Fiscal Year 2025

Budget in Brief

U.S. Department of Health & Human Services
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U.S. Department of Health and Human Services
200 Independence Avenue S.W., Washington, D.C. 20201
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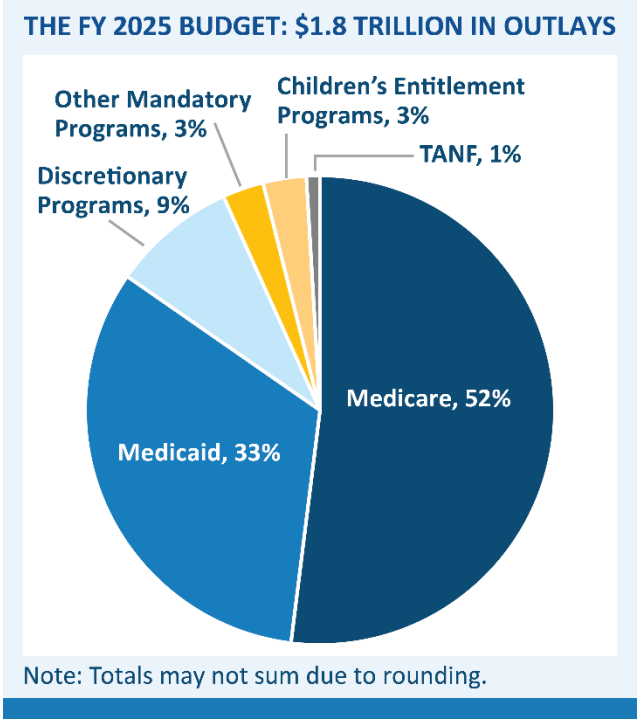
BUILDING A HEALTHY AMERICA
FY 2025 President's Budget for HHS

The following table is in millions of dollars.

HHS Budget	2023	2024	2025
Budget Authority[1]	1,800,628	1,701,408	1,843,677
Total Outlays	1,709,408	1,669,782	1,801,536



General Notes

- This document compares FY 2025 budget totals to the most recent full year available at the time the document was finalized. For the mandatory budget, that is the FY 2024 current law baseline, and for discretionary, that is the final FY 2023 level.
- Numbers in this document may not add to the totals due to rounding.
- Unless otherwise noted, all tables are in millions of dollars.
- Budget data in this book are presented "comparably" to the FY 2025 budget, since the location of programs may have changed in prior years or be proposed for change in FY 2025. This approach allows increases and decreases in this book to reflect true funding changes.
- The FY 2023 and FY 2024 mandatory figures reflect current law and mandatory proposals reflected in the budget.

[1] The Budget Authority levels presented here are based on the Office of Management and Budget's Budget Appendix, and potentially differ from the levels displayed in the individual Operating or Staff Division Chapters.

BUILDING A HEALTHY AMERICA

The mission of the U.S. Department of Health and Human Services is to enhance and protect the health and well-being of all Americans by providing for effective health and human services and by fostering sound, sustained advances in the sciences underlying medicine, public health, and social services.

The President's Fiscal Year (FY) 2025 Budget supports the Department of Health and Human Services' (HHS) mission to promote the health and well-being of all Americans. HHS proposes $130.7 billion in discretionary and $1.7 trillion in mandatory proposed budget authority for FY 2025.

This budget illustrates HHS's commitment to support American families, improve behavioral health, and ensure the nation's readiness for the next public health crisis. The budget works to ensure all Americans have access to affordable healthcare; improve maternal and reproductive health outcomes; strengthen early care and education; address the needs of Indian Country; and advance scientific innovation.

This budget supports HHS's mission by investing in critical program operations and infrastructure. Serving the American people is fundamental to meeting HHS's mission, and in FY 2025, HHS will also support multiple customer experience efforts to improve HHS's service delivery.

At the time of final preparation of the budget, Congress has not yet set final discretionary funding levels for FY 2024. As a result, the budget shows discretionary funding comparisons to FY 2023, and mandatory funding comparisons to FY 2024 current law levels.

EXPANDING COVERAGE AND LOWERING HEALTHCARE COSTS

Centers for Medicare & Medicaid Services

The FY 2025 budget builds on the Inflation Reduction Act of 2022, by extending Marketplace affordability, capping the cost of covered insulin products at $35 per month per insulin prescription for people with commercial insurance, and improving access to affordable prescription drugs for millions of Americans.[2] The budget expands Medicare's new ability to negotiate directly with drug manufacturers to lower the price of some of the costliest single-source brand-name Medicare Part B and Part D drugs.

The FY 2025 budget continues to build on the success of the Affordable Care Act, with a record of over 21.3 million people enrolled in the Marketplace in 2024. The FY 2025 budget works to lower costs, to ensure even more Americans have access to coverage by making permanent the enhanced premium tax credits extended through 2025 in the Inflation Reduction Act. The budget provides Medicaid-like coverage to low-income individuals living in states that have not expanded Medicaid under the Affordable Care Act, paired with financial incentives to ensure states maintain their existing expansions. The budget builds on the No Surprises Act to extend consumer surprise billing protections to ground ambulances.

The budget also promotes continuity of coverage and care for children enrolled in Medicaid and the Children's Health Insurance Program (CHIP), building on the existing 12-month continuous eligibility for children. These policies include allowing states to provide continuous eligibility to children from birth until the child turns six and for 36-month periods, and prohibiting enrollment fees and premiums in CHIP. In addition, the budget continues the Administration's efforts to reduce barriers to Medicare Savings Program enrollment.

Other Medicare Benefit Enhancements

The budget proposes Medicare coverage of select, evidence-based supportive services to be billed directly by a community health worker for prevention, care navigation for chronic or behavioral health conditions, screening for social determinants of health, and linkage to social supports. The budget also proposes to provide living individuals who donate a non-renal organ for transplant into a Medicare beneficiary to entitlement to benefits under Medicare Part A and Part B for care associated with such donation. Additionally, the budget establishes a permanent Medicare diabetes prevention benefit.

[2] Source for Medicare Drug Price Negotiations Will Lower the Cost of Prescription Drugs graphic:
https://aspe.hhs.gov/sites/default/files/documents/23148a5897ea92a142aab21e2ec29ca2/ASPE-IRA-Drug-Negotiation-Fact-Sheet.pdf
https://www.cbo.gov/system/files/2022-09/PL117-169_9-7-22.pdf

MEDICARE DRUG PRICE NEGOTIATIONS WILL LOWER THE COST OF PRESCRIPTION DRUGS

Prices set by drug manufacturers affect how much Medicare spends on prescription drugs and out-of-pocket costs paid by beneficiaries.

In 2022:

7.7 million Part D enrollees used at least one of the first 10 drugs selected for the Medicare Drug Price Negotiation Program. The new prices will take effect in 2026.

$3.4 billion paid by beneficiaries in out-of-pocket costs for these 10 drugs.

$5,247 average annual out-of-pocket cost for Imbruvica, a drug used to treat blood cancers.

$98.5 billion in savings projected by the Congressional Budget Office from the Medicare Drug Price Negotiation Program.

Medicare Solvency

More than 66 million Americans depend on Medicare, and millions more will look to depend on the program in the future. The FY 2025 budget extends Medicare solvency indefinitely by directing revenues from tax code reforms and an amount equivalent to the Medicare drug reform savings into the Part A trust fund.

Health Centers

Millions of Americans receive healthcare services from Health Centers, particularly low-income patients, racial and ethnic minorities, rural communities, and people experiencing homelessness. The FY 2025 budget provides $8.2 billion for Health Centers, which includes $6.3 billion in proposed mandatory resources, an increase of $2.4 billion above FY 2023. This investment moves HRSA forward on the path to doubling Health Center funding and supports the expansion of behavioral health services at Health Centers. At this funding level, the Health Center program will provide care for approximately 3.9 million additional patients.

STRENGTHENING MATERNAL AND REPRODUCTIVE HEALTH OUTCOMES

Maternal Health

The U.S. maternal mortality rate is higher than all other developed nations, and Black and American Indian and Alaska Native women are disproportionately affected. Across HHS, the budget invests in tackling this maternal health crisis, including $376 million for key programs focused on maternal mortality and maternal health equity. This targeted initiative includes funding in HRSA to address disproportionate maternal mortality outcomes through expanding the maternal health workforce and access to care, within the Indian Health Service (IHS) to provide culturally-relevant maternal health care in Indian Country, within CDC to support prevention and surveillance, and within the National Institutes of Health (NIH) for NIH's Implementing a Maternal health and Pregnancy Outcomes Vision for Everyone initiative, an evidence-based approach to reduce preventable maternal deaths and associated health disparities for women at all stages of pregnancy. For example, as part of this HHS-wide initiative, HRSA's budget directs $215 million towards specifically reducing maternal mortality and morbidity, including improving access to pre- and post-natal care, providing access to emergency care services, addressing service gaps and shortages, expanding maternal care in rural and underserved communities, and increasing access to mental health care for pregnant and postpartum women.

Overall, the FY 2025 budget includes $1.8 billion in total for HRSA Maternal and Child Health programs. These programs support mothers, children, and their families by ensuring access to quality services, increasing regular screenings, providing access to primary care for children, and supporting families of children with special healthcare needs. The budget also proposes an optional Medicaid benefit that expands coverage of maternal health support services across the prenatal, labor and delivery, and postpartum periods, with enhanced federal funding available for the first 5 years.

Reproductive Health

HHS is committed to promoting access to reproductive healthcare. The budget provides $390 million, a 36 percent increase above FY 2023, to the Title X family planning program to meet the increased need for

family planning services. Title X is the only federal grant program dedicated solely to providing individuals with comprehensive family planning and related preventive health services in communities across the United States.

TRANSFORMING BEHAVIORAL HEALTHCARE

Increasing Access to Behavioral Health Services

As the number of deaths by suicide continues to increase, it is more important than ever that HHS expand access to the care people need when they need it. The FY 2025 budget proposes over $20.8 billion in behavioral health investments across the Department, an increase of $2.2 billion above FY 2023, and in addition, would enable more Americans with private insurance, Medicare, and Medicaid to access mental health and substance use services.

The National Suicide Prevention Lifeline's transition from a 10-digit number to 9-8-8 has been a success, and planned investments will help grow its impact. 9-8-8 is a 24/7 lifeline that provides people in crisis access to trained counselors. Since moving to the three-digit number and increased investment, the lifeline answered 43 percent more calls and the average speed to answer decreased from 2 minutes and 46 seconds to 49 seconds. The Substance use And Mental Health Services Administration will dedicate $602 million to the 9-8-8 suicide and crisis lifeline, an increase of $100 million over FY 2023. This investment supports an expanded awareness campaign, increased infrastructure of the Lifeline, and increased technical assistance support to recipients, and maintains specialized services for LGBTQI+ youth, Spanish speakers and the Deaf and Hard of Hearing Community.

To address the impact of the behavioral health crisis on youth, the budget expands mental health services in schools and bolsters youth mental health programs by investing an additional $50 million in Project AWARE and an additional $50 million in Children's Mental Health Services above FY 2023. These programs provide services to states, tribes, and communities to support children with serious emotional challenges and their families. The budget also includes $30 million for the Centers for Disease Control and Prevention (CDC), an increase of $21 million above FY 2023, for its Essentials for Childhood: Preventing Adverse Childhood Experiences through Data to Action Program. With additional funding, CDC will increase the number of states, territories, localities, and tribes implementing prevention strategies and approaches in their communities. Recipients leverage multi-sector partnerships and resources to develop and sustain a surveillance system that collects, uses and disseminates data on adverse, as well as positive, childhood experiences, to implement evidence-based prevention strategies to ensure safe, stable, nurturing relationships and environments for all children.

Additionally, the budget request includes $68 million, an increase of $38 million above FY 2023, for CDC's Comprehensive Suicide Prevention program to allow CDC to support an additional 21 states, for a total of 45 states and 4 tribal organizations. The budget also includes an additional $19 million, for a total of $38 million, for CDC's existing Healthy Schools program and to fund a total of 57 state, tribal, and territorial education agencies to implement CDC's Leadership Exchange for Adolescent Health Promotion initiative, which assesses state-level school health organizational policies and practices and develop action plans of model school-based policies that enhance youth mental and behavioral health.

The budget also expands coverage for behavioral health services. The Community Mental Health Services Block Grant proposes an increase of $35 million for a total of $1.0 billion in FY 2025. The budget includes a legislative re-proposal to provide $413 million in mandatory funds for a new Community Mental Health Centers grant program. The budget also improves behavioral health benefits for people with

Medicare and Medicaid and in the private insurance market, with an emphasis on improving access, promoting equity, and fostering innovation.

In addition, the budget increases access to treatment for substance use disorders and helps respond to overdose deaths. The budget includes a $20 million increase for the State Opioid Response program. This funding level includes a $5 million increase for the Tribal Opioid Response program to provide culturally responsive treatment to American Indian and Alaska Native people who are disproportionally affected by the overdose crisis. The budget also includes an increase of $200 million for the National Institute of Mental Health to improve diagnostics, improved treatments, and enhanced precision of care for mental health.

Invest $1.0 Billion for Inpatient Psychiatric Facilities and Behavioral Health Facilities' Health Information Technology

Behavioral health providers did not receive Health Information Technology for Economic and Clinical Health Act funding for and generally lag in adoption of certified electronic health records and interoperability. This hurts patient care, because providers lack efficient information exchange with other healthcare, public health, and community partners. The budget includes a proposal that provides $1.0 billion to advance health information technology adoption and engagement in interoperability for Inpatient Psychiatric Facilities and certain Outpatient and Residential Treatment Facilities. Prioritization will be given to geographical areas of high at-risk populations and underserved communities. Prioritization will also consider whether providers are otherwise receiving supporting funds for behavioral health information technology adoption.

Growing the Behavioral Health Workforce

The FY 2025 budget continues to focus on the urgent need to expand the behavioral health workforce. For instance, the budget includes $254 million for the Health Resources and Services Administration (HRSA) for Behavioral Health Workforce Development Programs and $20 million for the Substance use And Mental Health Services Administration's Minority Fellowship Programs to reduce health disparities and improve behavioral healthcare outcomes for underserved populations.

ENHANCING LONG-TERM CARE IN ALL SETTINGS

HHS is committed to protecting older adults' and people with disabilities' health and dignity. As America's older population continues to grow, improving the safety and quality of nursing home care is crucial. The FY 2025 budget includes multiple provisions to strengthen nursing home oversight, transparency, and enforcement of penalties, when appropriate. The provisions protect older adults and younger people with disabilities (those younger than age 65) living in nursing homes by identifying and penalizing nursing homes that commit fraud, endanger patient safety, or prescribe unnecessary drugs.

The FY 2025 budget also proposes to invest $150.0 billion over 10 years in expanding Medicaid home and community-based services to help a larger number of older adults and people with disabilities receive care in their home or community, as well as improve the quality of jobs for home care workers. There has been substantial growth amongst the younger population under 65 with disabilities living in nursing homes. The percentage of individuals younger than 65 living in residential nursing facilities grew from 10.6 in 2000 to 16.2 in 2017.

PREPARING FOR FUTURE PUBLIC HEALTH THREATS

In the last several years, the nation has seen the critical role the federal government plays in responding to public health threats—even beyond COVID-19. The budget therefore includes over $28.9 billion in total resources across the Department to support and bolster the nation's biodefense and public health preparedness and response capabilities, consistent with the President's plan to prepare for and respond to biological threats, as outlined in the 2022 National Biodefense Strategy and Implementation Plan.

The budget proposes $8.9 billion in discretionary funding for preparedness efforts across the Department. Specifically, the budget builds on the historic progress made in bolstering our nation's supply chain by investing $95 million in the Administration for Strategic Preparedness and Response to expand and accelerate development and domestic production of medical countermeasures, and onshore production of active pharmaceutical ingredients and essential medicines. This funding over time is critical to the

nation's biodefense capabilities. The budget also includes $12 million to enhance the Food and Drug Administration's (FDA) capabilities in preparing for, building resilience to, and responding to both supply-chain and demand-driven medical and food shortages. The budget also proposes $10 million for a new supply chain coordination office within HHS.

Further preparedness investments include $60 million, an increase of $38 million, for CDC to manage the Response Ready Enterprise Data Integration platform, formerly HHS Protect, a government-wide resource that integrates more than 200 data sources across federal, state, and local governments and the healthcare industry. The budget includes an increase of $20 million above FY 2023 for the Biomedical Advanced Research and Development Authority to develop medical countermeasures that combat drug-resistant microbes.

Treating and Preventing Infectious Diseases

The FY 2025 budget includes a new HHS-wide proposal to eliminate hepatitis C infections in the United States, with a specific focus on high-risk populations. This five-year program will increase access to curative medications, and expand implementation of complementary efforts such as screening, testing, and provider capacity. Implementation of the program will increase the number of people treated for hepatitis C, preventing severe illnesses, avoiding serious complications, and saving lives. This program will result in net federal savings of $4.0 billion over 10 years.

The budget also reproposes $9.8 billion over 10 years for the mandatory Pre-Exposure Prophylaxis (PrEP) Delivery Program to End the HIV Epidemic in the United States ("PrEP Delivery Program"). The PrEP Delivery Program will provide PrEP and associated services at no cost to uninsured and underinsured individuals and expand the number of providers serving underserved communities. The budget also increases access for Medicaid and CHIP beneficiaries by requiring states to cover PrEP and associated laboratory services with no cost sharing, and places guardrails on utilization management practices like prior authorization and step therapy. Together these two proposals will produce net savings over 10 years while saving lives.

As a complement to the successful Vaccines for Children program, the budget establishes the Vaccines for Adults program within CDC. This new capped mandatory program will provide uninsured adults with access to routine and outbreak vaccines recommended by the Advisory Committee on Immunization Practices.

ADVANCING HEALTH IN INDIAN COUNTRY

HHS is committed to fulfilling our nation's promises to tribal nations by addressing the significant health disparities experienced by American Indian and Alaska Native people. In alignment with the President's Executive Order 14112: *Reforming Federal Funding and Support for Tribal Nations to Better Embrace our Trust Responsibilities and Promote the Next Era of Tribal Self-Determination*, HHS supports the self-determination and expertise of tribes to most effectively serve their communities. The Department is engaged in the whole-of-Government effort to implement the Executive Order.

Building on this work and the historic enactment of an advance appropriation for IHS in FY 2024, the FY 2025 budget proposes $8.2 billion for IHS, an increase of $1.1 billion above FY 2023. Of this amount, $8.0 billion is discretionary budget authority and $260 million is proposed mandatory funding for the Special Diabetes Program for Indians. This funding will ensure direct healthcare service levels are maintained, address targeted public health issues, and advance critical operational efforts like Health Information Technology modernization. The budget also exempts all IHS funding from sequestration, ensuring healthcare services in Indian Country are not impacted in the event of a sequester.

Beginning in 2026, the budget proposes full mandatory funding for all IHS accounts. The budget would automatically grow IHS funding each year to account for inflationary factors, key programmatic needs, and existing backlogs in both healthcare services and infrastructure. The mandatory funding approach ensures the IHS budget grows sufficiently to address historic underinvestment and expand capacity for increased service provision. It also includes new funding streams to address key gaps, including the lack of dedicated funding for public health infrastructure in Indian Country.

The Department will continue to partner with tribes and Congress to realize mandatory funding. While this work is underway, it is critical that Congress continues to provide advance discretionary appropriations, as it did in the milestone FY 2023 Omnibus bill, so IHS

maintains basic continuity of funding and critical healthcare services regardless of the status of annual appropriations legislation.

This budget also includes several legislative proposals to grow the healthcare workforce in Indian Country by providing IHS with critically needed hiring authorities. The proposed expanded authorities would enable IHS to address operational issues and increase IHS' competitiveness when hiring for key positions, particularly in the behavioral and mental health fields, to help address the growing substance use and suicide crises that tribes are facing.

In addition to IHS, the budget invests an additional $5 million through the Administration for Native Americans within the Administration for Children and Families to ensure the preservation and enhancement of Native American languages. The budget also includes a legislative proposal within the Administration for Children and Families to provide tribes, as sovereign nations, the authority to create tribally-determined, culturally-informed, high-quality early childhood services for young children and their families.

IMPROVING THE WELL-BEING OF CHILDREN, FAMILIES, AND OLDER ADULTS

Early Care and Education

High-quality early childhood education improves the lives of both children and their parents. HHS is committed to supporting the country's most vulnerable children and families. The FY 2025 budget provides a lifeline to the parents of more than 16 million children by guaranteeing affordable, high-quality child care from birth until kindergarten for low- and middle-income working families. Most families would pay $10 per day, saving the average family over $600 per child, per month. The budget also invests in free, voluntary, universal preschool for all of the nation's 4-year-olds and charts a path to expand preschool to 3-year-olds. Together, these investments will make early care and education programs affordable and available where families live and work in communities across the country, increase wages for early childhood education workers, and strengthen the economy.

The budget also increases our core federal early childhood programs by $1.0 billion. The budget provides an additional $544 million for Head Start to make critical investments in the Head Start workforce, strengthening the program for children birth to age 5. These funds will directly support a cost-of-living adjustment for Head Start wages to keep pace with inflation. The budget also provides an additional $500 million for the Child Care and Development Block Grant. This increase will continue the historic progress the Administration has made in stabilizing the child care sector and helping more working families afford child care. These investments are critical to set our country's children up for success—and support the adults who help them get there.

Older Adult Programs

In FY 2025, the President's Budget provides $2.7 billion for the Administration for Community Living, an increase of $70 million above FY 2023. Administration for Community Living programs make it possible for older adults and people with disabilities to have the same opportunities as everyone else to choose where to live and how to participate in their communities. The increases proposed in the budget will support continued access to nutrition programs and home and community-based supports for seniors, advocacy for people with disabilities and older adults, emergency preparedness services targeted to the unique needs of the populations, support for the direct caregiving workforce, and suicide prevention for older adults.

Child Welfare

The budget invests $11.4 billion over 10 years in expanded services and supports to families at risk of child maltreatment or involvement with the child welfare system, supports for older youth, increased and streamlined funding to tribes, and increased funding for placing children with kin.

ADVANCING SCIENCE TO IMPROVE HEALTH

Cancer Moonshot

HHS remains committed to the President's goal to end cancer as we know it. The budget invests $2.9 billion across the Department in the Cancer Moonshot initiative to cut the cancer death rate by at least 50 percent over the next 25 years.

The budget includes $716 million in discretionary resources at the NIH National Cancer Institute, a $500 million increase above FY 2023. The budget also reauthorizes the 21st Century Cures Act Cancer Moonshot through 2026 and proposes $1.4 billion in mandatory resources in FY 2025. With these resources, the National Cancer Institute will continue to invest in opportunities to speed delivery of cancer drugs and vaccines to prevent and treat cancer and ensure access to current and new standards of cancer care and more.

The Advanced Research Projects Agency for Health (ARPA-H) will help lead and advance the goals of the Cancer Moonshot initiative by investing in the development of breakthrough technologies and designating a Cancer Moonshot champion within ARPA-H to coordinate internal and external efforts towards Cancer Moonshot goals.

To support cancer prevention and control programs across HHS, the FY 2025 budget includes a $100 million increase for CDC for various cancer prevention activities including tobacco prevention.

Critical NIH Research

NIH remains at the forefront of scientific innovation worldwide. The budget prioritizes women's health research, providing an increase of $77 million for the Office of Research on Women's Health, and further invests in firearms and gun violence research with an additional $13 million. The budget also funds Brain Research Through Advancing Innovative Neurotechnologies and *All of Us* at FY 2023 levels. The budget continues to support NIH's important research on opioids and pain management, HIV/AIDS, and health disparities. The Administration proposes to transform the way we fund women's health research at the National Institutes of Health, including by creating a new nationwide network of centers of excellence and innovation in women's health.

Advanced Research Projects Agency for Health

The FY 2025 budget provides $1.5 billion to ARPA-H to support their ambitious research goals. At this level, ARPA-H will be able to add 90 FTEs above FY 2023, which includes a total of 50 program managers. Continuing to be a catalyst for transformation in the health ecosystem, the agency is tasked with building capabilities to drive biomedical innovation--ranging from the molecular to societal. The budget will allow continued investment to support ARPA-H's interconnected focus areas: Scalable Solutions, Health Science Futures, Proactive Health, and Resilient Systems. The research and development programs funded by ARPA-H impact cancer and other diseases, conditions, and disruptive health systems and continued funds will allow ARPA-H to continue successfully launching programs such as the Novel Innovations for Tissue Regeneration in Osteoarthritis, Precision Surgical Interventions, and Platform Accelerating Rural Access to Distributed & InteGrated Medical care.

Applying Scientific Knowledge to Improve Lives

The FY 2025 budget provides $499 million in additional resources across CDC programs to build a sustainable and resilient public health system that can respond effectively to emerging threats and ongoing public health needs to keep Americans safe and healthy. The budget prioritizes investments in to modernize the public health data system. With an increase of $50 million, for a total of $225 million CDC will support state, local, tribal, and territorial jurisdictions to improve the infrastructure necessary for sharing

standardized data across interoperable public and private health delivery systems.

The budget provides a total of $513 million to the Agency for Healthcare Research and Quality to support critical work to make healthcare better, more accessible, and more affordable. The budget bolsters program support for essential Agency for Healthcare Research and Quality staff and supports activities to sustain the Medical Expenditure Panel Survey. The budget also invests $18 million, an increase of $6 million above FY 2023, to support the U.S. Preventive Task Force's effort to address health equity, strengthen transparency and patient engagement, and increase responsiveness to new evidence. With these additional funds, the Agency for Healthcare Research and Quality will fund three to five additional reviews, increasing the number of final recommendations in future years.

SUPPORTING PROGRAM OPERATIONS AND MISSION-CRITICAL INFRASTRUCTURE

Improving Critical Departmental Operations and Infrastructure

Without sufficient operational funding, HHS would be unable to fulfill its core mission and serve the American people. This includes resources to oversee the federal government's largest budget. The FY 2025 budget provides $608 million for General Departmental Management at the program level. The budget ensures health and human services policy coordination and program integrity oversight across the Department; invests in administrative and operational resources to bolster operations; and advances the responsible use of artificial intelligence in healthcare. The budget also requests an increase of $204 million for Centers for Medicare & Medicaid Services (CMS) Program Management to ensure CMS can carry out operations for Medicare, Medicaid, and Marketplaces. Enrollment in Medicare, Medicaid, and the Children's Health Insurance Program has grown 44 percent in the past decade, while CMS funding has not even kept pace with inflation. Investments will support mission-critical functions and sustain key public services such as timely claims payment, 85 percent of mandatory nursing home inspections, cybersecurity defenses for critical data and systems, and the 1-800-MEDICARE call center.

The budget includes an increase of $115 million for FDA to support the expert staff crucial to carrying out the agency's mission. Funding support for FDA staff means rigorous and transparent scientific review, establishing a predictable and responsive regulatory structure, and maintaining a robust inspectorate. The budget also invests $11 million to enhance FDA's enterprise transformation initiative by centralizing planning and implementation of common business processes and data optimization; expanding FDA's presence in foreign offices; and modernizing information technology to enhance data exchange and fulfill mission-critical responsibilities.

The budget further proposes investments in the Department's infrastructure through the Nonrecurring Expenses Fund. The Nonrecurring Expenses Fund permits HHS to transfer unobligated balances of expired discretionary funds into an account for necessary information technology and facilities infrastructure acquisitions. Since FY 2013, the fund has allocated over $6.5 billion in capital investment projects across the Department. For FY 2025, HHS is proposing to use $965 million from the fund for various information technology and infrastructure projects across the Department, including at IHS, NIH, and CDC. These proposed investments will ensure aging systems and facilities do not compromise the Department's mission.

Enhancing Cybersecurity Capabilities

From 2018 to 2022, there was a 95 percent increase in large data breaches reported to HHS, including ransomware attacks. HHS seeks to bolster the Department's cybersecurity capabilities to protect vital healthcare information both in the sector and at HHS, which remains a target for cybercriminals. The budget invests $141 million for cybersecurity initiatives in the Office of the Chief Information Officer in alignment with the National Cybersecurity Strategy. The budget also includes $12 million for the Administration of Strategic Preparedness and Response as the agency designated to coordinate cybersecurity incident prevention and response in the healthcare and public health sector. The budget ensures HHS is able to address cybersecurity mandates through targeted initiatives and complement current network protection tools. The budget allows HHS to maintain existing cybersecurity and privacy programs, while also enabling deployment of cybersecurity initiatives aligned to HHS's cybersecurity priorities, such as Zero Trust, security event logging and data sharing, and tools that will keep pace with evolving threats and vulnerabilities. In addition to the existing and

emerging priorities supported by the cybersecurity program, requested funding provides support for the modernization of the Department's HIPAA breach prevention and response efforts. The budget also establishes a $1.3 billion Medicare incentive program to encourage hospitals to adopt essential and enhanced cybersecurity practices.

Civil Rights Enforcement

HHS is committed to protecting individuals who seek services from HHS-funded or conducted programs from discrimination based on race, color, national origin, sex, age, disability, and religion, and to protect the privacy and security of individuals' health information. The FY 2025 budget provides the HHS Office for Civil Rights $57 million, an increase of $17 million over FY 2023. The budget includes a robust investment in enforcement staff to address and resolve major case receipt increases that have led to a significant complaint inventory backlog, as well as funding for additional attorney support and operational increases. The budget increases will allow the Office for Civil Rights to transition away from over-reliance on settlement funding, towards the adequate budgetary authority necessary to deliver essential oversight for the Department, ensuring a more effective response to the needs of the American people.

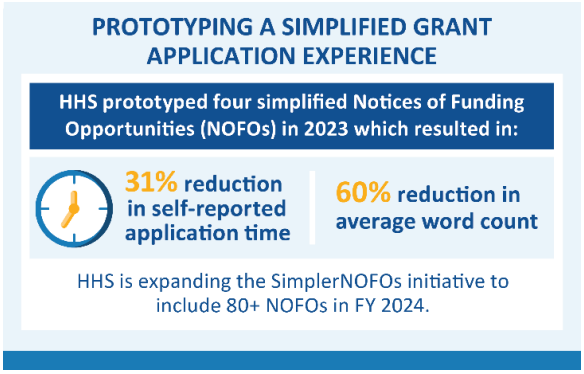
Strengthening Program Integrity and Promoting Competition

HHS takes the responsibility to the American people to be good stewards of taxpayer dollars seriously. The budget invests a total of $4.1 billion over 10 years in new mandatory Health Care Fraud and Abuse Control funding, combined with discretionary funding, to provide oversight of nursing homes, managed care, and community-based settings. Additionally, the budget will provide needed resources to the HHS Office of Inspector General to conduct investigations, promote good governance, and protect beneficiaries against healthcare fraud. HHS's program integrity proposals will yield a combined net return-on-investment of $5.0 billion over 10 years.

IMPROVING CUSTOMER EXPERIENCE FOR THE AMERICAN PUBLIC

HHS is improving customer experience throughout the Department, mostly using current administrative funds. New in FY 2025, the budget includes an $11 million investment for the Department to improve data services for benefits delivery, as well as $3 million to support the Streamlining Medicare-Only Enrollment project among other efforts. In FY 2024, HHS launched one of the largest customer experience initiatives in the federal government to date. A customer could be the American public, a grantee, an industry partner, or a state, tribe or locality among others. As part of an Agency Priority Goal, every agency within HHS will pursue substantial projects to improve services to the American people. HHS will report progress publicly on a quarterly basis.

> "Government must be held accountable for designing and delivering services with a focus on the actual experience of the people whom it is meant to serve."
> — *The Executive Order on Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government*



This new Agency Priority Goal expands on the many customer experience initiatives HHS has already pursued. HHS continues to partner with other departments through the Life Experiences initiative to

streamline enrollment and eligibility across benefits programs such as Medicaid and U.S. Department of Agriculture's Supplemental Nutrition Assistance Program, increase access to decision-making support for older adults, and reduce burdensome and repetitive manual income verifications. CMS is designated as a high-impact service provider, which means they conduct comprehensive assessments of their high-impact services, measure their customer experience maturity, and identify actions to improve service delivery to the public. In 2024, CMS aims to launch a new online claims experience on Medicare.gov, work to make it easier for caregivers to assist with Medicare needs, increase benefits and copay transparency in plan comparison, and launch user-specific landing pages on Medicaid.gov. IHS will become a new high-impact service provider in FY 2024 in recognition of their significant impact on health in Indian Country.

THE DEPARTMENT OF HEALTH AND HUMAN SERVICES: A YEAR IN REVIEW

Up to **$17 million** for each state Medicaid agency participating in the new CMS model Transforming Maternal Health

The American Rescue Plan helped lower child care costs for typical families by **$1,250** per child per year

Over 8 in 10 licensed child care centers nationwide received assistance including:

30,000 child care programs in rural areas

98% of persistent poverty counties

261+ million meals served to older adults across the nation in FY 2022

250 research projects and **70** programs and consortia supported by the National Cancer Institute

ARPA-H announced an award to improve eye disease diagnostics by developing a compact, affordable imaging device

21.3 million people chose an ACA Marketplace plan during the record-breaking 2024 Open Enrollment Period

25% of the total enrollees were new to the Marketplace

55 novel drugs approved by the FDA

1st over-the-counter daily contraceptive pill approved by the FDA

10 drugs used by over **7.7 million** Part D enrollees selected for the initial round of the Medicare Drug Price Negotiation Program

72 disaster behavioral health specialists deployed in response to the Maui Wildfires—the most significant disaster behavioral health mission in over a decade.

37,000 new patients per month are now seeking buprenorphine treatment

40% increase in naloxone units sold between October 2022 and September 2023 compared to the previous year

50,000+ courses of Tamiflu distributed by the Strategic National Stockpile to respond to flu outbreaks

1 million+ MPox countermeasures distributed by the Strategic National Stockpile

285 cyber incidents tracked by ASPR's Critical Infrastructure Protection Division

634 IHS water and sanitation infrastructure projects funded will serve over 65,000 tribal homes

CMS issued a proposed rule on **Minimum Staffing Standards for Long-Term Care Facilities**

HHS BUDGET BY OPERATING DIVISION

The following tables are in millions of dollars.

HHS Operating Division Budget[3]	2023[4]	2024	2025
Food and Drug Administration – Budget Authority[5]	2,706	3,644	3,806
Food and Drug Administration – Outlays	2,882	4,573	3,973
Health Resources and Services Administration – Budget Authority	14,584	16,465	16,640
Health Resources and Services Administration – Outlays	15,883	15,953	18,790
Indian Health Service – Budget Authority	7,881	13,287	8,931
Indian Health Service – Outlays	7,292	8,415	9,424
Centers for Disease Control and Prevention – Budget Authority	9,672	10,588	11,507
Centers for Disease Control and Prevention – Outlays	12,278	14,697	15,658
National Institutes of Health – Budget Authority[4,5]	48,927	47,669	49,790
National Institutes of Health – Outlays[4]	46,507	46,419	46,638
Substance use And Mental Health Services Administration – Budget Authority	7,567	7,545	8,158
Substance use And Mental Health Services Administration – Outlays	8,261	9,235	9,813
Agency for Healthcare Research and Quality – Budget Authority	374	374	387
Agency for Healthcare Research and Quality – Outlays	349	381	375
Centers for Medicare & Medicaid Services – Budget Authority[6]	1,634,038	1,518,687	1,603,501
Centers for Medicare & Medicaid Services – Outlays	1,490,112	1,458,603	1,580,706
Administration for Children and Families – Budget Authority	78,371	71,172	91,755
Administration for Children and Families – Outlays	88,739	82,979	89,979
Administration for Community Living – Budget Authority	2,524	2,509	2,579
Administration for Community Living – Outlays	3,013	3,489	3,104
Administration for Strategic Preparedness and Response – Budget Authority	--	--	3,768
Administration for Strategic Preparedness and Response - Outlays	--	--	926
Departmental Management – Budget Authority[7]	537	537	533
Departmental Management – Outlays[7]	395	1,522	693
Office of the National Coordinator – Budget Authority	--	--	--
Office of the National Coordinator – Outlays	40	-26	-24
Nonrecurring Expenses Fund – Budget Authority	-650	-650	-500
Nonrecurring Expenses Fund – Outlays	292	382	686
Medicare Hearings and Appeals – Budget Authority	196	196	196
Medicare Hearings and Appeals – Outlays	195	232	196
Office for Civil Rights – Budget Authority	42	40	57
Office for Civil Rights – Outlays	53	42	59
Office of Inspector General – Budget Authority	99	98	108
Office of Inspector General – Outlays	90	138	113
Public Health and Social Services Emergency Fund – Budget Authority	-4,641	3,767	172
Public Health and Social Services Emergency Fund – Outlays	27,737	20,692	12,684

[3] The Budget Authority levels presented here are based on the Office of Management and Budget's Budget Appendix and potentially differ from the levels displayed in the individual Operating or Staff Division Chapters.

[4] The Budget Authority and Outlays includes Advanced Research Projects Agency for Health in FY 2023, FY 2024, and FY 2025.

[5] FDA and NIH Budget Authority include the full allocations provided in 21st Century Cures Act.

[6] Budget Authority includes non-CMS Budget Authority for Hospital Insurance and Supplementary Medical Insurance for the Social Security Administration and the Medicare Payment Advisory Commission.

[7] Includes the Pregnancy Assistance Fund, the Health Insurance Reform Implementation Fund, and transfers from the Patient-Centered Outcomes Research Trust Fund; and payments to the State Response to the Opioid Abuse Crisis Account

HHS Operating Division Budget (Continued)	2023	2024	2025
Program Support Center (Retirement Pay, Medical Benefits, Misc. Trust Funds) – Budget Authority	894	949	1,000
Program Support Center (Retirement Pay, Medical Benefits, Misc. Trust Funds) – Outlays	942	864	740
No Surprises Implementation Fund – Budget Authority	--	--	500
No Surprises Implementation Fund – Outlays	129	166	197
Defense Production Act Medical Supplies Enhancement – Budget Authority	-515	--	--
Defense Production Act Medical Supplies Enhancement – Outlays	6,197	209	255
PrEP Delivery Program to End the HIV Epidemic – Budget Authority	--	--	237
PrEP Delivery Program to End the HIV Epidemic – Outlays	--	--	213
Mental Health Transformation Fund Budget Authority	--	--	2,000
Mental Health Transformation Fund – Outlays	--	--	400
Public Health Resilience – Budget Authority	--	--	20,000
Public Health Resilience – Outlays	--	--	3,000
National Hepatitis C Elimination Program – Budget Authority	--	--	9,400
National Hepatitis C Elimination Program – Outlays	--	--	940
Antimicrobial Subscriptions – Budget Authority[8]	--	--	9,000
Antimicrobial Subscriptions – Outlays	--	--	500
Prevention and Public Health Fund – Budget Authority	--	283	--
Prevention and Public Health Fund – Outlays	--	--	--
Customer Experience – Budget Authority	--	--	14
Customer Experience – Outlays	--	--	10
Offsetting Collections and Allowance – Budget Authority	-664	4,867	481
Offsetting Collections and Allowance – Outlays	-664	1,436	1,831
Other Collections – Budget Authority	-1,314	-619	-343
Other Collections – Outlays	-1,314	-619	-343
Total, Health and Human Services – Budget Authority	**1,800,628**	**1,701,408**	**1,843,677**
Total, Health and Human Services – Outlays	**1,709,408**	**1,669,782**	**1,801,536**

[8] The Budget Authority and Outlays represents a $9.0 billion investment, the secondary effects of the proposal were not scorable.

COMPOSITION OF THE HHS BUDGET DISCRETIONARY PROGRAMS

The following tables are in millions of dollars.

Discretionary Program	2023[9]	2024[10]	2025	2025 +/- 2023
Food and Drug Administration – Budget Authority[11]	3,591	3,591	3,748	+157
Food and Drug Administration – Program Level	6,720	6,720	7,215	+495
Health Resources and Services Administration – Budget Authority	9,487	9,487	8,264	-1,224
Health Resources and Services Administration – Program Level	14,329	16,148	16,310	+1,982
Indian Health Service – Budget Authority[12]	6,958	6,958	7,963	+1,005
Indian Health Service – Program Level[13]	7,105	7,105	8,223	+1,280
Centers for Disease Control and Prevention – Budget Authority	8,366	8,366	8,482	+116
Centers for Disease Control and Prevention – Program Level	15,249	17,303	19,803	+4,554
National Institutes of Health – Budget Authority[11]	46,125	45,447	46,390	+265
National Institutes of Health – Program Level	47,678	47,109	50,117	+2,438
Substance use And Mental Health Services Administration – Budget Authority	7,370	7,370	7,570	+199
Substance use And Mental Health Services Administration – Program Level	7,518	7,518	8,130	+612
Agency for Healthcare Research and Quality – Budget Authority	374	374	387	+14
Agency for Healthcare Research and Quality – Program Level	485	492	513	+29
Centers for Medicare & Medicaid Services – Budget Authority	4,125	4,125	4,329	+204
Centers for Medicare & Medicaid Services – Program Level	6,933	6,933	7,625	+692
Administration for Children and Families – Budget Authority	33,159	33,154	34,117	+958
Administration for Children and Families – Program Level[14]	37,434	33,254	37,784	+349
Administration for Community Living – Budget Authority	2,538	2,538	2,606	+69
Administration for Community Living – Program Level	2,649	2,653	2,719	+70
Administration for Strategic Preparedness and Response – Budget Authority[15]	3,630	3,630	3,768	+138
Administration for Strategic Preparedness and Response – Program Level	3,630	3,630	3,768	+138
General Departmental Management – Budget Authority	537	537	533	-4
General Departmental Management – Program Level[16]	602	602	607	+5
Medicare Hearings and Appeals – Budget Authority	196	196	196	--
Medicare Hearings and Appeals – Program Level[10]	196	196	196	--
Office of the National Coordinator – Budget Authority	--	--	--	--
Office of the National Coordinator – Program Level	66	66	86	+20

[9] The FY 2023 column reflects the enacted levels (including required and excluding permissive transfers).

[10] Includes funding for Office of Medicare Appeals and Departmental Appeals Board for FY 2023, FY 2024, and FY 2025.

[11] FDA and NIH Budget Authority include the full allocations provided in the 21st Century Cures Act. NIH FY 2025 funding levels reflect the decrease in 21st Century Cures Act funding under current law.

[12] The FY 2023 column reflects the 2 percent sequester amount for the Special Diabetes Program for Indians.

[13] Excludes estimated third-party collections. The budget does not propose any changes to the treatment of third-party collections.

[14] The FY 2025 request for ACF includes $3.566 billion in Emergency Funding for The Office of Refugee Resettlement.

[15] The Budget Authority for ASPR is appropriated in the Public Health and Social Services Emergency Fund in FY 2023 and FY 2024.

[16] General Departmental Management Program Level does not include estimated reimbursable Budget Authority for Health Care Fraud and Abuse Control or Medicare Access and CHIP Reauthorization Act of 2015 and Physician-Focused Payment Model Technical Advisory Committee, unless otherwise indicated.

Discretionary Program (Continued)	2023[9]	2024[10]	2025	2025 +/- 2023
Office for Civil Rights – Budget Authority	40	40	57	+17
Office for Civil Rights – Program Level	59	65	67	+8
Office of Inspector General – Budget Authority[17]	94	94	104	+10
Office of Inspector General – Program Level	433	444	500	+67
Public Health and Social Services Emergency Fund – Budget Authority	116	116	172	+57
Public Health and Social Services Emergency Fund – Program Level	116	116	20,172	+20,057
Discretionary Health Care Fraud and Abuse Control	893	893	941	+48
Accrual for Commissioned Corps Health Benefits	34	34	40	+6
Advanced Research Projects Agency for Health	1,500	1,500	1,500	--
Customer Experience (CX) Life Experience Pilot Projects	--	--	14	+14
HHS, Supplemental Request[18]	--	5,484	---	--
Total, Discretionary Budget Authority	**129.133**	**133,933**	**131,182**	**+2,050**
Nonrecurring Expenses Fund Cancellation and Rescissions	-650	-650	-500	+150
Discretionary Budget Authority	**128,483**	**133,283**	**130,682**	**+2,200**
Less One-Time Rescissions	-24,301	-23,475	-41,316	-17,015
Revised, Discretionary Budget Authority	**104,182**	**109,808**	**89,366**	**-14,815**
Discretionary Outlays	**144,732**	**146,779**	**154,629**	**+9,897**

[17] OIG Budget Authority reflects a $5 million directed transfer from the NIH and $1.5 million from FDA.

[18] Reflects National Security supplemental request. Also includes Domestic supplemental request for the Low Income Home Energy Assistance Program and to address fentanyl.

COMPOSITION OF THE HHS BUDGET
MANDATORY PROGRAMS

The following table is in millions of dollars.

Mandatory Programs (Outlays)[19]	2023[9]	2024[10]	2025	2025 +/- 2024
Medicare	839,114	838,777	936,378	+97,601
Medicaid	615,772	567,143	588,903	+21,760
Temporary Assistance for Needy Families[20]	17,065	16,635	16,755	+120
Foster Care and Adoption Assistance	9,799	9,850	10,374	+524
Children's Health Insurance Program[21]	17,588	17,244	18,136	+892
Child Support Enforcement	4,617	4,783	4,958	+175
Child Care Entitlement	3,628	3,540	3,676	+136
Social Services Block Grant	1,599	1,600	1,602	+2
Universal Preschool	0	0	5,000	+5,000
Affordable Child Care	0	0	9,900	+9,900
Other Mandatory Programs[22]	56,158	64,048	51,744	-12,304
Offsetting Collections	-664	-617	-519	+98
Subtotal, Mandatory Outlays	1,564,676	1,523,003	1,646,907	+123,904
Total, HHS Outlays	**1,709,408**	**1,669,782**	**1,801,536**	**+131,754**

[19] Totals may not add due to rounding.

[20] Includes outlays for the Temporary Assistance for Needy Families, and the Temporary Assistance for Needy Families Contingency Fund.

[21] Includes outlays for the Child Enrollment Contingency Fund.

[22] Includes outlays for No Surprises Implementation Fund, Defense Production Act Medical Supplies Enhancement, Prepare for Pandemic and Biological Threats, and all other remaining mandatory outlays not broken out in the Mandatory Programs table above.

Food and Drug Administration

The following tables are in millions of dollars.

Programs	2023[23]	2024[24,25]	2025[24]	2025 +/- 2023
Foods	1,208	1,198	1,259	+51
Human Drugs	2,284	2,336	2,403	+120
Biologics	490	571	590	+99
Animal Drugs and Food	288	285	297	+9
Medical Devices	746	790	819	+72
National Center for Toxicological Research	77	78	81	+4
Tobacco Products	677	684	799	+121
Food and Drug Administration Headquarters	361	376	395	+34
White Oak	56	55	55	-1
General Services Administration Rental Payment	245	231	222	-23
Other Rent and Rent-Related Activities	165	161	163	-2
Subtotal, Salaries and Expenses[26]	**6,597**	**6,765**	**7,082**	**+484**
21st Century Cures Act	50	50	55	+5
Export Certification Fund	5	5	5	--
Color Certification Fund	11	11	11	--
Priority Review Voucher Fees[27]	14	11	11	-2
Over-the-Counter Monograph	30	32	33	+3
Buildings and Facilities	13	13	13	-
Total, Program Level[26]	**6,720**	**6,888**	**7,211**	**+490**
Current Law User Fees	**2023**	**2024**	**2025**	**2025 +/- 2023**
Prescription Drug	1,310	1,422	1,451	+140
Medical Device	325	362	370	+45
Generic Drug	583	614	626	+43
Biosimilars	42	31	32	-10
Animal Drug	32	34	34	+2
Animal Generic Drug	29	25	26	-4
Family Smoking Prevention and Tobacco Control Act	712	712	712	--
Food Reinspection	7	7	7	--
Food Recall	2	2	2	--
Mammography Quality Standards Act	19	20	20	+1
Export Certification	5	5	5	--
Color Certification Fund	11	11	11	--
Priority Review Voucher Fees[27]	14	11	11	-2
Voluntary Qualified Importer Program	6	6	6	--
Third-Party Auditor Program	1	1	1	--
Over-the-Counter Monograph	30	32	33	+3
Outsourcing Facility	2	2	2	--
Subtotal, Current Law User Fees[26]	**3,129**	**3,296**	**3,348**	**+219**
Proposed Law User Fees	**2023**	**2024**	**2025**	**2025 +/- 2023**
Export Certification User Fee	--	--	5	+5
Increase to the Tobacco User Fee	--	--	114	+114
Subtotal, Proposed Law User Fees[26]	--	--	**119**	**+119**

[23] The FY 2023 column reflects final levels, including required and permissive transfers and rescissions.
[24] The FY 2024 and FY 2025 column total amounts reflect directed transfer of $1.5 million to the HHS Office of Inspector General.
[25] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15).
[26] Totals may not add due to rounding.
[27] Includes priority review voucher fees for rare pediatric diseases, tropical diseases, and medical countermeasures.

