

**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

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Millions of Dollars, by Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
Increases or Decreases (-) in Direct Spending Outlays												
Cross Cutting Proposals												
1. Proposal modeled after legislation sponsored by Senators Graham-Cassidy-Heller-Johnson (a)												
Medicaid	-281	-63,155	-87,739	-109,577	-127,120	-145,600	-165,841	-184,487	-203,328	-222,574	-387,872	-1,309,702
Marketplaces:	0	-41,438	-61,764	-69,119	-71,281	-72,446	-73,891	-73,246	-74,737	-77,774	-243,608	-615,696
Market-Based Health Care Grant Program	0	30,815	98,858	108,794	107,140	115,134	120,796	125,225	129,376	133,018	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	-90,859	-102,653	-118,824	-132,479	-148,686	-167,330	-284,323	-954,294
2. Reform the medical liability system, Budget Function 550 only (a), (c), (d)												
Medicaid	-42	-369	-1,018	-1,653	-1,764	-1,881	-1,999	-2,117	-2,241	-2,364	-4,846	-15,448
Marketplaces:	-7	-3	0	0	0	0	0	0	0	0	-10	-10
TRICARE	0	-10	-30	-50	-50	-50	-60	-60	-60	-70	-140	-440
FEHB/PSRHB	-3	-24	-67	-109	-117	-125	-133	-142	-150	-158	-320	-1,028
3. Consolidate GME payments (c), (d)	0	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)	0	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	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	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 adjusted 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	-900	-2,011	-3,388	0	-6,299
13. Track high prescribers and utilizers of prescription drugs in Medicaid	0	0	0	0	0	0	0	0	0	0	0	0
14. Reduce maximum allowable home equity for Medicaid eligibility (d)	-9	-11	-12	-12	-13	-13	-14	-14	-15	-15	-56	-127
15. Increase flexibility in the duration of section 1915(b) managed care waivers	0	0	0	0	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	0	0	0	0
17. Consolidate provider enrollment screening for Medicare, Medicaid, and CHIP	0	0	0	0	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	0	0	0	0
19. Streamline the Medicaid terminations process	0	0	0	0	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	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	-1	-1	-3	-8
23. Medicaid interactions with proposal modeled after GCHJ	1	1,662	1,914	2,196	2,403	2,634	2,849	2,173	1,281	74	8,176	17,188

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Millions of Dollars, by Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019- 2023	2019- 2028
Other Proposals Affecting Budget Function 550												
24. Prohibit governmental discrimination against health care providers who refuse to cover abortions	0	0	0	0	0	0	0	0	0	0	0	0
25. Fully fund the risk corridors program	0	0	0	0	0	0	0	0	0	0	0	0
26. Reduce the grace period for exchange premiums (a)	-253	-109	0	0	0	0	0	0	0	0	-362	-362
27. Permit federally-facilitated exchange states to conduct Qualified Health Plan certification	0	0	0	0	0	0	0	0	0	0	0	0
28. Extend CHIP funding through 2019 with reforms	<i>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</i>											
29. Extend Health Centers through 2019	<i>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</i>											
30. Extend the National Health Service Corps through 2019	<i>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</i>											
31. Extend teaching Health Centers GME through 2019	<i>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</i>											
32. Extend Family to Family Health Information Centers through 2019	<i>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</i>											
33. Extend the Maternal, Infant, and Early Childhood Home Visiting Program through 2019	<i>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</i>											
34. Extend the Special Diabetes program for NIH and IHS through 2019	<i>Enacted in P.L. 115-123, the Bipartisan Budget Act of 2018</i>											
35. Provide CMS program management implementation funding	12	150	38	0	0	0	0	0	0	0	200	200
36. Modify the Government contribution to FEHB premiums	0	0	-353	-538	-589	-627	-665	-702	-739	-776	-1,480	-4,989
37. Modify existing statute on indemnity benefit plans in FEHB	0	0	0	0	0	0	0	0	0	0	0	0
38. Provide OPM authority to incorporate provisions of Anti-Kickback Act to FEHB Program	0	0	0	0	0	0	0	0	0	0	0	0
39. Provide \$5 billion over five years to address the opioid crisis	160	880	1,000	1,070	1,010	680	160	40	0	0	4,120	5,000
40. Shift Classification of Certain HHS Funding from Mandatory to Discretionary Funding	-1,682	-2,986	-2,444	-1,460	-1,015	-680	-160	-40	0	0	-9,587	-10,467
Total, Changes in Unified-Budget Direct Spending	-2,104	-55,164	-31,793	-50,341	-71,094	-82,581	-98,479	-113,646	-131,777	-152,881	-210,496	-789,859

