Funding Highlights:

- Provides $77.1 billion in base discretionary resources for the Department of Health and Human Services to help make coverage affordable, drive down long-term health care costs, and improve care for millions of Americans, as well as to train new health care providers, address public health priorities, assist vulnerable populations, and support medical research. Activities supported at the Department include:
  
  - Supporting the Affordable Care Act’s health insurance coverage improvements that are already providing coverage for millions of Americans through the operation of Health Insurance Marketplace and the delivery of subsidies to make coverage affordable;
  
  - Investing in a new initiative to improve access to high-quality health care providers and services;
  
  - Promoting innovative medical research by providing $30.2 billion for the National Institutes of Health, including increased resources for Alzheimer’s disease research and its contribution to the BRAIN initiative;
  
  - Improving and expanding mental health services for youth and families through the President’s Now is the Time initiative and targeted investments in the Medicaid program;
  
  - Strengthening national preparedness for naturally occurring and terrorist threats to public health through the development and acquisition of next generation medical countermeasures;
  
  - Investing in high-quality services for the Nation’s youngest children, with increased funding for Early Head Start-Child Care Partnerships and additional funds to expand evidence-based, voluntary home visiting; and
  
  - Assisting vulnerable populations by investing in improving outcomes for children in foster care and supporting services for the victims of domestic violence and human trafficking.

Opportunity, Growth, and Security Initiative:

- Through the Opportunity, Growth, and Security Initiative, supports:
  
  - Preparing our children to succeed in life, by providing high-quality early learning opportunities to a total of more than 100,000 children through Early Head Start-Child Care
The Department of Health and Human Services (HHS) is the principal Federal agency charged with protecting the health of all Americans and providing essential human services. The Budget includes $77.1 billion in discretionary funding to support HHS’s mission, $0.8 billion below the 2014 enacted level. The Budget prioritizes core services and programs and makes targeted investments in training and support of health care providers, innovative biomedical research, food and drug safety, mental health services, health care for American Indians and Alaska natives, early childhood programs, and services for other vulnerable populations.

**Reforms:**

- Implements payment innovations and other reforms in Medicare and Medicaid and other Federal health programs that encourage high-quality and efficient delivery of health care, improve program integrity, and preserve the fundamental compact with seniors, individuals with disabilities, and low-income Americans. These improvements will save approximately $402 billion over the next decade.

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Partnerships, and supporting Head Start grantees who are expanding program duration and investing in teacher quality;

- Long-term public health improvements, including additional funding to increase biomedical research at the National Institutes of Health to improve the health of Americans and to promote economic growth through innovation, and accelerate the Department’s advanced development of a universal flu vaccine; and

- Construction of two new Indian Health Service healthcare facilities to improve the health of American Indians and Alaska natives.

**Improves Health Care Access, Research, and Quality of Services**

**Ensures Quality, Affordable Health Care by Implementing the Affordable Care Act.** The Affordable Care Act ensures that every American has access to high-quality, affordable coverage, providing health insurance to millions of Americans who would otherwise be uninsured. The Health Insurance Marketplace provides millions of Americans and small businesses with “one stop shopping” for affordable, private coverage. The Affordable Care Act also provides premium tax credit and cost sharing assistance to make coverage affordable and increases Federal support to States expanding Medicaid coverage for newly eligible low-income adults. Efficiently and effectively implementing these coverage improvements is one of the Administration’s highest priorities. The Budget provides resources to continue to support these efforts, including the operations of the Marketplace to help individuals enroll in the best health insurance coverage option available for themselves and their families.

The Affordable Care Act is also contributing significantly to putting the Nation back on a sustainable fiscal course, while laying the foundation for a higher-quality, more efficient health care system. The Congressional Budget Office has estimated that the Affordable Care Act will reduce the deficit by about $100 billion over the first decade and by more than $1 trillion in the second decade. At the same time, the Affordable Care Act is already delivering better care at lower cost. To help ensure the prudent use of Federal funds, the Budget includes $25 million over two years to monitor and prevent fraud, waste, and abuse in the Health Insurance Marketplace.
**Trains New Health Care Providers and Improves Access to High-Quality Health Care Providers and Services.** The Budget invests approximately $14.6 billion over 10 years to implement innovative policies to train new health care providers and ensure that the future health care workforce is prepared to deliver high-quality and efficient health care services. To encourage and enhance training of primary care practitioners, and other physicians in high-need specialties, the Budget proposes $5.23 billion over 10 years to support 13,000 new residents through a new competitive graduate medical education program that incentivizes high-quality physician training. In 2015, this new program includes $100 million in mandatory funding to support pediatric training in children’s hospitals.