Budget Totals	2023[23]	2024[24]	2025[24]	2025 +/- 2023
Total, Program Level	**6,720**	**6,888**	**7,215**	**+495**
Subtotal, User Fees	**3,129**	**3,296**	**3,467**	**+338**
Total Discretionary Budget Authority[25]	**3,591**	**3,591**	**3,748**	**+157**
Mandatory Budget Authority	**2023**	**2024**	**2025**	**2025 +/- 2023**
Strengthening Biodefense *(Mandatory, non-add)*[28]	--	--	**670**	**+670**

The Food and Drug Administration protects public health by assuring the safety, efficacy, and security of human and veterinary drugs, biological products, medical devices, the nation's food supply, cosmetics, and products that emit radiation. The Food and Drug Administration also advances public health by helping to efficiently advance innovations that make medicines more effective, safer, and affordable; and by helping the public get the accurate, science-based information they need to use medical products and foods to maintain and improve their health. Furthermore, the Food and Drug Administration regulates the manufacturing, marketing, and distribution of tobacco products to protect public health and reduce youth tobacco use. Finally, the Food and Drug Administration strengthens the nation's counterterrorism capability by ensuring the security of the food supply and fostering the development of medical products to respond to deliberate and naturally occurring public health threats.

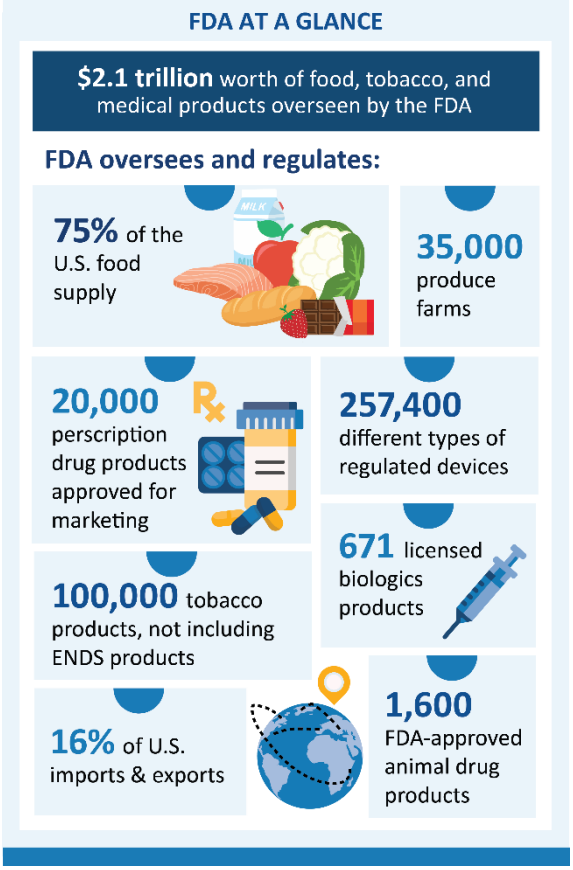
The Food and Drug Administration (FDA) is responsible for advancing and protecting public health by assuring the safety, efficacy, and security of human and veterinary drugs, biological products, medical devices, cosmetics, dietary supplements, tobacco products, and products that emit radiation. FDA also plays a significant role in the nation's counterterrorism capability by ensuring the security of the food supply and by fostering the development of medical products to capably respond to public health threats.

The scope of FDA's regulatory authority is broad and impacts several sectors of the economy, including public health. The agency has oversight of more than $2.1 trillion in food, medical products, and tobacco consumption.

The FY 2025 President's Budget requests $7.2 billion for FDA, which is $495 million above FY 2023. This total includes $3.7 billion in discretionary budget authority and $3.5 billion in user fees. FDA is also allocated $670 million in mandatory funding for strengthening biodefense to protect against twenty-first century biothreats.

This investment provides targeted funding for FDA to be more responsive to evolving public health and safety needs, including[29]:

- Enhancing food safety and nutrition;
- Advancing medical product safety;
- Investing in cross-cutting, agency-wide efforts, including public health employee pay costs; shortages and supply chain; enterprise transformation; cosmetics; information technology stabilization and modernization; and foreign offices; and
- Supporting tobacco regulatory activities, public health preparedness, and infrastructure.



[28] The FY 2025 budget also provides $20.0 billion in mandatory funding across HHS for strengthening biodefense, which is reflected in the Public Health and Social Services Emergency Fund chapter. Of this total, FDA will receive $670 million.
[29] Source for FDA at a Glance Graphic: https://www.fda.gov/media/168049/download

ENHANCING FOOD SAFETY AND NUTRITION

Investing in food safety and nutrition activities within FDA ensures the human and animal food supply is safe, sanitary, wholesome, and accurately labeled. This investment also ensures the safety and proper labeling of cosmetic products.

The FY 2025 budget supports new human food investments to enhance FDA's ability to fulfill its public health mission and meet the demands of the nation's complex food systems and supply chain.

FDA is also actively undergoing a comprehensive transformation to enhance efficiency and adaptability in response to an evolving landscape, including emerging food technologies, globalization, significant public health threats, and climate change. In January 2023, the agency announced plans for a unified Human Foods Program and a new Office of Regulatory Affairs model.[30]

The planned changes will realize the preventive vision of the FDA Food Safety Modernization Act, emphasize nutrition to combat diet-related diseases, and help ensure chemicals in food are safe. These modifications will extend to other regulated commodities by creating an enterprise-wide structure to foster collaboration between investigators and subject matter experts.

Human Foods

The FY 2025 budget includes an increase of $15 million to strengthen and modernize FDA's capacity to protect and promote a safe, nutritious U.S. food supply. This includes new resources to further support microbiological methods and sampling improvements for more rapid and effective mitigation of produce-borne outbreaks. Specifically, $1 million will be directed to the Office of Regulatory Affairs to support the implementation of the Food Traceability Final Rule, which establishes additional recordkeeping requirements for certain foods. This funding will contribute to hiring consumer safety officers, engaging in outreach activities, improving information technology systems, and providing necessary training for effective rule implementation.

The increase in funding will also grow the nutrition program within the proposed Center of Excellence in Nutrition. With a special emphasis on early childhood nutrition, this aligns with FDA's commitment to address significant public health challenges posed by diet-related chronic diseases and with the goals of the President's National Strategy for Hunger, Nutrition, and Health.

The budget will improve the agency's approach to assessing chemicals and food ingredients, including a systematic post-market reassessment of previously approved food chemicals.

Smarter Food Safety

The FY 2025 budget continues to support the strengthening of preparedness and food inspection efforts, advancing animal food safety coordination, and expanding the GenomeTrakr network.[31]

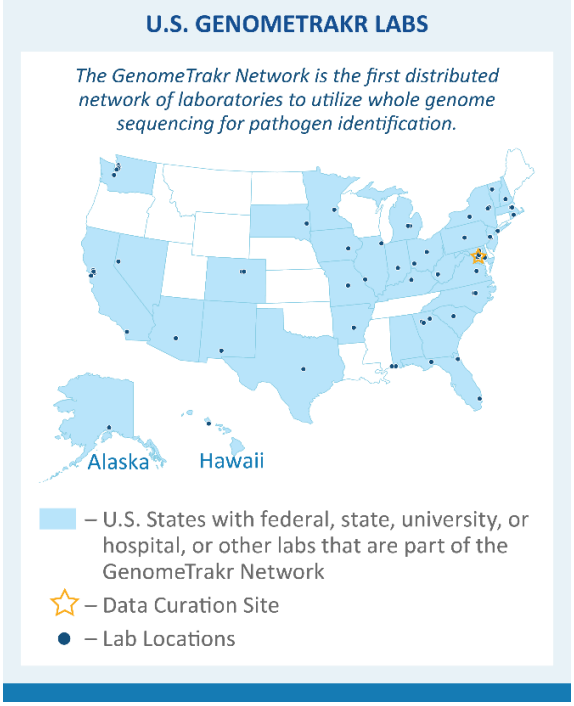
Entering its 11th year, the GenomeTrakr network has contributed to a database that has amassed over 1.2 million foodborne pathogen bacterial genome sequences from FDA, its collaborators, and counterparts internationally. FDA is committed to rapidly integrating whole genome sequencing in both public and private labs. In foodborne genomic surveillance, the Foods Program and GenomeTrakr advance the One Health[32] paradigm, underscoring its dedication to a holistic approach when addressing food safety issues.

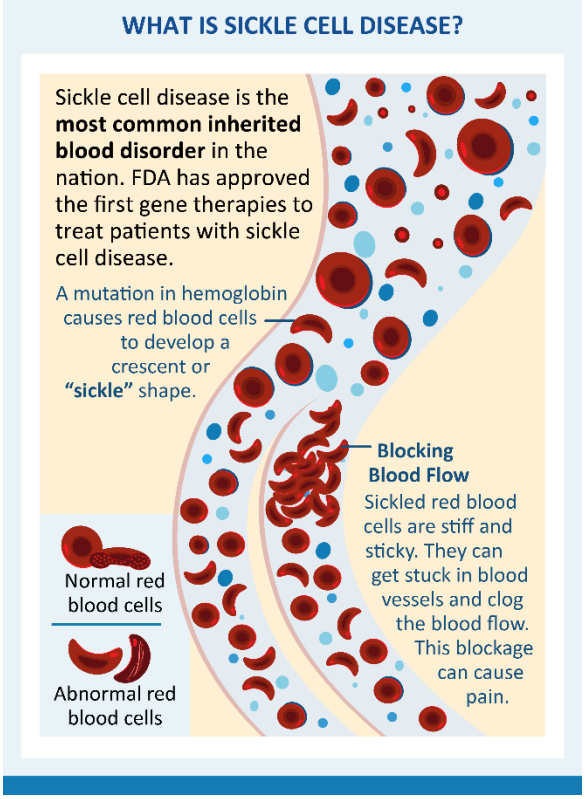
These investments in Smarter Food Safety empower FDA to utilize new tools and technologies and enhance the preventive framework of the Food Safety Modernization Act.

[30] https://www.fda.gov/news-events/press-announcements/fda-proposes-redesign-human-foods-program-enhance-coordinated-prevention-and-response-activities

[31] Source for U.S. Genometrakr Labs Graphic: https://www.fda.gov/food/whole-genome-sequencing-wgs-program/genometrakrnetwork#:~:text=GenomeTrakr%20labs%20perform%20whole%20genome,sharing%20of%20their%20genomic%20information

[32] https://www.fda.gov/animal-veterinary/animal-health-literacy/one-health-its-all-us





SECURING THE SAFETY, EFFECTIVENESS, AND AVAILABILITY OF MEDICAL PRODUCTS

FDA is the leader in global efforts to regulate medical products so Americans have access to timely, safe, and effective drugs and medical devices. Through investments in medical product safety programs, FDA evaluates the safety of products before they are marketed so the public can have confidence in the safety and effectiveness of their products.

The FY 2025 budget includes an increase of $5 million for a total of $55 million to continue medical product safety activities across the agency supported by the 21st Century Cures Act. These programs enable FDA to streamline review processes, establish breakthrough designation programs, and enhance communication with medical device developers. This promotes innovation, patient-centric approaches, and faster access to safe and effective medical products, benefiting both patients and healthcare providers.

In a notable achievement in 2023, FDA approved two groundbreaking treatments representing the first cell-based gene therapies designed to treat sickle cell disease[33] in patients ages 12 and above.[34]

Additionally, one of these therapies is the first FDA-approved treatment utilizing a novel genome editing technology, signifying an innovative advancement in the field of gene therapy.

Opioids Epidemic

The FY 2025 budget will continue to support FDA's commitment to reducing drug misuse, addiction, overdose, and deaths while ensuring appropriate access for patients with chronic conditions. Ensuring the secure use of opioids and other controlled substances to alleviate the overdose crisis stands as one of FDA's foremost priorities. FDA actively participates in a variety of initiatives dedicated to advancing these crucial goals, including the Opioid Analgesic Risk Evaluation and Mitigation Strategy. This strategy includes elements to ensure the benefits of prescribing opioids for treating pain outweigh the risks of misuse, addiction, overdose, and other complications.

[33] Source for What is Sickle Cell Disease Graphic: https://www.fda.gov/media/108112/download#:~:text=Sickle%20cell%20disease%20is%20an,American%20and%20Hispanic%2FLatino%20populations

[34] https://www.fda.gov/news-events/press-announcements/fda-approves-first-gene-therapies-treat-patients-sickle-cell-disease

Aligned with the HHS Overdose Prevention Strategy, FDA outlined four specific priorities[35]: supporting primary prevention, encouraging harm reduction, promoting evidence-based treatments for substance use disorders, and safeguarding the public from unapproved, diverted, or counterfeit drugs with overdose risks.

Cancer Moonshot

The budget maintains $2 million to mobilize efforts toward achieving the President's Cancer Moonshot goals. The funding will also continue resources and collaborations for innovative diagnostic and therapeutic products to treat rare cancers.

Through this initiative, FDA aims to improve evidence generation for underrepresented subgroups in clinical trials and support decentralized trials through patient-generated data and real-world evidence. Resources will also assist the agency's expansion of its treatment approval efforts by international regulatory authorities to foster collaboration of cancer treatments globally.

INVESTING IN CROSS-CUTTING EFFORTS

The budget provides an increase of $146 million above the FY 2023 level to support cross-cutting, agency-wide improvements including investments in public health employee pay costs, enhancing the supply chain, enterprise transformation, cosmetics, information technology, and foreign offices.

Public Health Employee Pay Costs

Of the $146 million, the budget includes $115 million to support FDA's workforce, including inspectors, researchers, and specialized subject matter experts to support crucial ongoing FDA regulatory activities such as medical product reviews.

Enhancing the Medical and Food Supply Chain

The budget includes $12 million to enhance FDA's capabilities in preparing for, building resilience to, and responding to both supply-driven and demand-driven shortages. This funding will improve analytics to identify potential shortage threats and vulnerabilities while incorporating regulatory approaches to address disruptions. Notably, this request is distinct from previous shortage-related requests as it supports FDA's efforts in both the food and medical products sectors.

Of this increase, approximately $3 million is dedicated to the recruitment of skilled investigators who will conduct inspections. This investment aims to fortify the regulatory oversight of the drug, device, and biologics industry, allowing FDA to effectively manage the increasing number of manufacturers within the medical products industry. This proactive approach aims to improve accessibility, enhance supply chain stability, prevent shortages of critical medical products, and enhance regulatory oversight.

Enterprise Transformation

The FY 2025 budget includes $2 million towards strategic investments to boost operational efficiency for enterprise transformation. This includes efforts to streamline the planning, implementation, and governance of essential business process improvements.

This investment will support FDA's efforts to advance agency-wide projects, concentrating on the analysis, optimization, and implementation of standardized business processes and data optimization strategies. This comprehensive initiative aims to revolutionize operational approaches, and foster cohesion, with a specific focus on areas such as FDA's inspection work.

[35] Source for The FDA Overdose Prevention Framework Addresses an Evolving Public Health Crisis Graphic: https://www.fda.gov/drugs/drug-safety-and-availability/food-and-drug-administration-overdose-prevention-framework

Modernization of Cosmetics

The Modernization of Cosmetics Regulation Act of 2022 is the most significant expansion of FDA's authority over cosmetics since the Federal Food, Drug, and Cosmetic Act was passed in 1938. This Act enhances the safety of cosmetic products used daily by consumers. As a result, FDA will be better able to protect public health by ensuring the safety of cosmetic products and tracking their ingredients, manufacturing, and processing establishments.

The budget includes an additional $8 million to support the implementation of the Modernization of Cosmetics Regulation Act of 2022 in support of developing proposed and/or final regulations (for Good Manufacturing Practices, asbestos in talc-containing cosmetic products, and disclosing fragrant allergens on labeling) and compliance policies; maintaining and updating submission platforms for registration, product listing, and adverse event reporting; and reviewing such information to ensure industry compliance with those requirements.[36]

These resources will:

- Enable FDA to enhance its readiness to tackle issues such as asbestos contamination in talc-containing cosmetics, tattoo inks, permanent makeup, and hair products such as shampoos and conditioners;
- Strengthen post-market surveillance systems, reinforcing FDA's efforts to safeguard consumers from unsafe cosmetics; and
- Support the hiring of experts for critical projects, including assessments of perfluoroalkyl and polyfluoroalkyl substances in cosmetic products.

Information Technology Stabilization and Modernization

The FY 2025 budget includes $8 million towards FDA's information technology infrastructure to enhance data exchange and underlying technology platforms to support its programs and fulfill mission-critical responsibilities. This includes better addressing emerging threats, real-time evaluation needs, and the continuous access, analysis, and consolidation of diverse information sources related to recalls, adverse events, outbreaks, and pandemics.

This funding would also support FDA's ongoing efforts to address essential information technology needs, mitigate enterprise risk, stabilize the existing information technology infrastructure, strategically modernize information technology, and foster future information technology capabilities. This investment aims to align with the current technology landscape, staying abreast of technological advancements, and achieves efficiencies vital for fulfilling FDA's mission.

Foreign Office Expansion

The FY 2025 budget includes $1 million to strengthen FDA's oversight of imported products by expanding the

[36] Source for the Modernization of Cosmetics Regulation Act of 2022 Statutory Timeline Graphic: https://www.fda.gov/cosmetics/cosmetics-laws-regulations/modernization-cosmetics-regulation-act-2022-mocra#:~:text=MoCRA%20provides%20new%20authorities%20to,cosmetic%20product%2C%20including%20safety%20records

agency's foreign office footprint and number of deployed personnel. This investment serves to advance and safeguard the American people by strengthening the agency's knowledge of imported products and expanding FDA's ability to quickly complete in-person inspections of foreign facilities in specific countries.

STRENGTHENING BIODEFENSE

The FY 2025 budget includes $20.0 billion in mandatory funding over 5 years across HHS, including $670 million for FDA to modernize regulatory capacity and infrastructure to improve the agency's ability to effectively respond to any future pandemic or high-consequence biological threat.

This funding is designated to bolster the President's initiative to transform the nation's readiness and response capabilities for swift and effective action in the face of future challenges.

FDA has a unique and central role in the whole-of-government response to protect and promote public health. These funds will improve FDA's core capabilities and ensure there is the appropriate level of regulatory capacity to respond rapidly and effectively to any future pandemic.

REDUCING THE USE AND HARM OF TOBACCO

FDA's role is to regulate the manufacturing, distribution, and marketing of tobacco products, while also educating the public, especially youth, about the dangers of using tobacco products. FDA focuses on key objectives, including reducing the initiation of tobacco product use, decreasing the harms associated with these products, and encouraging cessation among users.

The budget maintains $712 million for the Tobacco Program, supporting FDA efforts in product review, research, compliance and enforcement, public education campaigns, and policy development. The budget also increases the statutory tobacco user fee cap by $114 million and authorizes the inclusion of manufacturers and importers of all deemed tobacco products into the tobacco product classes subject to FDA's user fees. This authorization is in response to the fact that these products now constitute a growing share of FDA's tobacco regulatory activities.

The investment will help FDA hire more staff, enhancing efforts to regulate tobacco products and address associated health issues. This includes overseeing application reviews, enforcing compliance, developing policies, and conducting research. The focus is on reducing tobacco-related harm, covering various products like e-cigarettes and future innovations.

INFRASTRUCTURE AND FACILITIES

The FY 2025 budget provides a total of $452 million, $377 million in budget authority and $75 million in user fees, to support infrastructure costs and improve the condition of infrastructure and buildings at FDA's owned locations.

The Infrastructure Program contributes directly to FDA's objectives by offering secure, contemporary, and cost-efficient office and laboratory facilities. This empowers FDA's workforce to uphold and enhance the well-being of families, foster competition and innovation in healthcare, enhance access to medical products, and advance public health objectives. Additionally, it empowers consumers and patients to make informed choices, while reinforcing science and promoting streamlined, risk-based decision-making.

Many FDA locations, directly owned and managed by the General Services Administration, require round-the-clock support. These facilities contain labs that house activities that cannot be accomplished remotely. FDA must ensure that these workspaces are operated and maintained so staff can effectively work to protect public health.

USER FEES

User fees play a vital role in expediting the accessibility of new human and animal drugs, generic drugs, medical devices, biologics, and biosimilar medications to the public. Beyond accelerating product availability, these fees support programs aimed at enhancing patient input and product safety. The FY 2025 budget includes a total of $3.5 billion in user fees and increases the statutory maximum for the Export Certification Fee Program and the Tobacco User Fee Program.

These user fees play a crucial role in maintaining predictable timelines for FDA's review processes. By facilitating the necessary staffing, they enable more efficient product evaluations without compromising the agency's dedication to scientific integrity, public health, regulatory standards, patient safety, and transparency.

Health Resources and Services Administration

The following tables are in millions of dollars.

Primary Health Care				
Health Centers[39]	5,643	6,908	8,078	+2,435
Discretionary Budget Authority (non-add)	*1,738*	*1,738*	*1,738*	--
Current Law Mandatory (non-add)[39]	*3,905*	*1,753*	--	*-3,905*
Proposed Law Mandatory (non-add)[40]	--	*3,417*	*6,340*	*+6,340*
Ending HIV/AIDS Epidemic (non-add)	*157*	*157*	*157*	--
Alcee Hastings Cancer Screening Program (non-add)	*11*	*11*	*11*	--
Health Centers Tort Claims	120	120	120	--
Free Clinics Medical Malpractice	1	1	1	--
Subtotal, Primary Care	**5,764**	**7,029**	**8,199**	**+2,435**
Health Workforce	**2023**	**2024**	**2025**	**2025 +/- 2023**
National Health Service Corps[41]	418	916	916	+498
Discretionary Budget Authority (non-add)	*126*	*126*	*126*	--
Current Law Mandatory (non-add)[40]	*292*	*136*	--	*-292*
Proposed Law Mandatory (non-add)	--	*654*	*790*	*+790*
Training for Diversity	102	102	102	--
Training in Primary Care Medicine	50	50	50	--
Oral Health Training	43	43	43	--
Medical Student Education	60	60	51	-9
Teaching Health Centers Graduate Medical Education[42]	119	157	320	+201
Current Law Mandatory (non-add)[40]	*119*	*55*	--	*-119*
Proposed Law Mandatory (non-add)	--	*102*	*320*	*+320*
Area Health Education Centers	47	47	47	--
Behavioral Health Workforce Development Programs	197	197	254	+57
Youth Behavioral Health	--	--	*10*	*+10*
Public Health and Preventive Medicine Programs	18	18	18	--
Nursing Workforce Development	300	300	320	+20
Children's Hospital Graduate Medical Education	385	385	385	--
National Practitioner Data Bank User Fees	19	19	19	--
Health Care Workforce Innovation Program	--	--	10	+10
Other Workforce Programs	63	63	63	--
Subtotal, Health Workforce	**1,821**	**2,356**	**2,596**	**+775**
Maternal and Child Health	**2023**	**2024**	**2025**	**2025 +/- 2023**
Maternal and Child Health Block Grant	816	816	832	+16
Innovation for Maternal Health	15	15	30	+15
Pregnancy Medical Home Demonstration	10	10	10	--
Maternal Mental Health Hotline	7	7	7	--
Sickle Cell Treatment Demonstration Program	8	8	8	--

[37]The FY 2023 column reflects final levels, including required and permissive transfers.
[38]The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15).
[39]The FY 2025 budget proposes the reauthorization of the Health Centers mandatory at $5.2 billion in FY 2024, $6.3 billion in FY 2025, and $7.5 billion in FY 2026.
[40] The FY 2024 funding level reflects mandatory funds appropriated in P.L. 118-15, P.L.118-22, and P.L. 118-35.
[41]The FY 2025 budget proposes the reauthorization of the National Health Service Corps mandatory at $790 million in FY 2024, FY 2025, and FY 2026.
[42]The FY 2025 budget proposes the reauthorization of the Teaching Health Centers Graduate Medical Education mandatory at $157 million in FY 2024, $320 million in FY 2025, and $364 million in FY 2026.

Maternal and Child Health (Continued)	2023	2024	2025	2025 +/- 2023
Autism and Other Developmental Disorders	56	56	56	--
Heritable Disorders	21	21	21	--
Healthy Start	145	145	172	+27
Early Hearing Detection and Intervention	19	19	19	--
Emergency Medical Services for Children	24	24	24	--
Pediatric Mental Health Care Access Grants	13	13	13	--
Screening and Treatment for Maternal Mental Health and Substance Use Disorder	10	10	16	+6
Poison Control Program	27	27	27	--
Maternal, Infant, and Early Childhood Home Visiting	500	519	566	+66
Current Law Mandatory (non-add)[43]	*500*	*519*	*566*	*+66*
Family-to-Family Health Information Centers (Mandatory)	6	6	12	+6
Current Law Mandatory (non-add)	*6*	*6*	*--*	*-6*
Proposed Law Mandatory (non-add)	***--***	***--***	***12***	***+12***
Subtotal, Maternal and Child Health	**1,677**	**1,696**	**1,813**	**+136**
Ryan White HIV/AIDS	**2023**	**2024**	**2025**	**2025 +/- 2023**
Emergency Relief - Part A	681	681	681	--
Comprehensive Care - Part B	1,365	1,365	1,365	--
AIDS Drug Assistance Program (non-add)	*900*	*900*	*900*	--
Early Intervention - Part C	209	209	209	--
Children, Youth, Women, and Families - Part D	78	78	78	--
AIDS Education and Training Centers - Part F	35	35	35	--
Dental Services - Part F	14	14	14	--
Special Projects of National Significance – Part F	25	25	25	--
Ending HIV Epidemic Initiative	165	165	175	+10
Subtotal, Ryan White HIV/AIDS	**2,571**	**2,571**	**2,581**	**+10**
Health Systems	**2023**	**2024**	**2025**	**2025 +/- 2023**
Organ Transplantation	31	31	67	+36
Cell Transplantation and Cord Blood Stem Cell Bank	52	52	52	--
Hansen's Disease Program	14	14	14	--
Other Health Care System Programs	2	2	2	--
Subtotal, Heath Systems	**99**	**99**	**135**	**+36**
Rural Health	**2023**	**2024**	**2025**	**2025 +/- 2023**
Rural Outreach Grants	93	93	93	--
Rural Maternity and Obstetrics Management Strategies	*10*	*10*	*10*	--
Rural Health Policy Development	11	11	11	--
Rural Hospital Flexibility Grants	64	64	64	--
State Offices of Rural Health	13	13	13	--
Black Lung Clinics	12	12	12	
Radiation Exposure Screening and Education Programs	2	2	2	--
Rural Communities Opioids Response Program	145	145	145	--
Rural Residency Program	13	13	13	--
Subtotal, Rural Health	**352**	**352**	**352**	**--**
Other Activities	**2023**	**2024**	**2025**	**2025 +/- 2023**
340B Drug Pricing Program	12	12	12	--
Family Planning	286	286	390	+104
Program Management	1,685[44]	1,685[7]	164	-1,521
Vaccine Injury Compensation Program Administration	15	15	20	+5
Other Activities (Continued)	**2023**	**2024**	**2025**	**2025 +/- 2023**
Countermeasures Injury Compensation Program	7	7	10	+3
Telehealth	38	38	38	--
Subtotal, Other activities	2,044	523	634	**+111**

HRSA Budget Totals[45,46]	2023	2024	2025	2025 +/- 2023
Total, Discretionary Budget Authority	**9,487**	**9,487**	**8,264**	**-1,223**
Mandatory Funding	4,823	6,641	8,028	+3,205
User Fees	19	19	19	--
Total, Program Level	**14,329**	**16,148**	**16,310**	**+1,982**
Full-Time Equivalents	2,639	2,776	2,848	+72

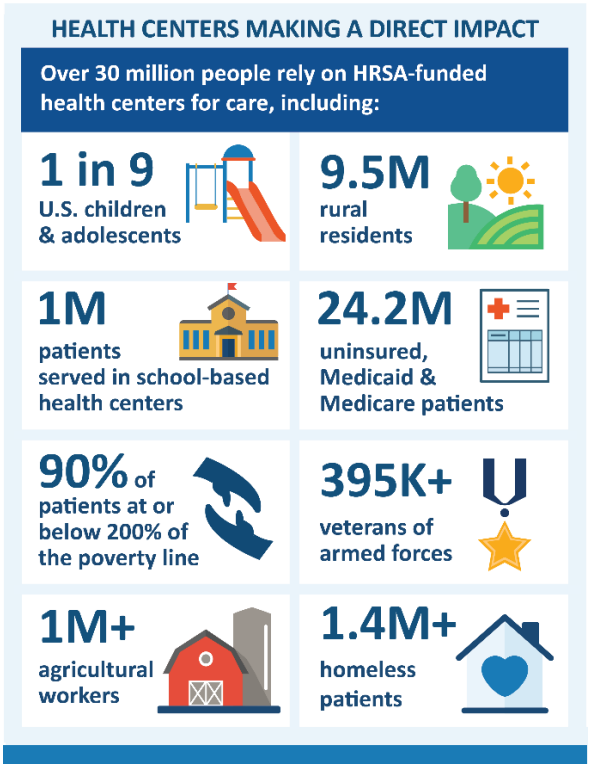
The Health Resources and Services Administration improves health outcomes and achieves health equity through access to quality services, a skilled health workforce, and innovative, high-value programs.

The Health Resources and Services Administration (HRSA) is the primary federal agency providing healthcare to the highest-need individuals in underserved and rural areas across the country. This includes delivering care to more than 30 million people in underserved communities regardless of ability to pay, families in thousands of rural counties, most individuals with HIV, nearly every newborn, and many pregnant women in this country. HRSA trains new primary care physicians, nurses, dentists, mental health, substance use disorder professionals, and critical community health providers including community health workers, peer support providers, and community-based doulas. HRSA supports the health workforce through health professions scholarships and loan repayments in return for service in underserved and rural communities. The FY 2025 budget requests $16.3 billion for HRSA, which is $2.0 billion above FY 2023. This total includes $8.3 billion in discretionary budget authority and $8.0 billion in mandatory funding and other sources. The budget prioritizes:

- Reducing maternal mortality and improving maternal and child health outcomes;
- Growing the healthcare workforce by investing in nursing, primary care, and behavioral health providers;
- Modernizing the Organ Procurement Transplant Network;
- Investing in the second year of the initiative to put the Health Center Program on a pathway to doubling; and
- Expanding access to treatment for mental health and substance use disorders in underserved and rural communities.

INCREASING ACCESS TO HIGH-QUALITY HEALTHCARE SERVICES

The FY 2025 budget supports the delivery of direct healthcare services through Health Centers, the Ryan White HIV/AIDS programs, the Teaching Health Center Graduate Medical Education program, the National Health Service Corps, and Title X Family Planning. These safety-net programs deliver critical healthcare services and support the workforce necessary to provide this care to individuals and families with low-income vulnerable populations across the United States.



[45]The FY 2023 final and FY 2024 Continuing Resolution columns include $1.5 billion in Congressionally Directed spending, which impacts the comparison between FY 2023 and FY 2025. When excluding Congressionally Directed Spending from the base, the FY 2025 budget is an increase of $298 million in discretionary budget authority and $3.5 billion in overall program level.
[46]Totals may not add due to rounding.

Health Centers

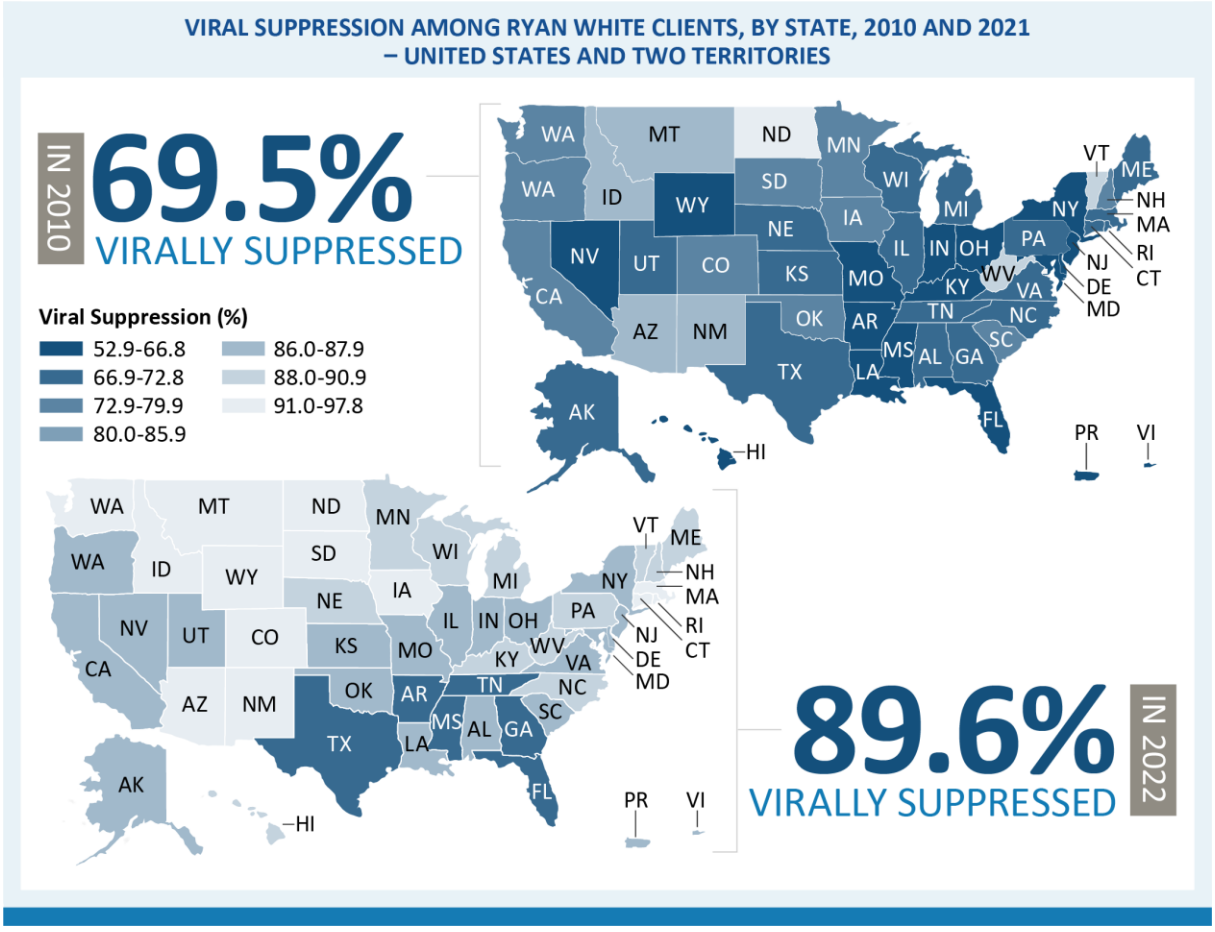
Health centers are community-based organizations offering affordable, accessible, and high-quality primary healthcare services for individuals and families who are uninsured; enrolled in Medicaid; living in rural, remote, or underserved areas; struggling to afford their health insurance co-pays; experiencing homelessness; residing in public housing; or otherwise having difficulty finding a doctor or paying for the cost of care.

With around 1,400 centers and over 15,000 service sites, HRSA Health Centers offer comprehensive, culturally competent, high-quality primary healthcare services, as well as supportive services such as health education, translation, and transportation. Currently, Health Centers provide care to more than 30 million patients; approximately 90 percent of these patients are living at or below 200 percent of the federal poverty level.

The FY 2025 budget provides $8.2 billion for Health Centers, which includes $1.9 billion in discretionary funding and $6.3 billion in proposed mandatory resources. The proposed mandatory investments continue progress on the President's plan to put the Health Center Program on a pathway to doubling. Approximately 3.9 million additional patients will receive care in health centers with this increased investment in FY 2025.

Health centers are trusted community resources that address pressing maternal and behavioral health challenges among children, adolescents, and adults. The budget continues the FY 2024 legislative proposal requiring all health centers provide behavioral health services—which supports the President's Unity Agenda to tackle the mental health crisis and support community-based behavioral healthcare and treatment, with a particularly meaningful impact in rural and underserved communities.

The Health Center Program also supports the Ending HIV Epidemic and the Cancer Moonshot initiatives. The budget invests $157 million to provide prevention and treatment services to people at high-risk for HIV transmission, including Pre-Exposure Prophylaxis related services, outreach, and care coordination. The budget also includes $11 million to build on recent successes through the Accelerating Cancer Screening initiative to improve access to early detection services



and life-saving cancer screenings for underserved communities.

Ryan White HIV/AIDS Program

The budget provides $2.6 billion for the Ryan White HIV/AIDS Program. Over the last 30 years, the Ryan White HIV/AIDS Program has played an essential role in leading the United States' response to HIV. The program supports cities, counties, states, and community-based organizations in providing comprehensive HIV primary medical care, support services, and treatment for people with low incomes living with HIV. In 2022, the Ryan White Program served more than 560,000 people, which is over half of the people diagnosed with HIV in the United States. In 2022, 89.6 percent of Ryan White clients who received HIV treatment exhibit viral suppression, meaning they cannot transmit HIV to their partners and can live longer, healthier lives. This rate far exceeds the national viral suppression average of 68.8 percent. The key populations with significant improvements in viral suppression are those who are unstably housed, youth, Black/African Americans, and transgender people.

For the Ending the HIV Epidemic in the United States Initiative, the budget provides an additional $10 million above FY 2023, for a total of $175 million. At this funding level, the initiative will serve approximately 46,000 patients in 48 counties, the District of Columbia, and San Juan, Puerto Rico, which account for more than half of new HIV diagnoses, along with 7 states that have substantial rural HIV burden. The initiative focuses on newly diagnosed patients and those who can be reengaged in care. The initiative will continue to bring trusted community engagement, expertise, technology, and resources to expand evidence-informed practices focused on linking people with HIV who are out of care to HIV services. Reaching individuals who are out of care can include multiple needs including behavioral health issues, housing instability, and/or distrust of the healthcare system.

The initiative also supports capacity building, technical assistance, program implementation, and oversight. These efforts are centered on reducing disparities in health outcomes and building the capacity of organizations to accurately reflect the communities they serve. In 2021, HRSA-funded providers served nearly 38,000 clients, including over 22,000 new care clients and more than 15,000 clients estimated to be re-engaged in care. In just the first 2 years of the initiative, more than 20 percent of people who were undiagnosed or not in care were brought into care and served by HRSA-supported providers.

Title X Family Planning Program

The Title X program is the only federal grant program dedicated to providing individuals with comprehensive family planning and related health services. The budget also expands access to family planning services including improving access to reproductive and preventative health services.

Advancing equity for all people including low-income families, people of color, and historically underserved and marginalized communities is a top priority for the Administration. The budget provides a 27 percent increase in funds for a total of $390 million, which is $104 million above FY 2023. The request will support 3.6 million people with approximately 90 percent having family incomes at or below 250 percent of the federal poverty level.

INVESTING IN THE HEALTH WORKFORCE

HRSA's health workforce programs aim to strengthen and grow the healthcare workforce by training new healthcare providers, recruiting new people into health professions, enhancing providers' skillsets, improving the support and recruitment of individuals from diverse communities, and connecting skilled healthcare providers to communities in need. The FY 2025 budget provides $2.6 billion for HRSA workforce programs, which includes $1.1 billion in proposed mandatory resources, to expand workforce capacity across the country.

National Health Service Corps

The National Health Service Corps offers scholarship and loan repayments to healthcare clinicians in return for their commitment to practice in rural and underserved communities across the nation. The FY 2025 budget includes $916 million, an increase of $498 million above FY 2023, for the National Health Service Corps. The budget supports scholarships and loan repayments to improve access to quality primary care, including maternal healthcare, oral healthcare, and behavioral health in underserved urban, rural, and tribal areas. Primary care providers trained through HRSA's National Health Service Corps serves more than 19 million patients living in Health Professional Shortage Areas across the nation. Alumni data shows that 86 percent of National Health Service Corps members continue to serve in Health Professional Shortage Area 2 years after their formal service

commitment has ended, providing a key mechanism for addressing health workforce challenges in these areas.

Teaching Health Center Graduate Medical Education

The Teaching Health Center Graduate Medical Education Program helps address the critical need for primary care providers by training primary care physicians and dental residents in community-based settings, which will ultimately help increase primary care physicians practicing in high-need communities post-residency. In 2022, Teaching Health Center Graduate Medical Education residents significantly enhanced access to primary care in underserved areas by treating over 792,000 patients during more than 1.2 million patient encounters. The budget includes $320 million in mandatory funding for this program, which is $201 million above FY 2023. In FY 2025, the program will support over 1,800 resident full-time equivalent slots.

Growing the Mental Health and Substance Use Disorder Workforce

The United States is currently facing a shortage of behavioral health providers. More than half of the U.S. population lives in a Mental Health Professional Shortage Area. HRSA's behavioral health workforce development programs support the training of behavioral health providers, including rural and underserved communities. The FY 2025 budget includes $254 million, which is $57 million above FY 2023, to train behavioral health providers, grow the behavioral health workforce, and increase access to behavioral health services. This increase includes $10 million to address youth behavioral health needs through peer support while also building an early pathway program for behavioral health careers for young adults.

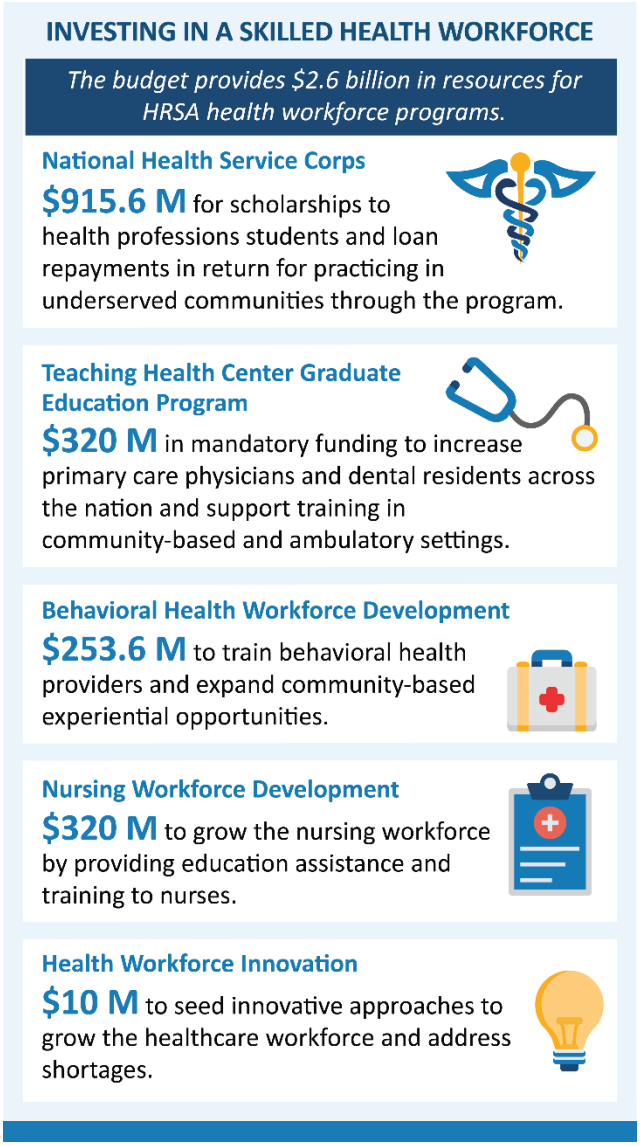
Nursing Workforce Development

The FY 2025 budget includes $320 million for Nursing Workforce Programs, an increase of $20 million above FY 2023.

The budget includes an additional $10 million to address national nursing needs, train more nurses, and strengthen workforce capacity in education, practice, and retention. HRSA will support an increase in the number of nurses trained to provide prenatal care through investments in perinatal maternal healthcare in rural and underserved community settings to increase access and improve the quality of patient care.

The investment also increases the number of nurse faculty and clinical preceptors which are critical to expanding nurse training and producing more new nurses.

The budget also includes an increase of $10 million for Advanced Nursing Education to bolster the maternal and perinatal workforce by supporting maternal health nurses available to provide specialized care. The program will continue to increase the number of qualified nurses in the primary care workforce, including nurse practitioners, clinical nurse specialists, and Sexual Assault Nurse Examiners.



Health Workforce Innovation

The FY 2025 budget invests $10 million for a new program to jumpstart strategies to grow the healthcare workforce and address healthcare workforce shortages

across disciplines such as physicians, nursing, and behavioral health. This new program would invest in innovative approaches to accelerate the transformation of healthcare workforce training to support a modern, robust, and diverse workforce training pipeline.

IMPROVING MATERNAL AND CHILD HEALTH

HRSA delivers programs that provide health and public health services, improve clinical care, support community needs, and invest in the workforce to support pregnant and new mothers, children, and families. The FY 2025 budget invests $1.8 billion in HRSA's Maternal and Child Health Programs. This includes $832 million for the Maternal and Child Health Block Grant, which serves over 60 million people each year in partnership with states and communities.

Reducing Maternal Mortality and Improving Maternal Health

Reducing maternal mortality is a top priority for HRSA and the Administration. Though the United States has one of the most advanced healthcare systems in the world, its maternal mortality rate is among the highest in developed nations. Racial disparities persist with Black and American Indian and Alaska Native women dying from maternal causes at rates two to three times higher than White women. These disparities exist even when controlling for income. Geographic inequities in maternal health also remain an area of focus as access to obstetric care services vary widely across states.

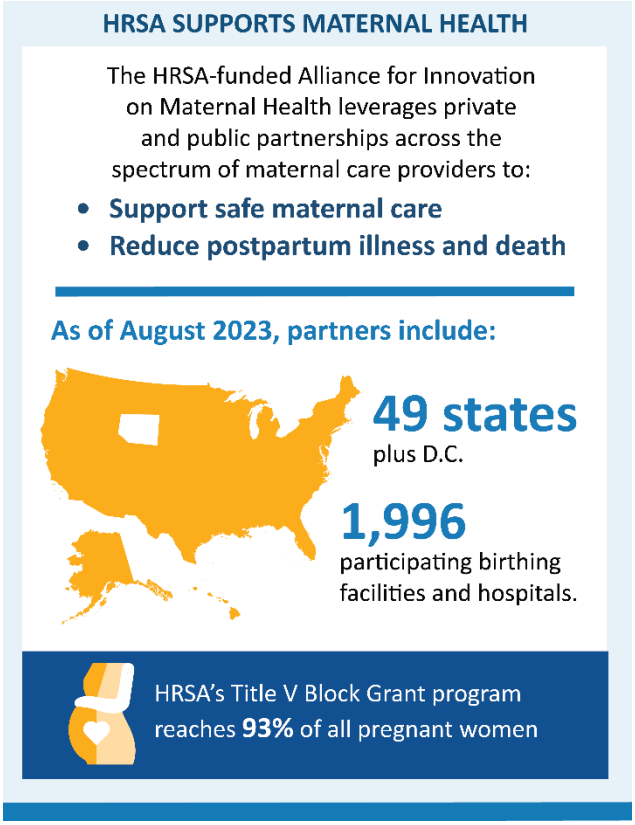
To address this critical public health challenge, the budget dedicates $172 million within HRSA's Maternal and Child Health Bureau towards initiatives to address maternal mortality, an increase of $37 million above FY 2023. These initiatives focus on improving access to maternal care including prenatal and post-natal care, access to emergency care services, improving clinical care, expanding access to community support services, implementing evidence-based interventions to address service gaps, expanding maternal care in rural and underserved areas, increasing access to mental healthcare for pregnant and postpartum women, and addressing shortages in maternity healthcare.

Special Projects of Regional and National Significance

Within the Maternal and Child Health Block Grant, the budget includes $228 million for Special Projects of Regional and National Significance, an increase of $16 million above FY 2023. This program addresses national or regional needs and priorities, specifically through activities to improve outcomes for mothers and children. The budget includes an increase of $6 million to expand the State Maternal Health Innovation program, which supports state-specific actions and innovations that address disparities in maternal health and improve maternal health outcomes. The budget also directs $5 million towards growing and diversifying the doula workforce and $5 million toward addressing emerging issues and social determinants of maternal health. The doula workforce initiative provides grants to community-based organizations to expand programs to recruit, support training and certification, and employ doula candidates to help improve birth outcomes in their communities. The social determinants of maternal health initiatives will support community-based organizations to address the community needs of pregnant and new moms that impact maternal mortality and adverse maternal health outcomes.

HRSA-supported Alliance for Innovation on Maternal Health

The budget invests $30 million in HRSA's Alliance for Innovation on Maternal Health, an increase of $15 million above FY 2023, to address maternity care deserts and respond to obstetric emergencies. Many emergency departments become de facto delivery sites when hospitals close labor and delivery services. This funding supports training, equipment, and targeted investments that allow emergency departments to triage and stabilize women in labor or those with pregnancy-related complications when the facilities lack labor and delivery services. The program will also continue to implement patient safety bundles, which are collections of best practices to address causes of maternal mortality and morbidity. Safety bundles address topics like hemorrhage, hypertension, and cesarean sections. Between August 2018 and January 2022, the percentage of birthing facilities in Louisiana with standard processes to measure patients' blood loss from birth through the recovery period increased from 28.6 percent to 93.4 percent. Funding the program at this level will promote safety and quality of car during and immediately after childbirth and work to reduce disparities in health outcomes.



