponsored by Senators Graham‐Cassidy‐Heller‐Johnson (a)
   - Medicaid: | 2019‐2023 | 2019‐2028 |
     - 281 | -63,155 | -87,739 |
     - -127,120 | -145,600 | -165,841 |
     - -184,487 | -203,328 | -222,574 |
     - -387,872 | -1,309,702 |
   - Marketplaces: | 0 | -61,119 |
     - 71,281 | -72,446 |
     - -73,246 | -74,737 |
     - -77,774 | -243,602 |
     - -615,696 |
   - Market‐Based Health Care Grant Program: | 0 | 98,858 |
     - 107,140 | 115,134 |
     - 120,796 | 121,764 |
     - 122,357 | 123,018 |
     - 345,608 |
     - 969,156 |
   - Implementation Grants: | 21 | 224 |
     - 425 | 471 |
     - 402 | 259 |
     - 113 | 29 |
     - 4 | * |
     - 1,543 |
     - 1,947 |
   - Total Outlays (b): | -260 | -73,554 |
     - -50,220 | -69,431 |
     - -102,653 | -118,824 |
     - -132,479 | -148,686 |
     - -167,330 | -184,323 |
     - -195,294 |

2. Reform the medical liability system, Budget Function 550 only (a), (c), (d)
   - Medicaid: | 42 | -369 |
     - -1,018 | -1,653 |
     - -1,881 | -2,117 |
     - -2,241 | -2,364 |
     - -4,846 | -15,448 |
   - Marketplace: | 0 | -7 |
     - 300 | 0 |
     - -10 |
     - -60 |
     - -60 |
     - -70 |
     - -140 |
     - -440 |
   - TRICARE: | 0 | -10 |
     - -30 |
     - -50 |
     - -50 |
     - -60 |
     - -60 |
     - -70 |
     - -140 |
     - -440 |
   - FEHB/PSRHB: | 3 | -24 |
     - -67 |
     - -109 |
     - -125 |
     - -132 |
     - -142 |
     - -150 |
     - -158 |
     - -320 |
     - -1,028 |

3. Consolidate GME payments (c), (d)
   - 12,940 |
   - 13,030 |
   - 13,130 |
   - 13,220 |
   - 13,300 |
   - 13,370 |
   - 13,440 |
   - 13,520 |
   - 13,610 |
   - 52,320 |
   - 119,560 |

4. Modify payments to hospitals for uncompensated care (c)
   - 6,350 |
   - 6,510 |
   - 6,670 |
   - 6,840 |
   - 7,000 |
   - 7,170 |
   - 7,340 |
   - 7,510 |
   - 7,690 |
   - 26,370 |
   - 63,080 |

### Other Medicaid Proposals

5. Test allowing state Medicaid programs to negotiate prices directly with drug manufacturers and set formulary for coverage
   - 0 |
   - 0 |
   - 0 |
   - 0 |
   - 0 |
   - 0 |
   - 0 |
   - 0 |

6. Clarify definitions under the Medicaid Drug Rebate Program to prevent inappropriately low manufacturer rebates
   - 0 |
   - 0 |
   - 0 |
   - 0 |
   - 0 |
   - 0 |
   - 0 |
   - 0 |

7. Require coverage of all medication assisted treatment options in Medicaid (d)
   - 5 |
   - 9 |
   - 13 |
   - 11 |
   - 12 |
   - 14 |
   - 17 |
   - 21 |
   - 25 |
   - 31 |
   - 50 |
   - 158 |

8. Allow States to apply asset test to modified gross income standard populations (d)
   - -26 |
   - -52 |
   - -76 |
   - -90 |
   - -95 |
   - -100 |
   - -109 |
   - -118 |
   - -124 |
   - -130 |
   - -338 |
   - -919 |

9. Require documentation of satisfactory immigration status before receipt of Medicaid benefits (d)
   - 0 |
   - -40 |
   - -85 |
   - -90 |
   - -100 |
   - -105 |
   - -110 |
   - -120 |
   - -125 |
   - -130 |
   - -315 |
   - -905 |

10. Increase limit on Medicaid copayments for non‐emergency use of emergency department (d)
    - -1 |
    - * |
    - 2 |
    - 5 |
    - 8 |
    - 10 |
    - 13 |
    - 16 |
    - 19 |
    - 22 |
    - 15 |
    - 96 |