To continue encouraging provider participation in Medicaid, the Budget extends increased payments for primary care services delivered by certain physicians by one year, through 2015, with modifications to expand provider eligibility to additional primary care providers and better target primary care services. The Budget also invests more than $3.9 billion over the next six years in the National Health Services Corps to place 15,000 health care providers in the areas of the Nation that need them most. Across the United States, 1,200 health centers operate nearly 9,200 primary care sites that serve as high-quality, dependable sources of primary care services in communities. In addition to the investments in provider training, the Budget invests $4.6 billion in the Health Centers program in 2015 and $8.1 billion in new resources over the following three years to support services for an estimated 31 million patients.

**Improves and Expands Access to Mental Health Services.** The Budget includes $164 million to support the President’s Now is the Time initiative, to expand mental health treatment and prevention services across the Substance Abuse and Mental Health Services Administration and the Centers for Disease Control and Prevention (CDC). The Now is the Time initiative includes $55 million for Project AWARE (Advancing Wellness and Resilience in Education) to help States and communities implement plans to keep schools safe and refer students with behavioral health challenges to the services they need, as well as to provide Mental Health First Aid training in schools and communities to equip adults who work with youth to detect signs of mental illness; $50 million to train 5,000 new mental health professionals to serve students and young adults; $20 million for Healthy Transitions to help support transitioning youth (ages 16-25) and their families in accessing and navigating behavioral health treatment systems; and $5 million to change the attitudes of Americans about behavioral health workforce needs.

The Budget also makes targeted improvements to the Medicaid program to increase access to mental health services, particularly for youth. The Budget establishes a new Medicaid demonstration project in partnership with the Administration for Children and Families to encourage States to provide evidence-based psychosocial interventions to children and youth in foster care. The goal is to reduce reliance on psychotropic medications, which are disproportionately prescribed to foster children, and improve outcomes for these young people. The Budget works to ensure Medicaid enrollees receive the most appropriate care, by improving access to mental health services in the community for youth in psychiatric residential treatment facilities and providing a pathway for certain individuals in eligible mental health facilities to receive home and community-based care services.

**Improves Access to Health Care for American Indians and Alaska Natives (AI/AN).** The Budget includes $4.6 billion for the Indian Health Service (IHS) to strengthen Federal, tribal, and urban programs that serve over two million AI/AN at over 650 facilities in 35 States. The Budget provides increased resources to purchase health care services outside of the Indian health system when services are not available at IHS-funded facilities. To increase access to health care services and improve the Indian health system, the Budget also funds construction of, and staffing at, new and replacement
health clinics. The Budget fully funds tribal contract support costs. In addition, the Opportunity, Growth, and Security Initiative includes an additional $200 million for the construction of IHS healthcare facilities, which on average are 25 years older than other health care facilities.

Supports Biomedical Research at the National Institutes of Health (NIH). Biomedical research contributes to improving the health of the American people. The Budget includes $30.2 billion for NIH to support research at institutions across the United States, continuing the Administration’s commitment to investment in Alzheimer’s research and NIH’s contribution to the multiagency BRAIN (Brain Research through Advancing Innovative Neurotechnologies) initiative. The Budget increases funding for innovative, high-risk high-reward research to help spur development of new therapeutics to treat diseases and disorders that affect millions of Americans, such as cancer and Alzheimer’s disease. The Budget includes funding for a new advanced research program modeled after the cutting-edge Defense Advanced Research Projects Agency (DARPA) program at the Department of Defense. NIH will also implement new policies to improve transparency and reduce administrative costs. The Opportunity, Growth, and Security Initiative includes an additional $970 million for NIH, which would support about 650 additional new grants and further increase funding for the BRAIN and DARPA-inspired initiatives, and invest in other critical priorities.