Healthy Start

Healthy Start serves communities experiencing rates of infant mortality that are at least one and a half times the United States' national average and/or with high indicators of poor perinatal outcomes. The program's goal is to improve maternal and infant health outcomes and address disparities by tailoring services to the needs of the communities served. Healthy Start provides clinical, social, and public health services to infants and families across the nation including prenatal, postpartum, and well-baby care, case management, and immunizations. The budget provides $172 million for Healthy Start, an increase of $27 million above FY 2023. The additional funding will support expanded workforce capacity, including through support for program alumni peer navigators, to ensure participating families are able to access needed services and supports and help ensure positive short and long-term health outcomes for mothers and their newborns.

OTHER MATERNAL AND CHILD HEALTH PROGRAMS

Maternal, Infant, and Early Childhood Home Visiting Program

The budget provides $566 million in mandatory funding (post-sequester) for the Maternal, Infant, and Early Childhood Home Visiting Program. The Home Visiting Program supports the provision of intensive, evidence-based home visiting services to help prevent child abuse and neglect, support positive parenting, improve health, promote child development and school readiness, and encourage family economic self-sufficiency. The program awards grants to all 50 states and 6 territories and jurisdictions to implement evidence-based home visiting models in delivery of services to communities at risk for poor maternal and child health outcomes. By law, the program must maintain fidelity to the home visiting models. While some evidence-based home visiting models focus on the prenatal period, the primary focus of several models is on the early childhood developmental period up until kindergarten entry. In FY 2023, the Home Visiting Program served over 139,000 participants and provided over 919,000 home visits.

Family-to-Family Health Information Centers

The budget includes $12 million in mandatory funding to support the Family-to-Family Health Information Centers Program, an increase of $6 million above FY 2023. The program provides families of children and youth with special healthcare needs support and information on accessing healthcare and coverage for their needs. The 5-year investment extends and expands the program through FY 2029 at $12 million per year. Funding will support patient-centered information, education, technical assistance, and peer support to families to ensure that children and youth with special healthcare needs can go to school and become healthy adults.

MODERNIZING THE ORGAN PROCUREMENT TRANSPLANT SYSTEM

There are currently over 103,000 Americans waiting for life-saving organ transplants on the national transplant waitlist – 17 who die each day waiting for their transplant. As of August 2022, there are 170 million people registered to be donors. HRSA's Organ Transplantation Program extends and enhances the lives of individuals with end-stage organ failure for whom an organ transplant is the most appropriate treatment.

The budget includes $67 million for the Organ Transplantation Program, an increase of $36 million above FY 2023 to support the intent of the Securing the U.S. Organ Procurement and Transplantation Network Act. This increase will improve system performance of the Organ Procurement and

Transplantation Network, the system used to allocate and distribute donor organs to individuals waiting for transplants. Launched in March 2023, the Organ Procurement and Transplantation Network Modernization Initiative focuses on improvement in technology, governance, transparency, quality, and operations. The increased funding will support modernization of the system to make it more patient and provider-friendly, agile, and accountable. The goal of this modernization is to better meet patients' needs by increasing the availability of and access to donor organs for patients with end-stage organ failure. HRSA aims to use innovative approaches like multivendor contract solicitations to transition to a modernized network, with a focus on improved governance, operations, and technology.

REACHING RURAL COMMUNITIES

To help meet the unique needs of rural communities, the Federal Office of Rural Health Policy coordinates rural healthcare investments to help support the 61 million rural residents across the United States. The FY 2025 budget invests $352 million to support grant programs and technical assistance for rural communities including maternal health, behavioral health including substance use disorder, and improving the quality of care and financial viability of rural providers.

This includes $145 million for the Rural Communities Opioid Response Program to continue supporting substance use disorder prevention, treatment, and recovery services for opioids and other substance use in rural communities including a focus on reducing disparities in health outcomes and access among vulnerable populations. These vital resources help reach communities that often otherwise struggle to access support to meet their pressing substance use disorder needs.

This also includes $10 million to support new Rural Maternity and Obstetrics Management Strategies awards to improve maternal care in rural communities by increasing rural obstetric services, building networks, leveraging telehealth and specialty areas, and improving financial sustainability. These investments will enable HHS to support the well-being of the Americans living in rural communities.

OTHER HRSA PROGRAMS

340B Drug Pricing Program

As a condition of Medicaid participation, the 340B Drug Pricing Program requires drug manufacturers to discount outpatient prescription drugs to certain healthcare providers. The budget provides $12 million for this program to continue to provide oversight and auditing of covered entities and drug manufacturers, support operational improvements, and increase efficiencies. The budget ensures the 340B program will continue to operate as an integral component of the healthcare safety net.

Injury Compensation Programs

The budget invests a total of $30 million for the Vaccine Injury Compensation Program and the Countermeasures Injury Compensation Program, an increase of $8 million above FY 2023. Within this total, $20 million is for the Vaccine Injury Compensation Program, which compensates individuals and families injured by vaccines recommended by the Centers for Disease Control and Prevention for routine administration to children and/or pregnant women. The budget also includes $10 million to fund the Countermeasures Injury Compensation Program. This funding will support compensation-eligible individuals for injuries and deaths related to the use of covered countermeasures identified by federal declarations. It also supports costs associated with the review of medical claims to determine compensation eligibility.

Telehealth

HRSA supports telehealth services to increase healthcare quality and access, expand provider trainings, and improve health outcomes in rural and underserved areas. The budget includes $38 million for Telehealth.

Program Management

The budget includes $164 million to support staff, program operations, information technology, and oversight and program integrity activities, which helps HRSA operate efficiently and effectively.

Indian Health Service

The following tables are in millions of dollars.

Services Account	2023[47]	2024[48]	2025	2025 +/- 2023
Clinical Services	**4,433**	**4,433**	**5,125**	**+692**
Hospitals and Health Clinics	2,503	2,503	2,930	+427
Electronic Health Record System	218	218	435	+218
Dental Health	248	248	276	+28
Mental Health	127	127	139	+12
Alcohol and Substance Abuse	266	266	291	+25
Purchased/Referred Care	997	997	1,054	+57
Indian Health Care Improvement Fund[49]	74	74	--	-74
Preventive Health	**203**	**203**	**219**	**+17**
Public Health Nursing	111	111	121	+10
Health Education	24	24	26	+2
Community Health Representatives	65	65	70	+4
Immunization Program (Alaska)	2	2	2	--
Other Services	**284**	**284**	**297**	**+13**
Urban Indian Health	90	90	95	+5
Indian Health Professions	81	81	81	+1
Tribal Management Grants	3	3	3	--
Direct Operations	104	104	112	+8
Self-Governance	6	6	6	--
Subtotal, Services Programs	**4,920**	**4,920**	**5,641**	**+722**
Facilities Account	**2023**	**2024**	**2025**	**2025 +/- 2023**
Maintenance and Improvement	171	171	174	+4
Sanitation Facilities Construction[50]	196	196	200	+4
Health Care Facilities Construction	261	261	261	--
Facilities and Environmental Health Support	298	298	324	+26
Medical Equipment	33	33	34	+1
Subtotal, Facilities Programs	**959**	**959**	**994**	**+35**
Contract Support Costs Account	**2023**	**2024**	**2025**	**2025 +/- 2023**
Subtotal, Contract Support Costs	**969**	**969**	**979**	**+10**
Payments for Tribal Leases Account	**2023**	**2024**	**2025**	**2025 +/- 2023**
Subtotal, Section 105(*l*) Leases	**111**	**111**	**349**	**+238**
Special Diabetes Program for Indians[51]	**2023**	**2024**	**2025**	**2025 +/- 2023**
Current Law Mandatory Funding	147	150	--	-147
Proposed Law Mandatory Funding	--	100	260	+260
Subtotal, Special Diabetes Program for Indians	**147**	**250**	**260**	**+113**
Total Indian Health Service Funding	**2023**	**2024**	**2025**	**2025 +/- 2023**
Total, Program Level[52]	**7,105**	**7,208**	**8,223**	**+1,118**

[47] Reflects final levels, including required and permissive transfers, and rescission of $29 million within Services account total, consistent with P.L. 117-328.

[48] Displays annualized FY 2024 funding level under the current Continuing Resolution (P.L. 118-35). P.L. 117-328 included $5.1 billion in FY 2024 advance appropriations across the Services and Facilities Accounts.

[49] The budget realigns funding for the Indian Health Care Improvement Fund into the Hospitals and Health Clinics funding line.

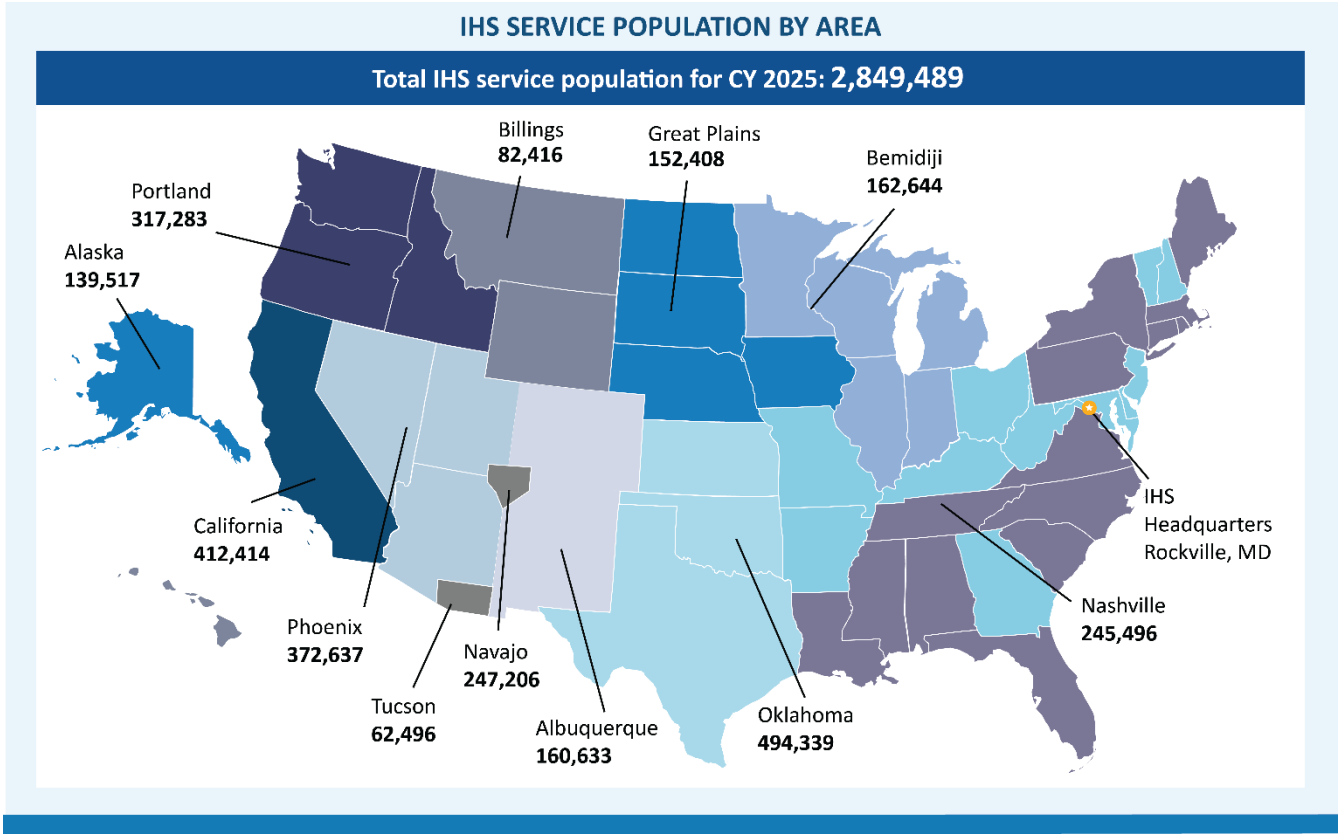
[50] Excludes $700 million in supplemental funding appropriated in the Infrastructure Investment and Jobs Act (P.L. 117-58) in each of FYs 2023, 2024, and 2025.

[51] FY 2023 funding reflects mandatory sequester of 2 percent. FY 2024 Current Law funding represents annualized funding level under the current Continuing Resolution (P.L. 118-35). The FY 2025 budget proposes a 3-year reauthorization of the Special Diabetes Program for Indians beginning in FY 2024.

[52] Excludes estimated third-party collections. The budget does not propose any changes to the treatment of third-party collections.

Services Account	2023[47]	2024[48]	2025	2025 +/- 2023
Less Mandatory Funding (Proposed and Current Law)	-147	-250	-260	-113
Total, Budget Authority[53]	**6,958**	**6,958**	**7,963**	**+1,005**
Full-Time Equivalents	15,107	15,107	15,460	+353

The mission of the Indian Health Service is to raise the physical, mental, social, and spiritual health of American Indians and Alaska Natives to the highest level.



The federal government has a unique government-to-government relationship with 574 federally recognized tribes. In accordance with this relationship, the Indian Health Service (IHS) serves as the principal healthcare provider and health advocate for American Indian and Alaska Native (AI/AN) people, with the goal of raising their health status to the highest possible level. In CY 2025, IHS will provide healthcare to over 2.8 million AI/AN patients through IHS-operated and tribally-operated programs, and urban Indian organizations, often referred to as the I/T/U or the Indian Health system. IHS consults and partners with tribes to incorporate their priorities and needs into programs that affect their communities. More than 60 percent of the IHS budget is operated directly by tribes who manage their own health programs through self-determination and self-governance agreements.

The Indian Health system is chronically under-funded compared to other health systems in the United States.[54,55] These funding deficiencies directly contribute to stark health disparities in tribal communities. AI/AN people born today have a life expectancy that is 10.9 years less than all other races in the U.S. population.[56] They also experience disproportionate rates of mortality related to most major health issues.

The COVID-19 pandemic compounded these disparities. AI/AN life expectancy dropped from an estimated 71.8 years in 2019 to 65.2 years in 2021 –

[53] Totals may not add due to rounding.
[54] Government Accountability Office Report: Indian Health Service: Spending Levels and Characteristics of IHS and Three Other Federal Health Care Programs
[55] United States Commission on Civil Rights Report: Broken Promises: Continuing Federal Funding Shortfall for Native Americans

the same life expectancy as the general U.S. population in 1944.[56] Continued investment in IHS is critical to redress these persistent health disparities and ensure the government is meeting its obligation to provide high-quality healthcare to AI/AN people.

FUNDING SOLUTIONS

Advance Appropriations

The Administration has worked in partnership with tribal and urban Indian organization leaders, Congress, and other key stakeholders to advance policies to address chronic IHS funding challenges. In FY 2023, with support from tribes and the Administration, Congress achieved a historic milestone for Indian health: advance appropriations for IHS. This means that the FY 2023 appropriation included $5.1 billion in advance appropriations that automatically became available on the first day of FY 2024.

Advance appropriations provide critically needed and long overdue funding stability to the Indian Health system. IHS has successfully implemented the FY 2024 advance appropriation, and Indian Country is already seeing the benefits. The increased funding certainty has enabled health programs to more effectively recruit and retain staff, fund critical procurements of medical equipment or facility repairs, and conduct long-term budget and program planning.

IHS ADVANCE APPROPRIATIONS SUPPORT THE NEEDS OF INDIAN COUNTRY

Implementation of the first ever advance appropriation for IHS was a historic achievement.

IHS made:

100% of payments to eligible tribes with self-governance compacts and self-determination contracts in the first two weeks of FY 2024.

IHS continues to monitor the implementation and impact of advance appropriations

Maintaining Progress in FY 2025

Building on the progress gained through advance appropriations, the budget includes $8.2 billion for IHS in FY 2025, an increase of $1.1 billion or 16 percent above FY 2023. Of this amount, $8.0 billion is discretionary budget authority and $260 million is mandatory funding for the Special Diabetes Program for Indians. The budget builds on the anticipated enactment of advance appropriations for IHS in FY 2025 and prioritizes discretionary investments to maintain direct services, address targeted public health challenges, and continue progress to modernize the IHS Electronic Health Record. The budget would also exempt all IHS funding from sequestration, in acknowledgement that any reduction in funding due to sequester has a direct impact on the agency's ability to meet the healthcare needs of Indian Country.

Mandatory Funding in FY 2026 and Beyond

Looking beyond 2025, the Administration continues to support full mandatory funding for IHS as the most appropriate long-term funding solution. Beginning in FY 2026, the budget would provide mandatory funding for all IHS activities. Funding would grow automatically each year based on a formula that accounts for key inflationary factors, critical operational needs, and existing backlogs in both healthcare services and facilities infrastructure.

The Administration will continue to work collaboratively with tribes and Congress to move toward sustainable, mandatory funding. Until this solution is enacted, it is critical that Congress continue to prioritize advance appropriations for IHS through the discretionary appropriations process to ensure funding for healthcare services and facilities activities are not disrupted. The much needed budgetary certainty that was achieved through the enactment of advance appropriations must be maintained moving forward.

> ***"...my Administration last year secured the first ever advanced funding for [the] Indian Health Service - $5.1 billion locked in before budget negotiations so hospitals could plan ahead, order supplies, [and] hire doctors knowing the money would be there. And we're going to keep fighting to make that funding [a] mandatory part of the federal budget so that Tribes can count on it year in and year out."***
>
> *- President Biden, 2023 White House Tribal Nations Summit*

[56]Centers for Disease Control and Prevention National Center for Health Statistics: Provisional Life Expectancy Estimates for 2021

INVESTING IN HIGH-QUALITY HEALTHCARE IN INDIAN COUNTRY

Direct Healthcare Services – FY 2025 Discretionary Approach

The health disparities that persist in tribal communities illustrate the need for continued investment in direct healthcare services through IHS. In FY 2025, the budget includes $5.6 billion in the Services account, an increase of $722 million above FY 2023. This funding will ensure direct healthcare service levels are maintained and expand efforts to address the most pressing public health challenges facing Indian Country.

Current Services

The cost of providing healthcare continues to increase. To ensure direct healthcare services can be maintained, the budget includes $345 million in Current Services increases across the Services and Facilities accounts. This funding offsets the impacts of medical and non-medical inflation, population growth, and pay cost increases to ensure base healthcare funding is not eroded by inflationary factors. Fully funding Current Services will support the Indian Health system in providing over 14 million inpatient and outpatient visits, 1 million dental health visits, 931,000 mental health visits, and over 100,000 substance use visits through key programs such as Hospitals and Health Clinics, Purchased/Referred Care, Dental Health, Mental Health, and Alcohol and Substance Abuse.

Staffing and Operating Costs for New Facilities

The construction of new facilities and expansion of existing facilities provides increased access to healthcare in Indian Country. In FY 2025, the budget includes $91 million to fully-fund staffing and operating costs for 4 new or expanded facilities, all of which were constructed through the Joint Venture Construction Program:

- Chugachmiut Regional Health Center in Seward, Alaska;
- Elbowoods Memorial Health Center in New Town, North Dakota;
- Fred LeRoy Health and Wellness Center in Omaha, Nebraska; and
- Mount Edgecumbe Medical Center in Sitka, Alaska.

As the budget was developed before Congress completed action on full year FY 2024 appropriations, the request also includes $61 million to fully-fund staffing costs of 7 new or expanded facilities eligible for funds in FY 2024. Should Congress fully-fund these costs in FY 2024, this funding would become recurring and these increases would not need to be provided again in FY 2025.

Addressing Targeted Public Health Challenges

The budget includes targeted investments within IHS as part of broader Administration efforts to address our nation's most pressing public health challenges. As we work to advance our country's health and well-being, investments in Indian Country through IHS will ensure the unique needs of AI/AN patients, who are disproportionately impacted by these issues, are addressed. The budget includes funding for the following targeted efforts:

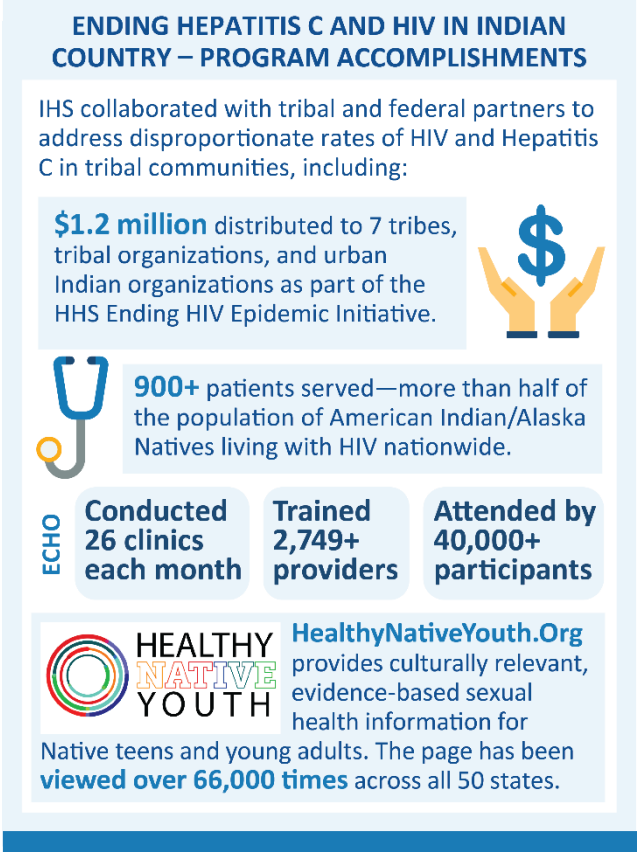
- *Opioid and Substance Use ($21 million):* The United States continues to face an opioid crisis, and Indian Country has experienced devastating impacts. CDC data indicates drug overdose death rates in AI/AN people rose 39 percent in a single year, the highest of any racial or ethnic group.[57] The IHS Community Opioid Intervention Pilot Project addresses opioid use in tribal communities through education, prevention, treatment, harm reduction, and development of culturally appropriate knowledge and interventions. The budget includes an additional $10 million above FY 2023 to expand these efforts and reach more tribal communities through an estimated 38 additional grants.
- *Maternal Health ($7 million):* AI/AN women are two times as likely to die of pregnancy-related causes than White women due to higher rates of underlying chronic conditions and systemic barriers to care including racism and economic barriers.[58] To address these issues, the budget maintains funding for the IHS maternal health initiative, to support obstetric readiness in emergency departments

[57] Centers for Disease Control and Prevention: Drug Overdose Prevention in Tribal Communities https://www.cdc.gov/drugoverdose/health-equity/tribal.html

[58] Centers for Disease Control and Prevention: Disparities and Resilience among American Indian and Alaska Native People who are Pregnant or Postpartum https://www.cdc.gov/hearher/aian/disparities.html

and to establish a maternity care coordinator pilot program to increase access to high-quality pregnancy and postpartum care.

- *Ending HIV and Hepatitis C ($15 million):* IHS has made significant strides in identifying and treating patients with HIV and/or Hepatitis C, outlined below. To expand and build on these efforts, the budget includes an increase of $10 million above FY 2023 to support efforts to diagnose and treat all HIV-positive patients as soon as possible, and increase use of pre-exposure prophylaxis.



Preventive and Community Health

In addition to providing high-quality direct primary and specialty healthcare services, IHS also administers several preventive and community health programs: Public Health Nursing, Health Education, Community Health Representatives, and the Alaska Immunization program. Collectively, these programs advance community health and wellness through activities such as immunizations, patient education, transportation, case management, and home visiting. In 2023, these programs provided over 288,000 public health nursing visits, over 439,000 community health representative patient contacts, and served over 2.5 million health education clients.

In FY 2025, the budget maintains programmatic funding at FY 2023 levels for Preventive Health programs and invests an additional $10 million to expand the Community Health Aide Program, for a total of $15 million. This program, which builds on an innovative model developed in Alaska, employs a multidisciplinary network of highly trained mid-level health aides that collaborate with healthcare providers to provide primary and specialty healthcare services like dental and behavioral health. The additional funding proposed in the budget would support continued establishment of area certification boards and training for prospective Community Health Aides.

Direct Health Care Services – FY 2026 and Outyear Mandatory Approach

Beginning in FY 2026, the budget would make all funding in the Services account mandatory. Funding for direct healthcare services would grow automatically to:

- Account for inflationary factors including Consumer Price Index for All Consumers medical and non-medical inflation, population growth, and pay cost growth;
- Provide staffing increases for newly constructed or expanded healthcare facilities;
- Provide funding for new federally-recognized tribes;
- Increase funding (+$11.6 billion over 5 years) to address the Level of Need Gap documented by the 2018 Indian Health Care Improvement Fund workgroup. The budget would continue growth for direct services once the 2018 gap is addressed; and
- Provide additional recurring funding beginning in FY 2026 for Long COVID treatment ($130 million), to sustain investments made in the American Rescue Plan Act of 2021 for behavioral health and public health workforce activities ($220 million), and for Beau Biden Cancer Moonshot activities ($108 million).

The budget also establishes a new dedicated funding stream of $150 million in FY 2026, that grows over the budget window to $500 million in FY 2034 to address public health capacity and infrastructure needs in Indian Country. This funding will support an innovative hub-and-spoke model to address local public health

needs in partnership with tribes and urban Indian organizations. Establishing a new program to build public health capacity is a key lesson learned from the COVID-19 pandemic, and a top recommendation shared by tribal leaders in consultation with HHS.

Urban Indian Health

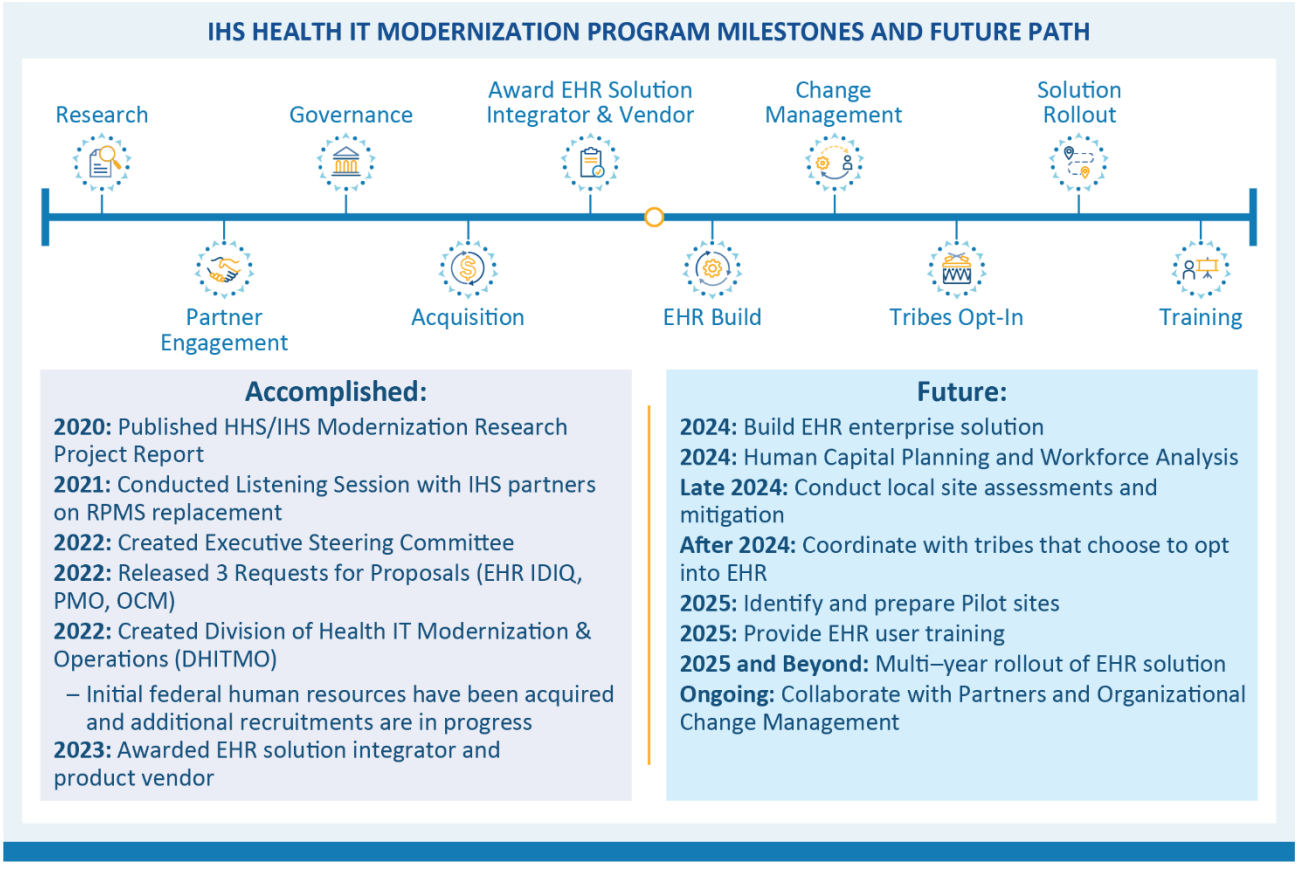
More than 70 percent of AI/AN people live in urban areas and may not be able to easily access an IHS or tribally-operated health facility. The Urban Indian Health Program provides a range of services to AI/AN people through a network of 41 urban Indian organizations across 22 states. These organizations provide culturally relevant primary care, community health, substance use services, behavioral health treatment, immunizations, and more. The budget maintains programmatic funding for the Urban Indian Health Program, and will support an estimated 738,629 services for urban AI/AN patients.

Special Diabetes Program for Indians

The budget proposes to reauthorize the Special Diabetes Program for Indians for 3 years and provide $250 million in FY 2024, $260 million in FY 2025, and $270 million in FY 2026 in mandatory funding. The budget would exempt this funding from mandatory sequestration. The Special Diabetes Program for Indians has reduced the incidence of diabetes related end-stage renal disease by 131.7 per million AI/AN adults,[59] and demonstrated an estimated net-savings to Medicare of up to $520 million over 10 years due to averted cases of end-stage renal disease.[60] These funding increases will enable the program to expand to additional grantees and allow local recipients to plan for larger and longer-term interventions more effectively.

ENSURING ADEQUATE INFRASTRUCTURE AND OPERATIONAL CAPACITY

In order to meet its mission and provide high-quality healthcare, IHS must maintain a robust portfolio of information technology and facilities infrastructure. The budget prioritizes funding to ensure the agency can continue to modernize its Electronic Health Record, maintain its healthcare facilities and equipment, and has sufficient administrative funding to appropriately oversee and monitor its programs.



[59] British Medical Journal: Prevalence of diagnosed diabetes in American Indian and Alaska Native adults, 2006-2017

[60] HHS Assistant Secretary for Planning and Evaluation Issue Brief: The Special Diabetes Program for Indians Estimates of Medicare Savings

Health Information Technology Modernization

The IHS health information technology infrastructure directly supports the delivery of quality healthcare. The Electronic Health Record is an essential tool for the provision of clinical care, administrative functions of hospitals and health clinics, and third-party billing for reimbursements that are foundational to the operating budgets of many health facilities. The current IHS Electronic Health Record is over 50 years old, and the Government Accountability Office identified it as one of the 10 most critical federal legacy systems in need of modernization.[61]

A modernized Electronic Health Record will advance patient safety and outcomes, expand clinical quality measures, enhance agency performance reporting, offer improved chronic disease and preventive health management, and provide more accurate and complete insurance reimbursement. IHS is well underway on a mission-critical effort to modernize and replace its Health Information Technology infrastructure.

Beginning in FY 2018, this multi-year effort has included in-depth research, establishment of core management and governance structures, initial interoperability pilots, industry outreach, staff recruitment, and consultations with tribal and urban Indian organization partners.

In November 2023, IHS announced the selection of General Dynamics Information Technology, Inc. to build, configure, and maintain its new enterprise Electronic Health Record system using Oracle Cerner Technology.[62] This announcement was a major milestone in the project, and future efforts will focus on building and testing the new system, and preparing individual sites for deployment.

The budget fully funds IHS' Electronic Health Record modernization effort from FY 2025 to FY 2030. In FY 2025, the budget includes $435 million in discretionary funding, an increase of $218 million above FY 2023, to support initial task orders to the contractor for the replacement Electronic Health Record and other key project activities. From FY 2026 to FY 2030, the budget provides an additional $1.3 billion each year in mandatory funding to fully-fund the transition to the new Electronic Health Record. This effort will require extensive staff, project and change management efforts, site transition planning, and individualized deployments of the new Electronic Health Record. Once the modernization effort is complete, the budget ensures sufficient funding is maintained for ongoing maintenance of the new Electronic Health Record.

SUPAI HEALTH STATION

In partnership with the Havasupai Tribe, IHS completed construction on a replacement facility and associated staff quarters for the Supai Health Station in December 2023. This federally-operated facility is located at the bottom of the Grand Canyon, and is accessible only by helicopter, mule, horse, or on foot. It provides critical access to primary care, dental health, behavioral health, public health nursing, pharmacy, lab, and radiology services to approximately 1,000 tribal members living in one of the most remote areas of the country. The project was supported with third-party collections and HHS Nonrecurring Expenses Fund resources.

Facilities Activities

IHS manages a comprehensive facilities and environmental health portfolio, including programs that support the planning and construction of healthcare and sanitation facilities, engineering services, and facilities operations. On average, IHS hospitals are 39 years old, over 3 times the age of the average hospital in the United States. The existing space available in IHS healthcare facilities is approximately half of what is required to meet the

[61] Government Accountability Office Report - Information Technology: Agencies Need to Develop Modernization Plans for Critical Legacy Systems: https://www.gao.gov/assets/gao-19-471.pdf

[62] IHS Selects New Enterprise Electronic Health Record System: https://www.ihs.gov/newsroom/pressreleases/2023-press-releases/ihs-selects-new-enterprise-electronic-health-record-system/

needs of the AI/AN population[63]. Outdated facilities can pose challenges in providing patient care, recruiting and retaining staff, and meeting accreditation standards. Aging facilities are also less efficient to operate and costlier to maintain.

IHS has made significant progress in expanding access to high-quality facilities – in the last 5 years, the agency has completed 11 major construction projects and has made progress on the planning, design, or construction of 21 additional projects. Since FY 2022, IHS has allocated $1.4 billion in Infrastructure Investment and Jobs Act funding to address sanitation facilities needs across Indian Country. Construction has begun on 532 sanitation facilities projects that will expand access to water supply and wastewater and solid waste disposal facilities for 65,800 AI/AN homes. Despite this progress, infrastructure improvements continue to be an urgent need across the Indian Health system.

FY 2025 Discretionary Approach

In FY 2025, the budget includes $994 million for Facilities activities, an increase of $35 million above FY 2023. The requested funding increase would offset the impacts of inflation and ensure necessary staffing costs within the Facilities account are addressed. Programmatic funding is maintained at FY 2023 levels across the Health Care Facilities Construction, Sanitation Facilities Construction, Maintenance and Improvement, and Equipment programs, ensuring that progress toward redressing longstanding facilities backlogs continues in FY 2025.

FY 2026 and Outyear Mandatory Approach

Beginning in FY 2026, the budget would make all funding in the Facilities account mandatory. Funding would grow automatically to:

- Account for inflationary factors including Consumer Price Index for All Consumers medical and non-medical inflation, population growth and pay cost growth;
- Provide staffing increases for newly constructed or expanded healthcare facilities;
- Increase funding by $1.2 billion per year from FY 2026 to FY 2030 to address the remaining projects on the 1993 Health Care Facilities Construction Priority List. Funding will continue to increase each year starting in FY 2031 to address the full scope of Facilities needs as identified in the most recent IHS Facilities Needs Assessment Report to Congress;[64]
- Increase funding for Sanitation Facilities Construction starting in FY 2027, to build on the significant resources appropriated for this program through FY 2026 through the Infrastructure Investment and Jobs Act;
- Provide funding increases in FY 2026 and FY 2027 for Maintenance and Improvement (+$1 billion) and Medical Equipment (+$227 million) to address existing backlogs. Once these backlogs are addressed, the budget ensures sufficient funding is maintained for ongoing maintenance and equipment needs; and
- Increase funding for Facilities and Environmental Health Support proportional to growth in the other IHS facilities programs to ensure adequate staffing and operational capacity to carry out proposed facilities funding increases.

Direct Operations and Assessments

It is critical that IHS has sufficient administrative resources to meet its mission and ensure proper oversight and administration of its programs. In FY 2025, the budget includes $112 million for Direct Operations, an increase of $6 million above FY 2023, to bolster IHS' core management and inherently federal functions. The budget also includes an additional $4 million in FY 2025 to offset the cost of centrally charged assessments; as without dedicated funding, these costs erode available funding for core administrative activities. Beginning in FY 2026, Direct Operations funding would be mandatory and would grow by 25 percent each year to ensure the agency maintains adequate oversight, funding implementation, and quality improvement activities.

Legislative Proposals

In addition to proposed investments to ensure IHS has adequate operational capacity, the budget also includes several legislative proposals that would provide IHS with critical new or expanded authorities to address operational issues. Many of these proposals seek to enhance the agency's ability to recruit and retain healthcare providers, and provide parity with other federal agencies to increase IHS' competitiveness

[63] The 2021 Indian Health Service and Tribal Health Care Facilities' Needs Assessment Report to Congress
[64] 2016 Indian Health Service and Tribal Health Care Facilities' Needs Assessment Report to Congress

when hiring for key positions. The IHS, as a rural health care provider, experiences difficulty recruiting and retaining health care professionals, physicians and other primary care clinicians in particular. Staffing shortages are particularly prevalent in the behavioral and mental health fields, which has only exacerbated the concurrent substance use crisis and suicide crisis that tribes across the country are facing in their communities. Workforce challenges – and the impacts on care that come with them – are one of the top concerns raised to the Department by tribes. The proposed legislative changes would:

- Extend Title 38 personnel authorities, to enable IHS to offer specialized pay and benefits for health providers;
- Provide tax exemption for recipients of IHS scholarship and loan repayment benefits, and allow these recipients to meet their service obligations on a half-time basis;
- Enable IHS to fulfill mission-critical emergency hiring needs;
- Provide IHS authority to hire and pay experts and consultants;
- Enable IHS to provide on-call pay to its healthcare providers; and
- Enable U.S. Public Health Service Commissioned Corps officers to be detailed to Urban Indian Organizations.

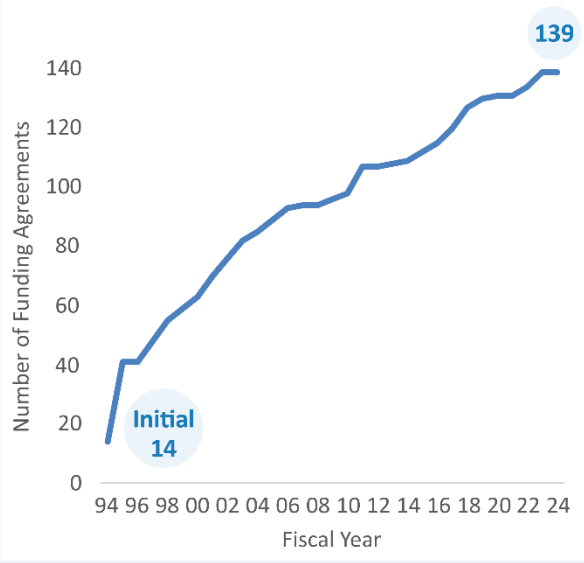
STRENGTHENING SELF-GOVERNANCE

Supporting Tribal Self-Determination

Ensuring the input and expertise of tribal communities are reflected in health programming is key to successful service delivery and improved health outcomes. In recognition of this, the Indian Self-Determination and Education Assistance Act allows tribes to enter contracts or compacts to directly administer health programs that would otherwise be administered by IHS. These contracts and compacts are a critical expression of the sovereign nation-to-nation relationship between the United States and each individual tribe.

Through these agreements, tribes design and manage the delivery of individual and community health services through 23 hospitals, 339 health centers, 76 health stations, 147 Alaska village clinics, and 7 school health centers across Indian Country. The budget maintains support for tribal self-determination and self-governance, in acknowledgment that tribes themselves are best positioned to address the unique healthcare needs of their communities. The budget maintains funding for the IHS Self-Governance and Tribal Management Grant programs, ensuring tribes have sufficient support to carry out their programs.

IHS CONTINUES SUPPORT FOR TRIBAL SELF-GOVERNANCE



Contract Support Costs

Contract support costs are the necessary and reasonable costs associated with administering the contracts and compacts through which tribes assume direct responsibility for IHS programs and services. These are costs for activities the tribe must carry out to ensure compliance with the contract but are normally not carried out by IHS in its direct operation of the program. In FY 2025, the budget fully funds Contract Support Costs at an estimated $979 million through an indefinite discretionary appropriation. Under the mandatory formula starting in FY 2026, Contract Support Costs would be funded through an indefinite mandatory appropriation that grows with inflation and is maintained across the budget window to ensure these costs are fully funded each year.

The budget also proposes new authority for IHS to spend not more than $10 million under the indefinite appropriation for the management, oversight, and staffing costs associated with carrying out Contract Support Cost payments. This funding is critically needed to update systems and processes and hire staff to administer payments under this rapidly growing program.

Section 105(*l*) Leases

The Indian Self-Determination and Education Assistance Act requires IHS to compensate tribes for reasonable operating costs associated with facilities leased or owned by tribes and tribal organizations to carry out health programs under the Act. In FY 2025, the budget fully funds Section 105(*l*) Leases at an estimated $349 million through an indefinite discretionary appropriation. Under the mandatory formula starting in FY 2026, Section 105(*l*) Leases would be funded through an indefinite mandatory appropriation that grows with inflation and is maintained across the budget window to ensure these costs are fully funded each year. The budget also proposes new authority for IHS to spend not more than $10 million under the indefinite appropriation for the management, oversight, and staffing costs associated with carrying out Section 105(*l)* Lease payments. This funding is critically needed to update systems and processes and hire staff to administer payments under this rapidly growing program.

Centers for Disease Control and Prevention

The following tables are in millions of dollars.

CDC Programs[65]	2023	2024[66]	2025	2025 +/- 2023
Immunization and Respiratory Diseases	919	919	969	+50
Prevention and Public Health Fund (non-add)	*419*	*419*	*469*	*+50*
HIV/AIDS, Viral Hepatitis, Sexually Transmitted Infection and Tuberculosis Prevention	1,391	1,391	1,391	--
Emerging and Zoonotic Infectious Diseases	751	751	781	+30
Prevention and Public Health Fund (non-add)	*52*	*52*	*52*	--
Chronic Disease and Health Promotion	1,430	1,430	1,559	+129
Prevention and Public Health Fund (non-add)	*255*	*255*	*255*	--
Birth Defects, Developmental Disabilities, Disabilities & Health	206	206	206	--
Environmental Health	247	247	267	+20
Prevention and Public Health Fund (non-add)	*17*	*17*	*17*	--
Injury Prevention and Control	761	761	943	+182
Public Health Service Evaluation Funds (non-add)	--	--	*100*	*+100*
Public Health and Scientific Services	755	755	804	+50
Prevention and Public Health Fund (non-add)	--	--	*183*	*+183*
Occupational Safety and Health	363	363	363	--
Global Health	693	693	693	--
Domestic Preparedness[67]	905	905	943	+38
Buildings and Facilities	40	40	40	--
Crosscutting Activities and Program Support	724	724	724	--
Prevention and Public Health Fund (non-add)	*160*	*160*	*210*	*+50*
Agency for Toxic Substances and Disease Registry (ATSDR)	85	85	85	--
Subtotal, CDC Programs[65]	**9,269**	**9,269**	**9,768**	**+499**
Total CDC Funding	**2023**	**2024**	**2025**	**2025 +/- 2023**
Total Program Level (All Sources)	**15,249**	**17,303**	**19,803**	**+4,554**
Less Funds from Other Sources				
Vaccines for Children[68]	5,217	7,213	8,040	+2,823
Vaccines for Adults – Proposed Law Mandatory[58]	--	--	1,004	+1,004
Community Violence Intervention Initiative – Proposed Law Mandatory[58]	--	--	150	+150
World Trade Center Health Program[58]	710	768	788	+78
Public Health Service Evaluation Funds	--	--	100	+100
Prevention and Public Health Fund	903	903	1,186	+283
Energy Employee Occupational Illness Compensation Program[58]	51	51	51	--
User Fees	2	2	2	--

[65]This table reflects totals by budget activity. "Subtotal, CDC Programs" includes budget authority, Prevention and Public Health Funds, and Public Health Service Evaluation funds. Excludes emergency supplemental appropriations.

[66] Reflects annualized funding available under a Continuing Resolution, unless otherwise noted.

[67] Domestic Preparedness total for FY 2023 and FY 2024 is comparably adjusted to reflect $22 million appropriated to the Public Health and Social Services Emergency Fund for HHS Protect, within CDC.

[68] Reflects estimates for current and proposed mandatory programs. Vaccines for Children: FY 2023 and FY 2024 total reflects latest estimate under current law, FY 2025 total reflects estimate under proposed law to expand Vaccines for Children to include all individuals enrolled in the Children's Health Insurance Program and to make program improvements, and does not include changes to Medicaid provider administration fees that are captured in the Medicaid account and chapter. Community Violence Intervention Initiative: FY 2025 includes a total of $2.5 billion over 10 years in mandatory ($150 million per year) and discretionary ($100 million per year) funding. World Trade Center Health Program funds reflect current estimates for federal share only and does not reflect resources appropriated in FY 2023 to the Supplemental Fund or in FY 2024 to the Special Fund and Pentagon/Shanksville Fund. Energy Employees Occupational Illness Compensation Program Act amounts reflect post-sequester.

Total CDC Funding (Continued)	2023	2024	2025	2025 +/- 2023
Total Budget Authority (including ATSDR)	**8,366**	**8,366**	**8,482**	**+116**
Full-Time Equivalents (including ATSDR)	12,928	13,265	13,441	+513
Strengthening Biodefense (non-add) – Proposed Law Mandatory[69]	--	--	6,100	+6,100

The Centers for Disease Control and Prevention works 24/7 to protect America from health, safety, and security threats, both foreign and in the United States. Whether diseases start at home or abroad, are chronic or acute, curable or preventable, human error or deliberate attack, the CDC fights disease and supports communities and citizens to do the same. CDC increases the health security of our nation. As the nation's health protection agency, CDC saves lives and protects people from health threats. To accomplish its mission, CDC conducts critical science and provides health information that protects our nation against expensive and dangerous health threats and responds when these threats arise.

The Centers for Disease Control and Prevention (CDC) works 24/7 to equitably protect health, safety, and security, at home and abroad. With strategic and complementary investments, budgetary flexibilities and additional legislative authorities included in the FY 2025 budget, CDC will aim to build a sustainable and resilient public health system that can respond effectively to emerging threats and ongoing public health needs to keep Americans safe and healthy. CDC will also advance several targeted public health priorities to rapidly identify and respond to health threats, protect the health of young families, and respond to the mental health and opioids crises.

The FY 2025 President's Budget includes $19.8 billion in total mandatory and discretionary funding for CDC and the Agency for Toxic Substances and Disease Registry (ATSDR). This total includes $8.6 billion in discretionary funding, $1.2 billion from the Prevention and Public Health Fund, and $10.0 billion in current and proposed funding for mandatory programs, including legislative proposals to initiate a Vaccines for Adults Program, expand the Vaccines for Children Program, and support the Community Violence Intervention initiative. In addition, the FY 2025 budget includes $20.0 billion in mandatory funding across HHS to strengthen biodefense, which is reflected in the Public Health and Social Services Emergency Fund, with $6.1 billion allocated to CDC.

RAPIDLY IDENTIFY AND RESPOND TO PUBLIC HEALTH THREATS

Improving Public Health Data

The FY 2025 budget maintains investments in core capabilities to enhance the public health system at federal, state, and local levels, and includes several strategic investments to enhance the nation's public health data. Specifically, CDC's Public Health Data Modernization efforts are supported at a program level of $225 million, an increase of $50 million above FY 2023. CDC will support state, local, tribal, and territorial jurisdictions to build infrastructure necessary for sharing standardized data across interoperable public and private health delivery systems. CDC will continue to support technical assistance and deploy CDC-developed tools that enable health departments to achieve greater efficiency and avoid duplicative modernization costs.

In addition, the budget establishes $60 million within CDC to continue to manage the Response Ready Data Enterprise Integration platform, the next generation of HHS Protect, a government-wide resource that integrates more than 200 data sources across federal, state, and local governments and the healthcare industry. This investment will allow CDC to maintain functionality of the platform, which will continue to provide timely information to support evidence-based decision-making for current and emerging public health threats.

Launched in April 2022 with supplemental funding from the American Rescue Plan Act of 2021, the Center for Forecasting and Outbreak Analytics has enabled timely, effective decision-making through innovative data analytic and modeling approaches. With $50 million included in the FY 2025 budget, CDC will prioritize funding for Insight Net, the nation's first national network focused on developing a coordinated, national health security approach to prepare for disease outbreaks which supports 13 primary recipients who are connected to more than 100 private sector, academic, and 24 state and local partners.

[69] The FY 2025 budget also provides $20.0 billion in mandatory funding across HHS for strengthening biodefense, which is reflected in the Public Health and Social Services Emergency Fund chapter. Of this total, CDC will receive $6.1 billion.