11. Define lottery winnings and other lump‐sum payments as income for purpose of Medicaid eligibility (d)
    - -4 |
    - -6 |
    - -9 |
    - -10 |
    - -11 |
    - -11 |
    - -12 |
    - -13 |
    - -13 |
    - -14 |
    - -40 |
    - -103 |

12. Continue Medicaid Disproportionate Share Hospital (DSH) allotment reductions (d)
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |

13. Track high prescribers and utilization of prescription drugs in Medicaid
    - -9 |
    - -11 |
    - -12 |
    - -12 |
    - -13 |
    - -14 |
    - -14 |
    - -15 |
    - -15 |
    - -56 |
    - -127 |

14. Reduce maximum allowable home equity for Medicaid eligibility (d)
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |

15. Increase flexibility in the duration of section 1915(b) managed care waivers
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |

16. Provide a pathway to make permanent established Medicaid managed care waivers
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |

17. Consolidate provider enrollment screening for Medicare, Medicaid, and CHIP
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |

18. Implement pre‐payment controls to prevent inappropriate personal care services payments
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |

19. Streamline the Medicaid terminations process
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |

20. Expand MFCU review to additional care settings (d), (e)
    - 4 |
    - 9 |
    - 14 |
    - 20 |
    - 26 |
    - 28 |
    - 29 |
    - 30 |
    - 32 |
    - 67 |
    - 73 |
    - 259 |

21. Prohibit Medicaid payments to public providers in excess of costs
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |
    - 0 |

22. Allow revocation and denial of provider enrollment based on affiliation with a sanctioned entity (d)
    - 0 |
    - 0 |
    - -1 |
    - -1 |
    - -1 |
    - -1 |
    - -1 |
    - -1 |
    - -3 |
    - -8 |

23. Medicaid interactions with proposal modeled after GCHJ
    - 1,662 |
    - 1,914 |
    - 2,196 |
    - 2,403 |
    - 2,634 |
    - 2,849 |
    - 2,173 |
    - 1,281 |
    - 74 |
    - 8,176 |
    - 17,188 |
Revised May 31, 2018

On May 31, 2018, CBO reposted this table. The revised version corrects amounts reported as total changes in direct spending, revenues, and budget deficits.

### Other Proposals Affecting Budget Function 550

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<tbody>
<tr>
<td>24. Prohibit governmental discrimination against health care providers who refuse to cover abortions</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>25. Fully fund the risk corridors program</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>26. Reduce the grace period for exchange premiums (a)</td>
<td>-253</td>
<td>-109</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
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<td>-362</td>
<td>-362</td>
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<tr>
<td>27. Permit federally-facilitated exchange states to conduct Qualified Health Plan certification</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>28. Extend CHIP funding through 2019 with reforms</td>
<td>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</td>
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<tr>
<td>29. Extend Health Centers through 2019</td>
<td>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</td>
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<tr>
<td>30. Extend the National Health Service Corps through 2019</td>
<td>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</td>
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<tr>
<td>31. Extend teaching Health Centers GME through 2019</td>
<td>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</td>
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<tr>
<td>32. Extend Family to Family Health Information Centers through 2019</td>
<td>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</td>
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<tr>
<td>33. Extend the Maternal, Infant, and Early Childhood Home Visiting Program through 2019</td>
<td>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</td>
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<tr>
<td>34. Extend the Special Diabetes program for NIH and IHS through 2019</td>
<td>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</td>
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<tr>
<td>35. Provide CMS program management implementation funding</td>
<td>12</td>
<td>150</td>
<td>38</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>200</td>
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<tr>
<td>36. Modify the Government contribution to FEHB premiums</td>
<td>0</td>
<td>0</td>
<td>-353</td>
<td>-538</td>
<td>-589</td>
<td>-627</td>
<td>-665</td>
<td>-702</td>
<td>-739</td>
<td>-776</td>
<td>-1,480</td>
<td>-4,989</td>
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<tr>
<td>37. Modify existing statute on indemnity benefit plans in FEHB</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>38. Provide OPM authority to incorporate provisions of Anti-Kickback Act to FEHB Program</td>
<td>160</td>
<td>880</td>
<td>1,000</td>
<td>1,070</td>
<td>1,010</td>
<td>680</td>
<td>160</td>
<td>40</td>
<td>0</td>
<td>4,120</td>
<td>5,000</td>
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<tr>
<td>39. Shift Classification of Certain HHS Funding from Mandatory to Discretionary Funding</td>
<td>-1,682</td>
<td>-2,986</td>
<td>-2,444</td>
<td>-1,460</td>
<td>-1,015</td>
<td>-680</td>
<td>-160</td>
<td>-40</td>
<td>0</td>
<td>9,587</td>
<td>10,467</td>
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**Total, Changes in Unified-Budget Direct Spending**