Strengthens National Preparedness for All-Hazards, Including Naturally Occurring Threats and Intentional Attacks. The Budget includes $462 million to enhance the advanced development of next generation medical countermeasures against chemical, biological, nuclear and radiological threats. The Budget provides an additional $170 million to continue support for high-priority pandemic influenza activities. In addition, the Opportunity, Growth, and Security Initiative supports $50 million to enhance progress on pandemic influenza preparedness, including supporting clinical trials for promising universal flu vaccine candidates.

Expands Capacity to Detect, Prevent, and Respond to Infectious Diseases. The goal of the Global Health Security (GHS) Agenda is to reduce risks posed to the United States and global interests by emerging infectious diseases. The Budget increases CDC’s GHS activities by $45 million to train epidemiologists and expand public health emergency management capacity and Global Disease Detection Centers in up to 10 countries. The Budget also invests $30 million for the Advanced Molecular Detection Initiative to identify the sources of emerging infectious diseases faster, determine whether microbes are resistant to antibiotics, and study how microbes are moving through a population. The Budget more than doubles CDC funding to combat antibiotic resistance.

Expands Access to HIV/AIDS Treatment, Care, and Prevention. The Budget expands access to HIV/AIDS prevention and treatment activities and supports the goals of the National HIV/AIDS Strategy and HIV Care Continuum Initiative to reduce HIV incidence, increase access to care and improve health outcomes for people living with HIV, and reduce HIV-related health disparities. The Budget invests $2.3 billion for the Ryan White HIV/AIDS Program and $1.1 billion for CDC HIV/AIDS, sexually transmitted diseases, tuberculosis, and hepatitis activities. The Budget also focuses HIV resources on implementing effective, scalable, and sustainable prevention strategies for persons living with HIV and populations at highest risk for HIV.

Strengthens the Safety of U.S. Food and Medicines. The Budget includes $2.6 billion in budget authority and $4.7 billion in total resources for the FDA. Within this total, the Budget
invests $24 million in new resources to support food safety, and with new clarity provided by the Drug Quality and Security Act, $25 million to strengthen oversight of compounding pharmacies. These resources will support inspectors and the food industry by enhancing FDA’s capacity with regard to produce commodities and processing operations. In addition, FDA will conduct routine and follow-up inspections of high-risk compounding pharmacies.

**Improves Conditions for Vulnerable Populations**

**Continues Strong Support for High-Quality Early Childhood Programs.** The Budget supports initiatives that will help every child reach his or her potential and strengthen the Nation’s competitiveness. This includes $650 million in the base Budget and $800 million in the Opportunity, Growth, and Security Initiative for Early Head Start-Child Care Partnerships to provide access to high-quality infant and toddler care for more than 100,000 children, and additional resources in the Opportunity, Growth, and Security Initiative to support Head Start grantees who are expanding program duration and investing in teacher quality. Further, the Budget provides discretionary and mandatory resources for States to support higher-quality child care, and dedicates $200 million in discretionary funds to improve the quality of child care. In addition, the Budget invests $15 billion in mandatory funds over the next 10 years to extend and expand evidence-based, voluntary home visiting programs, which enable nurses, social workers, and other professionals to connect families to services and educational supports that improve a child’s health, development, and ability to learn.

**Promotes Responsible Fatherhood and Prevents Teen Pregnancy.** The Budget proposes to modernize the Child Support Enforcement Program, which touches the lives of one-quarter of the Nation’s children and helps secure contributions toward their financial and emotional well-being from non-custodial parents. The Budget proposes to change current law to encourage non-custodial parents to take greater responsibility for their children while maintaining rigorous enforcement efforts. The Budget also continues funding for evidence-based models that prevent teenage pregnancy to build on the dramatic progress that has been made in this area.

**Supports Victims of Domestic Violence and Human Trafficking.** The Budget provides $140 million for shelters, supportive services, and a hotline for victims of domestic violence. The Budget also includes $10 million for an HHS initiative to prevent and address domestic human trafficking in addition to anti-trafficking efforts by the Departments of Justice and Homeland Security. This initiative will provide direct services to domestic victims of trafficking, train service providers, and invest in data collection, research, and evaluation.

**Supports Work Opportunities for Low-Income Parents.** The Budget proposes to redirect $602 million in annual Temporary Assistance for Needy Families funding to a Pathways to Jobs initiative, which will support State partnerships with employers to provide subsidized job opportunities for low-income individuals. This proved in recent years to be an effective strategy for getting disadvantaged adults back into the workforce, and the Budget proposes to build on that success.