Strengthen Biodefense to Protect Against 21st Century Biothreats

The FY 2025 budget includes $20.0 billion in mandatory funding across HHS to support the President's plan to transform U.S. capabilities to prepare for and respond rapidly and effectively to future pandemics and other high consequence biological threats. Of this total, $6.1 billion will be allocated to CDC to modernize and build laboratory capacity, strengthen public health data systems; enhance domestic and global disease surveillance, biosafety, and biosecurity efforts; and support capabilities for monitoring and evaluating vaccine and medical countermeasure safety and effectiveness.

Enhancing Crosscutting Support and Public Health Infrastructure

CDC leverages critical cross-cutting resources to effectively implement, manage, and provide oversight of federal funding appropriated to CDC. The budget includes $129 million for Public Health Leadership and Support to maintain CDC's capacity for crosscutting functions including policy, science, and communications, and support implementation of recommendations from CDC Moving Forward. In addition, the budget includes $350 million for Public Health Infrastructure and Capacity, flexible funding first enacted in FY 2022, which will continue to address gaps in core public health capacity and infrastructure at the national, state, territorial, tribal, and local levels.

The budget also includes targeted investments in other essential components of the public health system, including physical infrastructure, workforce pipeline programs, and laboratory science. With $40 million for Buildings and Facilities, CDC will continue to work toward reducing a $241 million maintenance and repairs backlog across all CDC and ATSDR campuses.

The budget also includes several legislative authorities to allow CDC to function as a public health response agency more effectively and efficiently. This includes additional authorities to:

- Recruit and retain public health professionals;
- Limit caps on overtime pay for employees working on response operations;
- Provide danger pay adjustments to employees serving in high-risk environments; and
- Collect necessary public health data.

In addition, the budget includes a legislative proposal that would allow CDC to dedicate a small percentage of funding to support a team of response-ready staff for short and long-term emergency details or deployments. This would allow CDC surge staff faster and stop the spread of disease before it becomes a widespread outbreak.

Global Health

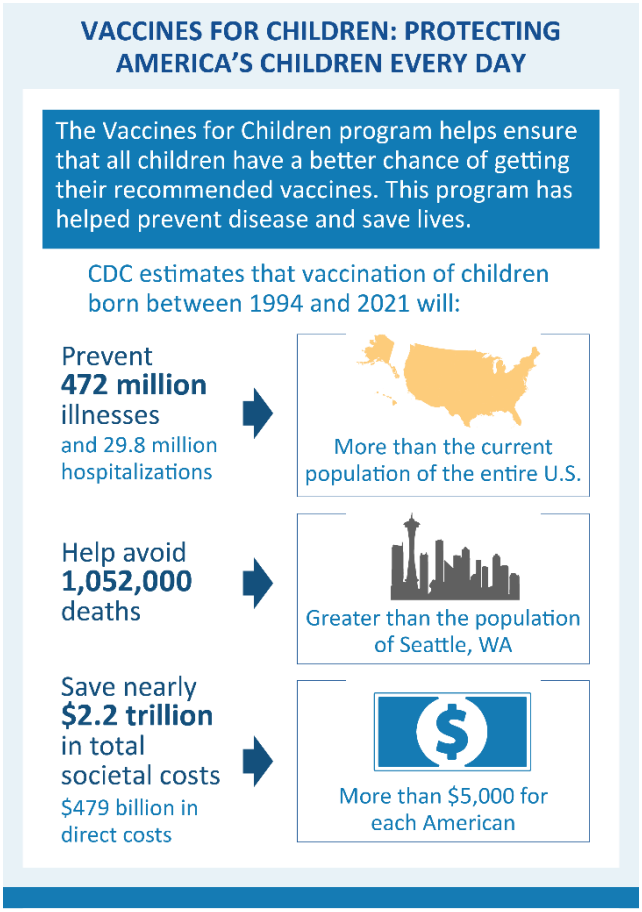
The most effective and least expensive way to protect Americans from infectious diseases and other health threats that begin overseas is to prevent, detect, and respond to outbreaks before they spread to the United States. CDC leads many critical aspects of U.S. government-wide efforts to address global health challenges worldwide including immunization, malaria, HIV, tuberculosis, and antimicrobial resistance. CDC, as the nation's lead public health agency and the U.S. government lead for infectious disease response, enhances global health security and works with countries to prevent, detect, and respond to public health threats, whether from humans, animals, vectors, or the environment, before they spread into regional epidemics or global pandemics. The budget maintains investments that support CDC's continued work to end vaccine-preventable diseases ($230 million) and the global HIV ($129 million) and tuberculosis ($12 million) epidemics, and efforts to protect Americans' health by strengthening global health security ($293 million).

Domestic Immunization

The FY 2025 budget highlights critical investments to enhance vaccination efforts to mitigate the health impacts of infectious diseases. The budget includes $732 million for Domestic Immunization infrastructure, including an additional $50 million above FY 2023 to support ongoing work on COVID-19 and the highest priority activities of the immunization program, including building vaccine confidence, while providing dedicated resources to urgent public threats like

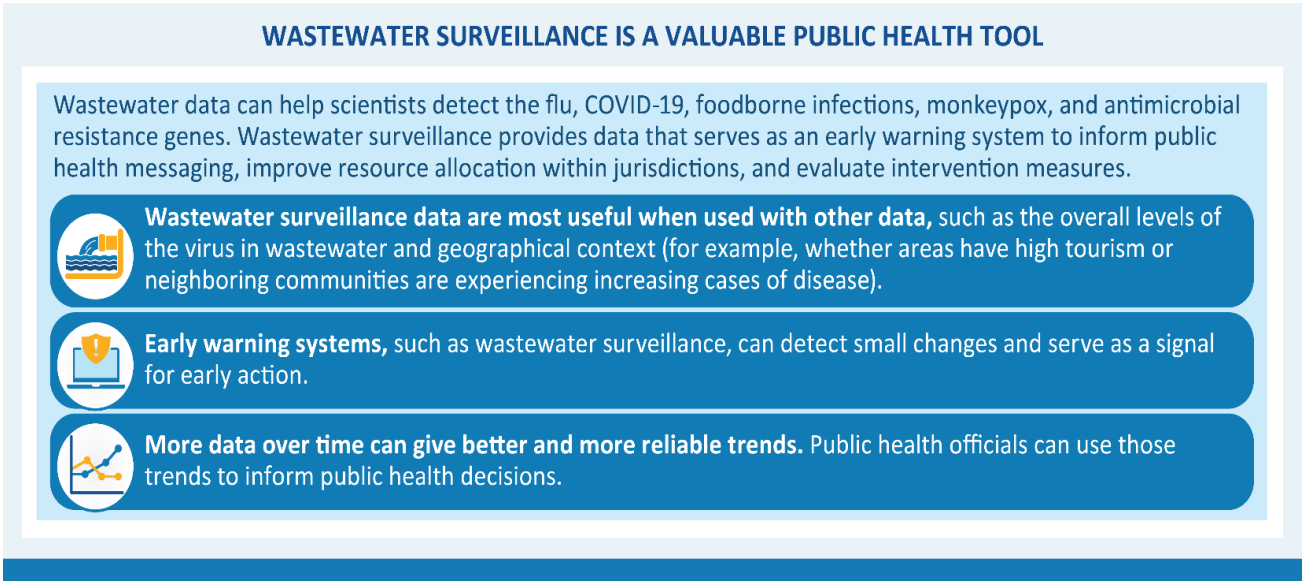
influenza, COVID-19, and localized outbreaks of vaccine-preventable illness. Funding at this level will also support staffing expertise needed for effective national public health monitoring and prevention of respiratory viruses. This investment continues efforts to modernize immunization information systems, including enhancement of respiratory surveillance systems and platforms; implementation of new strategies for vaccine equity, building vaccine confidence, and expanding the scientific evidence base.

As a complement to the successful Vaccines for Children Program, the budget proposes establishing the Vaccines for Adults Program. This new mandatory program will provide uninsured adults with access to routine and outbreak vaccines recommended by the Advisory Committee on Immunization Practices. The budget would also expand the Vaccines for Children Program to include all children under age 19 enrolled in a separate Children's Health Insurance Program and make program improvements, including setting a floor for provider reimbursements for vaccine administration and cover the vaccine administration fee for uninsured children without state share, eliminating cost sharing for all Vaccines for Children eligible children.



Antimicrobial Resistance

The budget prioritizes funding to address the ongoing risk of antimicrobial resistance. With $207 million, an additional $10 million above FY 2023, CDC will increase investments in state, territorial, and local capacity to detect and prevent emerging and existing threats through strengthened infection prevention and control, antibiotic stewardship data collection, and healthcare quality improvement efforts. This investment will provide support to implement and achieve the goals under the National Action Plan for Combating Antibiotic-Resistant Bacteria, 2020-2025.



Wastewater Surveillance

The FY 2025 budget establishes $20 million within Emerging Infectious Disease funding to support CDC's wastewater surveillance activities. This investment will allow CDC to support a wastewater surveillance program, which to this point has been supported solely with COVID-19 supplemental resources. New base funding will allow CDC to support wastewater surveillance activities in select locations, such as major metropolitan areas and areas of high social vulnerability. CDC would maintain COVID-19 surveillance and develop testing capabilities for a limited number of infectious diseases for emergencies and pandemic preparedness. Wastewater surveillance has proven to be a critical public health surveillance and detection tool. Increases of SARS-CoV-2 levels in wastewater generally occur 4-6 days before corresponding increases in clinical cases of COVID-19, so wastewater surveillance can serve as an early-warning system for the emergence, or reemergence, of COVID-19 in a community. Also, wastewater surveillance offers an efficient way to monitor for pathogens in sewer sheds that serve several thousand to several million residents. Research indicates wastewater surveillance can detect MPox even when there are only a few cases in the community.

Ending the HIV Epidemic in the United States

The budget includes $220 million to continue to advance HHS's efforts to end the HIV/AIDS epidemic. This work will reach disproportionately affected populations, including gay and bisexual men of color, transgender and cisgender Black/African American women, and people who inject drugs.

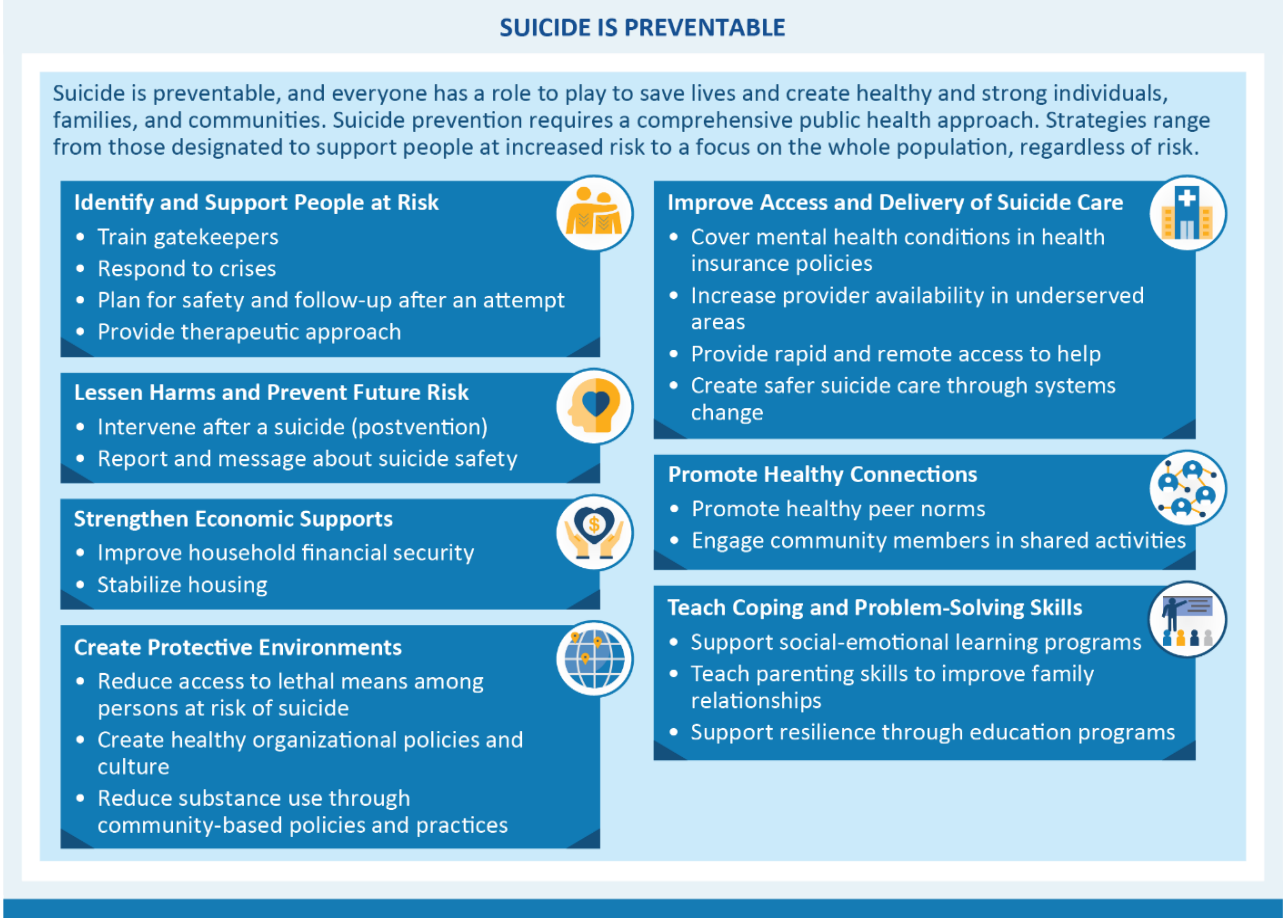
PREVENTING CHRONIC DISEASES AND PROMOTING HEALTHY LIVING

Cancer Moonshot Initiative

The Administration's Cancer Moonshot Initiative is a bold effort to accelerate progress in cancer research and aims to make more therapies available to more patients. To support the Cancer Moonshot Initiative goals, the FY 2025 budget includes $756 million, an increase of $100 million above FY 2023, to support cancer prevention and control programs across CDC, including tobacco prevention. This investment will allow CDC to fund cooperative agreements with states, territories, tribes, or tribal organizations, and other eligible organizations to implement four major cancer control programs: Breast and Cervical Cancer, Colorectal Cancer, Comprehensive Cancer, and Cancer Registries. The budget will also continue to support surveillance, education, awareness, and applied research related to breast cancer in young women, cancer survivors, and prostate, ovarian, skin, and gynecologic cancers.

Improving Maternal Health

The FY 2025 budget invests an additional $10 million above FY 2023 in CDC programs aimed at reducing maternal mortality. This additional funding will support CDC activities related to building the national infrastructure for maternal mortality prevention, including Maternal Mortality Review Committees, Perinatal Quality Collaboratives, CDC Levels of Care Assessment Tool, and the *Hear Her* Campaign. Funding will support implementation of multi-level maternal mortality prevention activities in communities with a



focus on individuals' first postpartum year. Funding will also support states in leveraging public health infrastructure to ensure pregnant and postpartum women get the right care, in the right place, and at the right time.

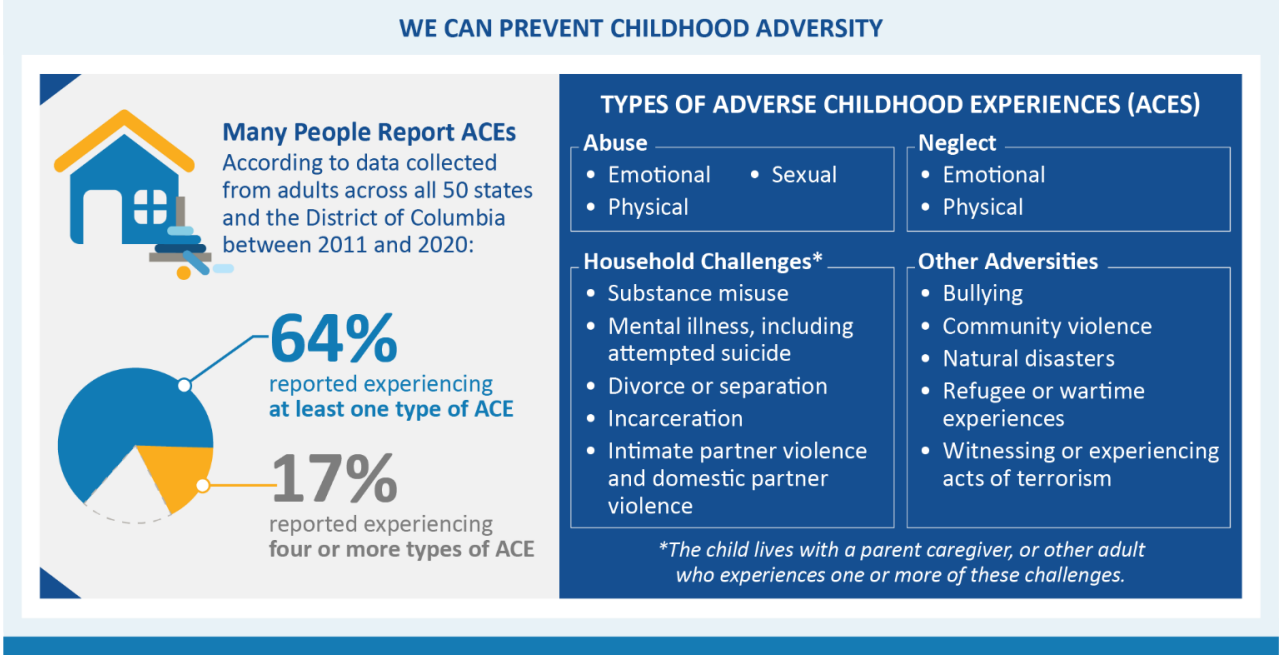
BUILDING PUBLIC HEALTH APPROACHES TO IMPROVE MENTAL HEALTH AND REDUCE INJURY AND VIOLENCE

CDC is the nation's leading authority on violence and injury prevention. CDC is focused on priorities including preventing injury and violence, protecting youth, and addressing urgent threats like suicide. The FY 2025 budget includes $943 million in discretionary funding for injury prevention activities, an increase of $182 million above FY 2023. Within this total, CDC will expand activities related to suicide prevention (+$38 million) adverse childhood experiences (+$21 million), firearm injury and mortality research (+$23 million), community and youth violence prevention (+$100 million), and opioid overdose (+$0.5 million). In addition, the FY 2025 budget includes an increase of $0.4 million within the National Institute for Occupational Safety and Health's total to support the Firefighter Fatality Investigation Program.

Suicide Prevention

Suicide prevention has historically focused on crisis intervention and referring people to mental health treatment. CDC data have shown that about half of individuals who die by suicide do not have a known mental health condition. Many factors can increase the risk of suicide at the individual, relationship, community, and societal levels, including issues related to substance misuse, physical health, jobs, money, interpersonal violence, stigma, and access to lethal means among people at risk.

The FY 2025 budget requests $68 million, $38 million above FY 2023, for CDC's Comprehensive Suicide Prevention Program. The program supports recipients as they implement and evaluate a comprehensive public health approach to suicide prevention with a special focus on populations that are disproportionately affected by suicide. This approach involves highlighting strategies at all levels of society. CDC's vision is, "no lives lost to suicide." The increase in FY 2025 will allow CDC to support an additional 21 states (a total of 45 states) and up to 4 tribal organizations.



Adverse Childhood Experiences

Adverse childhood experiences are potentially traumatic events that occur in childhood (0-17 years), including experiencing violence, abuse, or neglect, having a family member attempt or die by suicide, or growing up in a household with substance use and/or mental health problems. Adverse childhood experiences can have a tremendous impact on future violence victimization and perpetration, lifelong health and opportunity, and are associated with at least 5 of the 10 leading causes of death, including a significant relationship to the future risk of suicide and mental health challenges. CDC works to understand adverse childhood experiences and invests in the potential of all children by preventing adverse childhood experiences in families and communities.

The FY 2025 budget request includes $30 million, an increase of $21 million above FY 2023. With additional funding, CDC will increase the number of states, territories, localities, and tribes implementing prevention strategies and approaches in their communities through its Essentials for Childhood: Preventing Adverse Childhood Experiences through Data to Action Program. Recipients leverage multi-sector partnerships and resources to improve adverse childhood experiences and positive childhood experiences surveillance infrastructures and the coordination and implementation of adverse childhood experiences prevention strategies. This increases state capacity to develop and sustain a surveillance system that collects, uses, and disseminates data on adverse childhood experiences and positive childhood experiences, including data used to identify health inequities and increases implementation and reach of adverse childhood experiences prevention strategies that help to promote safe, stable, nurturing relationships and environments where children live, learn, and play.

Firearm Prevention and Mortality Research

Firearm-related injuries are among the 5 leading causes of death for people ages 1 to 44 in the United States. In 2022, there were more than 48,000 firearm-related deaths in the United States according to provisional mortality data – approximately 132 people die from a firearm-related injury each day. More than half of firearm-related deaths were suicides and more than 4 out of every 10 were firearm homicides. The FY 2025 budget includes $35 million, an increase of $23 million above FY 2023, to provide additional funding opportunities to support research grants to improve understanding of firearm injury, inform the development of innovative and promising prevention strategies, and rigorously evaluate the effectiveness of strategies to keep individuals, families, schools, and communities safe from firearm-related injuries, deaths, and crime. CDC will also fund additional research grants to support new investigators and will focus on improving collection and dissemination of timely data on firearm-related deaths, data on nonfatal firearm injuries, and data on behavioral issues related to

firearms such as safe storage. This will include the expansion of the Firearm Injury Surveillance Through Emergency Rooms Program to all 50 states.

Community and Youth Violence Prevention

lasting harmful effects on victims and their families, Youth violence is a serious problem that can have friends, and communities. In 2021, 26,031 lives were lost to homicide. Homicide is the third leading cause of death among youth and young adults aged 10–34. CDC's goal is to stop youth violence from happening in the first place. The FY 2025 budget includes $118 million in discretionary resources for community and youth violence and prevention. Of this total, $100 million is dedicated to the Community Violence Intervention Initiative. The Budget also proposes an additional $150 million in mandatory resources in FY 2025, for a total of $2.5 billion over 10 years in mandatory and discretionary resources. The Community Violence Intervention Initiative will support community-based organizations in up to 75 cities demonstrating the greatest need as they implement proven public health strategies that reduce violence. Research, surveillance, and program evaluation efforts will be similarly prioritized to emphasize those interventions and populations where evidence is strongest that public health approaches will reduce the burden of community violence.

PROTECTING AGAINST ENVIRONMENTAL HEALTH HAZARDS

Environmental Health

CDC helps protect Americans from environmental hazards by addressing environmental factors that could otherwise pose health risks and works to ensure the safety of the air they breathe, the water they drink, the food they eat, the soil in which they grow their food, and the environment in which they live, work, and play.

The FY 2025 budget includes $267 million, an increase of $20 million above FY 2023, to support CDC's environmental health activities. This increase includes an additional $10 million for the Childhood Lead Poisoning Prevention Program and additional $10 million for a pilot program to provide portable High Efficiency Particulate Air filtration systems for homes in communities most affected by exposure to wildfire smoke, and to better understand the feasibility and health impact of installing such systems.

Agency for Toxic Substances and Disease Registry

ATSDR is the only federal health agency that works directly with concerned citizens to address environmental hazards and responds to requests for assistance from communities across the nation.

ATSDR works to better understand the human health effects of hazardous substances and supports local efforts to investigate and take action to reduce harmful exposures in our communities. ATSDR achieves this work by responding to environmental health emergencies; investigating emerging environmental health threats; conducting research on the health impacts of hazardous waste sites; and building capabilities of, and providing actionable guidance to, state and local health partners. In 2023, ATSDR responded to over 720 community, state, and federal requests for assistance. Over the last 2 years, ATSDR has also conducted more than 60 assessments in communities across the country and evaluated the health risks of over 600,000 people. ATSDR has aided state, territorial, local, tribal, and federal partners during many environmental disasters over the last several years, including the train derailment and resulting chemical spill in East Palestine, Ohio, in February 2023.

The FY 2025 budget includes $85 million for ATSDR to protect communities from harmful environmental exposures and build on current capacity to respond, provide assistance, and prevent harmful effects.

National Institutes of Health

The following tables are in millions of dollars.

Institutes/Centers[70]	2023[7172]	2024[7374]	2025	2025 +/- 2023
National Cancer Institute	7,317	7,104	7,839	+522
National Heart, Lung, and Blood Institute	3,985	3,982	3,997	+12
National Institute of Dental and Craniofacial Research	520	520	522	+2
National Institute of Diabetes and Digestive and Kidney Diseases	2,303	2,301	2,310	+7
National Institute of Neurological Disorders and Stroke	2,809	2,675	2,834	+24
National Institute of Allergy and Infectious Diseases	6,562	6,562	6,581	+20
National Institute of General Medical Sciences	3,240	3,240	3,249	+10
Eunice K. Shriver National Institute of Child Health and Human Development	1,748	1,749	1,766	+19
National Eye Institute	896	897	899	+3
National Institute of Environmental Health Sciences: Labor/HHS Appropriation	914	914	917	+3
National Institute of Environmental Health Sciences: Interior Appropriation	83	83	83	--
National Institute on Aging	4,412	4,408	4,425	+13
National Institute of Arthritis and Musculoskeletal and Skin Diseases	688	685	690	+2
National Institute on Deafness and Communication Disorders	534	534	536	+2
National Institute of Mental Health	2,342	2,199	2,549	+207
National Institute on Drugs and Addiction[75]	1,663	1,663	1,668	+5
National Institute on Alcohol Effects and Alcohol-Associated Disorders[73]	597	595	599	+2
National Institute of Nursing Research	198	198	198	+1
National Human Genome Research Institute	661	663	664	+3
National Institute of Biomedical Imaging and Bioengineering	441	441	442	+1
National Institute on Minority Health and Health Disparities	525	524	527	+2
National Center for Complementary and Integrative Health	170	170	171	+1
National Center for Advancing Translational Sciences	923	923	926	+3
Fogarty International Center	95	95	95	+0
National Library of Medicine	495	498	527	+31
Office of the Director[76]	2,647	2,650	3,008	+361
21st Century Cures Innovation Account[77]	419	235	36	-383
Buildings and Facilities	350	350	350	--

[70] Totals may not add due to rounding.
[71] The FY 2023 column reflects final levels, including required transfers and HIV/AIDS permissive transfer.
[72] The FY 2023 column reflects final levels, including required and permissive transfers.
[73] The FY 2024 annualized continuing resolution column reflects FY 2024 21st Century Cures Act authorized amounts and does not reflect the HIV/AIDS permissive transfer.
[74] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15).
[75] The FY 2025 budget proposes to change the name of the National Institute on Drug Abuse to the National Institute on Drugs and Addiction, and to change the name of the National Institute on Alcohol Abuse and Alcoholism to the National Institute on Alcohol Effects and Alcohol-Associated Disorders.
[76] Amounts for all fiscal years reflect directed transfer of $5 million to the HHS Office of Inspector General.
[77] Total authorized funding available through the 21st Century Cures Act in FY 2024 is $407 million, with $86 million allocated to the National Institute of Neurological Disorders and Stroke, $86 million allocated to the National Institute of Mental Health, and $235 million remaining in the Innovation Account. Total authorized funding available through the 21st Century Cures Act in FY 2025 is $127 million, with $45.5 million allocated to the National Institute of Neurological Disorders and Stroke, $45.5 million allocated to the National Institute of Mental Health, and $36 million remaining in the Innovation Account.

Mandatory Funding	2023	2024	2025	2025 +/- 2023
Special Type 1 Diabetes Current Law[78]	141	150	--	-141
Special Type 1 Diabetes Proposed Law[76]	--	100	260	+260
Subtotal, Special Type 1 Diabetes	**141**	**250**	**260**	**+119**
Cancer Moonshot	--	--	1,448	+1,448
Total NIH Funding	**2023**	**2024**	**2025**	**2025 +/- 2023**
Total, Program Level	**47,678**	**47,109**	**50,117**	**+2,438**
Less Funds from Other Sources	-1,554	-1,662	-3,726	-2,173
Public Health Service Evaluation Funds	*-1,412*	*-1,412*	*-2,018*	*-606*
Mandatory Funding – Type 1 Diabetes (Proposed and Current Law)	*-141*	*-250*	*-260*	*- 119*
Mandatory Funding – Cancer Moonshot	--	--	*-1,448*	*-1,448*
NIH Total, Discretionary Budget Authority	**46,125**	**45,447**	**46,390**	**+265**
Strengthening Biodefense (non-add)[79]	--	--	2,690	+2,690
NIH Appropriations	**2023**	**2024**	**2025**	**2025 +/- 2023**
Labor/HHS Appropriation	46,042	45,364	46,307	+265
Interior Appropriation	83	83	83	--
Advanced Research Projects Agency for Health[80]	**2023**	**2024**	**2025**	**2025 +/- 2023**
Advanced Research Projects Agency for Health (ARPA-H)	1,500	1,500	1,500	--
NIH and ARPA-H Total, Discretionary Budget Authority	**47,625**	**46,947**	**47,890**	**+265**
NIH and ARPA-H Total, Program Level	**49,178**	**48,609**	**51,617**	**+2,438**

The National Institutes of Health's mission is to seek fundamental knowledge about the nature and behavior of living systems and the application of that knowledge to enhance health, lengthen life, and reduce illness and disability.

The National Institutes of Health's (NIH) mission is to uncover new knowledge that will lead to better health for everyone. NIH works toward that mission by conducting research in its own laboratories; supporting the research of non-federal scientists in universities, medical schools, hospitals, and research institutions throughout the country and abroad; helping train research investigators; and fostering communication of medical and health sciences information.

NIH research occurs not only in the laboratory and the clinic, but also in communities across the country. Recent experiences with the COVID-19 pandemic and its aftermath, and a persistent decline in life expectancy in the United States, demonstrate a need for critical new areas of investment in clinical and translational research. To tackle the most persistent and complex problems, NIH aims to bring more members of the public into the research enterprise as partners in discovery. Income, age, race, ethnicity, geographic location, and disability status should not be barriers to participating in research or to benefitting from research advances.

NIH's vision is to connect research to communities of all types. Traditional clinical research networks primarily exist in academic medical centers and aim to recruit people with specific conditions. However, many people, especially those in rural and other underserved areas, do not have access to these types of trials and often do not benefit from the resulting knowledge. To take advantage of new capabilities in data science, such as artificial intelligence to improve health, NIH must develop and maintain a clinical data infrastructure extending well beyond conventional clinical trials that encompasses all communities.

The FY 2025 President's Budget provides $50.1 billion in discretionary and mandatory resources for NIH, an increase of $2.4 billion above FY 2023. The NIH budget continues vital work to support the Administration's goal to prevent more than 4 million cancer deaths by 2047 and to end HIV. The budget continues to make

[78] Reflects mandatory sequester of 5.7 percent in FY 2023. FY 2024 current law figure represents annualized level of FY 2024 Continuing Resolution. The FY 2025 budget proposes the reauthorization of the mandatory program at $250 million in FY 2024, $260 million in FY 2025, and $270 million in FY 2026. The budget also proposes to exempt this funding from mandatory sequestration.

[79] The FY 2025 budget also provides $20.0 billion in mandatory funding across HHS for strengthening biodefense, which is reflected in the Public Health and Social Services Emergency Fund chapter. Of this total, NIH will receive $2.7 billion.

[80] The FY 2025 budget captures ARPA-H within NIH for display purposes informed by the ARPA-H FY 2023 authorization language; HHS is presenting separate budget materials for ARPA-H.

investments in mental health, gun violence research, and women's health research.

The budget proposes to reauthorize the Special Type 1 Diabetes Program to provide $250 million in FY 2024, $260 million in FY 2025, and $270 million in FY 2026, as well as exempt this funding from mandatory sequestration.

In FY 2025, NIH estimates it will support 43,636 research project grants, an increase of 460 above FY 2023, including a total of 10,273 new and competing grants. More than 80 percent of the funds appropriated to NIH will go to the extramural community, which supports work by more than 300,000 research personnel at over 2,800 universities, medical schools, research facilities, small businesses, and hospitals. The budget also includes $43 million for extramural facilities and instrumentation grants from the Office of the Director in FY 2025. The resources will also support the agency's intramural research program, which includes the NIH Clinical Center, giving the nation the unparalleled ability to respond immediately to national and global health challenges. Additionally, the resources will provide research management and support, and facilities maintenance and improvements.

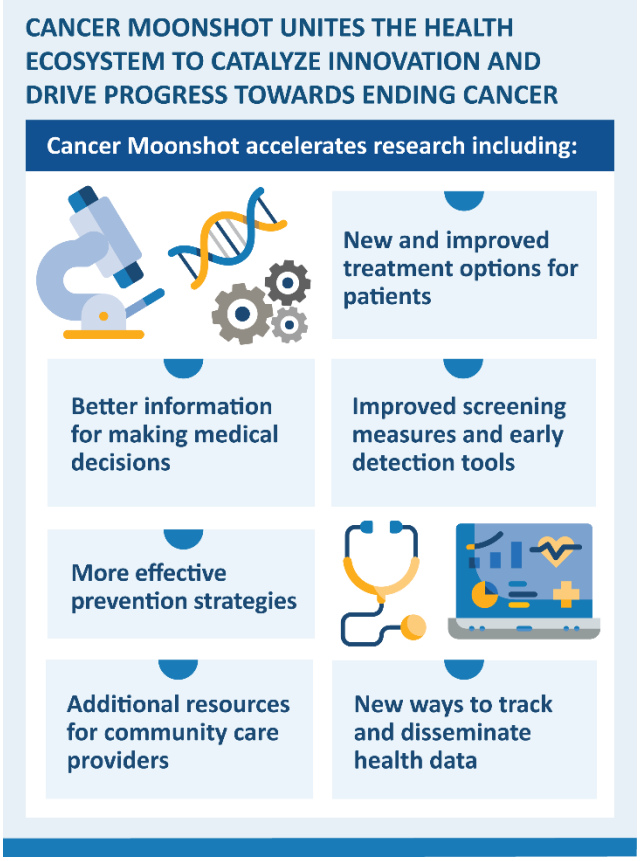
RESEARCH PRIORITIES IN FY 2025

Cancer Moonshot

Since the launch of the Cancer Moonshot in 2016, remarkable progress has been made. Cancer Moonshot, initially funded through the 21st Century Cures Act, continues to focus on areas of cancer research that will benefit patients. The National Cancer Institute continues to support projects that are delivering important insights into the mechanisms that drive cancer and have identified candidates for new cancer treatments, as well as new approaches to preventing and detecting cancer.

The National Cancer Institute continues to support the most promising ongoing research projects in support of the Administration's Cancer Moonshot initiative. The budget proposes $716 million in discretionary funds for this effort, an increase of $500 million above FY 2023. In addition to discretionary resources requested in FY 2025, the budget also proposes to reauthorize the 21st Century Cures Act Cancer Moonshot program through FY 2026 and provide $2.9 billion in mandatory funding in FY 2025 and FY 2026, $1.45 billion each year. In total, the budget proposes $3.6 billion in combined discretionary and mandatory funding through FY 2026 and supports the President's goal of reducing the cancer death rate by half within 25 years and improving the lives of people with cancer and cancer survivors.

The National Cancer Institute funding will continue to focus on substantially increasing the number and diversity of people who participate in National Cancer Institute-sponsored clinical trials to develop new prevention, diagnosis, and treatment approaches at a quicker pace and continue working towards increasing the pipeline of new cancer drugs. Additionally, the resources will ensure access to current and new standards of cancer care and continue to fund the major trial to evaluate multi-center detection tests, the Cancer Moonshot Scholars program, and the National Cancer Institute Telehealth Research Centers of Excellence, allowing the agency to sustain and progress towards meeting the President's goal to end cancer as we know it.



All of Us and Brain Research Through Advancing Innovative Neurotechnologies

The FY 2025 budget holds the 21st Century Cures Act programs *All of Us* and Brain Research Through Advancing Innovative Neurotechnologies flat with the

FY 2023 levels, reflecting a combined total of $1.2 billion in authorized and base funding. At this funding level, *All of Us* will continue to develop as one of the largest and most diverse longitudinal biomedical datasets, accelerating health and medical breakthroughs to enable individualized prevention, treatment, and care for all. In addition, Brain Research Through Advancing Innovative Neurotechnologies program will continue to promote scientific advances that provide opportunities to understand the structure and function of the brain at an unprecedented level of detail while maintaining an emphasis on neuroethics, diversity, and inclusion in the research community.

Combatting Overdose and Addiction

The budget includes over $1.8 billion within NIH for opioid, stimulant, and pain research, flat with FY 2023. Within this total, $1.2 billion will support ongoing research across the Institutes and Centers, while $636 million is allocated to the Helping to End Addiction Long-term initiative.

The Helping to End Addiction Long-term initiative is an NIH-wide effort to improve prevention and treatment strategies for opioid misuse and addiction and to enhance pain management. Recently launched Helping to End Addiction Long-term programs aim to develop safe and effective treatments, as well as define approaches to improve treatment access and retention in various settings. There are several innovative Helping to End Addiction Long-term programs that are developing and testing evidence-based interventions for opioid misuse and overdose in diverse populations and settings, including a new harm reduction research network and Data2Action, a program which supports research to help health systems build real-time data analytics capacity to identify and address service gaps in prevention, treatment, recovery, and harm reduction.

Health Disparities and Inequities Research

The FY 2025 budget continues to include $95 million for NIH's efforts to address health disparities and inequities in biomedical research. This amount supports the UNITE initiative - an NIH-wide effort committed to ending racial inequities across the biomedical research enterprise.

Additional efforts by NIH to reduce disparities in all areas of health include research by the National Institute on Minority Health and Health Disparities, the expansion of the Community Engagement Alliance to focus on health disparities such as climate health, maternal health, health knowledge, and primary care research, and Community Partnerships to Advance Science for Society which aims to develop a new health equity research model for community-led intervention research across NIH and other federal agencies. Released in March 2023, NIH's Strategic Plan for Diversity, Equity, Inclusion, and Accessibility is a 5-year plan that includes approaches to advance diversity, equity, inclusion, and accessibility within the broader biomedical and behavioral research enterprise, including within its workforce and through the research supported.

Developing a Universal Influenza Vaccine

The influenza virus remains a deadly and costly pathogen, placing a substantial health and economic burden on the United States and across the world each year. The National Institute of Allergy and Infectious Diseases continues to prioritize and support the ongoing work of successfully developing a universal influenza vaccine providing durable protection against multiple influenza strains. The budget will continue funding this research at $270 million, allowing the National Institute of Allergy and Infectious Diseases to continue focusing on research areas that simultaneously broaden knowledge around basic influenza immunity and advance translational research efforts to drive the universal influenza vaccine development.

Ending the HIV Epidemic in the United States

The FY 2025 budget includes $26 million, flat with FY 2023, for NIH-sponsored Centers for AIDS Research and HIV/AIDS Research Centers to continue efforts toward accomplishing HHS's initiative to end the HIV epidemic in the United States by 2030. In 2025, NIH will focus on an expanded, diversified response to reach communities and populations disproportionately affected by HIV, including plans to expand implementation research to additional types of awardees.

Improving Maternal Health

NIH remains committed to understanding the social, structural, and genetic risk factors that increase maternal mortality rates and developing innovative technologies, earlier intervention, and better disease detection that will improve maternal health outcomes in the United States.

The Implementing a Maternal health and PRegnancy Outcomes Vision for Everyone initiative supports

research to reduce preventable causes of maternal deaths and improve health for women before, during, and after delivery. The Implementing a Maternal health and PRegnancy Outcomes Vision for Everyone initiative is expanding to address additional areas of increased maternal mortality and health disparities including intimate partner violence, healthcare access and quality, and rising rates of maternal mortality due to substance overdose. The FY 2025 budget includes $43 million for the *Eunice Kennedy Shriver* National Institute of Child Health and Human Development to continue Implementing a Maternal health and PRegnancy Outcomes Vision for Everyone, an increase of $13.4 million from FY 2023.

The FY 2025 budget continues to provide $3 million to support the Eunice Kennedy Shriver National Institute of Child Health and Human Development's research on mitigating the effects of COVID-19 on pregnancies, lactation, and postpartum health with a focus on individuals from racial and ethnic minority groups.

Women's Health Research

The FY 2025 budget includes $154 million for the Office of Women's Health Research within the Office of the Director, an increase of $76 million. The additional funds will allow NIH to support new and existing initiatives that emphasize women's health research, such as research in menopause and diabetes, opioid use disorder in pregnant women, and alcohol use during pregnancy. Further, it will enable the NIH to work on cross-institute initiatives to promote sex and gender equity across all domains of research. The Administration proposes to transform the way we fund women's health research at the National Institutes of Health, including by creating a new nationwide network of centers of excellence and innovation in women's health.

Innovating Mental and Behavioral Health Research

Scientific and clinical advances are rapidly advancing mental health care in the United States. Progress in basic science has led to new tools and resources which enable investigators to gain scientific insight into the complex interactions between the brain, environments, and disease. Intervention research continues to enhance the understanding and effectiveness of evidence-based care in a broad range of settings.

The FY 2025 budget includes an increase of $200 million for the National Institute of Mental Health to support better diagnostics, improved treatments, and enhanced precision of care for mental health.

Additionally, $10 million of the increase will support the new NIH-led, cross-agency prevention implementation research effort to disseminate and increase the adoption of effective approaches to prevent or reduce risk for behavioral health disorders.

Firearms and Gun Violence Research

NIH is committed to supporting scientific research to develop, evaluate, and implement effective public health interventions to better understand and prevent violence, including firearm violence, and the resulting trauma, injuries, and mortality. NIH is currently supporting research to improve the understanding of the determinants of firearm injury, the identification of those at risk of firearm injury, the development, piloting, and testing of innovative interventions to prevent firearm injury and mortality, and the examination of approaches to improve the implementation of existing, evidence-based interventions to prevent firearm injury and mortality. As part of the FY 2025 budget, $25 million will support firearm research in the Office of the Director, $12 million above FY 2023.

Artificial Intelligence

NIH is committed to harnessing the power of artificial intelligence and machine learning to advance research across diverse fields, diseases, and scientific communities. Looking ahead, advanced scientific methods, new data analytics, and technologies are unlocking possibilities to leverage data in ways that achieve faster and more definitive results. These approaches are only as good as the data used to train them. For research extending to the clinic, this requires data that are comprehensive and include all communities that we serve. NIH has launched innovative and ambitious initiatives to propel the fusion of biomedicine and artificial intelligence and machine learning. The budget includes $30 million for the National Library of Medicine to create and maintain collection, storage, and cutting-edge analytics for data obtained from the clinical care environment.

Buildings and Facilities

The budget includes $350 million for NIH intramural Buildings and Facilities to ensure NIH has the necessary infrastructure for cutting-edge science and the ability to respond to national and global health threats. This amount will enable NIH to address the pressing campus-wide infrastructure needs identified in the National Academies of Sciences, Engineering, and

Medicine's 2019 independent review of NIH's main campus.

This funding will also allow NIH to continue to build upon the administrative improvements to NIH's capital planning process, help stem the growth of NIH's backlog of maintenance and repair, and increase flexibility for Institutes and Centers to fund repair and improvement projects.

STRENGTHENING BIODEFENSE

The FY 2025 budget will support biodefense activities across HHS with mandatory funding of $20.0 billion, including $2.7 billion for NIH research and development of vaccines, diagnostics, and therapeutics against high-priority viral families, biosafety and biosecurity, and expanding laboratory capacity and clinical trial infrastructure. NIH will conduct and support preclinical and clinical research on vaccines and vaccine platforms, monoclonal antibodies, and novel adjuvants to provide protection against prototype or representative pathogens. It will support the development and clinical trials of additional therapeutic candidates, including host-tissue-directed therapies, and develop both next-generation diagnostics to fill critical gaps and innovative clinical and environmental surveillance technologies.

LEGISLATIVE PROPOSALS

In addition to reauthorizing the Special Type 1 Diabetes Program, the budget includes a discretionary legislative proposal to modify the statutory requirements for the AIDS Research Advisory Committee to reflect the current status of HIV/AIDS science. The budget also proposes to expand the hiring authorities for the NIH Undergraduate Scholarship Program to support NIH's mission of building a team of diverse and experienced federal employees, as well as a proposal to allow the mailing of electronic nicotine delivery systems for the purposes of conducting public health research, investigations, and surveillance.

Overview by Mechanism

The following tables are in millions of dollars.

Mechanism	2023	2024	2025	2025 +/- 2023
Research Project Grants (dollars)	26,581	26,308	27,141	+560
[# of Non-Competing Grants]	30,177	31,389	31,481	+1,304
[# of New/Competing Grants]	11,106	9,739	10,273	-833
[# of Small Business Grants]	1,893	1,845	1,882	-11
[Total # of Grants]	43,176	42,973	43,636	+460
Research Centers	2,881	2,853	2,931	+50
Other Research	3,337	3,190	3,918	+581
Research Training	984	1,021	1,034	+50
Research and Development Contracts	4,033	3,857	4,582	+550
Intramural Research	5,046	5,133	5,274	+228
Research Management and Support	2,331	2,442	2,690	+358
Office of the Director[81]	2,022	1,841	2,063	+41
NIH Common Fund (non-add)	735	735	722	-13
Office of Research Infrastructure Programs (non-add)	309	309	259	-50
OD Appropriation (non-add)	3,066	2,886	3,044	-22
Buildings and Facilities[82]	380	380	400	+20
National Institute of Environment Health Services Interior Appropriation (Superfund)	83	83	83	--
Advanced Research Projects Agency for Health	1,500	1,500	1,500	--
NIH and ARPA-H Total, Program Level	**49,178**	**48,609**	**51,617**	**+2,438**
NIH Budget Totals	**2023**	**2024**	**2025**	**2025 +/- 2023**
NIH Total, Program Level	**47,678**	**47,109**	**50,117**	**+2,438**
NIH and ARPA-H Total, Program Level	**49,178**	**48,609**	**51,617**	**+2,438**
Less Funds from Other Sources	-1,554	-1,662	-3,726	-2,173
Public Health Service Evaluation Funds[83]	-1,412	-1,412	-2,018	-606
Mandatory Funding – Special Type 1 Diabetes (Proposed and Current Law)[84]	-141	-250	-260	-119
Mandatory Funding – Cancer Moonshot[82]	--	--	-1,448	-1,448
NIH Total, Discretionary Budget Authority	**46,125**	**45,447**	**46,390**	**+265**
NIH and ARPA-H Total, Discretionary Budget Authority	**47,625**	**46,947**	**47,890**	**+265**

[81] Number of grants and dollars for the Common Fund and Office of Research Infrastructure Programs components of the Office of the Director are distributed by mechanism and the dollars are noted here as a non-add. Office of the Director appropriations are noted as a non-add because the remaining funds are accounted for under Office of the Director Other. Includes 21st Century Cures Innovation Account.

[82] Includes Buildings and Facilities appropriation and funds for facility repairs and improvements at the National Cancer Institute Federally Funded Research and Development Center in Frederick, Maryland.

[83] Number of grants and dollars for Program Evaluation Financing are distributed by mechanism above; therefore, the amount is deducted to provide subtotals only for the Labor/HHS Budget Authority.

[84] Number of grants and dollars for mandatory Special Type 1 Diabetes and Cancer Moonshot are distributed by mechanism above; therefore, these amounts are deducted to provide subtotals only for Discretionary Budget Authority.

Substance use And Mental Health Services Administration

The following tables are in millions of dollars.

Mental Health	2023[85]	2024[86]	2025	2025 +/- 2023
Community Mental Health Services Block Grant	1,008	1,008	1,043	+35
Public Health Service Evaluation Funds (non-add)	*21*	*21*	*21*	--
Programs of Regional and National Significance	1,044	1,044	1,218	+174
Prevention and Public Health Fund (non-add)	*12*	*12*	*12*	--
National Child Traumatic Stress Network	94	94	94	--
Assisted Outpatient Treatment for Individuals with Serious Mental Illness	21	21	21	--
Community Mental Health Centers – Mandatory (Proposed)	--	--	413	+413
Certified Community Behavioral Health Clinics	385	385	450	+65
Children's Mental Health Services	130	130	180	+50
Projects for Assistance in Transition from Homelessness	67	67	67	--
Protection and Advocacy for Individuals with Mental Illness	40	40	40	--
Subtotal, Mental Health	**2,789**	**2,789**	**3,525**	**+736**
Substance Use Prevention Services	**2023**	**2024**	**2025**	**2025 +/- 2023**
Programs of Regional and National Significance	237	237	237	--
Subtotal, Substance Use Prevention	**237**	**237**	**237**	**--**
Substance Use Services	**2023**	**2024**	**2025**	**2025 +/- 2023**
Substance Use Prevention, Treatment and Recovery Block Grant	2,008	2,008	2,008	--
PHS Evaluation Funds (non-add)	*79*	*79*	*79*	--
Formula Grants to States to Address Opioids	1,575	1,575	1,595	+20
Programs of Regional and National Significance	574	574	591	+17
PHS Evaluation Funds (non-add)	*2*	*2*	*2*	--
Subtotal, Substance Use Services	**4,157**	**4,157**	**4,194**	**+37**
Health Surveillance and Program Support	**2023**	**2024**	**2025**	**2025 +/- 2023**
Program Support	85	85	85	--
Health Surveillance	51	51	51	--
PHS Evaluation Funds (non-add)	*81*	*81*	*81*	--
Public Awareness and Support	13	13	13	--
Drug Abuse Warning Network	13	13	13	--
Performance and Quality Information Systems	10	10	10	--
Data Request and Publications, User Fees	1.5	1.5	1.5	--
Behavioral Health Workforce Data and Development, PHS Eval.	1	1	1	--
Congressionally Directed Community Project Funding	161	161	--	-161
Subtotal, Health Surveillance and Program Support	**335**	**335**	**174**	**-161**
SAMHSA Budget Totals	**2023**	**2024**	**2025**	**2025 +/- 2023**
Total, Program Level	**7,518**	**7,518**	**8,130**	**+612**
Less Funds from Other Sources	-147	-147	-560	-413
Prevention and Public Health Fund (non-add)	*-12*	*-12*	*-12*	--
PHS Evaluation (non-add)	*-134*	*-134*	*-134*	--
Data Request and Publications User Fees (non-add)	*-2*	*-2*	*-2*	--
Community Mental Health Centers – Mandatory (Proposed)	--	--	*-413*	-413
Subtotal, Discretionary Budget Authority	**7,370**	**7,370**	**7,570**	**+199**
Full-Time Equivalents	722	865	865	--

[85] The FY 2023 column reflects final levels, including required and permissive transfers.