Increases or Decreases (-) in Revenues (f)

1. Proposal modeled after legislation sponsored by Senators Graham-Cassidy-Heller-Johnson (a)												
On-budget	0	-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)	32	14	0	0	0	0	0	0	0	0	45	45
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	-136,137	-182,059	-687,329
Total, Changes in Unified-Budget Deficits	-2,018	-51,450	-23,442	-40,272	-57,286	-65,621	-79,409	-93,677	-110,332	-130,139	-174,467	-653,643

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Millions of Dollars, by Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019- 2023	2019- 2028
Memorandum: (g)												
2. Reform medical liability system (reflects effects on budget functions 370, 550, and 570)												
Outlays												
Medicaid	-42	-369	-1,018	-1,653	-1,764	-1,881	-1,999	-2,117	-2,241	-2,364	-4,846	-15,448
Marketplaces:	-7	-3	0	0	0	0	0	0	0	0	-10	-10
TRICARE	0	-10	-30	-50	-50	-50	-60	-60	-60	-70	-140	-440
Medicare	-120	-1,100	-2,900	-5,000	-5,100	-5,300	-5,900	-6,300	-6,800	-7,600	-14,220	-46,120
FEHB/PSRHB												
On-budget	-3	-24	-67	-109	-117	-125	-133	-142	-150	-158	-320	-1,028
Off-budget	-1	-7	-18	-30	-32	-34	-35	-37	-39	-41	-88	-274
Total Outlays	-173	-1,513	-4,033	-6,842	-7,063	-7,390	-8,127	-8,656	-9,290	-10,233	-19,624	-63,320
Revenues (f)												
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
Total Revenues	-118	69	267	658	785	797	842	964	1,027	1,056	1,660	6,345
Changes in On-Budget Deficits	-54	-1,496	-4,146	-7,225	-7,532	-7,861	-8,630	-9,267	-9,948	-10,904	-20,453	-67,063
Changes in Unified-Budget Deficits	-55	-1,582	-4,300	-7,500	-7,848	-8,187	-8,969	-9,620	-10,317	-11,289	-21,284	-69,665
3. Consolidate GME payments												
Medicaid	0	-1,600	-1,730	-1,850	-1,980	-2,120	-2,260	-2,400	-2,540	-2,670	-7,160	-19,150
Medicare	0	-13,220	-13,930	-14,680	-15,470	-16,290	-17,100	-17,840	-18,970	-19,960	-57,300	-147,460
New combined GME pool	0	14,540	14,760	14,980	15,200	15,420	15,630	15,840	16,060	16,280	59,480	138,710
Total Outlays	0	-280	-900	-1,550	-2,250	-2,990	-3,730	-4,400	-5,450	-6,350	-4,980	-27,900
4. Modify payments to hospitals for uncompensated care												
Medicare	0	-9,030	-9,460	-9,960	-10,560	-11,170	-11,760	-12,340	-12,900	-13,770	-39,010	-100,950
New uncompensated care pool	0	6,350	6,510	6,670	6,840	7,000	7,170	7,340	7,510	7,690	26,370	63,080
Total Outlays	0	-2,680	-2,950	-3,290	-3,720	-4,170	-4,590	-5,000	-5,390	-6,080	-12,640	-37,870
20. Expand MFUC review to additional care settings												
	-6	-14	-21	-30	-39	-42	-44	-45	-48	-101	-110	-390

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; PSRHB = Postal Service Retiree Health Benefits Fund; TRICARE = the health plan operated by the Department of Defense