<table>
<thead>
<tr>
<th>2019-2023</th>
<th>2019-2028</th>
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<tbody>
<tr>
<td>-2,104</td>
<td>-789,859</td>
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### Increases or Decreases (‐) in Revenues (f)

| 1. Proposal modeled after legislation sponsored by Senators Graham-Cassidy-Heller-Johnson (a) |
|-----------------------------------------------|-------------------------------------------------|
| On-budget | -3,536, -7,430, -7,821, -10,612, -13,007, -14,696, -15,437, -16,598, -17,456, -29,400, -106,593 |
| Off-budget | 0, -260, -1,188, -2,906, -3,981, -4,750, -5,215, -5,496, -5,875, -6,342, -8,335, -36,014 |

| 2. Reform the medical liability system (a), (c), (d) |
|-----------------------------------------------|-------------------------------------------------|
| On-budget | -118, -10, 131, 413, 501, 505, 538, 648, 697, 712, 917, 4,017 |
| Off-budget | * 78, 135, 245, 284, 292, 303, 315, 330, 344, 743, 2,328 |

| 26. Reduce the grace period for exchange premiums (a) |
|-----------------------------------------------|-------------------------------------------------|
| Total Changes in On-Budget Revenues | -86, -3,532, -7,299, -7,408, -10,112, -12,502, -14,158, -14,789, -15,901, -16,744, -28,437, -102,531 |
| Total, Changes in Unified Budget Revenues | -86, -3,714, -8,352, -10,069, -13,808, -16,960, -19,070, -19,969, -21,445, -22,743, -36,029, -136,216 |

### Net Increase or Decrease (‐) in the Deficit from Direct Spending and Revenues

| Changes in On-Budget Deficits | -2,017, -51,632, -24,494, -42,933, -60,982, -70,079, -84,321, -98,857, -115,876, -130,139, -174,467, -653,643 |
### Proposals Affecting Medicaid, Marketplaces, and other Accounts in Budget Function 550—CBO’s Estimate of the President’s Fiscal Year 2019 Budget

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<tbody>
<tr>
<td>Marketplace</td>
<td>-7</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>-10</td>
<td>-10</td>
<td>&lt;br&gt;TRICARE</td>
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<tr>
<td>Medicare</td>
<td>-120</td>
<td>-1,100</td>
<td>-2,900</td>
<td>-5,000</td>
<td>-5,100</td>
<td>-5,300</td>
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<td>-6,800</td>
<td>-7,600</td>
<td>-14,220</td>
<td>-46,120</td>
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</table>

Components may not sum to totals because of rounding. * = an increase or decrease of less than $500,000.

(a) Proposal would affect both direct spending and revenues, which are shown separately.
(b) Total does not include spending effects in Medicare arising from changes in Disproportionate Share Hospital payments.
(c) Effects on budget function 550 are shown in the table; effects on other health programs, including Medicare are shown in the memorandum.
(d) Medicaid interactions with GCHJ are shown in line 23.
(e) Nonscoreable effects are shown in memorandum.
(f) For revenues, positive numbers indicate a decrease in the deficit and negative numbers indicate an increase in the deficit.
(g) Memorandum details policies with nonscoreable effects in budget function 550 and cross cutting policies with significant budgetary effects in budget function 550.

*FEHB = Federal Employees Health Benefits Program; GME = graduate medical education; GCHJ = legislation sponsored by Senators Graham-Cassidy-Heller-Johnson on September 25, 2017; IHS = Indian Health Service; MFUC = Medicaid Fraud Control Units; NIH = National Institutes of Health; PSRHBF = Postal Service Retiree Health Benefits Fund; TRICARE = the health plan operated by the Department of Defense*