[86] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15).

Substance use And Mental Health Services Administration's mission is to lead public health and service delivery efforts that promote mental health, prevent substance misuse, and provide treatments and supports to foster recovery while ensuring equitable access and better outcomes.

The Substance use And Mental Health Services Administration (SAMHSA) leads HHS in advancing public health efforts to improve the behavioral health of the nation and the lives of individuals living with mental health and substance use disorders. SAMHSA works to ensure that people with, affected by, or at risk for mental health and substance use conditions receive care, achieve wellbeing, and thrive.

The FY 2025 President's Budget provides $8.1 billion for SAMHSA, an increase of $612 million above FY 2023. Of this amount, $413 million is proposed mandatory funding for Community Mental Health Centers to expand and improve the quality of services available to people with mental illness. The budget continues to make significant investments to expand behavioral healthcare services, grow youth-oriented services, develop community harm initiatives, and increase services for substance use treatment.

These investments represent the Administration's commitment to the Unity Agenda and the Mental Health Strategy to improve the lives of all Americans.

INVESTING IN MENTAL HEALTH AND CRISIS RESPONSE

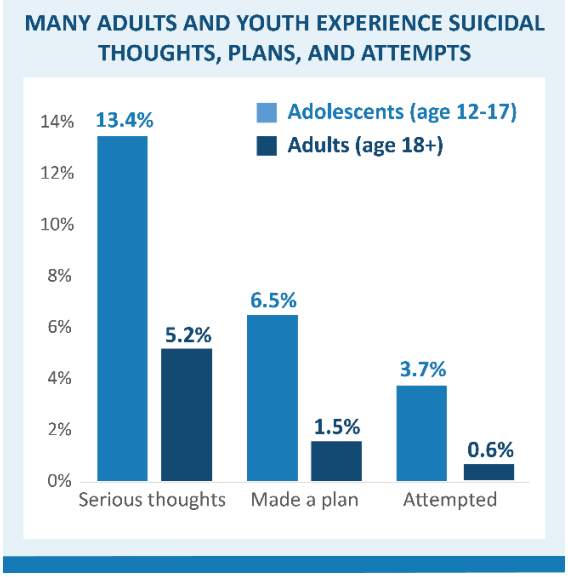
In 2022, approximately 59 million Americans had a mental illness. Of that amount, approximately 17 million Americans had serious thoughts of suicide.[87] The FY 2025 President's Budget provides $3.5 billion, an increase of $736 million over FY 2023, toward SAMHSA's mental health services programs. These proposed investments will address youth mental health and suicide prevention, and expand community behavioral healthcare services.

9-8-8 and Behavioral Health Crisis Services

Suicide continues to be a significant issue within the United States. The suicide rate increased 4 percent between 2020 and 2021.[88] This is the largest 1-year increase between 2001 and 2021. In 2021, suicide was the 11th leading cause of death among people of all ages in the United States[89], disproportionately affecting tribal populations, sexual and gender minorities, older adults, and veterans.[90] The FY 2025 budget upholds the Administration's priorities by building upon the historic investment in suicide prevention programs and improving accessibility of the 9-8-8 and Behavioral Health Crisis Services program.

In July 2022, SAMHSA transitioned the National Suicide Prevention Lifeline from a 10-digit number to 9-8-8, a 24/7 lifeline that combines custom local care and resources with national standards and best practices. Since its inception, the Lifeline has received and routed over eight million calls, texts, and chats.[91] In FY 2025, SAMHSA will dedicate $602 million to the lifeline, which is $100 million above FY 2023.

The increased funding would improve Lifeline infrastructure, state and local response, and expand the Public Awareness Campaign. Funding the 9-8-8 Lifeline at this level would support the current level of



[87] 2022 National Survey on Drug Use and Health

[88] Garnett MF, Curtin SC. Suicide mortality in the United States, 2001–2021. NCHS Data Brief, no 464. Hyattsville, MD: National Center for Health Statistics. 2023. DOI: https://dx.doi.org/10.15620/cdc:125705.

[89] Source for Many Adults and Youth Experience Suicidal Thoughts, Plans, and Attempts Graphic: https://www.samhsa.gov/data/sites/default/files/reports/rpt42731/2022-nsduh-main-highlights.pdf

[90] Substance Abuse and Mental Health Services Administration. (2023). Key substance use and mental health indicators in the United States: Results from the 2022 National Survey on Drug Use and Health (HHS Publication No. PEP23-07-01-006, NSDUH Series H-58). Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration. https://www.samhsa.gov/data/report/2022-nsduh-annual-national-report

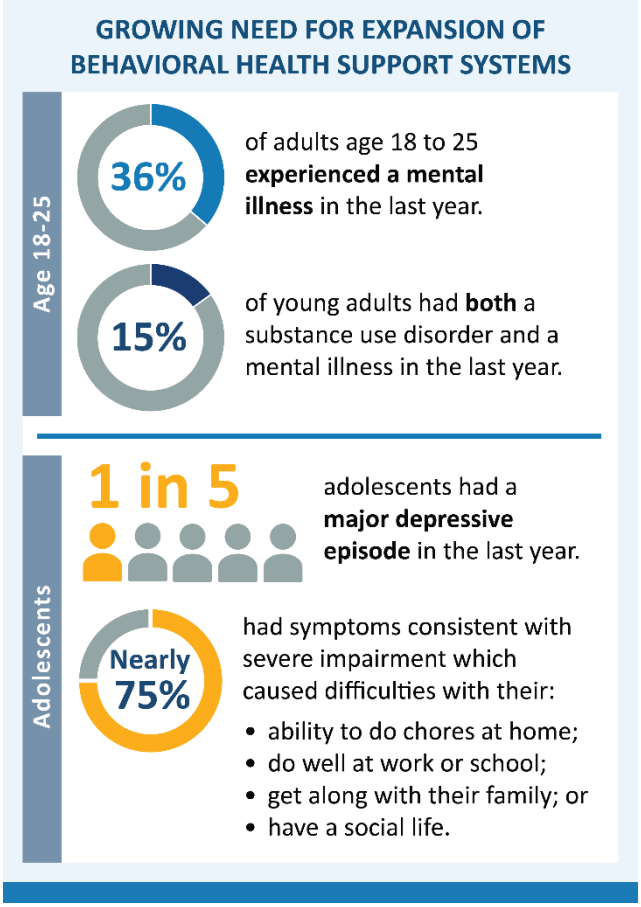
[91] 9-8-8 Lifeline Performance Metrics.

contacts for services supported by the program. It will also provide additional resources to expand the 9-8-8 awareness campaign. This budget will also continue to support the Spanish language services and specialized service access to LGBTQI+ youth and young adults.

Mobile Crisis Response

Mobile Crisis Response plays a critical role in the Behavioral Health Crisis Care continuum. The program provides grants to create or enhance mobile crisis response teams to assist adults, children, and youth experiencing mental health crises in lieu of law enforcement. This program plays a key role in shifting from the overuse of law enforcement, jails, and hospital rooms as the default to more appropriate mental health crisis services.

The FY 2025 budget provides $40 million for mobile crisis response, which is an increase of $20 million over FY 2023. At this funding level, 48 grants will support communities improving crisis response capacity and integrate community 9-8-8 and crisis systems.



Children and Youth Mental Health Services

Project AWARE was established in 2014 and is focused on building infrastructure within schools and communities to provide trauma-informed, developmentally-appropriate, and culturally-competent services to children, youth, students, their families, and communities. Among adolescents aged 12 to 17 in 2022, 4.8 million individuals had a past year major depressive episode. An estimated 3.6 million adolescents aged 12 to 17 had a past year major depressive episode with severe problems with doing chores at home, doing well at work or school, getting along with their family, or having a social life.[92] The Administration proposes a $50 million increase for Project AWARE over FY 2023 to identify and refer approximately 135,000 school-aged youth to mental health and related services; and to train approximately 450,000 mental health and mental health-related professionals.

The budget includes $180 million for Children's Mental Health Services, an increase of $50 million above FY 2023. In 2023, it is estimated that 49.5 percent of adolescents have any mental illness, while 22.2 percent have a severe impairment.[93] Only 41 percent of these children receive treatment. SAMHSA expects to serve over 12,500 children and the train over 70,000 in mental health activities and practices. This program helps states, tribes, and communities deliver services and support to children and their families with serious emotional disturbances.

Expand Access to Care for People Experiencing Homelessness

In 2023, 653,104 individuals experienced homelessness, a 12 percent increase between 2022 and 2023.[94] Individuals with a mental illness are more likely to experience homelessness and experience homelessness longer than the rest of the homeless population. Additionally, individuals who are unhoused are at increased risk for mental illness, substance use disorders, and other adverse outcomes. In 2023, 137,076 individuals who experienced homelessness also reported experiencing severe

[92] 2022 National Survey on Drug Use and Health
[93] National Institute of Mental Health. (2023). Mental Illness. *National Institute of Mental Health.* Retrieved from: https://www.nimh.nih.gov/health/statistics/mental-illness
[94] HUD Releases 2023 AHAR Data: 12 Key Data Points to Understand the Current State of Homelessness in America

mental illness.[95] Sixty-four percent of service providers report increases in unsheltered homelessness and an increase of 18 percent of those who are chronically homeless.[96] Data suggests that homelessness in the United States is increasing significantly.

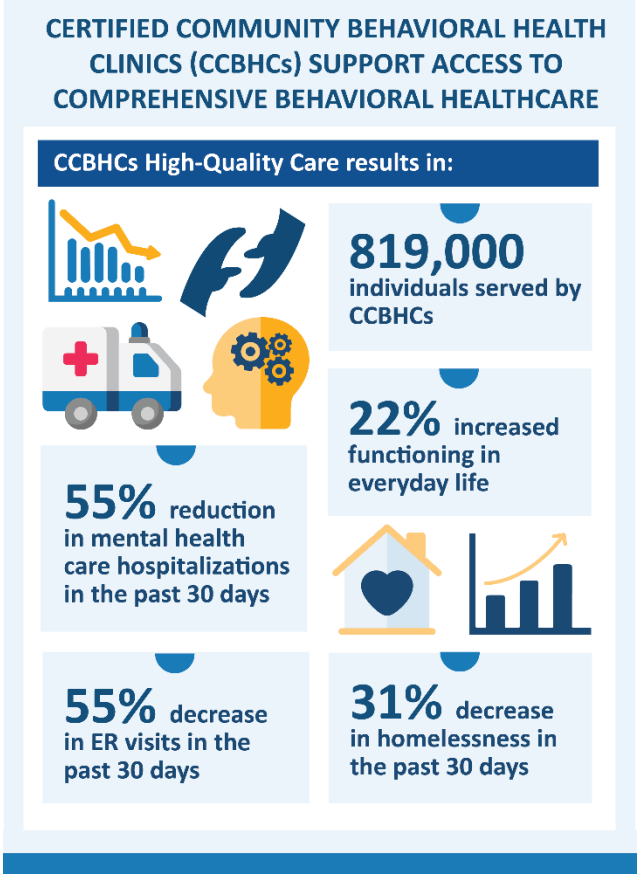
The FY 2025 budget maintains funding for the Projects for Assistance in Transition from Homelessness program at $67 million to maintain services at the level provided in FY 2023. This funding will continue to serve individuals experiencing homelessness who also experience serious mental illness.

Mental Health Infrastructure

The Community Mental Health Block Grant is a significant source of funding that provides stable and effective services for some of the most at-risk populations. The FY 2025 budget requests $1.0 billion, an increase of $35 million above FY 2023, and would require states to set aside 5 percent of their allocation for evidence-based care programs to address the needs of individuals with early serious mental illness.

Community-based care is an important method of reducing barriers and ensuring comprehensive and coordinated services reach individuals in need. The Certified Community Behavioral Health Clinics program meets people where they live or work by ensuring treatment is accessible, achieving the Administration's Mental Health Strategy of connecting individuals to care. The budget provides $450 million, an increase of $65 million over the FY 2023. The clinics will provide approximately 800,000 individuals with comprehensive and coordinated behavioral healthcare.

In order to support the Administration's Unity and Mental Health Agendas, the budget re-proposes $413 million in new mandatory funding for the Community Mental Health Centers. The Community Mental Health Centers will restore and support the delivery of clinical services and address the needs of individuals with mental illnesses. This investment by SAMHSA continues to provide significant mental health services to some of the most vulnerable.



ADDRESS OVERDOSE EPIDEMIC AND SUPPORT RECOVERY

In the United States, drug overdose deaths have been rising over the last 20 years.[97] SAMHSA continues to provide substance use prevention and treatment activities to those most in need. The budget includes $4.2 billion in FY 2025, an increase of $37 million over FY 2023, for substance use services, including increased funding to and expand treatment for substance use disorders, develop community-based harm reduction activities, advance women's behavioral health services.

Recovery Support Services

Recovery is a process through which individuals improve their health and wellness and strive to reach their full potential. These services may be provided in clinical treatment, recovery-based educational programs, employment supports, recovery housing,

[95] HUD 2023 Continuum of Care Homeless Assistance Population and Subpopulation
[96] HUD Releases 2023 AHAR Data: 12 Key Data Points to Understand the Current State of Homelessness in America
[97] Spencer MR, Miniño AM, Warner M. Drug overdose deaths in the United States, 2001–2021. NCHS Data Brief, no 457. Hyattsville, MD: National Center for Health Statistics. 2022. DOI: https://dx.doi.org/10.15620/cdc:122556.

faith-based approaches, peer and family support, and self-care to achieve long-term recovery.[98]

The budget maintains funding at FY 2023 levels for recovery support services to ensure those starting or maintaining their recovery have access to a wide variety of services, including:

- Building Communities of Recovery ($16 million);
- Comprehensive Opioid Recovery Centers ($6 million);
- Treatment, Recovery, and Workforce Support ($12 million); and
- Youth Prevention and Recovery Initiative ($2 million).

Women's Behavioral Health Services

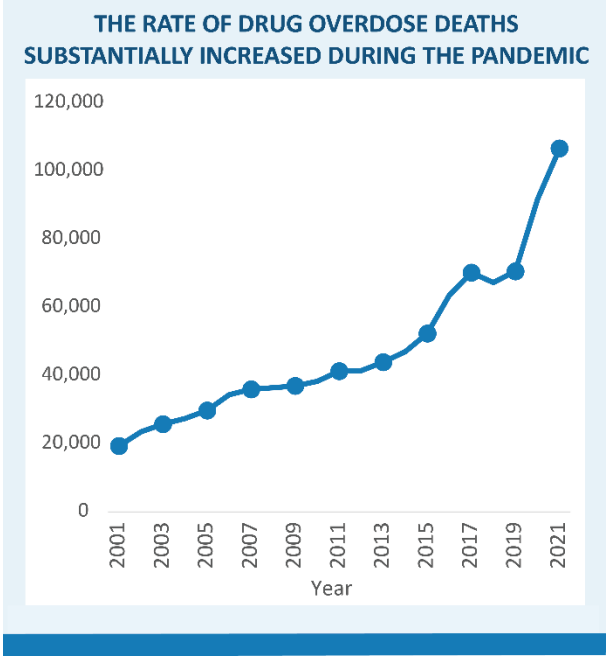
The Pregnant and Postpartum Women program provides comprehensive residential substance use treatment, prevention, and recovery support services to women who are pregnant or postpartum, their children, and their families through family-centered approaches. The budget includes $44 million, an increase of $5 million above the FY 2023. This increased funding will serve more women and their families who are in need of services. It represents the Administration's commitment to women's health and reducing maternal mortality.

The budget would also fund a new technical assistance center within SAMHSA to focus on women's mental health and substance use. The budget provides $4 million across the Center for Mental Health Services and the Center for Substance Use Services, an increase of $4 million above FY 2023, to establish this activity. The technical assistance center would create a national system of clinical consultation and technical assistance for health providers from various disciplines within the field of women's health.

Harm Reduction

The Community Harm Reduction and Engagement Initiative was first created in the American Rescue Plan Act of 2021 to reduce the negative individual and public health impacts of alcohol and other substance use and substance use disorders. Harm reduction is an approach to engage individuals in lifesaving care that meets people where they are. The budget builds on the American Rescue Plan Act of 2021's initial investment by proposing $10 million, to establish the first annual appropriation for harm reduction services.

The budget also proposes to maintain funding for the First Responder Training program at $56 million and Grants to Prevent Overdose Deaths at $16 million.



Substance Use Prevention and Treatment Infrastructure

SAMHSA provides funding to states, tribes, and territories through critical formula grants to support prevention, harm reduction, and recovery support services. The budget provides $122 million for Targeted Capacity Expansion, which is flat with FY 2023. At this funding level, approximately 13,500 people will be served.

The FY 2025 budget includes $2.0 billion for the Substance Use Prevention and Treatment Block Grant, flat with FY 2023. This program ensures individuals, their families, and communities have access to the range of substance use-related prevention, treatment, public health, and recovery support services[99]. At this funding level, SAMHSA will continue to provide assistance to states and jurisdictions that are adversely impacted by substance use disorders.

The budget also proposes $1.6 billion for the State Opioid Response grant program, an increase of

[98] HHS Recovery Care and Support Services.

[99] Source for The Rate of Drug Overdose Deaths Substantially Increased During the Pandemic Graphic: Spencer MR, Miniño AM, Warner M. Drug overdose deaths in the United States, 2001–2021. NCHS Data Brief, no 457. Hyattsville, MD: National Center for Health Statistics. 2022. DOI: https://dx.doi. org/10.15620/cdc:122556.

$20 million above FY 2023. This grant program provides resources to states and territories to enhance the development of comprehensive strategies focused on prevention, intervention, and promotion of recovery from opioid use, overdose, and stimulant use. Within this grant program, the budget increases the tribal set aside to $60 million, an increase of $5 million above FY 2023, to provide culturally responsive prevention and treatment services.

HEALTH SURVEILLANCE AND PROGRAM SUPPORT

SAMHSA is dedicated to using and promoting evidence-based practices and rigorous evaluation. SAMHSA maintains several behavioral health data collection systems and surveys, and supports public awareness. The budget includes $174 million to monitor and provide program oversight to nationwide Health Surveillance efforts.

Agency for Healthcare Research and Quality

The following tables are in millions of dollars.

Research on Health Costs, Quality, and Outcomes	2023	2024[100]	2025	2025 +/- 2023
Health Services Research, Data, and Dissemination	111[101]	111	111	--
Patient Safety	90	90	90	--
Digital Healthcare Research	16	16	16	--
U.S. Preventive Services Task Force	12	12	18	--
Subtotal, Health Costs, Quality, and Outcomes	**229**	**229**	**235**	**+6**
Medical Expenditure Panel Survey	**2023**	**2024**	**2025**	**2025 +/- 2023**
Medical Expenditure Panel Survey	72	72	75	+3
Subtotal, Medical Expenditure Panel Survey	**72**	**72**	**75**	**+3**
Program Support	**2023**	**2024**	**2025**	**2025 +/- 2023**
Program Support	73	73	78	+5
Subtotal, Program Support	**73**	**73**	**78**	**+5**
Patient-Centered Outcomes Research Trust Fund	**2023**	**2024**	**2025**	**2025 +/- 2023**
Patient-Centered Outcomes Research Trust Fund	111	118	126	+15
Subtotal, Patient-Centered Outcomes Research Trust Fund	**111**	**118**	**126**	**+15**
AHRQ Budget Totals	**2023**	**2024**	**2025**	**2025 +/- 2023**
Total, Budget Authority	374	374	387	+14
Total, Patient-Centered Outcomes Research Trust Fund	111	118	126	+15
Total, Program Level	**485**	**492**	**513**	**+29**

The Agency for Healthcare Research and Quality's mission is to produce scientific evidence to make healthcare safer, higher quality, more accessible, equitable, and affordable, and to work within the Department of Health and Human Services and with other partners to make sure that the evidence is understood and used to improve healthcare delivery in the United States.

The Agency for Healthcare Research and Quality (AHRQ) is the lead federal agency charged with improving the safety and quality of healthcare for all Americans. The agency develops the knowledge, tools, and data needed to improve the healthcare system and help consumers, healthcare professionals, and policymakers make informed health decisions. AHRQ accomplishes its mission by focusing on three core areas:

Health Services and Systems Research: Investing in research that generates evidence for delivering high-quality, safe, high-value healthcare.

Practice Improvement: Creating materials to help health systems and clinicians put research results into practice.

Data and Analytics: Generating data and measures used by healthcare decision makers to understand how the U.S. healthcare system is working and where there are opportunities for improvement.

The FY 2025 budget invests in AHRQ's core program areas of health services research, patient safety, digital healthcare, and sustaining key data resources.

Specifically, the budget requests $513 million for AHRQ. The request includes $387 million in budget authority and $126 million in mandatory transfers from the Patient-Centered Outcomes Research Trust Fund. The budget allows for the U.S. Preventive Services Task Force to strengthen its focus on equity during clinical reviews; sustains the Medical Expenditure Panel Survey; and ensures AHRQ has the administrative resources to carry out its mission.

HEALTH SERVICES RESEARCH, DATA, AND DISSEMINATION

The principal goal of health services research is to identify the most effective ways to organize, manage, finance, and deliver healthcare that is high quality, safe, equitable, and high value. AHRQ supports research on the most pressing questions faced by

[100] The FY 2024 funding level reflects the FY 2024 Annualized CR.

[101] FY 2023 has been adjusted to include research grants and contracts requested for the Long COVID portfolio to provide comparability to the FY 2025 President's Budget that integrates this program into the Health Services Research, Data, and Dissemination portfolio.

clinicians, health system leaders, policymakers, and others about how to best provide patient care with appropriate solutions. These questions range from how hospitals can provide equitable care during labor and delivery to how healthcare delivery organizations and clinical teams can contribute to solving critical public health crises (e.g., the nation's opioid and polysubstance abuse epidemic). This research is conducted through investigator initiated and directed research grants programs and research contracts.

AHRQ also:

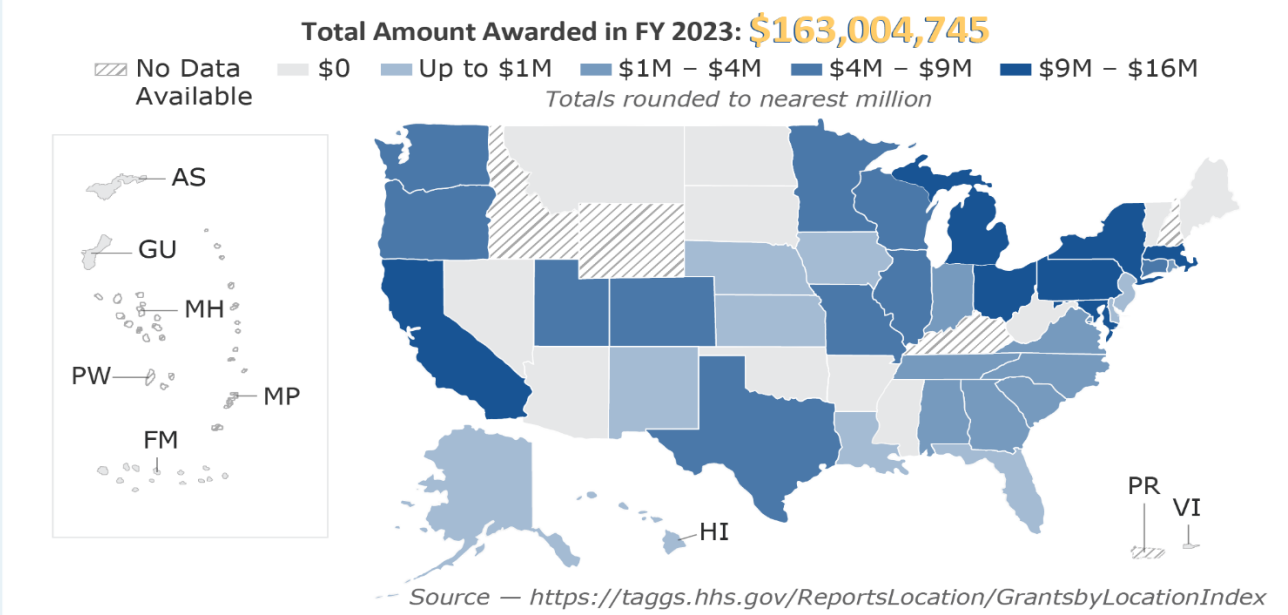
- Supports the translation and implementation of these research findings by partnering with health delivery systems.
- Creates and disseminates data and analyzes key trends in the quality, safety, equity, and healthcare cost to help users understand and respond to what is driving the delivery of care today.
- Develops measures to track quality, safety, equity, and healthcare cost changes over time, providing benchmarks and dashboards for judging the effectiveness of clinical interventions and policy changes.

The FY 2025 budget provides $111 million, flat with FY 2023, for the health services research, data, and dissemination portfolio.

Investigator-Initiated Grants and Contracts

AHRQ is a major national funder of investigator-initiated health systems research. AHRQ-funded research generates new findings and develops knowledge into practice[102]. The budget provides $55 million, an increase of $2 million above FY 2023, to support new and continuing general research grants. This includes $14 million in new investigator-initiated grants.

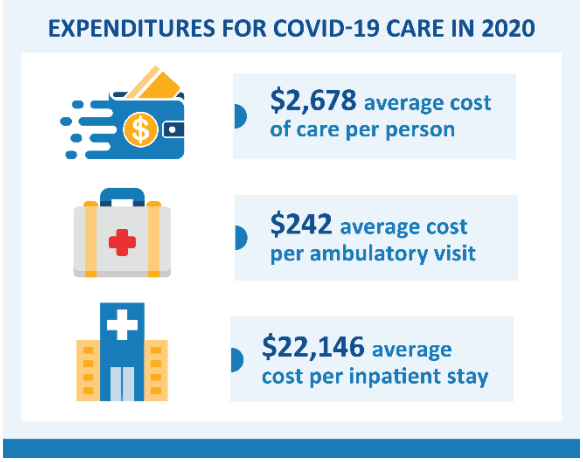
NATIONWIDE AHRQ GRANT SUPPORT



[102] Nationwide AHRQ Grant Support includes funding from all sources.

Long COVID

Long COVID impacts a growing number of people who experience consequences across multiple organ systems, potentially compounded by underlying conditions, with negative impacts on health and quality of life. The FY 2025 budget invests $10 million to continue Long COVID research activities started in FY 2023. AHRQ's work will ensure healthcare delivery systems are prepared to provide patient-centered, coordinated care.



ENHANCING PATIENT SAFETY

AHRQ is the lead federal agency for patient safety research. Patient safety includes the prevention of diagnostic errors, medical errors, injury, or other preventable harm to a patient and reducing the risk of unnecessary harm associated with healthcare. AHRQ conducts critical research to advance the field of patient safety and develops tools and resources to ensure health systems and professionals can put this evidence into real-world practice. AHRQ collects data to monitor the nation's progress in preventing harm in healthcare settings. The FY 2025 budget provides $90 million, flat with FY 2023, for patient safety research to reduce patient safety risks and harms, support patient safety organizations, and address healthcare-associated infections.

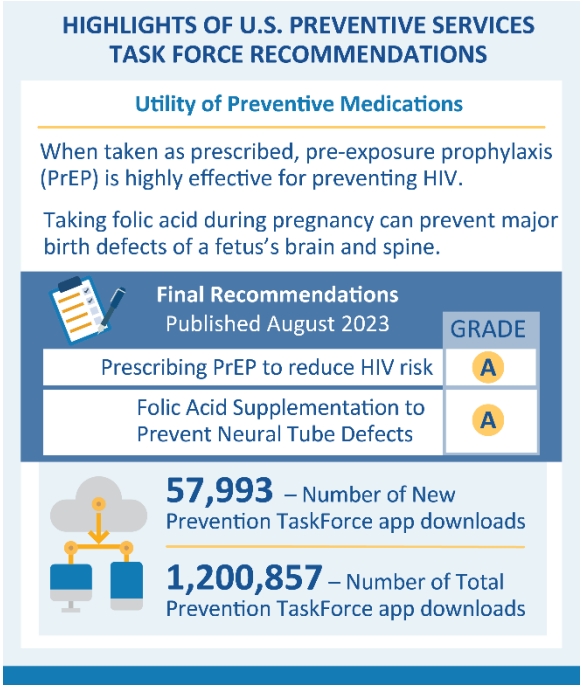
DIGITAL HEALTHCARE RESEARCH

The Digital Healthcare Research portfolio conducts research to determine how the various components of the digital healthcare ecosystem can best come together to positively affect healthcare delivery and create value for patients and their families. The program funds research to create actionable findings around "what and how digital healthcare technologies work best" for its key stakeholders: patients, clinicians, and health systems working to improve healthcare quality. For the past decade, AHRQ-funded research has consistently informed and shaped programs and policy of the Office of the National Coordinator for Health Information Technology, Centers for Medicare & Medicaid Services, U.S. Department of Veterans Affairs, and other federal entities. The FY 2025 budget provides $16 million for the AHRQ digital healthcare research portfolio, flat with FY 2023.

U.S. PREVENTIVE SERVICES TASK FORCE

The U.S. Preventive Services Task Force is an independent, volunteer panel of national experts in prevention, celebrating 40 years of making evidence-based recommendations.

The budget invests $18 million, an increase of $6 million above FY 2023, to support the U.S. Preventive Task Force's effort to address health equity, strengthen transparency and patient engagement, and increase responsiveness to new evidence. With these additional funds, AHRQ will fund three to five additional reviews, increasing the number of final recommendations in future years. The U.S. Preventive Task Force makes evidence-based recommendations about clinical preventive services such as screenings, counseling services, and preventive medications. AHRQ provides scientific and administrative support for the U.S. Preventive Task Force, ensuring it has the evidence needed to make recommendations; the ability to operate in a transparent, scientifically rigorous, and efficient manner; and the ability to share recommendations clearly and effectively with the healthcare community and the public. In FY 2023, the U.S. Preventive Task Force issued 13 final recommendation statements. Recent notable recommendations include screening for hypertensive disorders during pregnancy; prescription of HIV pre-exposure prophylaxis for individuals at increased risk of HIV acquisition; folic acid supplementation for the prevention of neural tube defects; screening for anxiety and depression in children and adolescents; and the use of aspirin for the prevention of preeclampsia.



MEDICAL EXPENDITURE PANEL SURVEY

The Medical Expenditure Panel Survey is the only national source of comprehensive annual data on how Americans use and pay for medical care. The Medical Expenditure Panel Survey is a set of large-scale surveys of families and individuals (household component), their medical providers (medical provider component), and employers (insurance component) across the United States. It is designed to provide annual estimates at the national level of healthcare utilization, expenditures, and sources of payment and health insurance coverage of the U.S. civilian non-institutionalized population.

The FY 2025 budget provides $75 million, an increase of $3 million for the Medical Expenditure Panel Survey. The increase allows AHRQ to recruit and maintain the crucial levels of skilled interviewers needed to support survey operations across all components. Ongoing support of the Medical Expenditure Panel Survey includes maintaining the precision levels of survey estimates, maximizing survey response rates, and continuing to achieve timeliness, quality, and utility of data products, all of which were severely affected by the COVID-19 pandemic. Key findings released in FY 2023 include:

- Nearly 41 percent of the population had no primary care spending;
- The percentage of mothers who were uninsured at the time of birth declined from 10.4 percent to 5.9 percent, or by 43.3 percent, between 2008–2013 and 2014–2019; and
- In 2022, average health insurance premiums were $7,590 for single coverage and $21,931 for family coverage, representing increases of 2.8 and 2.6 percent, respectively, from 2021 levels.

PROGRAM SUPPORT

The budget includes $78 million, an increase of $5 million above FY 2023, to primarily support staff salaries and adjustments to benefits as well as general operation costs necessary to carry out AHRQ's responsibilities.

IMPLEMENTING PATIENT CENTERED OUTCOMES RESEARCH FINDINGS

In FY 2025, AHRQ will receive $126 million from the Patient-Centered Outcomes Research Trust Fund. This funding will:

- Provide training and career development for researchers and institutions in methods to conduct comparative effectiveness research;
- Continue support for the patient-centered outcomes fellowship program; and
- Support AHRQ's Healthcare Extension Service Initiative.

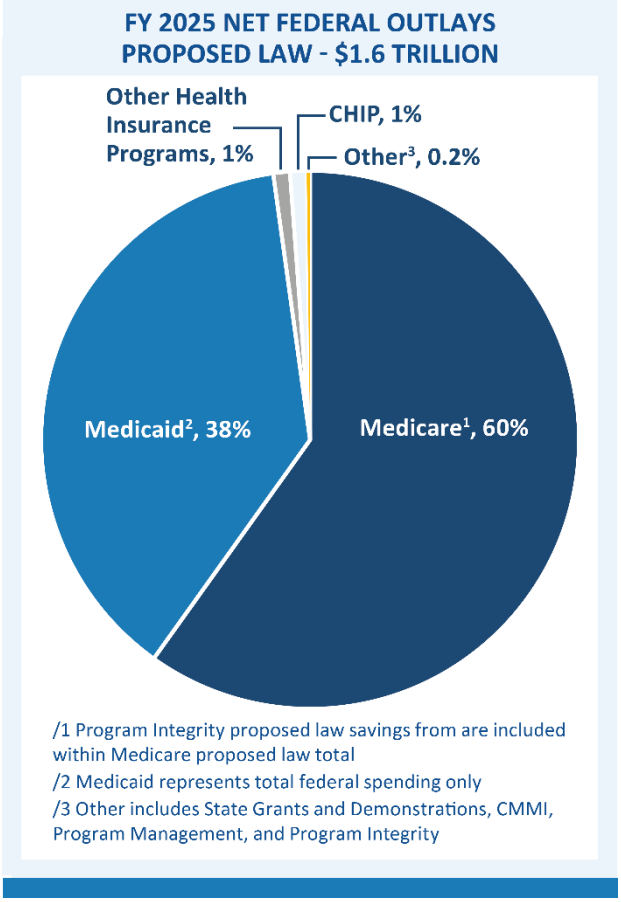
Centers for Medicare & Medicaid Services: Overview

The following tables are in millions of dollars.

Current Law	2023	2024	2025	2025 +/- 2024
Total, Net Outlays, Current Law	**1,483,213**	**1,449,333**	**1,568,671**	**+119,698**
Proposed Law	**2023**	**2024**	**2025**	**2025 +/- 2024**
Total Proposed Law	--	--	2,706	+2,726
Total, Net Outlays, Proposed Law	**1,483,213**	**1,449,333**	**1,571,578**	**+122,225**

The Centers for Medicare & Medicaid Services ensures effective and high-quality healthcare while promoting more equitable and accessible care for all.

As the largest single health payer in the United States, the Centers for Medicare & Medicaid Services (CMS) administers Medicare, Medicaid, the Children's Health Insurance Program (CHIP), and the federal Marketplace. Over 160 million Americans rely on CMS programs for high-quality health coverage. The FY 2025 President's Budget estimates $1.6 trillion in mandatory and discretionary outlays for CMS, a net increase of $123.0 billion above FY 2024 estimates. Net costs are due to projected increases in Medicare and Medicaid enrollment and payments between 2024 and 2025.



BUDGETARY REQUEST

CMS is dedicated to moving toward a healthcare system that emphasizes equity, affordability, and accessibility for all Americans. As the nation's largest administrator of health benefit programs, CMS is uniquely positioned to accelerate initiatives that advance the Secretary's commitment to the long-term health and well-being of seniors, Americans in need, families, and the next generation. CMS's budget request includes strategic investments to reduce drug and healthcare costs, transform behavioral health, modernize benefits, improve long-term care services, and protect and strengthen public health. As a steward of taxpayer funds, CMS designed the budget request to make efficient use of taxpayer resources and combat healthcare fraud.

MEDICARE

The budget extends Medicare solvency indefinitely without cutting benefits, and it includes over $260.0 billion in net savings over 10 years. Key improvements and investments in Medicare benefits include preventing diabetes, providing further access to nutrition and obesity counseling services, expanding access to behavioral health services and community health workers, improving the quality and safety of long-term care services, and advancing equity. The budget also builds on efforts in the Inflation Reduction Act to lower prescription drug prices.

MEDICAID AND CHIP

The budget includes Medicaid and CHIP investments over 10 years to make the programs more accessible, sustainable, and equitable. Most notably, the budget invests $150.0 billion over 10 years in Medicaid home and community-based services, which would allow

seniors and people with disabilities to remain in their homes and communities and promote better opportunities for home care workers and family caregivers. Additionally, the budget invests $204 million over 10 years in an optional Medicaid benefit that expands coverage of maternal health support services across the prenatal, labor and delivery, and postpartum periods, with enhanced federal funding available for the first 5 years the budget demonstrates the Administration's commitment to improving access and coverage by lowering cost sharing for individuals dually eligible for Medicare and Medicaid and expanding continuous eligibility for children in Medicaid and CHIP. Other proposals remove barriers to accessing medications and vaccines, streamlines the eligibility process, and improve care quality, all with the intent to improve health outcomes for beneficiaries.

PRIVATE INSURANCE

The budget for private insurance programs invests $273.0 billion over 10 years to strengthen healthcare coverage for more Americans through a permanent extension of the enhanced premium tax credits, a key pillar in the record-breaking Marketplace enrollment for 2024. The budget also provides Medicaid-like coverage to low-income individuals in states that have not expanded Medicaid under the Affordable Care Act, paired with financial incentives to ensure states maintain their existing expansions. The budget further strengthens consumer protections in behavioral and mental healthcare, including a proposal to require coverage of three behavioral health visits without cost-sharing. Protections against unwarranted facility fees for telehealth and some outpatient services are also included. The budget extends the Inflation Reduction Act's $35 cost-sharing cap for a month's supply of a covered insulin product to the commercial market. Finally, the budget advances the progress made under the No Surprises Act by extending surprise billing protections to ground ambulance services and ensuring agencies continue to have sufficient funding to execute and enforce the law.

PROGRAM INTEGRITY

The budget invests $4.1 billion in new mandatory Health Care Fraud and Abuse Control (HCFAC) resources over the next decade at HHS and the U.S. Department of Justice to address rapidly growing fraud, waste and abuse threats and schemes. These HCFAC investments, plus new legislative authorities to strengthen program integrity oversight, yield $5.0 billion in net savings over 10 years.

DISCRETIONARY PROGRAM MANAGEMENT

The budget request of $4.3 billion for Program Management, an increase of $204 million, supports the ongoing core administrative operations of the Medicare, Medicaid, CHIP, and Marketplace programs. Multiple preceding years of flat budgets amid increasing costs and responsibilities inhibit CMS's ability to properly administer these core healthcare programs on behalf of 160 million Americans. The request invests $492 million to improve oversight of nursing homes and other healthcare facilities, and $15 million to advance health equity. The budget also requests mandatory funds starting in FY 2026 to stabilize financing of annual nursing home inspections.

Centers for Medicare & Medicaid Services: Medicare

The following tables are in millions of dollars.

Current Law Outlays and Offsetting Receipts	2023	2024	2025	2025 +/- 2024
Benefits Spending (gross)[103]	**1,026,987**	**1,033,166**	**1,152,457**	**+119,291**
Less: Sequestration	-19,205	-18,288	-21,446	-3,158
Less: Premiums Paid Directly to Part D Plans[104]	-12,806	-12,926	-15,110	-2,185
Subtotal, Net Benefits	**994,975**	**1,001,953**	**1,115,900**	**+113,948**
Related-Benefit Expenses[105]	18,272	21,473	20,798	-675
Administration[106]	11,039	11,449	13,582	+2,133
Total Outlays, Current Law	**1,024,287**	**1,034,874**	**1,150,280**	**+115,406**
Premiums and Offsetting Collections	-176,754	-188,075	-202,920	-14,845
Total Current Law Outlays, Net of Offsetting Receipts	**847,532**	**846,800**	**947,361**	**+100,561**
Mandatory Current Law Outlays, Net of Offsetting Receipts[107]	**839,114**	**838,777**	**936,189**	**+97,412**
Proposed Law	**2023**	**2024**	**2025**	**2025 +/- 2024**
Medicare Proposals, Net of Offsetting Receipts[108]			139	+139
Subtotal, Medicare Proposed Law			**139**	**+139**
Mandatory Total Proposed Law Outlays[5]	**839,114**	**838,777**	**936,328**	**+97,551**

Medicare provides health benefits to individuals who are aged 65 or older, have a disability, or have End-Stage Renal Disease. In FY 2025, the Office of the Actuary estimates that gross current law spending on Medicare benefits will total $1.1 trillion and the program will provide health benefits to 68.7 million beneficiaries.

HOW MEDICARE WORKS – THE FOUR PARTS OF MEDICARE

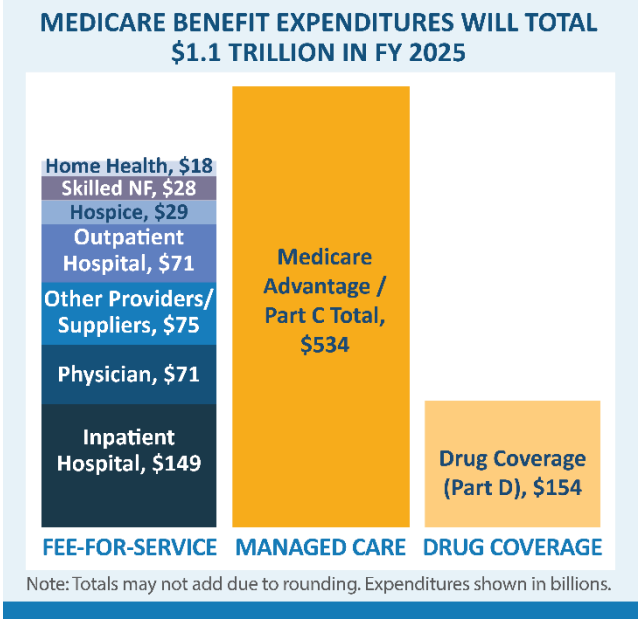
Part A

Medicare Part A pays for healthcare services in inpatient hospitals and skilled nursing facilities, home healthcare related to a hospital stay, and hospice care. A 2.9 percent payroll tax, paid by both employees and employers, is the primary financing mechanism for Part A. Part A gross fee-for-service spending will total an estimated $212.6 billion in FY 2025. Individuals who have worked for 10 years (40 quarters) and paid Medicare taxes during that time receive Part A benefits without paying a premium, but most services require beneficiary coinsurance. In CY 2024, beneficiaries pay a $1,632 deductible for a hospital stay of 1–60 days, and a $204 daily coinsurance for days 21–100 in a skilled nursing facility.

Part B

Medicare Part B pays for physician, outpatient hospital, End-Stage Renal Disease, and laboratory services, as well as durable medical equipment, home healthcare unrelated to a hospital stay, and other medical services. Part B coverage is voluntary, and more than 90 percent of all Medicare beneficiaries were enrolled in Part B in CY 2023, through either Original Medicare or Medicare Advantage. Beneficiary premiums finance approximately 25 percent of Part B costs with the remaining 75 percent covered by general revenues from the U.S. Department of the Treasury. Part B gross fee-for-service spending will total an estimated $228.3 billion in FY 2025.

[103] Represents all spending on Medicare benefits by either the federal government or through other beneficiary premiums.
[104] In Part D only, beneficiary premiums paid directly to plans and not from the Trust Funds are netted out.
[105] Includes refundable payments made to providers and plans, transfers to Medicaid, accelerated and advance payments, and premiums to Medicare Advantage plans paid out of the Trust Funds from beneficiary Social Security withholdings.
[106] Includes CMS Program Management, the Health Care Fraud and Abuse Control Program, Quality Improvement Organizations, and other administration.
[107] Removes discretionary Medicare amounts and only includes mandatory outlays.
[108] Excludes proposal to reauthorize State Health Insurance Assistance Programs under the Medicare Improvements for Patients and Providers Act, which is displayed in the ACL chapter.



The standard monthly Part B premium is $174.70 in CY 2024. Some beneficiaries also pay a higher Part B premium based on income. Those with annual incomes above $103,000 (single) or $206,000 (married) will pay from $244.60 to $594.00 per month in CY 2024, depending on income levels. The Part B annual deductible in CY 2024 is $240.00 for all beneficiaries.

Part C

Medicare Part C, the Medicare Advantage Program, pays plans a capitated monthly payment to provide nearly all Part A and B services, and Part D services if offered by the plan. Plans can offer additional benefits or alternative cost-sharing arrangements that are at least as generous as the standard Parts A and B benefits under Original Medicare. In addition to the regular Part B premium, beneficiaries who choose to participate in Part C may pay monthly plan premiums that vary based on the services and efficiency offered by the plan.

Over half of Medicare-eligible beneficiaries are now enrolled in Medicare Advantage. In CY 2023, Medicare Advantage enrollment grew to about 32 million beneficiaries, or 53.2 percent of all eligible Medicare beneficiaries. Between 2015 and 2024, private plan enrollment grew by 18.5 million enrollees, or 106 percent, compared to 22 percent growth in the overall Medicare population for the same period. Medicare payments for private health coverage under Part C are expected to total $533.5 billion in FY 2025. The Medicare Payment Advisory Commission reports payments to plans are higher than they would be to provide Part A and B benefits in Original Medicare, negatively affecting Part A solvency and increasing Part B premiums for beneficiaries.

Part D

Medicare Part D offers a standard prescription drug benefit with a CY 2024 deductible of $545.00 and base beneficiary premium of $34.70 per month. Enhanced and alternative benefits are also available with varying deductibles and premiums. Participating beneficiaries pay a portion of their prescription drugs costs, which varies according to the phase of coverage and the amount the beneficiary has already spent on medications that year. Medicare pays all or most of the premium up to a regional threshold amount for certain low-income beneficiaries enrolled in the low-income subsidy program. These beneficiaries have limited copayments ranging from $0 to $11.20 in CY 2024. For FY 2025, CMS expects Medicare Part D enrollment to increase 3.6 percent from FY 2024 to almost 56 million, including approximately 15 million beneficiaries who receive the low-income subsidy. CMS estimates total Part D program costs of $154.3 billion in FY 2025.

Among beneficiaries with Part D coverage, CMS estimates 39 percent to be enrolled in a stand-alone Part D Prescription Drug Plan, 60 percent in a Medicare Advantage Prescription Drug Plan, and 1 percent in a qualifying employer sponsored retiree health plan in CY 2025. For each Medicare enrollee in either a stand-alone or Medicare Advantage prescription drug plan, Medicare pays plans a subsidy to cover 74.5 percent of standard coverage.

The Inflation Reduction Act of 2022 made significant changes to the structure of the defined standard Part D drug benefit to expand access and lower drug costs for Medicare beneficiaries. Beginning in 2023, Part D enrollees pay no deductible or cost-sharing for adult vaccines recommended by the Advisory Committee on Immunization Practices, and out-of-pocket costs for insulin are capped at $35 for a month's supply of a covered insulin product.

Beginning in 2024, the Inflation Reduction Act eliminates the five percent beneficiary coinsurance requirement in the catastrophic phase and expands

eligibility for full benefits under the Part D low-income subsidy program to include more Part D enrollees with low incomes and modest assets. In 2025, beneficiary annual out-of-pocket costs will be capped at $2,000. Further enhancements to the Part D program made by the Inflation Reduction Act are discussed below.