**Provides Targeted Energy Assistance to Low-Income Families.** The Budget provides $2.8 billion for the Low Income Home Energy Assistance Program to help families with residential heating and cooling costs, including $200 million in contingency funds to address extreme weather conditions or short-term spikes in energy prices and $50 million for competitive grants to reduce energy burdens. The requested funding level represents a difficult decision in a challenging budget environment. The Administration will continue to invest in weatherization and energy efficiency to help cut costs for low-income households.
Improves the Way Federal Dollars are Spent and Strengthens Long-Term Viability of Current Programs

Improves Medicare’s Sustainability by Encouraging High-Quality, Efficient Care. The Budget proposes a robust set of initiatives to strengthen Medicare by implementing payment innovations that encourage high-quality and efficient care, with enhancements to proposals addressing payments to skilled nursing facilities, Medicare Advantage plans, and program integrity. Structural changes that will encourage Medicare beneficiaries to seek high-value health care services are also included from last year’s Budget. The Budget also retains a modified version of last year’s proposal for income-related premiums. The revised proposal simplifies the prior proposal, but still improves the fiscal stability of the program by reducing the Federal subsidy of Medicare costs for those who need that subsidy the least. The Budget also includes new proposals that would build a stronger foundation for Medicare’s future by expanding value-based purchasing, strengthening quality incentives and reducing the risk of prescription drug abuse in the Medicare Part D program. These Medicare proposals would extend the solvency of the Hospital Insurance trust fund by approximately five years.

Supports Permanent, Fiscally Responsible Reform to Medicare’s Payments to Physicians. Medicare payments to physicians are determined under a formula, commonly referred to as the “sustainable growth rate” (SGR). This formula has called for reductions in physician payment rates since 2002, which the Congress has consistently overridden for over 10 years. Under the SGR, physician payment rates would be reduced by about 24 percent in April 2014. The Administration applauds the bipartisan reform efforts in the Congress and is committed to working with the Congress to continue progress toward reforming Medicare physician payments to provide predictable payments that incentivize quality and efficiency in a fiscally responsible way. As part of these ongoing reform efforts, the Administration supports a period of payment stability lasting several years to allow time for the continued development of scalable alternative payment models. After such a period of payment stability, the Administration supports incentives for providers to join such models, with a streamlined value-based purchasing program for providers who do not join. Such models should encourage integrated care where networks of providers work together to coordinate care and are rewarded for providing high-quality, efficient care. Successful care delivery models should engage seniors and individuals with disabilities in achieving this goal. Input from physicians and other professionals is important in designing these models as well. To complement these changes, the Administration also supports reforms to improve the accuracy of Medicare’s current physician payment system.

Provides Tools to States to Improve Medicaid and the Children’s Health Insurance Program (CHIP). Medicaid is critically important to providing health care coverage to the neediest Americans, and the Administration strongly supports State efforts to expand Medicaid with the increased Federal funding provided in the Affordable Care Act. The Budget strengthens Medicaid and CHIP by providing tools to States, territories, and the Federal Government to fight fraud, waste, and abuse, and make it easier for eligible children to get and maintain coverage. The Budget also includes other program improvements aimed at improving efficiency and effectiveness as States expand Medicaid. The Administration remains committed to providing affordable, comprehensive coverage for children covered by CHIP, and the Budget proposes to extend the CHIP performance bonus fund in anticipation of work with the Congress to ensure their coverage.

Cuts and Reforms the Community Services Block Grant (CSBG). CSBG provides funding for the important work of community action agencies, but the program’s current structure does little to hold these agencies accountable for outcomes. The Budget provides $350 million for CSBG and proposes to competitively award funds to high-performing agencies that are most successful at meeting community needs.
Eliminates Duplicative Programs. The Budget makes room for new investments through a series of eliminations and reductions among programs, such as the Preventive Health and Health Services Block Grant (PHHSBG). The PHHSBG is duplicative with existing activities that could be more effectively implemented through targeted programs within CDC. In addition, the Budget proposes small, targeted reductions in select HHS direct health care programs (e.g., immunizations and cancer screenings) because these services are now financed and provided through expanded insurance coverage for those gaining new coverage.