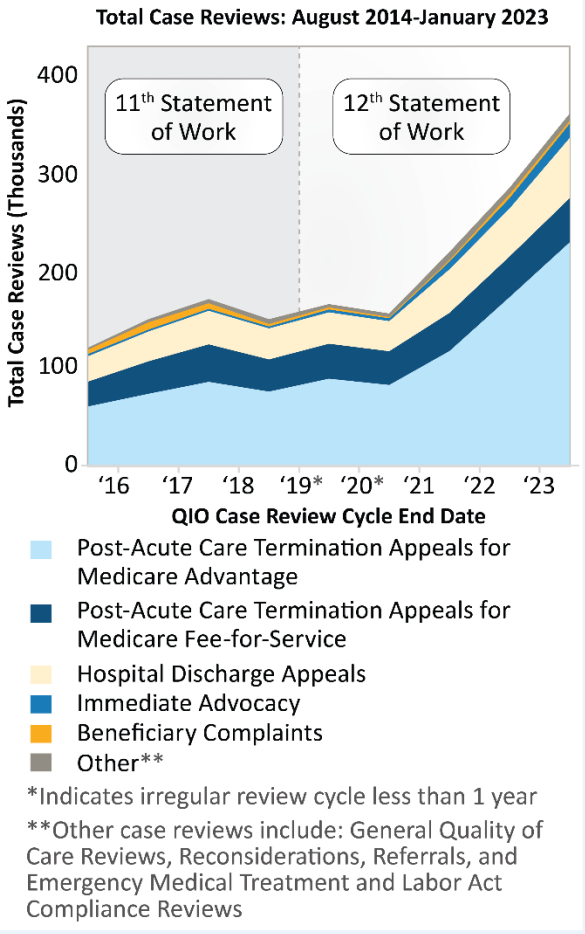
Medicare Quality Improvement Organizations

CMS contracts with Quality Improvement Organizations (QIOs) – experts in quality improvement – to ensure Medicare beneficiaries have access to high-quality care, promote patient and family engagement, and to support CMS's goals for better health, better care, and lower costs. At CMS's direction, QIOs review certain Medicare claims or engage targeted providers in quality improvement technical assistance to ensure compliance with Medicare Conditions of Participation, improve beneficiary outcomes, and enhance the patient experience. QIOs partner directly with providers, beneficiaries, families, and other federal, state, local, and non-governmental public health partners to achieve their objectives. The QIOs operate on a 5-year contract cycle. The 12th Statement of Work began in FY 2019 and concludes in FY 2024, while the 13th Statement of Work commences in FY 2024 and is scheduled to conclude in FY 2029. During the 12th Statement of Work, QIO spending totaled $675 million in FY 2023 and $3.9 billion over 5 years.

There are three types of QIOs[109]. The first type, Quality Innovation Network contractors, engage a set of targeted, high-risk inpatient, ambulatory, and long-term care providers in quality improvement initiatives. Quality Innovation Network QIOs aim to control the spread of infectious diseases, manage chronic diseases, increase patient safety, improve behavioral health outcomes, and promote care coordination. The second type, the American Indian and Alaska Native quality improvement contractor, specifically engages providers operated by the Indian Health Service or tribal health programs. This contractor has similar goals as the Quality Innovation Network contractors, but with an increased emphasis on strengthening organizational capabilities, and caring for the unique needs of the American Indian and Alaska Native community. The third type, Beneficiary and Family Centered Care contractors, perform the program's statutory case review work, including reviewing beneficiary complaints, concerns related to early discharge from healthcare settings, and patient and family engagement. In the case review cycle ending in January 2023, Beneficiary and Family Engagement QIOs conducted 361,000 case reviews, an 111 percent increase from the comparable period ending in July 2018.

QUALITY IMPROVEMENT ORGANIZATIONS PROTECT BENEFICIARIES' QUALITY OF CARE

Case reviews have more than doubled since the COVID-19 pandemic with 361,000 reviews between February 2022 – January 2023.



*Indicates irregular review cycle less than 1 year

**Other case reviews include: General Quality of Care Reviews, Reconsiderations, Referrals, and Emergency Medical Treatment and Labor Act Compliance Reviews

RECENT PROGRAM DEVELOPMENTS

Inflation Reduction Act

The Inflation Reduction Act of 2022 lowers prescription drug spending for millions of Medicare beneficiaries, redesigns the Part D program, keeps prescription drug premiums stable, and strengthens the Medicare program both now and in the long run.

[109] Source for Quality Improvement Organizations Protect Beneficiaries' Quality of Care Graphic: Beneficiary and Family Centered Care QIO Database

The law requires Medicare to negotiate drug prices for certain high-expenditure, single-source drugs directly with drug manufacturers for the first time. This kind of negotiation, used successfully for decades by the U.S. Departments of Defense and Veterans Affairs and the Indian Health Service, will increase competition, expand access to innovative, life-saving treatments, and lower costs for enrollees and the Medicare program. In August 2023, CMS announced the first 10 drugs covered under Medicare Part D selected for negotiation. Negotiated prices for these 10 drugs will become effective beginning in 2026. The law requires Medicare to select and negotiate 15 more Part D drugs for 2027, 15 more Part B or Part D drugs for 2028, and 20 more Part B or Part D drugs for each year after that.

Drug manufacturers are required to pay a rebate to Medicare if they raise their drug prices on certain Part B and Part D drugs at a rate that is faster than the rate of inflation.

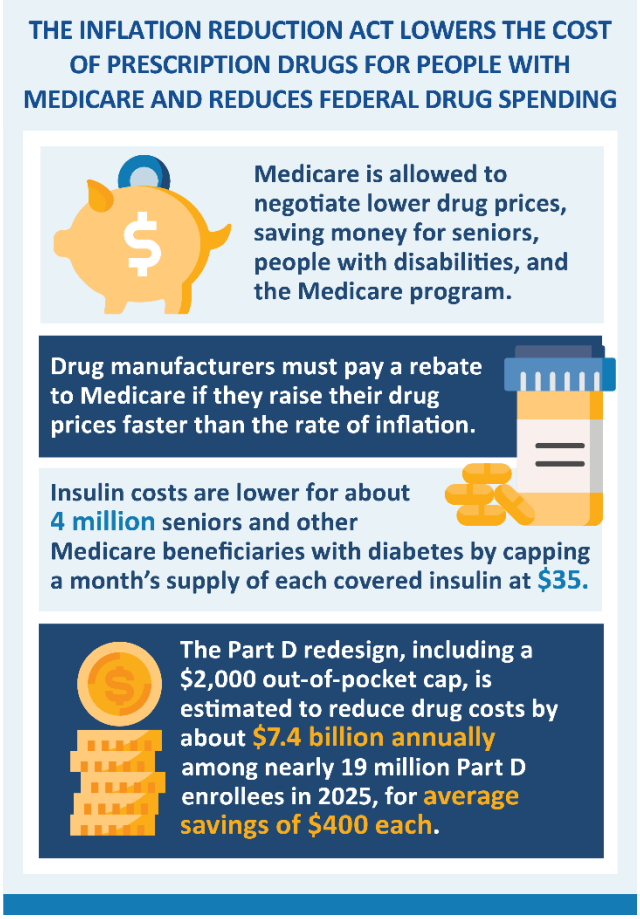
Changes in the Medicare Part B program that improve access to high-quality, affordable biosimilars became effective October 1, 2022. Starting in 2023, Medicare beneficiaries have expanded access to recommended, preventive adult vaccines, including the shingles and Tetanus-Diphtheria-Whooping Cough vaccines, with no cost-sharing. Also starting in 2023, beneficiaries who use insulin now pay no more than $35 per covered insulin product for a 1-month supply, including when used with an external insulin pump.

Beginning in 2024, beneficiaries with prescription drug coverage under Medicare Part D no longer pay cost-sharing toward their prescription drugs in the catastrophic phase. In addition, low-income Medicare beneficiaries (those with incomes up to 150 percent of the federal poverty line and who meet resource thresholds) receive expanded assistance to cover premiums and cost-sharing for their prescriptions.

The Part D program redesign takes effect in 2025, including an unprecedented $2,000 yearly cap on what a beneficiary pays out-of-pocket for Part D prescription drugs and an option to pay prescription costs in capped monthly installment payments spread over the year, rather than all at once at the pharmacy.

A new Manufacturer Discount Program in Medicare Part D also takes effect in 2025, requiring drug manufacturers to pay discounts on certain brand-name drugs and biologic products, both in the initial coverage and catastrophic phases of the Medicare prescription drug benefit. Government reinsurance, the amount that Medicare subsidizes Part D plans for the highest cost beneficiaries in the catastrophic phase, will decrease from 80 percent to 20 percent for most brand-name drugs, biologics, and biosimilars, and will decrease from 80 percent to 40 percent for generics beginning in 2025.

All these changes realign the prescription drug program to reduce Medicare spending and remove previous incentives for drug plans and manufacturers that led to increased drug prices.[110]



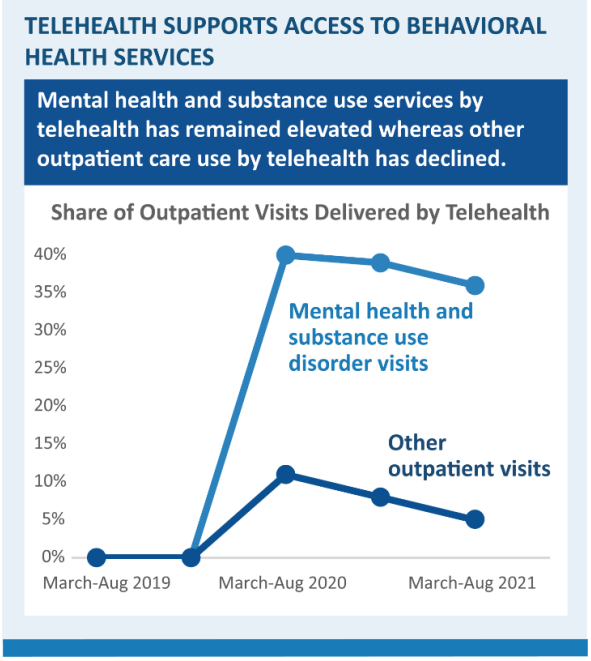
Nursing Home Oversight

In February 2022, the Administration launched a far-reaching initiative to improve nursing home safety and quality. Early efforts included updating rules to raise the safety standards for poor-performing nursing homes, increasing penalties for violations, and

[110] Source for The Inflation Reduction Act Lowers the Cost of Prescription Drugs for People with Medicare and Reduced Federal Drug Spending Graphic: https://www.cms.gov/newsroom/fact-sheets/anniversary-inflation-reduction-act-update-cms-implementation https://aspe.hhs.gov/reports/inflation-reduction-act-2022-one-year-anniversary-highlights-aspe-drug-pricing-reports

requiring nursing home owners to undergo federal background checks to reduce fraud and abuse. CMS also enhanced transparency for consumers by improving the Nursing Home Five-Star Quality Rating System and Care Compare website, including releasing data publicly on Medicare-enrolled nursing home ownership and changes of ownership (i.e., mergers, acquisitions, and consolidations). In November 2023, CMS finalized a rule requiring the disclosure of certain ownership, managerial, and other information regarding nursing homes. Alongside the Consumer Financial Protection Bureau, CMS is protecting residents and their families by drawing attention to illegal debt collection by nursing homes. The Administration addressed weaknesses in infection control and promoted safe and high-quality nursing home care by requiring an infection control specialist be on site and educating residents on the benefits of vaccines.

In September 2023, CMS released its proposal to establish comprehensive staffing requirements for nursing homes—including, for the first time, national minimum nurse staffing standards—to ensure access to safe, high-quality care for the over 1.2 million residents living in nursing homes each day. As the long-term care sector continues to recover from the COVID-19 pandemic, the proposed standards take into consideration local realities in rural and underserved communities through staggered implementation and exemptions processes. To address hiring in conjunction with this proposal, CMS announced a national campaign with the Health Resources and Services Administration and other partners to make it easier for individuals to enter careers in nursing homes by investing over $75 million in financial incentives, such as scholarships and tuition reimbursement.[111]



Behavioral Health

CMS continues to improve the Medicare program by promoting person-centered behavioral healthcare to support the Administration's commitment to ensure that every American can access the behavioral healthcare they deserve. CMS is actively carrying out its Behavioral Health Strategy issued in 2022 to increase access to equitable and high-quality behavioral health services and improve outcomes for people covered by Medicare through coordinated and integrated care with a data-informed approach. The CMS Behavioral Health Strategy focuses on three key areas: 1) providing substance use disorders prevention, treatment, and recovery services; 2) ensuring effective pain treatment and management; and 3) improving mental healthcare and services. These areas are aligned with CMS's overall focus on four health outcomes -based domains: coverage and access to care, quality of care, equity and engagement, and data and analytics.

Through recent regulatory action, CMS finalized a series of new policies in fee-for-service Medicare to improve access to behavioral health services for beneficiaries and expand coverage of new behavioral health professionals under the Medicare program. CMS implemented provisions enacted by Congress to create a new benefit category for intensive outpatient program services for individuals with acute behavioral health needs and established payment and program requirements for the benefit across various settings, including hospital outpatient departments, Community Mental Health Centers, Federally Qualified Health Centers, and Rural Health Clinics. CMS extended coverage for intensive outpatient services in Opioid Treatment Programs for the treatment of opioid use disorder. CMS also finalized procedures to allow

[111] Source for Telehealth Supports Access to Behavioral Health Services Graphic: https://www.kff.org/coronavirus-covid-19/issue-brief/telehealth-has-played-an-outsized-role-meeting-mental-health-needs-during-the-covid-19-pandemic/

Marriage and Family Therapists and Mental Health Counselors, including addiction counselors or alcohol and drug counselors who meet all mental health counselor licensing requirements, to enroll as Medicare providers.

For people with Medicare Advantage, CMS finalized policies requiring care coordination programs established by Medicare Advantage organizations to include behavioral health services to move toward parity between behavioral health and physical health services and advance whole -person care. CMS also finalized policies to strengthen network adequacy requirements, by adding Licensed Clinical Social Workers and Clinical Psychologists as specialty types, for which network standards are set, reaffirming Medicare Advantage organizations' responsibilities for behavioral health services, and codifying wait-time standards, among other policies. Additionally, CMS continues to work to ensure that required, high-quality behavioral healthcare is provided in nursing homes.

Transparency and Competition

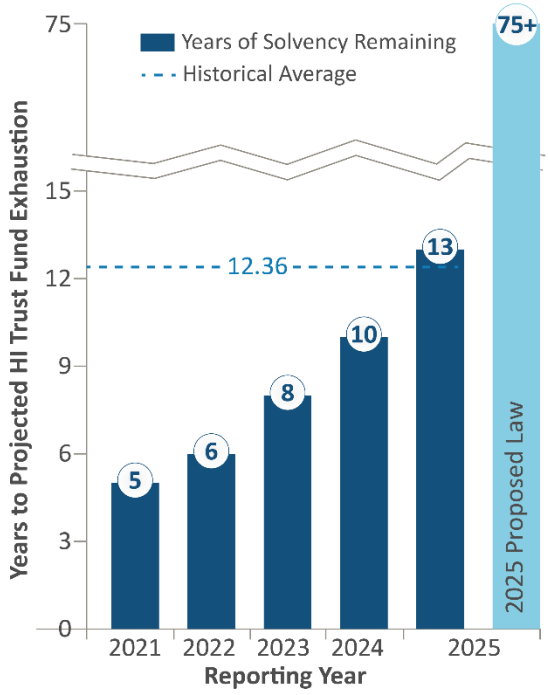
CMS is improving the Medicare beneficiary experience by requiring price transparency for each hospital operating in the United States. Since 2021, CMS has required hospitals to provide clear, accessible pricing information online about the items and services they provide. CMS recently finalized new changes to increase standardization protocols of hospital charge information to improve facilities' ability to comply with the transparency requirements, enhance the public's ability to aggregate information (e.g., for use in consumer-friendly displays), and streamline CMS's ability to enforce the requirements. Hospital price transparency lays the foundation for a patient-driven health care system by making it easier for the public to understand charges and shop for care. Ultimately, price transparency initiatives should improve competition in the healthcare market.

CMS also recently proposed to strengthen Medicare Advantage and Part D and protect beneficiaries. The proposed policies will help people with Medicare select and enroll in coverage options that best meet their healthcare needs by preventing plans from engaging in anti-competitive steering of prospective enrollees. The proposed guardrails protect the Medicare population and promote a competitive marketplace in Medicare Advantage, consistent with the goals of President Biden's historic Executive Order on Promoting Competition in the American Economy.

Streamlining Enrollment

In 2023, CMS published a new rule streamlining the application process for Medicare Savings Programs which provide Medicaid coverage of Medicare premiums and cost-sharing. The rule reduces administrative burden on states and beneficiaries and increases enrollment and retention of the 12.5 million people who rely on both Medicare and Medicaid for their health care needs.

ADMINISTRATION'S BUDGET EXTENDS LIFE OF MEDICARE TRUST FUND INDEFINITELY



Part A Trust Fund – Current and Proposed Law Projected Years of Solvency (2021-2025)

Reporting Year Note: FY 2021-2023 are Trustees Reports, FY 2024 is President's Budget Midsession Review, FY 2025 is the President's Budget Current Law and Proposed Law.

2025 LEGISLATIVE PROPOSALS

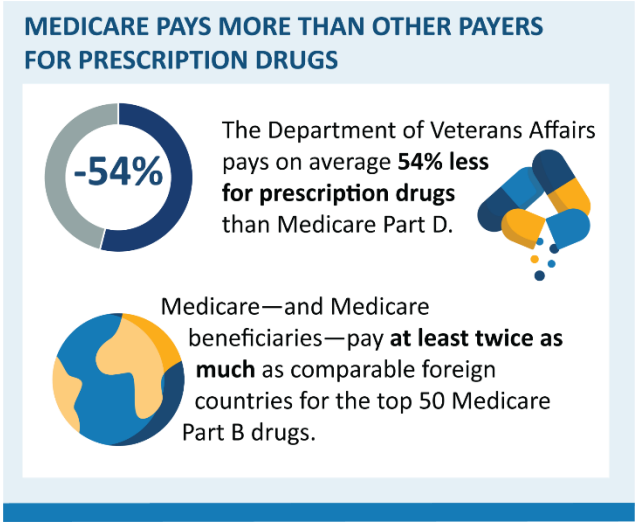
The budget extends Medicare solvency indefinitely, without cutting benefits. Beginning in 2025, the budget directs revenues from the net investment income tax, including tax code reforms that make high-income earners (those making above $400,000) pay their fair share, into the Part A Trust Fund. The budget also credits an amount equivalent to the savings from Medicare drug reforms into the Part A trust fund.

The FY 2025 budget includes a targeted package of proposed Medicare improvements and investments totaling $260.0 billion in savings over 10 years that supports the Administration's priorities such as investing in mental health, strengthening nursing home oversight, and enhancing program benefits.

Prescription Drug Reforms

Expand Medicare Drug Price Negotiation, Extend Inflation Rebates to the Commercial Market, and Other Steps to Build on Inflation Reduction Act Drug Provisions

The landmark Inflation Reduction Act established a new Medicare Drug Price Negotiation Program and requires Medicare to directly negotiate drug prices for certain high-expenditure, single-source Medicare Part B and Part D drugs for the first time. This proposal builds on the success of the Inflation Reduction Act by significantly increasing the pace of negotiation, bringing drugs into negotiation sooner after they launch, expanding inflation rebates and the $2,000 out-of-pocket prescription drug cost cap beyond Medicare and into the commercial market, and other steps to build on the Inflation Reduction Act drug provisions.[112] Expanding the Medicare Drug Price Negotiation Program and inflation rebates accelerates the gains in access for Medicare beneficiaries to innovative, life-saving treatments enacted by the law, generating lower costs for people with Medicare and savings to the Medicare program. [$200.0 billion in savings over 10 years]



Limit Medicare Part D Cost-sharing on High Value Generic Drugs to $2

Lack of affordability and limited price transparency are two of the primary reasons Medicare beneficiaries may fail to take prescribed medications. While most Part D prescription drug plans include a generic formulary tier with low cost-sharing, the offering is not standard, the specific drugs vary by plan, and a deductible often applies. This proposal adds a new permanent benefit to Part D coverage and requires all Part D plans, including both standalone prescription drug plans and Medicare Advantage prescription drug plans, to offer a Medicare standard list of generic drugs at a maximum copayment of $2 for a 30-day supply across all phases of the prescription drug benefit until the beneficiary reaches the out-of-pocket maximum. Providing Medicare beneficiaries access to a standard list of high-value generic medications at stable and predictable co-payments increases beneficiary adherence to chronic care medications, improves clinical outcomes, and reduces healthcare costs. [$1.3 billion in costs over 10 years]

Permit Biosimilar Substitution without Prior FDA Determination of Interchangeability

The statutory distinction between biosimilars and interchangeable biosimilars has led to confusion and misunderstanding, including among patients and healthcare providers, about the safety and effectiveness of biosimilars and about whether interchangeable biosimilars are safer or more effective than other biosimilars. This proposal would amend section 351 of the Public Health Service Act to no longer include a separate statutory standard for a determination of interchangeability and to deem all approved biosimilars to be interchangeable with their respective reference products. This change makes the U.S. biosimilar program more consistent with current scientific understanding as well as with the approach adopted by other major regulatory jurisdictions such as the European Union where biosimilars are interchangeable with their respective reference products upon approval. Permitting biosimilar substitution in this way is expected to increase uptake of safe and affordable biosimilars, with potential downstream effects of increasing competition, and access. [Budget Neutral]

[112] Sources for Medicare Pays More Than Other Payers for Prescription Drugs Graphic: https://www.gao.gov/products/gao-21-111 https://aspe.hhs.gov/sites/default/files/migrated_legacy_files//197401/Part-B%20Drugs-International-Issue-Brief.pdf

Transform Behavioral Health

Apply the Mental Health Parity and Addiction Equity Act to Medicare

Unlike most private and employer-based insurance and Medicaid plans, Medicare is not subject to the Mental Health Parity and Addiction Equity Act of 2008, which requires health plans that offer mental health and substance use disorder benefits to provide coverage that is no more restrictive than the financial requirements or treatment limitations that apply to the medical and surgical benefits they offer. Complemented by additional proposals to improve behavioral health benefits in Medicare, this proposal ensures that the parity requirements of the law apply to the mental health and substance use disorder benefits offered by Medicare Advantage plans so that enrollees do not face greater limitations on reimbursement or access to care relative to medical and surgical benefits. Applying the parity requirements to Medicare in this way builds on efforts to enhance behavioral health coverage and improves access to comprehensive care for Medicare beneficiaries. This proposal improves health equity and confirms the notion that Medicare beneficiaries suffering from mental health and substance use disorders are just as deserving of protection and care as those with medical, physical, or surgical needs. [Not Scoreable]

Eliminate the 190-day Lifetime Limit on Psychiatric Hospital Services

Under current law, once an individual receives Medicare benefits for 190-days of care in a psychiatric hospital during their lifetime, no further benefits of that type are available to that individual. This limitation applies only to services furnished in a psychiatric hospital, not to inpatient psychiatric services furnished in a distinct psychiatric unit of a general hospital. Eliminating the lifetime limit on psychiatric hospital services improves parity between Medicare mental health and physical health coverage by removing a limitation on coverage of mental health services for which there is no comparable limit on physical health services. It also increases the overall availability of inpatient psychiatric hospital services. This proposal improves equity by removing a barrier to accessing mental health services, which affects thousands of Medicare beneficiaries with mental illness, many of whom are under age 65. HHS commits to protecting the safety of patients with serious mental illness by establishing regulations to ensure appropriate lengths of stay and maintaining access to community-based mental healthcare. [$2.9 billion in Medicare costs over 10 years]

Revise Criteria for Psychiatric Hospital Terminations from Medicare

Current law requires CMS to terminate psychiatric hospital participation in Medicare after 6 months of non-compliance with conditions of participation, even if the deficiency does not jeopardize patient health and wellbeing. This provision does not apply to any other provider category. If a facility must be terminated, it diminishes access to quality mental health services by diverting resources away from patient care, and any required termination could cause patients with mental illness to forgo seeking the appropriate care. This proposal gives CMS flexibility to allow a psychiatric hospital to continue receiving Medicare payments when deficiencies are not considered to immediately jeopardize the health and safety of its patients and where the facility is actively working to correct the deficiencies identified in an approved Plan of Correction. Without this flexibility for options beyond termination from participation in Medicare, the communities with psychiatric hospitals may suffer reduced access to care, increased health disparities, and negative impacts on social determinants of health. [Budget Neutral]

Modernize Medicare Mental Health Benefits

Currently, statutory limits on the list of practitioners and the scope of services that are eligible for Medicare payment restrict access to mental health services in Medicare. While the Consolidated Appropriations Act, 2023 added coverage of services furnished by marriage and family therapists and mental health counselors, including licensed professional counselors, gaps remain in Medicare mental health benefits. This proposal allows Medicare to identify and designate additional professionals who could enroll in Medicare and be paid when furnishing behavioral health services within their applicable state licensure or scope of practice that would otherwise be covered when furnished by a physician. The proposal also establishes a Medicare benefit category for these professionals that authorizes direct billing and payment for these practitioners; removes limits on the scope of services for which they can be paid by Medicare; allows these practitioners to bill Medicare directly for their mental health services for covered Part A qualifying Skilled Nursing Facility stays; establishes payment under Part B for services provided under an Assertive Community Treatment delivery system which provides treatment for the

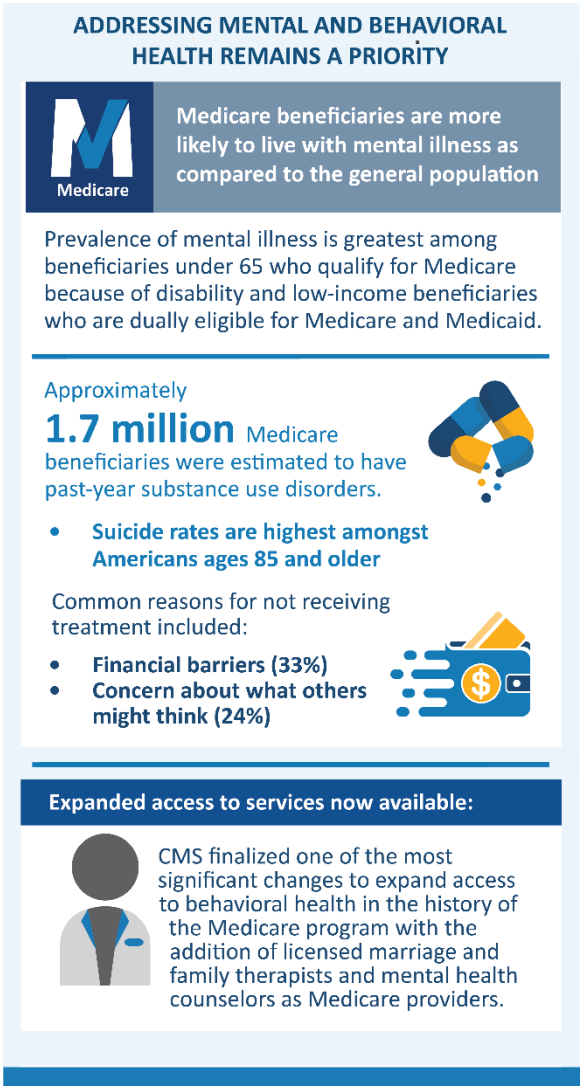
severe functional impairments associated with serious mental illness; allows payment to Rural Health Clinics and Federally Qualified Health Centers for these additional behavioral health professionals providing mental health services; and enables Medicare coverage of evidence-based digital applications and platforms that facilitate the delivery of mental health services. By authorizing Medicare to add professionals in statute that are able to receive direct Medicare payment for their mental health services, this proposal expands access to mental health services in Medicare, especially in rural and underserved areas with fewer mental health professionals, or communities more likely to receive care from the referenced professionals.[113] [Not Scoreable]

Require Medicare to Cover Three Behavioral Health Visits without Cost Sharing

Medicare Part B includes coverage of behavioral health visits to a doctor, therapist, or other clinician for services generally received outside of a hospital, but the annual Part B deductible and coinsurance apply, with limited exceptions. This proposal requires Medicare to cover up to three behavioral health visits per year without cost-sharing when furnished by participating providers, beginning in 2026. Eliminating cost-sharing for individuals removes potential financial barriers to treatment and gives more patients access to the care they need. This proposal positively impacts health equity by improving access and adherence to treatment, creating a pathway to better overall health outcomes. [$1.5 billion in costs over 10 years]

Broaden the Health Professional Shortage Area Incentive Program to Include Additional Non-physician and Behavioral Health Practitioners

The Social Security Act provides for incentive payments under Medicare payments for physicians who furnish medical services in geographic areas that are designated by the Health Resources and Services Administration as geographic Health Professional Shortage Areas. CMS defines the shortage designations for the Health Professional Shortage Areas incentive payments. This proposal would extend the 10 percent incentive payment for physicians' services provided in Health Professional Shortage Areas to a broader range of clinicians, such as nurse practitioners, physician assistants, and certified nurse specialists, as well as behavioral health practitioners, including clinical psychologists, licensed clinical social workers, mental health counselors, and marriage and family therapists starting in CY 2025.



This proposal responds to the evolving delivery of healthcare in the United States. Academic research found that the share of medical visits delivered by nurse practitioners or physician assistants increased from 14 percent to 26 percent among Medicare beneficiaries between 2013 and 2019. Research also found that nurse practitioners make up a larger share of the primary care workforce in lower income and rural areas. The incentive payment for added practitioners would be set at 10 percent to align with

[113] Sources for Addressing Mental and Behavioral Health Remains a Priority Graphic: https://www.kff.org/medicare/issue-brief/one-in-four-older-adults-report-anxiety-or-depression-amid-the-covid-19-pandemic/
https://pubmed.ncbi.nlm.nih.gov/35331570/
https://www.samhsa.gov/suicide/at-risk

the existing program for physicians, and it would only apply in Health Professional Shortage Areas. [Not Scoreable]

Increasing Preparedness

Provide Healthcare Coverage for Drugs, Vaccines, and Devices During a Public Health Emergency

The Secretary has broad authority to temporarily waive or modify certain Medicare, Medicaid, or Children's Health Insurance Program (CHIP) requirements in certain public health emergencies, but this emergency waiver authority does not permit the broadening of coverage to drugs and devices that the FDA authorizes under an Emergency Use Authorization, or other necessary products and services. This proposal provides the Secretary with broader authority for limited and temporary coverage of medical products and services directly related to the diagnosis, treatment, and/or prevention (such as immunization) of a specific disease or diseases during a declared disaster, pandemic, or other public health emergency, in Medicare, Medicaid, CHIP, and for uninsured people. Under this proposal, the Secretary could authorize or require coverage of drugs, vaccines, or devices authorized by the FDA for emergency use, or other items and services used to treat a pandemic disease during a public health emergency, including associated administration, vaccine counseling, or dispensing fees, without cost-sharing to respond rapidly and effectively to a public health emergency. [Not Scoreable]

Enable the Secretary to Temporarily Modify or Waive the Application of Specific Requirements of the Clinical Laboratory Improvement Amendments of 1988 Act

The use of Medicare and Medicaid waiver authority under current law has been central to CMS's emergency response activities during the pandemic. The Clinical Laboratory Improvement Amendments of 1988 program does not have similar statutory flexibilities. This proposal enables the Secretary to temporarily waive or modify the application of specific requirements to ensure laboratory services are accessible to the maximum extent feasible in any federally declared emergency period and area, among other things. Exempting certain requirements strengthens preparedness by allowing laboratory flexibilities for testing performed during federally declared emergencies and public health emergencies, thus allowing for expanded testing to underserved communities. [Not Scoreable]

Long-Term Care

Hold Long-Term Care Facility Owners Accountable for Noncompliant Closures and Substandard Care

When a long-term care facility closes, it is typically the owner of the facility that has control of the finances (including profits) and authority over the closure, not the facility administrator. Yet under the current statute, the administrator is at risk for a civil money penalty, while the owner faces little recourse for closing the facility in a noncompliant manner. This proposal changes the individual subject to a civil money penalty from "administrator" to "owner, operator, or owners or operators" of a facility and adds a provision that grants the Secretary authority to impose enforcement on the owners of a facility after the facility has closed. To protect vulnerable residents of long-term care facilities, the proposal allows for enforcement actions to be imposed against owners or operators of multiple facilities that provide persistent substandard and noncompliant care. CMS would be able to prohibit an individual or entity from obtaining a Medicare or Medicaid provider agreement for a nursing home based on the Medicare compliance history of their other owned or operated facilities. [Budget Neutral]

Provide Authority for the Secretary to Collect and Expend Re-Survey Fees

Current law requires CMS to pay states a reasonable cost for conducting surveys, on behalf of CMS, of healthcare providers to certify compliance with federal health and safety standards. The law prohibits CMS from imposing fees on providers or suppliers for the purpose of conducting these surveys. This proposal permits the Secretary to charge long-term care facilities "re-survey fees" after a third visit is required to validate the correction of deficiencies identified during prior survey visits. The intent of these fees is to cover the associated costs necessary to perform these revisit surveys. CMS would have discretion in developing and adjusting fee levels. This fee will be repurposed to help ensure quality of care in historically poor performing facilities when revisit surveys are required. [Budget Neutral]

Increase Per Instance Civil Monetary Penalty Authority for Long-Term Care Facilities

The Secretary is authorized to impose enforcement remedies, including civil money penalties, against long-term care facilities for failure to comply with federal

participation requirements in Medicare. The current cap on a civil money penalty is $10,000, or approximately $21,000 as adjusted for inflation. The proposal increases the level of civil money penalties and creates a penalty scale based on the severity of the deficiencies within a facility. The most egregious offenses of non-compliance would be assigned a civil money penalty up to $1 million. The substantive threshold for determining the seriousness of violation that would constitute the "most egregious" cases subject to the maximum civil money penalty would be determined by CMS through rulemaking. For less egregious deficiencies, CMS would have the flexibility to apply per instance penalties that exceed the current per instance upper level based on factors that will also be determined by the Secretary through promulgation of rulemaking. [Budget Neutral]

Improve the Accuracy and Reliability of Nursing Home Care Compare Data

Beginning in 2025, CMS would be required to validate data submitted by nursing facilities for the Nursing Home Compare website in a manner and frequency determined by the Secretary. Care Compare allows consumers to find and compare Medicare- and Medicaid-certified nursing homes based on a location and compare staffing and the quality of care. CMS would be able to take enforcement action against facilities that submit data that is found to be inaccurate by the validation process, which could include a two percent reduction in claims payments, similar to the existing payment reduction for facilities that do not submit complete skilled nursing facility quality reporting data. [Budget Neutral]

Adjust Survey Frequency for High-Performing and Low-Performing Facilities

CMS requires long-term care facilities to be recertified annually for participation in the Medicare program regardless of the overall quality of the facility. By contrast, CMS currently uses a risk-based approach for other facility types, such as ambulatory surgical centers and outpatient physical therapy centers, based on risk of poor care. A risk-based approach for long-term care facilities allows CMS to survey high-performing facilities less frequently and redirect resources to strengthen oversight, including facility inspections and quality improvement for low-performing facilities, where it is most needed. [Budget Neutral]

Please refer to the Program Management and Program Integrity chapters for additional proposals that further the Administration's priorities on Nursing Homes.

Cancer Moonshot

Expand Cancer Care Quality Measurement

President Biden prioritized the need to improve cancer data collection and research with the reignition of the Cancer Moonshot to end cancer as we know it. Currently, CMS's quality program for addressing cancer care, the Prospective Payment System-Exempt Cancer Center Hospital Quality Reporting Program, only captures between four to five percent of cancer care nationally. While a few other CMS quality reporting programs assess limited aspects of cancer care, the measurement could be streamlined to provide more information about the quality of cancer care. This proposal creates a cancer care quality data reporting program for all Medicare providers. This program enables CMS to consolidate cancer care measures and data under one unified strategy, drive improvements in the quality of cancer care, and standardize data collection to identify and address potential inequities in care. [Not scoreable]

Nutrition

Expand and Enhance Access to Medicare Coverage of Nutrition and Obesity Counseling

As detailed by the White House National Strategy of Hunger, Nutrition, and Health, the Administration set a goal of ending hunger and increasing healthy eating and physical activity by 2030 so fewer Americans experience diet-related diseases, while reducing related health disparities. Integrating nutrition and health can optimize Americans' well-being and reduce healthcare costs. Currently, only a limited number of Medicare beneficiaries are seeking nutrition and obesity counseling services. This proposal expands access to additional beneficiaries with nutrition or obesity-related chronic diseases and makes additional providers eligible to furnish services. [$1.8 billion in costs over 10 years]

Conduct a Subnational Medicare Medically-Tailored Meal Demonstration

Currently, Original Medicare does not cover home delivery of meals. Beginning in 2025, this proposal establishes a 3-year demonstration to test Medicare

coverage of medically-tailored meals delivered to the home. Eligibility for this demonstration includes Medicare fee-for-service beneficiaries with a diet-impacted disease (e.g., kidney disease, congestive heart failure, diabetes, chronic obstructive pulmonary disease) likely to trigger an inpatient hospital stay and who have at least one activity of daily living limitation. The demonstration will operate out of at least 20 hospitals across 10 different states. This demonstration design is similar to the introduced bill, the Medically Tailored Home-Delivered Meals Demonstration Pilot Act. The HHS Secretary has the discretion to consider certain modifications as it relates to implementation and execution of this demonstration. [Not scoreable]

Medicare Modernization and Benefit Enhancements

Provide Cybersecurity Support for Hospitals

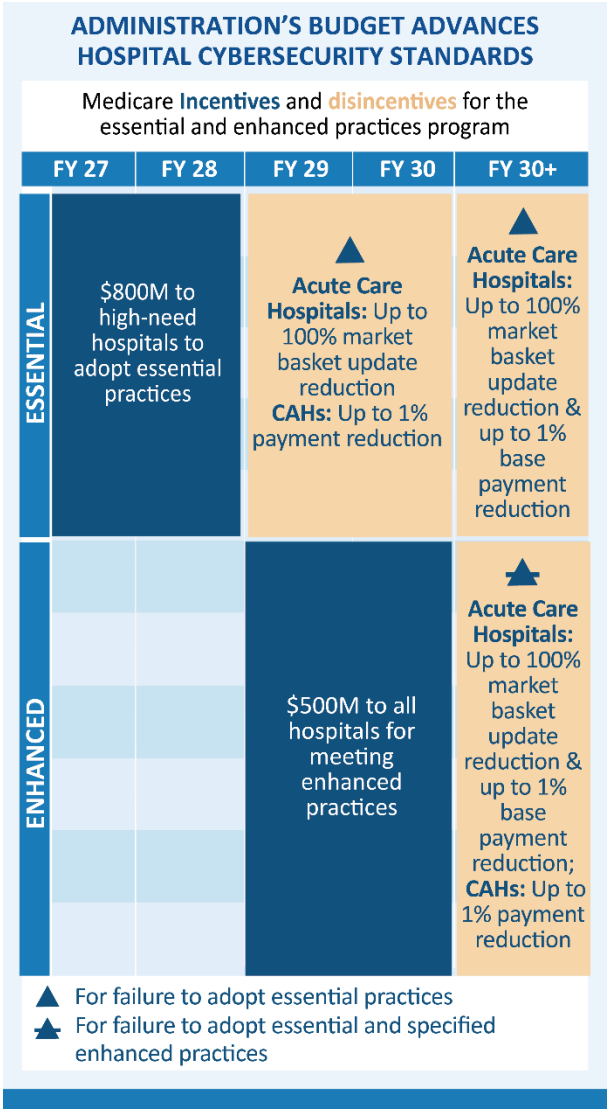
Hospitals are at risk for ransomware and other types of cyber-attacks because of their scale of operations and the critical nature of their services. However, hospitals have many competing priorities and investments in cybersecurity do not necessarily result in visible differences to patients or yield financial benefits unless a cyber incident occurs, meaning some hospitals have limited incentive to prioritize cybersecurity efforts at pace with escalating threats.

The proposal establishes two incentive structures to encourage hospitals to upgrade their cybersecurity practices, steadily increasing expectations from "essential" to "enhanced" to elevate the level of hospital cybersecurity efforts stepwise over time and to evolve with the changing cybersecurity landscape.

The cybersecurity initiative would leverage the structure of and provider familiarity with the Promoting Interoperability Program to efficiently collect information and make incentive payments to certain hospitals and assess penalties to strengthen the hospital cybersecurity response.

This proposal first invests $800 million from the Medicare Hospital Insurance Trust Fund over FY 2027 and FY 2028 to approximately 2,000 high-needs hospitals. Beginning in FY 2029, new penalties would apply within the Promoting Interoperability program as specific consequences of failing to adopt essential cybersecurity practices. Hospitals that fail to adopt essential cybersecurity standards face penalties of up to 100 percent of the annual market basket increase and beginning in FY 2031 potential additional penalties of up to 1 percent off the base payment. Critical Access Hospitals that fail to adopt the essential practices would incur an up to one percent payment reductio. But a Critical Access Hospital's total penalty is capped at a total of one percent if it would otherwise incur higher total penalties due other elements of the Promoting Interoperability Program.

The proposal also invests $500 million from the Medicare Hospital Insurance Trust Fund for all hospitals to implement enhanced cybersecurity practices, available for FY 2029 and FY 2030. Beginning in FY 2031, CMS would be able to add enhanced cybersecurity practices to the list of required cybersecurity practices, subject to a higher total maximum penalty level of 100 percent of the annual market basket increase and up to 1 percent off the base payment. Critical Access Hospitals would be subject to up to a one percent payment reduction. A Critical Access Hospital's total penalty is capped at a total of one percent if it would otherwise incur higher



total penalties due other elements of the Promoting Interoperability Program. [$1.3 billion over 10 years]

Fully Cover Costs for all Living Organ Donors for Medicare Beneficiaries

Currently, any individual who donates a kidney for transplant surgery to a Medicare beneficiary is entitled to benefits under Parts A and B with respect to such donation to a Medicare beneficiary, with no donor liability for deductibles or coinsurance. There is no similar provision for living donors of non-renal organs, such as a portion of a liver or lung. This proposal entitles any living individual who donates a non-renal organ for transplant into a Medicare beneficiary to benefits under Medicare Part A and Part B directly related to such donation. [Budget Neutral]

Create a Permanent Medicare Diabetes Prevention Program Benefit

The Medicare Diabetes Prevention Program is one of four CMS Innovation Center models that was certified for expansion and is currently extended through rulemaking. The expanded model includes an evidence-based set of services aimed to help prevent the onset of type 2 diabetes among Medicare beneficiaries with an indication of prediabetes. Beginning in CY 2025, this proposal expands the current Medicare Diabetes Prevention Program model to be a permanent Part B benefit under the Medicare program. The benefit design aligns with current Medicare Diabetes Prevention Program model parameters, including covered services, beneficiary eligibility criteria, payment structure, no cost-sharing for beneficiaries, and supplier enrollment requirements and compliance standards. The permanent benefit includes current model flexibilities that allow virtual beneficiary participation in synchronous diabetes prevention sessions. [Budget Neutral]

Implement Value-Based Purchasing and Quality Programs for Medicare Facilities

Medicare uses value-based purchasing programs for inpatient hospital services and certain other provider settings. Beginning in CY 2027, this proposal implements new value-based purchasing programs for inpatient psychiatric facilities, hospital outpatient departments, ambulatory surgical centers, long-term care hospitals, cancer hospitals, inpatient rehabilitation facilities, hospices, rural emergency hospitals, and community mental health centers with incentives and penalties to improve quality and health outcomes. Total rewards and payment adjustments for each new value-based purchasing program would be budget neutral and HHS may grant hardship exemptions. This proposal also implements a quality reporting program with penalty for noncompliance for community mental health centers and would introduce penalties for reporting noncompliance in the Rural Emergency Hospital quality reporting program. [Not Scorable]

Create a Permanent Medicare Home Health Value-Based Purchasing Program

The Home Health Value-Based Purchasing Model, which the CMS Innovation Center launched in 2016 and expanded nationwide in 2022, successfully improved the quality of home healthcare at lower cost without evidence of adverse risks. This proposal converts the expanded model into a permanent Medicare program, similar to value-based purchasing programs already in place for other Medicare providers. [Budget Neutral]

Add Medicare Coverage of Services Furnished by Community Health Workers

Under current law, services provided by community health workers are not paid directly under Medicare. Effective CY 2026, this proposal provides coverage of select, evidence-based support services delivered by a community health worker under the direction of a patient's primary care provider for prevention and care navigation for chronic or behavioral health conditions, in addition to screening for social determinants of health and linkage to social supports. Preventive services delivered by Community Health Workers would be exempt from Medicare cost-sharing. Services must be furnished under the general supervision of—and billed by—a Medicare-enrolled provider or a new category of Medicare-enrolled Community Health Worker supplier under a formal care arrangement with the provider, per a comprehensive community needs assessment and/or an individual patient engagement plan. In addition to existing Medicare providers, the Secretary may enroll community-based organizations (e.g., non-profits, public health departments, etc.) as community health worker suppliers to broaden access to services, subject to program integrity and patient safety guardrails. This proposal has positive equity implications because it increases access to the healthcare system for underserved Medicare beneficiaries and allows communities to better target resources to address local public health challenges. [Not Scoreable]

Authorize Tribal Health Programs to Pay Medicare Part B Premiums Directly on behalf of Tribal Members

Indian Health Service and tribal healthcare providers are not authorized to require out-of-pocket payments from qualifying American Indian and Alaska Native patients regardless of their insurance status. Some Tribal Health Programs reimburse qualifying American Indian and Alaska Native beneficiaries for Medicare Part B premiums on an individual basis, but this process can be administratively burdensome and inconsistent. This proposal would allow Tribal Health Programs to pay Medicare Part B premiums on behalf of their tribal members. The proposal would support health equity and access to care in two ways: 1) it would incentivize American Indian and Alaska Native beneficiaries who receive care from Indian Health Service and tribal providers to enroll in Medicare Part B upon eligibility since their enrollment would come at no personal or labor cost, and 2) as a result of increasing Medicare Part B enrollment among this population, the increased revenue from Medicare reimbursements to Indian Health Service and tribal providers would help to sustain the Indian healthcare delivery system. [Budget Neutral]

Good Governance and Quality Improvement

Prohibit Billing of Beneficiaries after certain Medicare Bad Debt Payments

After an unpaid beneficiary cost sharing amount is written-off as uncollectible, deemed worthless, and paid as a Medicare bad debt, certain providers sell outstanding bills to third party debt collectors, leaving patients subject to persistent and aggressive collections practices. This proposal would make Medicare Part A and certain Part B bad debt payments, along with payments for Part A and Part B covered items and services, represent payment in full for beneficiaries enrolled in Original Medicare. Further, if a hospital sells or intends to sell debt to a third-party buyer, the hospital cannot also count unpaid amounts for a Medicare beneficiary (Original Medicare or Medicare Advantage) as uncompensated care for purposes of Medicare Disproportionate Share Hospital payments. This proposal protects beneficiaries from aggressive debt collection practices when hospitals have been paid for the debt. [Budget Neutral]

Create a Consolidated Medicare Hospital Quality Payment Program

Medicare requires inpatient hospitals to participate in five quality and value-based payment reporting programs:

- Inpatient Quality Reporting Program;
- Hospital Value-Based Purchasing Program;
- Hospital-Acquired Condition Reduction Program;
- Hospital Readmissions Reduction Program; and
- Hospital Medicare Promoting Interoperability Program.

This proposal establishes a new consolidated hospital quality payment program that combines and streamlines all programs except for the Promoting Interoperability Program. Starting in 2027, the Medicare payment withhold amount increases from the current level of two percent by one percentage point per year until it reaches six percent. Hospitals could earn back some percentage of that reduction based on performance. Unified requirements reduce provider burden, drive quality improvement, lower healthcare costs, and advance health equity. Critical Access Hospitals must participate in the reporting part of the program but would not be included in the value-based purchasing part of the program. [Budget Neutral]

Refine the Quality Payment Program: Measure Development Funding for the Quality Payment Program

The current inventory of Merit-based Incentive Payment System quality and cost measures in the Quality Payment Program, Medicare's value-based payment program for clinicians, is insufficient to fully transition to Merit-based Incentive Payment System Value Pathways. Introduced for the 2023 performance year, Merit-based Incentive Payment System Value Pathways is a voluntary reporting structure intended to help clinicians participate in the program by easing the reporting burden and developing sets of more meaningful measures that are grouped by specialty or condition. Development of new measures is currently driven by third-party measure developers and stewards, except for CMS-funded development of a limited number of cost measures and quality outcome measures. This proposal renews the expired funding appropriation for quality measure development for FYs 2025 – 2029, making $10 million available for each year. This proposal also generates new measures for

use in the transition to Merit-based Incentive Payment System Value Pathways and expands the types of measures that may be developed to include cost performance measures. Measure development aimed at improving the value of healthcare services, including specialty services, will allow CMS to address health priorities, improve clinical services, and reduce health inequities. [$50 million in costs in Program Management account over 10 years]

Establish Meaningful Measures for the End-Stage Renal Disease Quality Incentive Program

Current law states exactly which quality measures are to be included in the End-Stage Renal Disease Quality Incentive Program and does not provide authority to the Secretary to alter the measures. This proposal provides the Secretary with broad authority to add to and remove measures from the End-Stage Renal Disease Quality Incentive Program through rulemaking to drive quality improvements in End-Stage Renal Disease care. The measures would not be limited to specific types of measures or measure-related requirements. The Secretary may give preference to measures, such as patient outcomes, patient and family engagement, patient safety, hospital readmissions, cost, and efficiency. [Budget Neutral]

Strengthen Medicare Advantage by Establishing New Medical Loss Ratio Requirements for Supplemental Benefits

Currently, there is no minimum percentage of revenue that Medicare Advantage plans must spend on supplemental benefits, meaning that there is an incentive for Medicare Advantage plans to offer benefits that attract enrollment but are not widely used by beneficiaries. This proposal requires Medicare Advantage plans, excluding Employer Group Waiver Plans, to meet a minimum medical loss ratio of 85 percent specifically for supplemental benefits beyond basic Part A and B benefits, which aligns with the existing 85 percent medical loss ratio across all types of benefits. This new medical loss ratio for supplemental benefits creates incentives for Medicare Advantage plans to reduce administrative costs and ensures that taxpayers and beneficiaries receive value from Medicare health and drug plans. [Not Scoreable]

Require Average Sales Price Reporting for Oral Methadone

Medicare beneficiaries represent a growing proportion of individuals diagnosed with Opioid Use Disorder. When taken as prescribed, methadone, a medication to treat Opioid Use Disorder and pain management, is safe and effective, helps individuals achieve and sustain recovery, and is an important component of a comprehensive treatment plan, which includes counseling and other behavioral health therapies to provide patients with a whole-person approach. Oral methadone is currently not separately payable as a drug or biological under Medicare Part B, and manufacturers are not subject to Average Sales Price reporting requirements. Available data indicate that Average Sales Price information is voluntarily reported for only 3 out of 50 National Drug Codes for oral methadone preparations. This proposal requires drug manufacturers to report Average Sales Price data for oral methadone. Required reporting will improve Medicare payment accuracy for Opioid Treatment Programs and ensure proper incentives for prescribing practitioners to meet the needs of Medicare beneficiaries and improve health equity for this vulnerable population. [Not Scoreable]

Other Technical Proposals

Standardize Data Collection to Improve Quality and Promote Equitable Care

Current law requires post-acute providers (i.e., inpatient rehabilitation facilities, long-term care hospitals, skilled nursing facilities, and home health agencies) to report standardized patient assessment data on five health assessment categories, as well as "other categories deemed necessary and appropriate by the Secretary." There is no express statutory requirement for data reporting on social determinants of health. This proposal adds a new category of standardized patient assessment data, social "drivers of health," for post-acute care providers. This data could include transportation, housing, social isolation, and food insecurity. New data would enable real-time information exchange between the healthcare system and those entities best equipped to address individual needs—activating government, community agencies, and healthcare providers to work together to support individuals of underserved populations and respond to public health needs. [Budget Neutral]

Allow Collection of Demographic and Social Determinants of Health Data through CMS Quality Reporting and Payment Programs

Current law does not allow some CMS quality reporting programs to collect patient demographic or social determinants of health data unless it is part of a quality

measure finalized through program regulation. The current data on race and ethnicity obtained through Social Security Administration is incomplete which limits CMS's ability to assess health disparities. This proposal allows CMS programs to collect patient demographic data beginning in 2026, as well as social determinants of health data, for use in measure stratification. This will help CMS and providers identify and address health disparities and improve outcomes for individuals with social risk factors. [Budget Neutral]

Increase Transparency by Disclosing Accreditation Surveys

Current law prohibits the Secretary from disclosing accreditation surveys conducted by Accrediting Organizations or any other national accreditation body, except surveys for home health agencies and hospice programs, and surveys related to enforcement action taken by CMS. This proposal removes this disclosure prohibition. Posting survey information about facilities currently out of compliance addresses an information gap for members of the public who would otherwise be unaware of an accredited provider's performance based solely on their continued accreditation status. [Budget Neutral]

Remove Restrictions on the Certification of New Entities as Organ Procurement Organizations and Increase Enforcement Flexibility

Current law prevents new entities from becoming certified as an organ procurement organization. This proposal allows CMS to certify new entities as organ procurement organizations and, under certain conditions, recertify organ procurement organizations that have recently taken control of a low-performing service area and have shown significant improvement during the re-certification cycle, but which do not yet meet the criteria for recertification based on outcome measures alone. The proposal provides the flexibility CMS needs to avoid organ procurement disruptions in previously low performing areas due to the loss of certification status of certain organ procurement organizations. [Budget Neutral]

Change Medicare Appeal Council's Standard of Review

When a party files a request for review of an Administrative Law Judge decision on a claims appeal, the Departmental Appeals Board's Medicare Appeal Council is required to review the decision, de novo, from the beginning. This proposal changes the Council's standard of review from de novo to an appellate-level standard of review. The proposal allows the Council to focus on specific issues, thus reducing process redundancies and increasing adjudication capacity by up to 30 percent. The proposal further distinguishes the Council's role as an administrative appellate body and does not apply to beneficiary appeals. [Budget Neutral]

Medicare Interactions

Establish the National Hepatitis C Elimination Program

The national hepatitis C elimination program will have a significant impact on the Medicare population. Hepatitis C disproportionately affects baby boomers, many of whom are eligible for Medicare. Untreated, hepatitis C can cause advanced liver disease, liver cancer, and death. An 8 to 12-week course of oral direct-acting antiviral medication cures hepatitis C in more than 95 percent of people. Under this program, the federal government pays 100 percent of cost-sharing for Medicare Part D beneficiaries. [Medicare portion: $289 million in savings over 10 years]

Centers for Medicare & Medicaid Services: Medicare

FY 2025 Budget Proposals

The following tables are in millions of dollars.

Legislative Proposals	2025	2025-2029	2025-2034
Drug Pricing			
Expand Medicare Drug Price Negotiation, Extend Inflation Rebates to the Commercial Market, and Other Steps to Build on Inflation Reduction Act Drug Provisions	--	-45,000	-200,000
Limit Medicare Part D Cost-Sharing on High Value Generic Drugs to $2	--	475	1,342
Permit Biosimilar Substitution without Prior FDA Determination of Interchangeability	--	--	--
Subtotal, Prescription Drug Reforms	**--**	**-44,525**	**-198,658**
Transform Behavioral Health			
Apply the Mental Health Parity and Addiction Equity Act to Medicare	*	*	*
Eliminate the 190-day Lifetime Limit on Psychiatric Hospital Services	190	1,230	2,890
Revise Criteria for Psychiatric Hospital Terminations from Medicare	--	--	--
Modernize Medicare Mental Health Benefits	*	*	*
Require Medicare to Cover Three Behavioral Health Visits without Cost-Sharing	--	560	1,470
Broaden the Health Professional Shortage Area Incentive Program to Include Additional Non-physician and Behavioral Health Practitioners	*	*	*
Subtotal, Mental Health	**190**	**1,790**	**4,360**
Increasing Preparedness			
Provide Healthcare Coverage for Drugs, Vaccines, and Devices During a Public Health Emergency	*	*	*
Enable the Secretary to Temporarily Modify or Waive the Application of Specific Requirements of the Clinical Laboratory Improvement Amendments of 1988 Act	*	*	*
Subtotal, Increasing Preparedness	*****	*****	*****
Long-Term Care			
Hold Long-Term Care Facility Owners Accountable for Noncompliant Closures and Substandard Care	--	--	--
Provide Authority for the Secretary to Collect and Expend Re-Survey Fees	--	--	--
Increase Per Instance Civil Monetary Penalty Authority for Long-Term Care Facilities	--	--	--
Improve the Accuracy and Reliability of Nursing Home Care Compare Data	--	--	--
Adjust Survey Frequency for High Performing and Low Performing Facilities	--	--	--
Subtotal, Long-Term Care	**--**	**--**	**--**
Cancer Moonshot			
Expand Cancer Care Quality Measurement	*	*	*
Subtotal, Cancer Moonshot	*****	*****	*****
Nutrition			
Expand and Enhance Access to Medicare Coverage of Nutrition and Obesity Counseling	4	591	1,840
Conduct a Subnational Medicare Medically-Tailored Meal Demonstration	*	*	*
Subtotal, Nutrition	**4**	**591**	**1,840**

Legislative Proposals	2025	2025-2029	2025-2034
Medicare Modernization and Benefit Enhancements			
Provide Cybersecurity Support for Hospitals	--	1,098	1,348
Fully Cover Costs for all Living Organ Donors for Medicare	--	--	--
Create a Permanent Medicare Diabetes Prevention Program Benefit	--	--	--
Implement Value-Based Purchasing and Quality Programs for Medicare Facilities	*	*	*
Create a Permanent Medicare Home Health Value-Based Purchasing Program	--	--	--
Add Medicare Coverage of Services Furnished by Community Health Workers	*	*	*
Authorize Tribal Health Programs to Pay Medicare Part B Premiums Directly on behalf of Tribal Members	--	--	--
Subtotal, Medicare Modernization and Benefit Enhancements	**--**	**1,098**	**1,348**
Good Governance and Quality Improvement			
Prohibit Billing of Beneficiaries after Certain Medicare Bad Debt Payments	--	--	--
Create a Consolidated Medicare Hospital Quality Payment Program	--	--	--
Refine the Quality Payment Program: Measure Development Funding for the Quality Payment Program	10	50	50
Establish Meaningful Measures for the End-Stage Renal Disease Quality Incentive Program	--	--	--
Strengthen Medicare Advantage by Establishing New Medical Loss Ratio Requirements for Supplemental Benefits	*	*	*
Require Average Sales Price Reporting for Oral Methadone	*	*	*
Subtotal, Good Governance and Quality Improvement	**10**	**50**	**50**
Other Technical Proposals			
Standardize Data Collection to Improve Quality and Promote Equitable Care	--	--	--
Allow Collection of Demographic and Social Determinants of Health Data through CMS Quality Reporting and Payment Programs	--	--	--
Increase Transparency by Disclosing Accreditation Surveys	--	--	--
Remove Restrictions on the Certification of New Entities as Organ Procurement Organizations and Increase Enforcement Flexibility	--	--	--
Change Medicare Appeal Council's Standard of Review	--	--	--
Subtotal, Other Technical Proposals	**--**	**--**	**--**
Interactions			
Subtotal, Medicare Legislative Proposals	**204**	**-40,996**	**-191,060**
Establish the National Hepatitis C Elimination Program	195	1,050	-289
Extension of Sequester	--	--	-68,505
Eliminate the 190-day Lifetime Limit on Psychiatric Hospital Services (Medicaid Impact - Non-Add)	*-50*	*-330*	*-770*
Total Outlays, Medicare Proposals	**399**	**-39,946**	**-259,854**
Medicare Proposed Policy			
Total Outlays, Medicare Legislative Proposals	**399**	**-39,946**	**-259,854**
Savings from Program Integrity Investments	-260	-2,200	-5,040
Total Outlays, Medicare Proposed Policy	**139**	**-42,146**	**-264,894**

-- Zero or budget neutral

* Not scoreable

Centers for Medicare & Medicaid Services: Medicaid

The following tables are in millions of dollars.

Current Law Outlays	2023	2024	2025	2025 +/- 2024
Benefits Spending	591,314	540,890	560,180	19,290
State Administration	24,458	26,261	26,392	131
Total Net Outlays, Current Law	**615,772**	**567,151**	**586,572**	**19,421**
Proposed Law	**2023**	**2024**	**2025**	**2025 +/- 2024**
Legislative Proposals[114]	0	0	2,364	2,364
Mandatory Total Net Outlays, Proposed Law	**615,772**	**567,151**	**588,936**	**21,785**

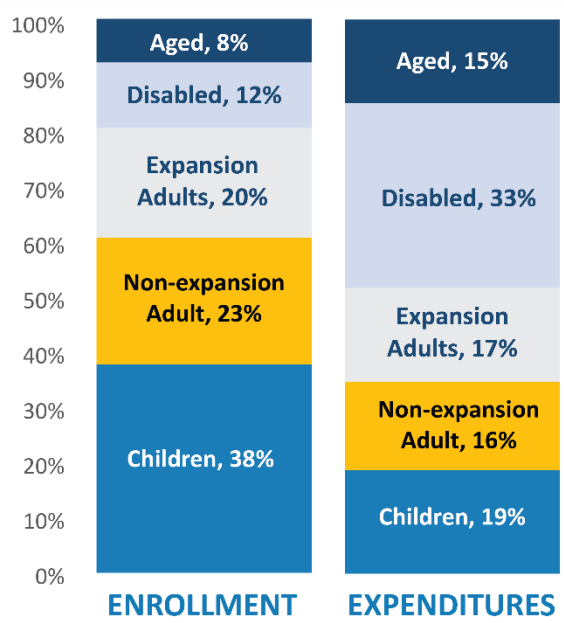
Medicaid provides critical health coverage to millions of Americans, including eligible low-income adults, children, pregnant people, elderly adults, and people with disabilities, with an estimated enrollment of 82.9 million people in FY 2024.

The Administration's vision is to protect and strengthen Medicaid and the Affordable Care Act by expanding access to coverage, improving health equity, and making our healthcare system less complex to navigate.

HOW MEDICAID WORKS

States design, implement, and administer their own Medicaid programs based on federal guidelines. The federal government matches state expenditures using a formula based on state per capita income compared to the national average; the matching rate can be no lower than 50 percent. In FY 2023, the federal share of Medicaid outlays was approximately $587.0 billion. Medicaid beneficiaries include eligible low-income adults, children, pregnant people, elderly adults, and people with disabilities. Individuals must meet certain minimum categorical and financial eligibility standards. States have flexibility to extend coverage to higher income groups, including medically needy individuals, through waivers and Medicaid state plan amendments. Medically needy individuals are those who do not meet the income standards of the categorical eligibility groups but incur large medical expenses and would otherwise qualify for Medicaid. States also have the option to expand Medicaid to eligible adults with modified adjusted gross income up to 138 percent of the poverty level.

PERCENT SHARE OF MEDICAID ENROLLMENT AND EXPENDITURES BY POPULATION (FY 2022)



Note: Totals and components exclude Disproportionate Share Hospital expenditures, territorial enrollees and expenditures, and financial adjustments.
Source: CMS Office of the Actuary fiscal year estimates.

Under Medicaid, states must cover certain services and have the flexibility to offer additional benefits. Medicaid is also the largest payer across the nation for long-term services and supports.

[114] The FY 2025 total for legislative proposals does not include the -$23 million in non-legislative savings anticipated from the Social Security Administration allocation adjustment proposal. This number is accounted for in the CMS Program Integrity chapter. Non-PAYGO savings from the HHS Health Care Fraud and Abuse Control Program allocation adjustment are also displayed in the CMS Program Integrity chapter. Total net Medicaid policy outlays in FY 2025 are $588,913.

MEDICAID ENROLLMENT BY POPULATION (INDIVIDUALS IN MILLIONS)

Eligibility Group	2023	2024	2025	25 +/- 24
Aged 65+	7.4	7.3	7.4	0.1
Disabled	10.7	10.8	10.9	0.1
Expansion Adults	19.4	15.8	14.7	-1.1
Non-Expansion Adults	22.2	17.6	16.3	-1.3
Children	34.7	29.8	28.5	-1.3
Territories	1.7	1.7	1.7	0.0
Total	96.1	82.9	79.5	-3.5

Source: CMS Office of the Actuary fiscal year estimates

RECENT PROGRAM DEVELOPMENTS

Transitioning Out of the COVID-19 Public Health Emergency

During the COVID-19 Public Health Emergency, Medicaid enrollment increased by approximately 22.6 million individuals, due in part to the continuous enrollment condition tied to an increase in federal matching funds in the Families First Coronavirus Response Act. In the Consolidated Appropriations Act, 2023, Congress set March 31, 2023, as the expiration date for the continuous enrollment condition and the start of a phase-down of the increased federal match. The expiration of this condition and return to routine Medicaid eligibility and enrollment operations continues to present the single largest health coverage transition since the first open enrollment period of the Affordable Care Act.

CMS offers support to states facing unprecedented volumes of work as they resume normal eligibility and enrollment operations and phase out flexibilities available during the COVID-19 Public Health Emergency. This includes providing guidance to states on processing eligibility renewals, prioritizing auto-renewals, and transitioning individuals to other forms of coverage, such as the Children's Health Insurance Program (CHIP) or the Health Insurance Marketplaces.

CMS also closely monitors states' eligibility renewal efforts to ensure compliance with federal Medicaid requirements to protect access to health coverage, especially for children. In September 2023, CMS's swift action to address an eligibility system issue led to nearly half a million individuals, including children, having their coverage reinstated after improper disenrollment, and future protections against improper disenrollments.

Modernizing and Enhancing Program Benefits to Advance Health Equity

The Administration is committed to advancing equity and reducing health disparities in Medicaid and ensuring every eligible person can access the coverage and care to which they are entitled. In 2023, the Administration strengthened its commitment to equity in healthcare access through several key developments in the Medicaid program.

In the Consolidated Appropriations Act, 2023, Congress enacted 12 months of continuous coverage for children under age 19 enrolled in Medicaid and CHIP. This policy became effective on January 1, 2024, with guidance and support from CMS. This will ensure that eligible children enrolled in Medicaid and CHIP have uninterrupted coverage over the course of a year, helping children maintain access to the healthcare services they need.

New demonstration opportunities offered states the flexibility and support to enhance their Medicaid programs. CMS approved innovative investments in evidence-based services to address social determinants of health and health-related social needs, including food insecurity and housing instability. These demonstrations will expand access to important upstream drivers of health outcomes and further our understanding of these interventions by evaluating their impact on disparities in access, quality, and health outcomes. Another new demonstration opportunity allowed states to cover a package of pre-release services for up to 90 days prior to a justice-involved individual's release from incarceration. By focusing on covering high-quality services for Medicaid beneficiaries who are leaving incarceration, and returning home to their communities, the demonstration improves communication and efficiency between systems and addresses underlying health needs which can reduce the risk of recidivism and make our communities healthier and safer. CMS also published a new rule that streamlines the application and enrollment process for Medicare Savings Programs, which provides Medicaid-funded coverage of Medicare premiums and cost-sharing. The rule

reduces administrative burden on states and beneficiaries and will increase enrollment and retention of the 12.5 million people who rely on both Medicare and Medicaid for their healthcare needs.

In addition, the President continues to support eliminating Medicaid funding caps for the five U.S. territories while aligning their matching rate with that of states.

Transforming Behavioral Healthcare

In 2023, the Administration built on the important groundwork enacted in key pieces of legislation to strengthen access to behavioral healthcare through wide-ranging Medicaid initiatives.

CMS worked with states to identify ways to deliver behavioral healthcare where communities need it. Advances in mobile crisis services, school-based services, care for justice-involved individuals, and addressing health-related social needs will all support an integrated and robust approach to behavioral healthcare for Medicaid beneficiaries.

The Bipartisan Safer Communities Act expanded critical CMS initiatives to improve behavioral healthcare including:

- Extending and expanding the existing Certified Community Behavioral Health Clinics Demonstration, including through additional planning grants and technical assistance to allow more states to participate in the Demonstration;
- Funding for state grants to implement, enhance, or expand school-based services through Medicaid or CHIP, along with funding for critical guidance and technical assistance on health services in school settings; and
- Conducting comprehensive reviews across FY 2023 and FY 2024 on state implementation of the mandatory Medicaid Early and Periodic Screening, Diagnostic and Treatment benefit.

Supported by Congress in the Consolidated Appropriations Act, 2023, HHS is collaborating with states to develop guidance on the role of Medicaid and CHIP in a continuum of crisis care that promotes access to timely response services in the least restrictive appropriate setting and establish a technical assistance center to support states in implementing crisis response services through Medicaid and CHIP.

Quality Measurement and Improvement

The Affordable Care Act appropriated $300 million and required CMS to establish a core set of adult health quality measures for the purpose of measuring overall national quality of care for Medicaid and CHIP beneficiaries, monitoring performance at the state level, and improving the quality of healthcare. CMS continues to work with states, the District of Columbia, and territories to improve reporting and quality of services in Medicaid and CHIP. CMS identified the need to improve the postpartum experience for Medicaid and CHIP beneficiaries and as a result, developed the Postpartum Care Learning Collaborative. This Collaborative provided states with strategies to improve outcomes, such as ensuring continuity of coverage for beneficiaries and improving screening and follow-up care for conditions associated with maternal morbidity and mortality. In FY 2023, all states, the District of Columbia, and Puerto Rico participated in at least 1 Quality Improvement Learning Collaborative webinar, and more than 30 states participated in at least 1 Quality Improvement Learning Collaborative Affinity Group. These Collaboratives bring together multi-disciplinary teams to create opportunities to build and exchange knowledge on measurement collection and improvement strategies.

CMS publicly reported state performance on 29 of the 33 Adult Core Set measures in FY 2022, and all 50 states, the District of Columbia, and Puerto Rico voluntarily reported on at least 1 measure from the Adult Core Set. Beginning in FY 2024, state reporting on the Behavioral Health measures from the Adult Core Set will be mandatory, as enacted in the SUPPORT for Patients and Communities Act. In August 2023, CMS released a final rule clarifying requirements for mandatory annual state reporting of the behavioral health measures on the Adult Core Set and all measures on the Child Core Set. CMS continues to provide guidance and work closely with states to support successful mandatory reporting in 2024 and beyond.

See the CHIP chapter for information on Child Health Quality.

2025 LEGISLATIVE PROPOSALS

Prescription Drug Savings and Other Reforms

Eliminate Barriers to Pre-Exposure Prophylaxis Under Medicaid and CHIP

HIV/AIDS Pre-Exposure Prophylaxis can reduce the risk of getting HIV by at least 74 percent. State Medicaid coverage of Pre-Exposure Prophylaxis is inconsistent, and states may employ utilization management tactics that further limit access to this drug. This proposal requires states to cover Pre-Exposure Prophylaxis and associated laboratory services with no cost sharing for Medicaid and CHIP beneficiaries, and places guardrails on utilization management practices, like prior authorization and step therapy, that can pose barriers to access and utilization of Pre-Exposure Prophylaxis. This proposal aligns with other HHS work in this area, such as the Ending the HIV Epidemic in the United States initiative. [$10.6 billion in savings over 10 years]

Modify the Medicaid Drug Rebate Program in Territories

Beginning January 1, 2023, U.S. territories were required to participate in the Medicaid Drug Rebate Program. Only Puerto Rico is currently participating in the Medicaid Drug Rebate Program; territories not ready to participate in the program must request a waiver. The budget proposes technical changes to provide territories the option to participate in the Medicaid Drug Rebate Program. In addition to this flexibility, the proposal also excludes territory prescription drug sales from certain drug pricing calculations to ensure territories may continue accessing the best discounted drug prices available to them. These changes support territories by opening access to savings based on a model that works for their unique Medicaid systems and providing medication access for vulnerable populations. [Budget Neutral]

Authorize HHS to Negotiate Medicaid Supplemental Rebates on Behalf of States

Currently, states may negotiate supplemental rebates, but there is no federal program to negotiate supplemental rebates for high-cost drugs on behalf of state Medicaid programs. As a result, the federal government and states lose billions of dollars in supplemental rebates each year. The proposal establishes a process under which CMS and participating state Medicaid programs partner with a private sector contractor to negotiate supplemental rebates from drug manufacturers, thereby pooling their negotiation power to curb spending on high-cost drugs. [$5.2 billion in savings over 10 years]

Modernizing Benefits and Lowering Health Care Costs

Allow States to Provide Continuous Eligibility up to Age 6

Disruptions in Medicaid and CHIP coverage often lead to delayed care, unfilled prescriptions, and less preventive care for beneficiaries. Stable coverage can help establish relationships between providers and families to better address each child's individual needs. This proposal builds on the requirement to provide 12 months of continuous eligibility to children in Medicaid and CHIP, enacted in the Consolidated Appropriations Act, 2023, by establishing a state option to provide continuous eligibility from birth until the child turns 6. This will provide more stable coverage for young children enrolled in Medicaid or CHIP, decrease state administrative burden, and may avoid higher costs by addressing preventable care needs. [$4.2 billion in costs to Medicaid over 10 years; $4.2 billion in net costs over 10 years]

Allow States to Provide 36-Month Continuous Eligibility for All Children

This proposal further builds on the requirement to provide 12 months of continuous eligibility by establishing a state option to provide 36 months of continuous eligibility for children under the age of 19. This works in tandem with the proposal above to promote continuity of coverage for children in Medicaid and CHIP. States selecting to implement both state options would provide continuous eligibility to children until they turn 6, then continuous eligibility periods of 36 months until they turn 19. This will provide more stable coverage, decrease state administrative burden, and may avoid higher costs by addressing preventable care needs. [$5.2 billion in costs to Medicaid over 10 years; $5.4 billion in net costs over 10 years]

Align Medicare Savings Programs and Part D Low-income Subsidy Eligibility Methodologies

The Part D Low-Income Subsidy and Medicare Savings Program methodologies for counting income and assets are similar but not identical, causing eligibility process inefficiencies. The budget simplifies the eligibility processes for programs by removing elements of the income and asset determination process that apply to one program and not the other. Aligning the eligibility methodologies for these

programs reduces administrative barriers to enrollment and eliminates the need for the federal government and states to perform nearly identical eligibility determinations for the same over-burdened individuals. [$4.3 billion in Medicaid costs over 10 years]

Align Qualified Medicare Beneficiary Renewal Period with Other Medicaid Groups

Currently, there is a standard renewal period of 1 year for many Medicaid eligibility groups, but statute allows states to use shorter renewal periods for individuals in the Qualified Medicare Beneficiary Program. Shorter renewal periods burden beneficiaries and risk improper ineligibility determinations. This proposal establishes a 12-month renewal period for Medicare Savings Programs in statute, which would allow CMS to establish a renewal period for individuals in the Qualified Medicare Beneficiary Program no more restrictive than the renewal period for people eligible for Medicaid based on Modified Adjusted Gross Income. By streamlining and simplifying the renewal process, this proposal reduces the risk of disruption and improves maintenance of eligibility for these beneficiaries. [Budget Neutral]

Unify Medicare and Medicaid Appeals Procedures

Individuals enrolled in both Medicare and Medicaid face a complex process to appeal service denials. Although CMS has already taken action to unify Medicare and Medicaid appeal processes at the plan level, a statutory change is required to protect beneficiary access to care and the right to a Departmental hearing when enrollees appeal any plan decision to a higher level. Building on results from the Financial Alignment Initiative demonstrations, this proposal gives the Secretary the authority to unify the procedures for Medicare and Medicaid review for individuals enrolled in integrated managed care plans by waiving amount-in-controversy minimums and allowing benefits to continue while an appeal is pending. Unifying these external review procedures simplifies a technical and arduous process for enrollees and codifies key beneficiary protections. [Not scoreable]

Allow Retroactive Coverage of Part B Premiums for Qualified Medicare Beneficiary Applicants

While many Medicaid eligibility groups allow for retroactive eligibility, the Qualified Medicare Beneficiary Program, by statute, does not. Many applicants at or below 100 percent of the federal poverty level pay Medicare Part B premiums before enrollment in the program takes effect, which poses a significant financial burden. This proposal would allow for retroactive coverage of Medicare Part B premiums for Qualified Medicare Beneficiary applicants. [$890 million in Medicaid costs over 10 years]

Promoting Effective and Efficient Stewardship and Competition

Enhance Medicaid Managed Care Enforcement

Currently, CMS has inadequate financial oversight and compliance tools in Medicaid managed care, lacking maximum flexibility to disallow and defer individual or partial payments associated with contracts with managed care organizations, prepaid inpatient health plans, and prepaid ambulatory health plans. CMS's only recourse when it identifies compliance failures is to withhold all of a state's federal financial participation under the contract, an untenable compliance option given potential beneficiary harm and disruption to the state's Medicaid program. This proposal conditions federal match for managed care plan contract capitation payment amounts on a service-by-service basis by allowing partial deferrals and disallowances and provides CMS with additional enforcement options. The proposed revisions enhance CMS's ability to take meaningful actions to protect beneficiaries and enforce requirements, making these managed care compliance tools more effective and consistent with similar authorities in fee-for-service. [$1.7 billion in savings over 10 years]

Require Remittance of Medical Loss Ratios in Medicaid and Children's Health Insurance Program Managed Care

Medicaid and CHIP remain the only federal health care programs without a statutory mandate for a minimum Medical Loss Ratio, the share of total premium dollars that a managed care plan spends on medical care and quality improvement, excluding administration costs and profit. This proposal requires Medicaid and CHIP-managed care plans to meet a minimum Medical Loss Ratio of 85 percent, the statutory requirement for Medicare Advantage plans and the industry standard for large employer plans in the private health insurance market and requires states to collect remittances from managed care plans if they fail to meet the minimum Medical Loss Ratio. A minimum Medical Loss Ratio and required remittances will encourage investments in healthcare services and quality improvement activities

and prevent excessive profit retention. [$8.4 billion in Medicaid savings and $1.7 billion in CHIP savings over 10 years]

Require Medicaid Adult and Home and Community-Based Services Quality Reporting

State reporting on the Adult Core Set under the Adult Quality Measurement and Improvement Program and home and community-based services measures is currently voluntary. Data on these measures remain inconsistent, reducing CMS's and states' ability to assess and improve quality and outcomes within and across their Medicaid and home and community-based services programs. Existing funding for the Adult Quality Measurement and Improvement Program will be expended by early FY 2025. This proposal provides CMS $15 million annually for this program and requires state reporting on the Adult Core Set 4 years after enactment. It also establishes and funds a Home and Community-Based Services Measurement Program at $10 million annually and requires reporting on a core set 4 years after enactment. This funding and authority align reporting requirements with those of the Child Health and Behavioral Health Core Sets, which are mandatory for state reporting beginning in FY 2024, and provide the resources needed for CMS to continue supporting health equity. [$299 million in CMS administrative costs over 10 years]

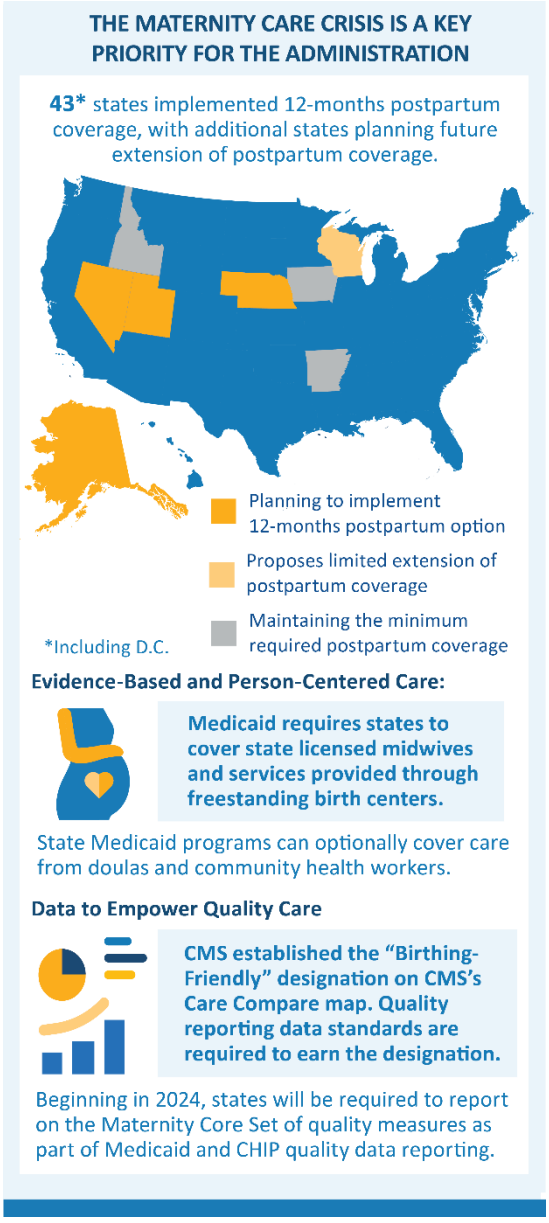
Protecting the Health of All Americans

Require 12 Months of Postpartum Coverage

The American Rescue Plan Act of 2021 enacted a new state option to extend Medicaid postpartum coverage to 12 months; the Consolidated Appropriations Act, 2023 made this a permanent option for states. Expanding access to postpartum Medicaid coverage can reduce maternal and infant morbidity and mortality. To improve maternal and infant health outcomes, and align with Administration initiatives like the CMS Maternity Care Action Plan, the budget requires states to provide 12 months of postpartum coverage in Medicaid and CHIP. [$440 million in costs to Medicaid over 10 years; $707 million in net savings over 10 years]

Expand Access to Maternal Health Supports in Medicaid

Medicaid provides pregnancy-related coverage to eligible individuals through pregnancy, labor and delivery, and at least 60-days postpartum. More than 4 in 10 births in the nation are covered by Medicaid. To help improve maternal health coverage and prioritize person-centered care, the budget includes an optional Medicaid maternal health support benefit which addresses equity in maternal health. The optional Medicaid benefit expands coverage of maternal health support services across the prenatal, labor and delivery, and postpartum periods, with enhanced federal match available for the first 5 years. The benefit will include coverage for services provided by doulas, community health workers, nurse home visiting, and peer support workers. Services may include group and/or individual counseling, and labor and postpartum supports. Rigorous evaluation is integral to this optional benefit, informing future best practices for maternal care within the Medicaid program and beyond. [$204 million in Medicaid costs over 10 years.]



Strengthening Long-Term Care

Improve Medicaid Home and Community-Based Services

Millions of individuals across the country – including people with disabilities and older Americans – rely on home and community-based services and the workforce that provides that critical care. However, many Medicaid beneficiaries are without adequate access to services in the community. The budget invests in Medicaid home and community-based services, enabling seniors and people with disabilities to remain in their homes and stay active in their communities. The proposal also promotes better quality jobs for home care workers and enhances supports for family caregivers. [$150.0 billion in costs over 10 years]

FY 2025 Medicaid Budget Proposals

The following table is in millions of dollars.

Legislative Proposals	2025	2025-2029	2025-2034
Prescription Drug Savings and Other Reforms			
Eliminate Barriers to PrEP under Medicaid and CHIP	-730	-4,280	-10,550
Modify the Medicaid Drug Rebate Program in Territories	0	0	0
Authorize HHS to Negotiate Medicaid Supplemental Rebates on Behalf of States	0	-1,360	-5,180
Subtotal, Prescription Drug Savings and Other Reforms	**-730**	**-5,640**	**-15,730**
Modernizing Benefits and Lowering Health Care Costs			
Allow States to Provide 36-Month Continuous Eligibility for All Children	100	1,800	5,240
Allow States to Provide Continuous Eligibility up to Age Six	30	1,210	4,160
Align Medicare Savings Programs and Part D Low-income Subsidy Eligibility Methodologies	320	1,810	4,340
Align Qualified Medicare Beneficiary Renewal Period with Other Medicaid Groups	0	0	0
Unify Medicare and Medicaid Appeals Procedures	0	0	0
Allow Retroactive Coverage of Part B Premiums for Qualified Medicare Beneficiary Applicants	50	340	890
Subtotal, Modernizing Benefits and Lowering Health Care Costs	**500**	**5,160**	**14,630**
Promoting Effective and Efficient Stewardship and Competition			
Enhance Medicaid Managed Care Enforcement	-120	-700	-1,680
Require Remittance of Medical Loss Ratios in Medicaid and CHIP Managed Care	0	-3,200	-8,400
Require Medicaid Adult and Home and Community-Based Services Quality Reporting (CMS Administrative Impact, non-add)	*25*	*135*	*299*
Subtotal, Promoting Effective and Efficient Stewardship and Competition	**-120**	**-3,900**	**-10,080**
Protecting the Health of All Americans			
Require 12 Months of Postpartum Coverage	40	200	440
Expand Access to Maternal Health Supports in Medicaid	6	74	204
Subtotal, Protecting the Health of All Americans	**46**	**274**	**644**
Strengthening Long-Term Care in All Settings			
Improve Medicaid Home and Community-Based Services	3,000	28,700	150,000
Subtotal, Strengthening Long-Term Care in All Settings	**3,000**	**28,700**	**150,000**
Legislative Proposals in Other Chapters Impacting Medicaid			
Expand Vaccines for Children Program to all CHIP Children and Make Program Improvements	378	2,102	4,104
Convert Medicaid CCBHC Demonstration into a Permanent Program	0	864	11,418
Add 20,000 Special Immigrant Visas	35	290	550
Establish the National Hepatitis C Elimination Program	-700	-5,790	-13,140
Treat Certain Populations as Refugees for Public Benefit Purposes	32	275	405
Eliminate the 190-day Lifetime Limit on Psychiatric Hospital Services	-50	-330	-770
Other Medicaid Interactions	-27	-486	-1,416
Social Security Administration Program Integrity (non-add)	*-23*	*-644*	*-2,636*
Subtotal, Proposals in Other Chapters Impacting Medicaid	**-332**	**-3,075**	**1,151**
Total Medicaid Outlays	**2,364**	**21,519**	**140,615**

Centers for Medicare & Medicaid Services: Children's Health Insurance Program

The following tables are in millions of dollars.

Current Law	2023	2024	2025	2025 +/- 2024
Children's Health Insurance Program	17,588	17,244	18,423	1,179
Total Outlays, Current Law	**17,588**	**17,244**	**18,423**	**1,179**
Proposed Law	**2023**	**2024**	**2025**	**2025 +/- 2024**
Legislative Proposals	0	0	-287	-287
Net Total Outlays, Proposed Law	**17,588**	**17,244**	**18,136**	**892**

BACKGROUND

Established by the Balanced Budget Act of 1997, the Children's Health Insurance Program (CHIP) provides health insurance coverage for children in households with incomes too high to qualify for Medicaid but too low to afford private health insurance. States also have the option to cover targeted low-income, uninsured pregnant people under CHIP. In FY 2023, the CMS Office of the Actuary estimated that total CHIP enrollment was approximately 7.2 million individuals.

Since its initiation, CHIP has contributed greatly to the decline in uninsured rates among low-income children. Research indicates the program works as intended to provide a safety net for low-income children, particularly during times of economic hardship. Children enrolled in CHIP experience better access to care and fewer unmet needs, and families experience much lower financial burden and stress in meeting the child's healthcare needs compared to children who are uninsured.

The Bipartisan Budget Act of 2018 extended federal funding for CHIP and authorized the Child Enrollment Contingency Fund through FY 2027. The Consolidated Appropriations Act, 2023 further extended funding through FY 2029.

HOW CHIP WORKS

CHIP is a joint partnership between the federal government and states, the District of Columbia, and the five U.S. territories to provide children under age 19 from low- and middle-income households with health insurance coverage and access to healthcare. Congress grants states, the District of Columbia, and the five territories (referred to in the chapter as "states") flexibility in designing their CHIP programs. They may implement a "Medicaid expansion" CHIP by using CHIP funds to provide Medicaid coverage to CHIP-eligible children, create a separate CHIP, or use a combination of these options. All states, the District of Columbia, and the five territories use CHIP funding to provide coverage to children. Of these, 16 have a Medicaid expansion CHIP, two have a separate CHIP, and 38 use a combination of these programs for their CHIP. States use a Modified Adjusted Gross Income standard to determine CHIP eligibility.

CMS allocates funds to states and territories with approved CHIP plans according to a statutory allotment formula. For the FY 2025 President's Budget, CMS projects state allotments of $18.0 billion under this formula. The Bipartisan Budget Act of 2018 revised the CHIP appropriation to align with the total amount calculated for state and territory allotments under the statutory formula beginning in FY 2024. This eliminates excess funding for state allotments in the program and has no programmatic impacts on states and territories.

CHIP has several financing mechanisms to address potential state funding shortfalls. The Child Enrollment Contingency Fund supports states, not including territories, that predict a funding shortfall and have higher-than-expected enrollment. Since its establishment in FY 2009, only four states have qualified for Contingency Fund payments. In addition, CMS recovers unused state allotment funding after states no longer have access to these funds and redistributes them to states, including territories, facing a funding shortfall. Since 2012, CMS has redistributed approximately $1.9 billion in unused allotments to 32 states and territories.

RECENT PROGRAM DEVELOPMENTS

Supporting Children and Families

The Administration is committed to advancing health equity and reducing health disparities in CHIP and

ensuring every eligible person can access the coverage and care for which they are eligible.

The Consolidated Appropriations Act, 2023 included provisions to promote access to care and continuity of coverage for all CHIP-eligible children. This Act provides 12 months of continuous eligibility for all children under the age of 19 enrolled in CHIP starting on January 1, 2024. This Act also requires health screenings, referrals, and case management services for eligible juveniles in public institutions 30-days prior to release and removes certain long-standing federal funding limitations for this group to promote continuity of care as these youth transition back to the community.

Under the American Rescue Plan Act of 2021, 43 states and the District of Columbia have extended postpartum coverage to 12 months under separate CHIP and Medicaid expansion CHIP. The Consolidated Appropriations Act, 2023 permanently extended this state option.

CMS continues to work with states to ensure continuity of coverage and smooth transitions between forms of coverage as states continue normal eligibility and enrollment operations in Medicaid and CHIP after the COVID-19 Public Health Emergency. This includes transitions between Medicaid, CHIP, and the Marketplace.

Quality Measurement and Improvement

CHIP also includes programs to improve the quality of services children receive in Medicaid and CHIP and improve access to these services. The Bipartisan Budget Act of 2018 made state reporting on the Child Core Set of quality measures for Medicaid and CHIP mandatory starting in FY 2024. The Child Core Set serves as a foundational tool to assess the quality of health care and improve understanding of health disparities experienced by children enrolled in Medicaid and CHIP. The Child Core Set includes several measures focused on behavioral health. CMS continues to work with states to prepare for mandatory reporting and released a final rule in August 2023 followed by a State Health Official letter in December 2023 with additional guidance.

All states, including the District of Columbia, and Puerto Rico, voluntarily reported on at least one measure in the Child Core Set and 50 states reported on at least half of the measures in the Child Core Set for FY 2022. This robust state participation enabled CMS to publicly report on 24 of 25 Child Core Set measures for FY 2022. CMS provides state Medicaid and CHIP agencies and their quality improvement partners with information, tools, and expert support needed to improve care and health outcomes, as demonstrated by performance on the Child Core Set. Recent quality improvement initiatives focused on the pediatric population include Quality Improvement Learning Collaboratives for infant well-child care, timely care for children in foster care, and oral health.

The Bipartisan Budget Act of 2018 provided $60 million to continue this work, and the Consolidated Appropriations Act, 2023, provides an additional $15 million per year for FYs 2028 and 2029.

Connecting Kids to Coverage Outreach and Enrollment Grants

Outreach and Enrollment Grants fund activities to educate families about the availability of Medicaid and CHIP with the goal of increasing Medicaid and CHIP enrollment of eligible children. The funding is used to directly assist families with the application and renewal process, a crucial activity as states continue routine operations after the COVID-19 Public Health Emergency.

On March 30, 2023, CMS awarded $5.9 million in cooperative agreements to seven organizations for American Indian and Native Alaskan children, through the Connecting Kids to Coverage HEALTHY KIDS 2023 Outreach and Enrollment campaign. These grants provide critical support for the effective and targeted strategies needed to enroll and retain eligible uninsured American Indian and Native Alaskan children in Medicaid and CHIP. Since grant funding initiatives began in 2009, CMS has issued approximately $270.9 million in total grant funding to more than 336 eligible entities.

The Consolidated Appropriations Act, 2023 extended funding for CHIP Outreach and Enrollment grants, providing a one-time appropriation of $40 million for the FY 2028-2029 grants cycle.

2025 LEGISLATIVE PROPOSALS

Prescription Drug Savings and Other Reforms

Apply Medicaid Drug Rebates to Separate CHIP

States with separate CHIP programs do not currently have authority to collect Medicaid drug rebates on drugs dispensed to CHIP beneficiaries, potentially missing out on billions of dollars in rebate savings. This proposal allows states to extend rebates under the

Medicaid Drug Rebate Program to separate CHIPs starting in FY 2025, thereby aligning CHIP rebate policies with those of Medicaid and Medicaid expansion CHIPs. [$2.3 billion in savings over 10 years]

Modernizing Benefits and Lowering Health Care Costs

Expand Vaccines for Children to all CHIP Children and Make Program Improvements

The Vaccines for Children program is a Medicaid-funded program administered by CDC that provides doses of vaccines recommended by the Advisory Committee on Immunization Practices to children under the age of 19 who are Medicaid beneficiaries, uninsured, underinsured, or Indians as defined in the Indian Health Care Improvement Act. The approximately 3 million children enrolled in separate CHIPs do not qualify to receive vaccines through the Vaccines for Children program, which creates administrative burdens for providers, states, and the CDC. This proposal expands the Vaccines for Children program to children under the age of 19 enrolled in separate CHIPs, covers vaccine administration fee for uninsured children, and establishes a provider reimbursement rate floor for vaccine administration fees under the Vaccines for Children program. This proposal aims to increase child access to vaccines, reduce administrative and financial burden on providers, and reduce financial burden on families of uninsured children. [$2.2 billion in savings to CHIP over 10 years; 1.9 billion in net costs over 10 years]

Prohibit CHIP Enrollment Fees and Premiums

Under current CHIP policy, states may choose to impose cost sharing for children enrolled in CHIP, including enrollment fees and premiums, within the statutory and regulatory guidelines for cost-sharing. However, charging enrollment fees and premiums can contribute to coverage disruptions and create barriers to enrollment and retention of coverage for eligible children. This proposal removes enrollment fees and premiums in CHIP, aligning CHIP policy with that of Medicaid for children and pregnant women, which does not permit these forms of cost-sharing. This aims to reduce periods of uninsurance after procedural disenrollments, eliminate gaps in coverage, and help facilitate continuity of coverage when transitioning between other forms of coverage, such as Medicaid. This also compliments CMS's regulatory work to facilitate continuity of coverage and reduce barriers to coverage for Medicaid- and CHIP-eligible children. [$850 million in costs to CHIP over 10 years; $816 million in net costs over 10 years]

Centers for Medicare & Medicaid Services: Children's Health Insurance Program

FY 2025 Budget Proposals

The following table is in millions of dollars.

CHIP Legislative Proposals	2025	2025-2029	2025-2034
Prescription Drug Savings			
Apply Medicaid Drug Rebates to Separate CHIP	-220	-1,230	-2,290
Modernizing Benefits and Lower Health Care Costs			
Expand Vaccines for Children to all CHIP Children and Make Program Improvements (CHIP Impact)	-204	-1,148	-2,168
Prohibit CHIP Enrollment Fees and Premiums	120	690	850
Subtotal, CHIP Legislative Proposals	***-304***	***-1,688***	***-3,608***
Legislative Proposals in Other Chapters Impacting CHIP			
Allow States to Provide 36-month Continuous Eligibility for all Children	20	310	400
Allow States to Provide Continuous Eligibility up to Age Six	--	130	180
Require 12 Months Postpartum Coverage in Medicaid and CHIP	--	--	--
Require Remittance of Medical Loss Ratios for Medicaid and CHIP Managed Care Contracts	--	-800	-1,700
CHIP Interactions	-3	-42	-54
Total Outlays, CHIP Proposed Policy	**-287**	**-2,090**	**-4,782**

Centers for Medicare & Medicaid Services: State Grants and Demonstrations

The following tables are in millions of dollars.

Current Law Budget Authority[115]	2023	2024	2025	2025 +/- 2024
Demonstration Programs to Improve Mental Health Services	40	--	--	--
Grants to Improve Outreach and Enrollment	--	45	--	-45
Medicaid Integrity Program[116]	95	100	103	3
Money Follows the Person Demonstration	423	424	424	--
Money Follows the Person Demonstration Evaluation	1	--	--	--
Money Follows the Person Demonstration Quality Assurance	5	--	--	--
Total, Current Law Budget Authority[117]	**564**	**569**	**527**	**-42**
Current Law Outlays[115]	**2023**	**2024**	**2025**	**2025 +/- 2024**
Demonstrations to Increase Substance Use Provider Capacity	5	2	--	-2
Demonstration Programs to Improve Mental Health Services[118]	1	7	9	2
Grants to Improve Outreach and Enrollment	18	20	17	-3
Medicaid Integrity Program	94	98	99	1
Money Follows the Person Demonstration	355	294	278	-16
Money Follows the Person Demonstration Evaluation	1	--	--	--
Money Follows the Person Demonstration Quality Assurance	1	1	2	1
State Option to Provide Qualifying Community-Based Mobile Crisis Intervention Services	7	3	--	-3
Administrative – Postage Penalty Mail[119]	--	53	--	-53
Total, Current Law Outlays	**482**	**479**	**404**	**-75**

The Centers for Medicare & Medicaid Services (CMS) State Grants and Demonstrations account funds diverse activities including:

- Investments in behavioral health care;
- Outreach activities to enroll children into Medicaid and the Children's Health Insurance Program (CHIP);
- Strengthening Medicaid program integrity; and
- Transitioning beneficiaries from institutional settings to home and community-based settings.

BEHAVIORAL HEALTHCARE AND SUBSTANCE USE DISORDER TREATMENTS

Demonstration Programs to Improve Mental Health Services

The Bipartisan Safer Communities Act expands and extends the existing Certified Community Behavioral Health Clinics demonstration. From the $110 million in total funds appropriated for Medicaid and CHIP, $40 million is primarily for awarding new planning grants and providing technical assistance to states seeking to set up demonstrations. The demonstration program provides states with an enhanced federal match for services rendered by participating clinics, supporting states to improve the availability and quality of community-based, comprehensive treatment and recovery support services for Medicaid beneficiaries living with mental illness or substance use

[115] Programs/laws with less than $1 million in budget authority or outlays are excluded from each respective table.
[116] Budget authority is adjusted annually by Consumer Price Index for All Urban Consumers and sequester. See the Program Integrity chapter for additional information about this program.
[117] Totals may not add due to rounding.
[118] Outlays include funds administered in coordination with the Substance Use and Mental Health Services Administration (SAMHSA).
[119] Administrative Postage Penalty Mail represents outlays for mailed materials including printing, postage, and distribution. Budget Authority from P.L. 108-173, Sec. 1011 and P.L. 111-148, Sec. 4108

disorders. Participating clinics across each state are paid through a prospective payment system designed to cover the expected costs of providing these services.

Clinics participating in the demonstration program are certified by states to provide specific community-based mental health and substance use disorder services, advance integration of behavioral health with physical healthcare, assimilate and apply evidence-based practices consistently, and promote improved access to high-quality care. Results from the most recent HHS Report to Congress indicate that clinics implemented a range of activities to improve access to care; increased the number of clients served; expanded services to include various evidence-based practices; hired and trained staff; and changed many of their care processes. On average, payment rates covered the costs of services in all but one state, and the average rates came into greater alignment with the average costs in the second year of the demonstration.

Congress first authorized the demonstration in 2014. In 2015, HHS awarded $23 million in 1-year planning grants to support 24 states in their efforts to participate in this demonstration program. In 2016, HHS selected 8 states (of the original 24) to participate in the demonstration program. The program has received multiple extensions and increases in funding. The Coronavirus Aid, Relief, and Economic Security Act instructed HHS to add two additional states from the original pool of planning grantees to the demonstration program. Most recently, the Bipartisan Safer Communities Act extended existing demonstrations and expanded opportunities for new states to implement demonstrations. The legislation:

- Extended the end date and duration of enhanced federal match for the original demonstrations through FY 2025;
- Extended the length and duration of enhanced federal match for the 2 additional states from 2 to 6 years;
- Allowed HHS to fund additional planning grants; and
- Expands the demonstration every 2 years by up to 10 states each time beginning in 2024.

Demonstration Project to Increase Substance Use Disorder Provider Capacity Under the Medicaid Program

The Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act invested $55 million in a new Medicaid demonstration program. Through this demonstration program, CMS encourages states to increase provider capacity in their Medicaid programs through enhanced federal reimbursement for increases in Medicaid spending on substance use disorder treatment and recovery services. In 2019, CMS selected 15 states, including the District of Columbia, to receive planning grants to assess behavioral health treatment capacity and provider needs to sustainably improve Medicaid provider networks treating substance use disorders. In September 2021, CMS selected 5 state Medicaid agencies to participate in the 36-month post-planning period: Connecticut, Delaware, Illinois, Nevada, and West Virginia. The goals of this demonstration include:

- Supporting recruitment and training and providing technical assistance for providers offering substance use disorder treatment or recovery services;
- Improving reimbursement for and expanding the treatment capacity of participating providers authorized to dispense Food and

Drug Administration-approved drugs for individuals with substance use disorders; and
- Improving reimbursement and expanding participating providers' treatment capacity to address the treatment needs of certain populations enrolled under the Medicaid state plan or waiver of such plan.

The five post-planning period state grantees are targeting a variety of populations and provider types for expanded substance use disorder treatment capacity, including buprenorphine providers, primary care providers, licensed behavioral health centers, and Federally Qualified Health Centers. Post-planning states reported several key facilitators of substance use disorder treatment expansion activities: the federal reimbursement, the structure of the demonstration to encourage collaboration with other state initiatives, and the ability to carry over funding from the planning grant to the demonstration.

State Option to Provide Qualifying Community-based Mobile Crisis Intervention Services

The American Rescue Plan Act of 2021 provides a state plan option to cover certain Medicaid services as qualifying community-based mobile crisis intervention services, which are available 24/7, provided outside of a hospital or other facility setting.

These services are eligible for a federal match rate of 85 percent for up to 12 fiscal quarters during the 5-year state plan option period. The American Rescue Plan Act of 2021 invested $15 million into planning grants for states to develop the new authority in their state Medicaid programs. In 2021, CMS awarded grants to 20 states. As of November 2023, eight of the awardee states have received approval for state plan amendments providing coverage of these community-based mobile crisis intervention services, making them eligible for the enhanced federal match.

MEDICAID AND CHIP OUTREACH AND ENROLLMENT GRANTS

The Outreach and Enrollment Program provides grants to a variety of entities including community-based organizations, nonprofit organizations, and healthcare providers, and a national campaign to improve outreach to, and enrollment of, children eligible for Medicaid and CHIP, with funding set aside specifically for serving American Indian and Alaska Native children. These grants aim to reduce the number of children eligible for, but not enrolled in, Medicaid and CHIP by educating families about the availability of affordable health coverage under Medicaid and CHIP, identifying children likely to be eligible for these programs, and assisting families with the application and renewal process. The Bipartisan Budget Act of 2018 appropriated $48 million for this work for FY 2024 through FY 2027, and the Consolidated Appropriations Act, 2023 appropriated $40 million for FY 2028 through FY 2029. Of these amounts, 10 percent is set aside for evaluation and technical assistance to grantees. Refer to the CHIP chapter for additional information.

MEDICAID INTEGRITY PROGRAM

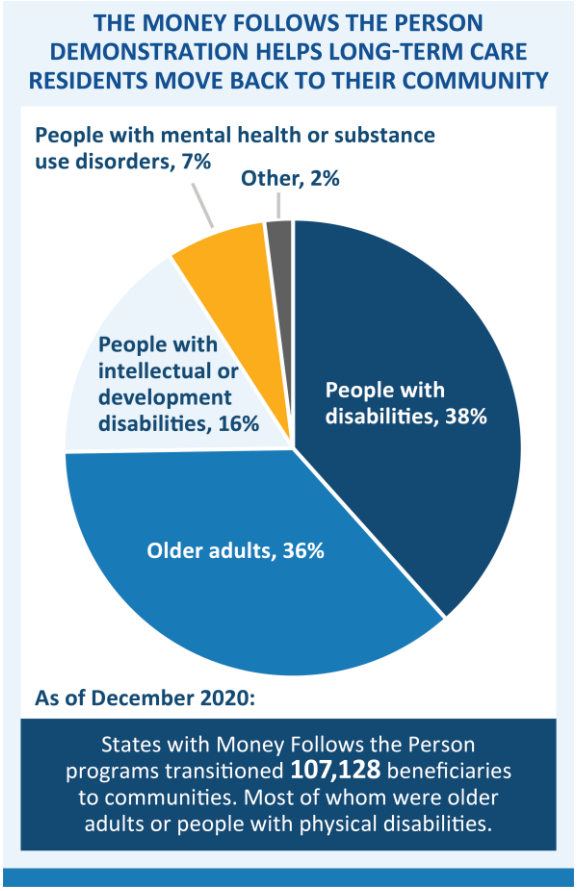
In FY 2025, the Medicaid Integrity Program will receive $103 million in mandatory appropriations. While states have the primary responsibility for combating Medicaid fraud, waste, and abuse, the Medicaid Integrity Program plays an important role supporting state efforts. CMS uses these funds to provide technical support to states and contracts with eligible entities to execute activities, such as agency reviews, audits, identification of overpayments, and education activities. The Medicaid Integrity Program works in coordination with Medicaid program integrity activities funded by the Health Care Fraud and Abuse Control Program. Refer to the Program Integrity chapter for additional information.

MONEY FOLLOWS THE PERSON DEMONSTRATION

Over the lifetime of the Money Follows the Person demonstration, 45 states, 2 territories, and the District of Columbia, have been awarded competitive grants and received an enhanced federal matching rate to help eligible individuals transition from qualified institutional settings to qualified home or community-based settings. States have demonstrated positive outcomes, helping over 107,000 individuals in institutions return to the community over the course of the Money Follows the Person demonstration. The demonstration has also shown improved participant quality of life, reduced the likelihood of readmittance to long-term care institutions, and lowered the cost of care.

Most recently, the Consolidated Appropriations Act, 2023, extended the program through FY 2027 and appropriated $450 million each year for FY 2024 through FY 2027. This funding, coupled with other resources, have enabled states to further expand access to home and community-based services for

individuals transitioning from institutions to community-based settings.



2025 LEGISLATIVE PROPOSALS

Convert the Medicaid Certified Community Behavioral Health Clinics Demonstration into a Permanent Program

Our country faces an unprecedented behavioral health crisis among people of all ages, and the lack of access to mental health treatment services exacerbates this crisis. The budget would convert existing and any new state demonstration programs to a permanent Medicaid state plan option. This proposal ensures that more Medicaid beneficiaries have access to all the behavioral health services these clinics provide. [$11.4 billion in costs over 10 years]

Centers for Medicare & Medicaid Services: State Grants and Demonstrations

FY 2025 Budget Proposals

The following table is in millions of dollars.

State Grants & Demonstrations Legislative Proposals	2025	2025-2029	2025-2034
Convert Medicaid CCBHC Demonstration into a Permanent Program (Impacts to Medicaid)	--	864	11,418

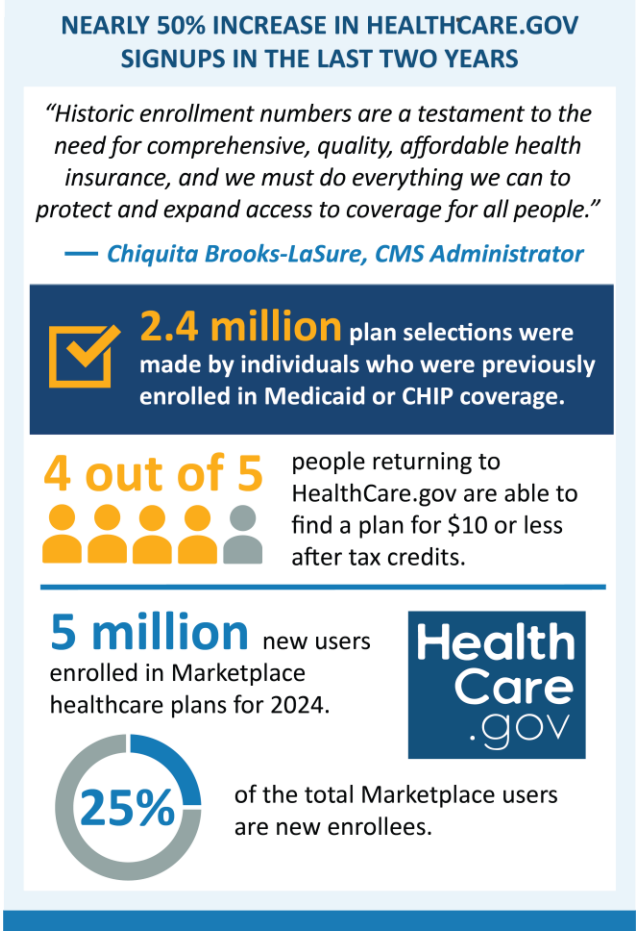
Centers for Medicare & Medicaid Services: Private Insurance

The FY 2025 President's Budget reflects the Administration's commitment to strengthening the Affordable Care Act and keeping high-quality healthcare coverage accessible, affordable, and permanent for all Americans. Since its passage 14 years ago, the Affordable Care Act has reduced the number of uninsured Americans, extended critical consumer protections to over 100 million people, and strengthened the nation's healthcare system. Enhanced subsidies have made Marketplace coverage even more affordable and accessible for millions of Americans.

Despite historic gains, millions of Americans remain uninsured, including low-income individuals in states that have not expanded Medicaid, a crisis this budget addresses. The Administration has taken measures to ensure more Americans have access to affordable healthcare coverage permanently, as well as implementing surprise billing protections from the No Surprises Act. A robust set of proposals to increase access to affordable coverage, improve access to prescription drugs, and help consumers access high-quality and comprehensive mental healthcare are included in the budget request.

EXPANDING COVERAGE AND ACCESS TO AFFORDABLE CARE THROUGH THE MARKETPLACES

Building on the subsidy expansions under the American Rescue Plan Act of 2021, the Inflation Reduction Act extends provisions that improved health insurance affordability and access through 2025. These provisions reduced the amount of income individuals are required to contribute to their health insurance premiums and eliminated the 400 percent income cap of the federal poverty level for premium assistance eligibility, also known as the "subsidy cliff." Under these provisions, millions of Americans have been able to access health insurance plans with low- or zero-cost monthly premiums. Additionally, households over 400 percent of the federal poverty level were able to obtain eligibility for Marketplace subsidies.



The 2024 annual Open Enrollment Period was a record-breaking success, in part due to the expansion of these subsidies. From November 1, 2023, to January 15, 2024, more than 21.3 million Americans signed up for health insurance, including more than 5 million who signed up for new coverage. Four out of five people returning to HealthCare.gov were able to find plans for $10 or less a month after accounting for premium assistance.

NO SURPRISES ACT

The Administration is working to protect Americans from surprise medical bills through the continued implementation of the No Surprises Act. Consumers covered by group and individual health insurance plans are protected from receiving the most common types of surprise medical bills, including those for out-of-network emergency services, out-of-network air ambulance services, and certain out-of-network

services at in-network facilities. If payment for these services are not settled by the health plans, issuers, providers, and facilities, billing disputes may be resolved through a specified state law or the Federal Independent Dispute Resolution Process. Under the No Surprises Act, uninsured and self-pay consumers may dispute charges that are significantly higher than good faith estimates received through a Patient-Provider Dispute Resolution Process.

HHS, the U.S. Department of Labor, and the U.S. Department of the Treasury continue to deliver ongoing system enhancements, guidance, and technical assistance to improve the Federal Independent Dispute Resolution Process. In response to the unexpectedly high volume of disputes submitted to the Federal Independent Dispute Resolution portal and to help facilitate complex eligibility determinations, the Departments, through contract support and additional staffing, are conducting pre-eligibility reviews and providing recommendations to certified Independent Dispute Resolution Entities regarding eligibility of disputes. The Departments published the Federal Independent Dispute Resolution Operations proposed rule, which, if finalized, would improve communication between payers, providers, and certified Independent Dispute Resolution Entities; change the administrative fee structure to improve the accessibility of the process; and adjust specific timelines and steps of the process to improve transparency between parties and reduce the complexity of eligibility determinations. Through these proposals, the Departments intend to improve the accessibility and operation of the Federal Independent Dispute Resolution process and facilitate timely payment determinations.

2025 LEGISLATIVE PROPOSALS

The proposals included in the FY 2025 President's Budget strengthen healthcare coverage and affordability and build on existing consumer protections to provide Americans with access to comprehensive mental health and substance use disorder benefits. Many of the proposals expand upon the protections of the landmark Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008. This law generally prevents group health plans and health insurance issuers that provide mental health or substance use disorder benefits from imposing less favorable limitations on those benefits than on medical or surgical benefits.

The Affordable Care Act subsequently built on these protections by requiring non-grandfathered health plans in the individual and small group markets to include mental health and substance use disorder services as part of the package of essential health benefits. The FY 2025 budget further strengthens consumer protections by closing various loopholes that have resulted in disparate coverage practices and providing additional funding for enforcement of mental health parity requirements. It also makes healthcare more affordable by requiring coverage of three behavioral health visits and three primary care visits without cost-sharing. To support equitable treatment and increased access of covered mental health and substance use disorder services plans and issuers, the budget also supports a standardized definition of mental health and substance use disorders, as well as a permanent expansion of telehealth and other remote care services.

Permanently Extend Enhanced Premium Tax Credits

The enhanced premium tax credits, originally established under the American Rescue Plan Act of 2021 and extended through 2025 under the Inflation Reduction Act, have played a vital role in expanding coverage for millions of Americans. Building upon these successes, this proposal would permanently expand premium tax credit eligibility by eliminating the required contribution for individuals and families making 100 percent to 150 percent of the federal poverty level and limiting the maximum income contributions towards benchmark plans to 8.5 percent of household income. The proposal removes the 400 percent of the federal poverty level ($120,000 for a family of 4) cap on premium tax credit eligibility. This proposal also eliminates the annual indexing of the required contribution percentage, leading to more certainty for consumers as they calculate their required share of potential health insurance premiums. [$43.1 billion in costs over 10 years]

Permanently Extend Coverage to Low-income Individuals in States that have not Expanded Medicaid

The Affordable Care Act allowed states to expand Medicaid coverage for individuals making up to 138 percent of the federal poverty level. In states that have not expanded Medicaid coverage, over 2 million individuals who make less than 100 percent of the federal poverty level but too much to qualify for Medicaid in their state fall into a coverage gap without access to an affordable healthcare option.

This budget provides Medicaid-like coverage to individuals in states that have not expanded Medicaid under the Affordable Care Act, paired with financial incentives to ensure states maintain their existing expansions. [$200.0 billion in government-wide costs over 10 years]

Improve Access to Behavioral Healthcare in the Private Insurance Market

Nearly a quarter of all adults experienced some form of mental illness in the last year. The budget strengthens and improves consumer protections by requiring all plans and issuers, including group health plans, to provide mental health and substance use disorder benefits. The budget seeks to improve compliance with behavioral health parity standards by requiring plans and issuers to use medical necessity criteria for behavioral health services that are consistent with the criteria developed by nonprofit medical specialty associations, as well as putting medical necessity at the forefront of care decisions instead of profit. It also authorizes the Secretaries of HHS, the U.S. Department of Labor, and the U.S. Department of the Treasury to regulate behavioral health network adequacy, and to issue regulations on a standard for parity in reimbursement rates based on the results of comparative analyses submitted by plans and issuers. [$1.0 billion in costs over 10 years]

Require Coverage of Three Behavioral Health Visits and Three Primary Care Visits without Cost-Sharing

Access to primary care and behavioral health services improves long-term health outcomes by promoting prevention and early detection of potentially serious conditions. Even small out-of-pocket costs may deter consumers from seeking medical care, including behavioral health services. About half of U.S. adults say they or a family member delay care because of the cost. Members of historically underserved racial and ethnic groups are especially likely to forego necessary care and experience more difficulty accessing behavioral health services than white Americans. This proposal seeks to improve health outcomes by requiring all plans and issuers to cover three behavioral health visits and three primary care visits each year without charging a copayment, coinsurance, or deductible-related fee. [$428 million in costs over 10 years]

Provide Mandatory Funding for State Enforcement of Mental Health Parity Requirements

Adequate enforcement is necessary to ensure that consumers benefit from the protections enshrined in law. This proposal provides $125 million in mandatory funding over 5 years for grants to states to enforce mental health and substance use disorder parity requirements. Any funds states do not expend at the end of 5 fiscal years would remain available to the Secretary to make additional mental health parity grants. [$125 million in costs over 10 years]

Replenish and Extend No Surprises Act Implementation Fund

The No Surprises Act and Title II Transparency provisions, enacted as part of the Consolidated Appropriations Act, 2021, created crucial new consumer protections from surprise medical bills and entrusted the Departments of HHS, the U.S. Department of Labor, and the U.S. Department of the Treasury with many new or enhanced enforcement, oversight, data collection, and program operation requirements. To implement the law, the Departments scaled up expertise and resources for rulemaking, technical builds, enforcement, and staffing. A one-time lump-sum appropriation of $500 million was provided to implement the No Surprises Act and Title II Transparency provisions. While the appropriation expires at the end of 2024, most No Surprises Act and Title II Transparency provisions statutory requirements are permanent. The Departments will have ongoing responsibilities such as enforcement of plan, issuer, and provider compliance; complaints collection and investigation; and auditing comparative analyses of non-quantitative treatment limits for mental health and substance-use disorder plan benefits. This proposal provides $500 million in additional mandatory funding for continued implementation of the No Surprises Act and Title II Transparency provisions, ensuring the Departments will have sufficient funding to enforce this law in the future. [$500 million in costs over 10 years]

Extend Surprise Billing Protections to Ground Ambulance

Under the No Surprises Act, Americans are protected from most forms of surprise medical bills. Ground ambulance services are excluded from these important protections. Beginning in 2026, this proposal extends surprise billing protections to ground ambulance bills across the commercial market. As a result, people who

take an out-of-network ground ambulance ride during an emergency would only be subject to their in-network cost-sharing amount. [$1.0 billion in government-wide savings over 10 years]

Limit Cost-sharing for Insulin at $35 a Month

The Inflation Reduction Act limits Medicare beneficiary cost-sharing to $35 per insulin product for a month's supply. This proposal extends the cap on patient cost-sharing to insulin products in commercial markets. This will allow more of the over 37 million Americans with diabetes to lock in this lower cost. [$31 million in costs over 10 years]

Ban Facility Fees for Telehealth and Certain Outpatient Services in Commercial Insurance

As hospitals expand ownership of outpatient and physician office settings, consumers are seeing an uptick in fees for more than just the care provided to them. These "facility fees" are increasingly a driver of healthcare costs in America, and are leading to consumers being charged as though they received treatment in a hospital even if they never entered one. This proposal would prohibit hospitals from billing unwarranted facility fees for telehealth services and for certain other outpatient services. [$2.3 billion in savings over 10 years]

Expand Medicare Drug Negotiation, Extend Inflation Rebates to the Commercial market, and other Steps to Build on the IRA Drug Provisions

Thanks to action taken by this Administration, millions of seniors are saving money on their drug costs, and the Administration announced the first 10 drugs for which prices will be negotiated by Medicare as it continues implementation of the Inflation Reduction Act. The budget builds on this success by significantly increasing the pace of negotiation, bringing more drugs into negotiation sooner after they launch, expanding inflation rebates and the %2,000 out-of-pocket prescription drug cost cap beyond Medicare and into the commercial market, and other steps to build on the Inflation Reduction Act drug provisions.

Centers for Medicare & Medicaid Services: Private Insurance

FY 2025 Budget Proposals

The following tables are in millions of dollars.

Legislative Proposals	2025	2025-2029	2025-2034
Protecting the Health of All Americans			
Permanently Extend Enhanced Premium Tax Credits (non-add)	*0*	*101,497*	*272,703*
Premium Tax Credits (non-add)	*0*	*53,144*	*142,771*
Cost-Sharing Reductions (HHS Impact)	0	16,797	43,131
Other Government-Wide Impacts (non-add)[120]	*0*	*31,556*	*86,801*
Permanently Extend Coverage to Low-income Individuals in States that have not Expanded Medicaid (non-add)	*8,500*	*89,000*	*200,000*
Subtotal, Government-wide Impact (non-add)	***8,500***	***190,497***	***472,703***
Subtotal Outlays, Private Insurance Proposals	**0**	**16,797**	**43,131**
Transforming Behavioral Health			
Improve Access to Behavioral Healthcare in the Private Insurance Market (non-add)	*0*	*9,782*	*31,224*
Premium Tax Credits (non-add)	*0*	*2,149*	*6,779*
Cost-Sharing Reductions (HHS Impact)	0	313	1,045
Other Government-Wide Impacts (non-add)[1]	*0*	*7,320*	*23,400*
Require Coverage of Three Behavioral Health Visits and Three Primary Care Visits without Cost-Sharing (non-add)	*0*	*11,733*	*18,714*
Premium Tax Credits (non-add)	*0*	*2,030*	*2,895*
Cost-Sharing Reductions (HHS Impact)	0	293	428
Other Government-Wide Impacts (non-add)[120]	*0*	*9,410*	*15,391*
Provide Mandatory Funding for State Enforcement of Mental Health Parity Requirements	10	125	125
Subtotal, Government-wide Impact (non-add)	***10***	***21,640***	***50,063***
Subtotal Outlays, Private Insurance Proposals	**10**	**731**	**1,598**
Promoting Effective and Efficient Stewardship and Competition			
Replenish and Extend No Surprises Act Implementation Fund	103	500	500
Extend Surprise Billing Protections to Ground Ambulance (non-add)	*0*	*-392*	*-1,031*
Premium Tax Credits (non-add)	*0*	*-70*	*-176*
Cost-Sharing Reductions (HHS Impact)	0	-8	-23
Other Government-Wide Impacts (non-add)[120]	*0*	*-314*	*-832*
Subtotal, Government-wide Impact (non-add)	***103***	***108***	***-531***
Subtotal Outlays, Private Insurance Proposals	**103**	**492**	**477**
Modernizing Benefits and Lowering Healthcare Costs			
Ban Facility Fees for Telehealth and Certain Outpatient Services in Commercial Insurance	*0*	*-850*	*-2,250*
Limit Cost-sharing for Insulin at $35 a Month (non-add)	*580*	*1,210*	*1,338*
Premium Tax Credits (non-add)	*115*	*218*	*218*
Cost-Sharing Reductions (HHS Impact)	17	31	31
Other Government-Wide Impacts (non-add)[120]	*448*	*961*	*1,089*
Subtotal, Government-wide Impact (non-add)	***580***	***360***	***-912***
Subtotal Outlays, Private Insurance Proposals	**17**	**31**	**31**

[120] Other Government-Wide Impacts include costs to programs overseen by the Department of the Treasury, the Postal Service, and the Office of Personnel Management.

TOTALS

Legislative Proposals In Other Chapters Affecting Private Insurance			
Require States to Provide 12 Months of Postpartum Coverage in Medicaid (Private Insurance Impact)	-13	-63	-140
Expand Medicaid and CHIP Continuous Coverage for Children (Private Insurance Impact)	-1	-15	-47
Total, Government-wide Impact (non-add)	**9,193**	**212,605**	**521,323**
Total Outlays, Private Insurance Proposals	**116**	**17,973**	**45,050**

Centers for Medicare & Medicaid Services: Program Integrity

The following table is in millions of dollars.

Program Integrity	2023	2024	2025	2025 +/- 2024
Discretionary[121]	893	893	941	+48
Mandatory[122]	1,523	1,600	1,861	+261
Subtotal, Health Care Fraud and Abuse Control Program	**2,416**	**2,493**	**2,802**	**+287**
Medicaid Integrity Program[121.,123]	95	100	103	+3
Total, Budget Authority	**2,511**	**2,593**	**2,905**	**+312**

The FY 2025 President's Budget strengthens the integrity and sustainability of Medicare and Medicaid by investing in the prevention of fraud, waste, and abuse, protecting beneficiaries from harm or unnecessary payments, and eliminating wasteful spending. Two programs—the Health Care Fraud and Abuse Control (HCFAC) Program and the Medicaid Integrity Program—comprise most of the federal investment in healthcare program integrity. The budget provides $2.9 billion in total mandatory and discretionary investments for the HCFAC and Medicaid Integrity Programs in FY 2025.

HEALTH CARE FRAUD AND ABUSE CONTROL PROGRAM

The HCFAC program, established in 1996, serves as the primary federal investment that addresses healthcare fraud and abuse through a coordinated effort between HHS and the U.S. Department of Justice. It provides both mandatory and discretionary funding to address the full spectrum of healthcare fraud and abuse interventions, including identifying and reducing improper payments, prevention and detection, and investigation and prosecution of fraud.

Current HCFAC funding levels to combat fraud, waste, and abuse are helping to safeguard federal health programs, but more could be done to ensure the government is keeping pace with the size, scope, and complexity of the healthcare industry and federal programs. Without additional resources, HHS may have to forgo investigating serious instances of fraud, waste, and abuse. As the American population ages, opportunities for fraud will also increase.

Top priorities for HCFAC partner agencies include:

- Increased Medicare fee-for-service medical review to identify and recover improper payments;
- Oversight of nursing homes, managed care, and community-based settings;
- Law enforcement and prosecution activities to combat existing and emerging fraud schemes;
- Investigations and forensic audits to uncover fraud and abuse;
- Increased specialized staffing for enforcement and oversight; and
- Cutting-edge data analytics to detect trends and outliers more quickly and efficiently.

The budget includes a significant new investment in the mandatory HCFAC account totaling $4.1 billion over 10 years and a continuation of dedicated program integrity discretionary investments for HCFAC. These investments will more than pay for itself based on years of documented recoveries to the Medicare Trust Funds and the U.S. Department of the Treasury.

Mandatory Health Care Fraud and Abuse Control

Under current law, the Medicare Part A Trust Fund provides over $1.6 billion in mandatory HCFAC resources for FY 2025 allocated to the Medicare Integrity Program and other HCFAC partners. This funding supports efforts across HHS, HHS Office of Inspector General, the U.S. Department of Justice, and the Federal Bureau of Investigations to combat healthcare fraud, waste, and abuse.

[121] The FY 2023 and FY 2024 columns reflect enacted levels.
[122] The FY 2023, FY 2024, and FY 2025 mandatory base includes sequester reductions. The FY 2025 mandatory level includes $210 million in proposed law funding.
[123] Additional information on the Medicaid Integrity Program is included in the States Grants and Demonstrations chapter.

The budget raises the majority of the mandatory HCFAC funding streams by 20 percent to ensure the long-term effectiveness and stability of the program and return more money to the Medicare Trust Funds and the U.S. Department of the Treasury. See details of the mandatory HCFAC proposal in the legislative section below.

Discretionary Health Care Fraud and Abuse Control

The budget requests $941 million in discretionary HCFAC funding, $48 million above FY 2023. This is the level authorized in the Fiscal Responsibility Act of 2023, Discretionary HCFAC funding and can be used for the same purposes as the mandatory HCFAC funding. The budget assumes discretionary HCFAC spending will continue over the 10-year budget window through dedicated program integrity discretionary investments. Of the $941 million, CMS will receive $704 million, the U.S. Department of Justice will receive $126 million, and the HHS Office of Inspector General will receive $112 million.

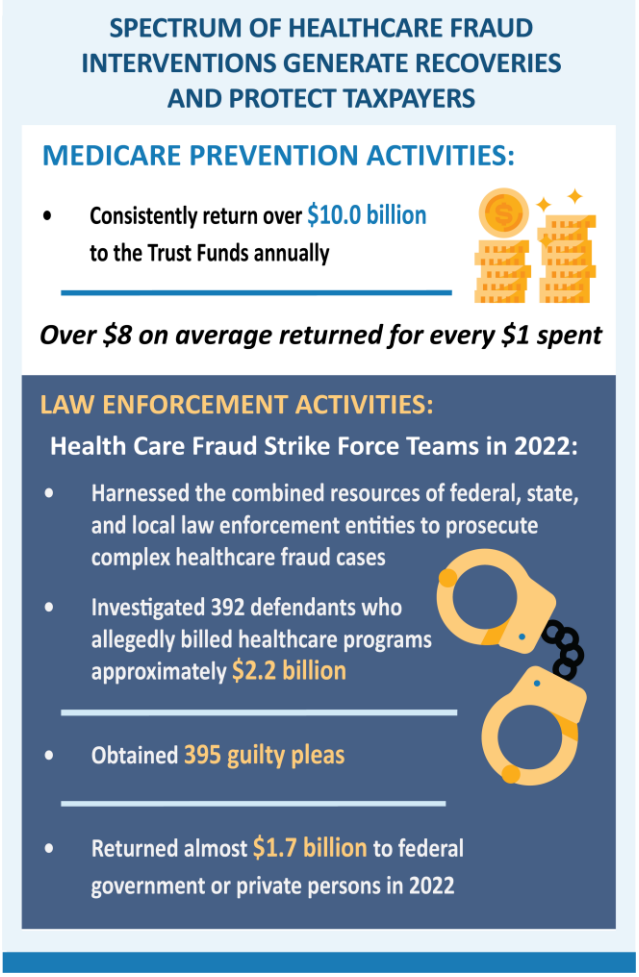
Return on Investment

Program integrity spending is a proven cost-effective investment. According to the latest Medicare and Medicaid Annual Report, Medicare program integrity efforts yield a robust rate of return representing $8.20 for every $1 spent based on a 3-year rolling average and consistently generates savings of over $11.0 billion annually.

The 3-year rolling average return on investment for HCFAC law enforcement activities is $2.90 recovered for every $1 spent. In FY 2022 alone, these activities returned nearly $1.7 billion to the federal government or private individuals, including $1.2 billion to the Medicare Trust Funds and $126 million in federal Medicaid recoveries and audit disallowances to the U.S. Department of the Treasury.

In 2022, Health Care Fraud Strike Force Teams, in coordination with the U.S. Attorneys' Office, harnessed the combined resources of federal, state, and local law enforcement entities to prosecute complex healthcare fraud cases involving the illegal prescription, distribution, and diversion of opioids. Strike Force accomplishments included investigating 392 defendants who allegedly billed healthcare programs and private insurers approximately $2.2 billion; obtaining 395 guilty pleas; and securing imprisonment for 323 sentenced defendants.

In June 2023, the Strike Force announced a strategically coordinated, 2-week nationwide law enforcement action that resulted in criminal charges against 78 defendants for their alleged participation in healthcare fraud and opioid abuse schemes that included over $2.5 billion in alleged fraud. In connection with the enforcement action, millions of dollars in cash, automobiles, and real estate were seized or restrained.



MEDICAID INTEGRITY PROGRAM

Using HCFAC as a model, the Deficit Reduction Act of 2005 established the Medicaid Integrity Program as the nation's first program integrity effort focused on Medicaid. The mandatory appropriation for the Medicaid Integrity Program adjusts annually for inflation and will total $103 million in FY 2025.

States are the first response for combating fraud, waste, and abuse in the Medicaid program, and the Medicaid Integrity Program plays an important role supporting these efforts. Funded activities include reviews, audits, education activities, and technical

support to states. The Medicaid Integrity Program coordinates with Medicaid program integrity activities funded by the HCFAC Program.

Combined with CMS Program Management and other accounts, Medicaid Integrity Program funding improves critical Medicaid systems, supporting program integrity. Continued investments in CMS program operations and Medicaid program integrity ensures CMS can enhance transparency and fund critical updates to Medicaid information systems, such as the Transformed Medicaid Statistical Information System, the nation's first accessible repository of Medicaid claims and encounter data.

2025 LEGISLATIVE PROPOSALS

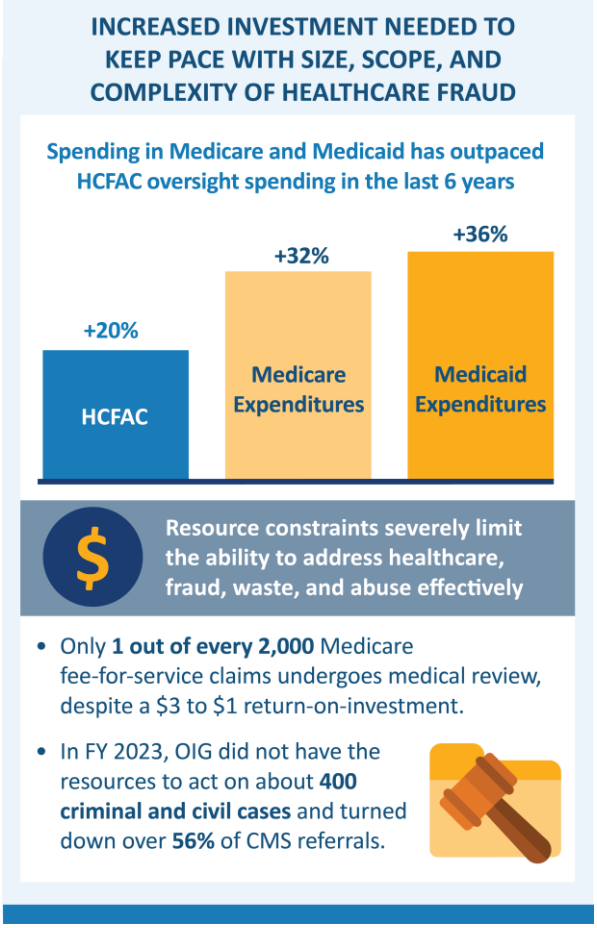
The FY 2025 budget includes a robust package of program integrity legislative proposals. It proposes significant new investment in the mandatory HCFAC program. Other program integrity proposals expand nursing home oversight and promote good governance. Together, this program integrity agenda yields over $5.0 billion in net savings over 10 years.

Restructure Mandatory HCFAC

Increase Mandatory HCFAC Funding

The Health Insurance Portability and Accountability Act of 1996 established mandatory HCFAC funding streams for: the Medicare Integrity Program; the Medicare-Medicaid data match program; HHS Office of Inspector General; the Federal Bureau of Investigation; and an account allocated between HHS and the U.S. Department of Justice, called the "Wedge." Starting in FY 2010, the Affordable Care Act increased these mandatory funding streams by providing temporary, incremental funding amounts that expired at the end of FY 2021; and a permanent, annual inflationary increase. The funding levels for the mandatory HCFAC streams have not increased in over a decade, creating an expanding gap between growth in Medicare, Medicaid, and other federal healthcare expenditures and program integrity resources used to provide oversight of these programs.

The budget grows all but 1 mandatory HCFAC funding stream by 20 percent over current law baseline levels; the HHS Wedge stream would grow by 10 percent. The additional mandatory HCFAC investment will support top priorities such as Medicare fee-for-service medical review; addressing emerging fraud schemes; fraud and abuse audits and investigations; increased staffing for oversight and enforcement; cutting-edge data analytics to detect trends and outliers; and fraud and abuse law enforcement and prosecution activities. This additional investment is projected to total $4.1 billion over the 10-year budget window and yield $5.0 billion in net savings over 10 years.



The mandatory HCFAC proposal also makes modifications to HCFAC statutory purposes, definitions, and reporting requirements that have not been changed since 1996, including:

- Expanding the HHS Office of Inspector General investigations of CMS programs to include Marketplaces and related activities, such as advanced premium tax credits, as their current authority is limited to Medicare and Medicaid activities;
- Clarifying that HCFAC allowable purposes apply to both public and private plans given there is some confusion among healthcare prosecutors that these authorities only apply to Medicare and Medicaid; and
- Including the Children's Health Insurance Program in the Medicare-Medicaid data match program so CMS can audit and

investigate the $20.0 billion that providers bill to this program.

Long-Term Care

Increase Private Equity and Real Estate Investment Trust Ownership Transparency in Long-Term Care Facilities

Current law does not require skilled nursing facilities with private equity or real estate investment trust ownership to disclose profit/loss statements, detailed expense reports, and other financial documents beyond the basic annual cost report filing required of most Medicare-certified providers. Visibility into skilled nursing facilities owned under either of these two types of arrangements is critical considering recent research linking such ownership with poorer health outcomes among residents across a variety of metrics. This proposal requires skilled nursing facilities with either of these ownership types, whether direct or indirect, to provide additional financial disclosures above and beyond other provider types. Additionally, for all Medicare providers/suppliers, the proposal expands the requirement that owners with a five percent or greater direct or indirect ownership must be reported on the provider/supplier's enrollment application, to require owners with any percentage-level of interest be reported. [Budget neutral]

Good Governance

Implement Targeted Risk-Adjustment Pre-Payment Review in Medicare Advantage

In FY 2023, Medicare Advantage had an improper payment rate of 6 percent and overpayments exceeded $16.0 billion. Beginning in CY 2025, this proposal confirms diagnoses submitted by Medicare Advantage Organizations for risk-adjustment with the medical record prior to CMS making risk adjusted payments. The proposal focuses prepayment review on plans, diagnosis, or beneficiaries at elevated risk of improper payments and determines the threshold at which plans would be required to submit medical record documentation in support of the risk-adjustment. This proposal excludes certain types of plans, as determined by the Secretary. Confirming diagnoses before making risk-adjusted payments improves payment accuracy in Medicare Advantage. [Budget Neutral]

Expand Tools to Identify and Investigate Fraud in the Medicare Advantage Program

This proposal requires Medicare Advantage plans to collect valid ordering, referring, or prescribing provider identifiers for healthcare services and report this information as part of encounter data submissions to CMS. By requiring Medicare Advantage plans to collect key provider data to assist with investigations, this proposal provides CMS and the HHS Office of Inspector General with improved capabilities to hold wrongdoers accountable and prevent program losses and beneficiary harm. This proposal does not require additional funding. [Not Scorable]

Ensure Providers that Violate Medicare Safety Requirements and Have Harmed Patients Cannot Quickly Reenter the Program

Under current statute, Medicare-certified providers/suppliers whose agreements have been involuntarily terminated due to a failure to meet Medicare participation requirements cannot enter into a new agreement until the reasons for the termination have been removed. This conflicts with a regulation that requires a minimum 1-year reenrollment bar after a Medicare revocation. A provider/supplier's statutory right to reenter the program after the Secretary determines there is reasonable assurance that the core issues will not recur supersedes the regulatory minimum of a one-year reenrollment bar. This proposal provides the Secretary with authority to enforce an exception to Medicare's reasonable assurance period for Medicare-certified providers/suppliers in cases of patient harm or neglect. The Secretary would be able to review the totality of the facts at hand to determine whether a bar would be appropriate. The bar would only be used in egregious cases, thus allowing the Secretary to further focus on significant patient harm issues. [Budget neutral]

Prohibit Unsolicited Medicare Beneficiary Contacts

Amplified by the COVID-19 pandemic, Medicare scams have proliferated that utilize unsolicited contacts with Medicare beneficiaries for the purpose of ordering or rendering high-cost items and services, such as medically unnecessary laboratory testing and COVID-19 personal protective equipment, as well as collecting beneficiaries' personal information. This proposal would disallow certain ordering or referring providers, home health agencies, laboratories, other providers and suppliers as identified by the Secretary, and other individuals or entities acting on behalf of such

providers and suppliers from making certain unsolicited contacts with Medicare beneficiaries. Prohibited contacts would include phone calls, text messages, direct messaging applications, and e-mail. The proposal would also grant the Secretary authority to announce rulemaking to modify the parameters restricting unsolicited provider contacts with beneficiaries to address emerging fraud threats that CMS identifies in the future. [Not Scorable]

OTHER FY 2025 BUDGET POLICIES

The FY 2025 budget includes a continuation of dedicated program integrity discretionary investments for the Social Security Administration to conduct continuing disability reviews and Supplemental Security Income redeterminations to confirm that participants remain eligible to receive benefits. These increased workloads are projected to yield savings to Medicare and Medicaid totaling $12.2 billion over 10 years and incorporated into the adjusted baseline.

FY 2025 Program Integrity Budget Proposals

The following tables are in millions of dollars.

Legislative Proposals	2025	2025-2029	2025-2034
Long-Term Care			
Increase Private Equity and Real Estate Investment Trust Ownership Transparency in Long-Term Care Facilities	--	--	--
Subtotal Outlays, Long Term Care Proposed Policy	--	--	--
Subtotal, Medicare Impact (non-add)	--	--	--
Subtotal, Medicaid Impact (non-add)	*N/A*	*N/A*	*N/A*
Good Governance			
Implement Targeted Risk-Adjustment Pre-Payment Review in Medicare Advantage	**	**	**
Ensure Providers that Violate Medicare Safety Requirements and Have Harmed Patients Cannot Quickly Reenter the Program	--	--	--
Prohibit Unsolicited Medicare Beneficiary Contacts	**	**	**
Expand Tools to Identify and Investigate Fraud in the Medicare Advantage Program	**	**	**
Subtotal Outlays, Good Governance in Proposed Policy	--	--	--
Subtotal, Medicare Impact (non-add)	--	--	--
Subtotal, Medicaid Impact (non-add)	*N/A*	*N/A*	*N/A*
Non-PAYGO Impacts			
Proposed Legislative Policy			
Increase Mandatory HCFAC Funding			
Gross Investment from 20% Rebasing of Funding Streams (non-add)	*$217*	*$1,780*	*$4,064*
Gross Savings from Return-on-Investment (non-add)	*-$477*	*-$3,980*	*-$9,104*
Net Savings: Increase Mandatory HCFAC Funding	***-$260***	***-$2,200***	***-$5,040***
Savings from Discretionary Investment			
Capture Savings to Medicare and Medicaid from HCFAC Discretionary Investments (net impact)	-$773	-$3,825	-$8,338
Savings from New Investment (non-add)	--	*-$858*	*-$3,079*
Capture Savings to Medicare and Medicaid from Social Security Administration Discretionary Investments	*-$243*	*-$3,200*	*-$12,215*
Medicare Impact (non-add)	*-$163*	*-$2,308*	*-$8,861*
Medicare Impact (non-add)	*-$80*	*-$892*	*-$2,636*
Subtotal, Medicare and Medicaid Adjusted Baseline Savings	***-$1,016***	***-$7,025***	***-$20,553***

-- Zero or budget neutral
* Not scoreable

Centers for Medicare & Medicaid Services: Center for Medicare and Medicaid Innovation

The following table is in millions of dollars.

Current Law	2023	2024	2025	2025 +/- 2024
Innovation Center Obligations[124]	614	1,047	1,347	**+300**

A healthcare system that achieves equitable outcomes through high-quality, affordable, person-centered care.

The Center for Medicare and Medicaid Innovation (Innovation Center) within CMS tests innovative payment and service delivery models with the potential to improve the quality of care and reduce federal healthcare spending. The Innovation Center is integral to bipartisan efforts to accelerate the move from a healthcare system that pays for volume to a system that pays for value and encourages innovation. Congress appropriated $10.0 billion in FY 2011, $10.0 billion in FY 2020, and an additional $10.0 billion in appropriations in every 10-year period thereafter (beginning in FY 2030) to support Innovation Center activities.

INNOVATION CENTER OVERVIEW

Paying for improved health outcomes instead of high-volume and low-value care is the central premise of the Innovation Center's work, encouraging the emphasis of quality rather than volume of care. To date, the Innovation Center has launched more than 60 models, including Accountable Care Organization models; episode-based payment models; disease-specific payment models; primary care transformation models; models focused on specific populations such as Medicaid enrollees, Children's Health Insurance Program (CHIP) enrollees, or dually-eligible individuals; initiatives to accelerate development and testing of new payment and service delivery models; and initiatives to speed adoption of best practices. The Innovation Center also implements demonstrations established directly by Congress.

Model Evaluations and Results

The Innovation Center uses independent evaluators to assess the impact of each model routinely and rigorously on quality and expenditures. Evaluations include carefully selected comparison groups, wherever possible, or advanced statistical methods to determine model performance and success. Having a robust evaluation process allows the Innovation Center to determine, on an ongoing basis and at the end of the testing period, whether a model represents a high-value investment of taxpayer dollars. The Innovation Center uses ongoing assessments to improve model testing, making evaluation results public as they become available.

Expanded Models

The Innovation Center prioritizes impacts on health equity, person-centered care, and health system transformation – efforts that align with CMS-wide goals. When a model test provides evidence of improved quality without increasing spending or limiting coverage, or decreased spending without reductions in quality or limiting coverage, certification by the Secretary and the CMS Chief Actuary allows the Innovation Center to expand models nationwide. Innovation Center models can also have significant impact on healthcare programs without having been formally certificated. Accountable care models have contributed to the design of the Medicare Shared Savings Program in multiple ways, such as how CMS recently scaled features of the Accountable Care Organization Investment Model into the program. CMS also incorporated elements of the Financial Alignment Initiative into relationships between states and Dual Eligible Special Needs Plans. Other Innovation Center models, CMS programs, and healthcare entities have adopted the health-related social need screening tool tested as part of the Accountable Health Communities model.

To date, the CMS Chief Actuary certified four Innovation Center models for expansion:

- The Pioneer Accountable Care Organization Model supported the coordination of care for patients across care settings, improving continuity and reducing duplicative care and testing. CMS incorporated several successful elements of the model into the Medicare Shared Savings Program through rulemaking.

[124] FY 2023 numbers are actuals. FY 2024 and FY 2025 are estimates.

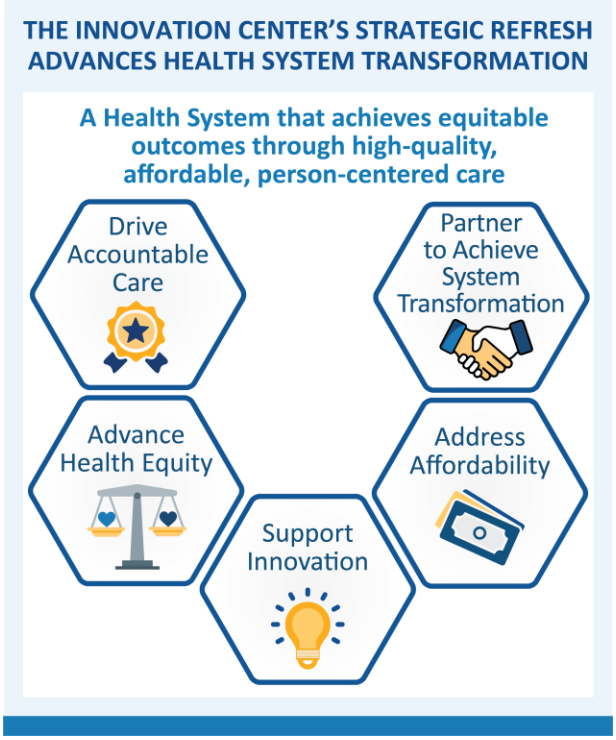
- The Medicare Diabetes Prevention Program aims to prevent the onset of Type 2 diabetes among pre-diabetic Medicare beneficiaries. Through the expanded model, suppliers deliver clinical interventions that seek to achieve at least five percent weight loss by participants. Refer to the Medicare chapter for a legislative proposal that establishes a permanent program.
- The Medicare Prior Authorization Model for Repetitive, Scheduled Non-Emergent Ambulance Transport was certified for national expansion under the authority of the Medicare Access and CHIP Reauthorization Act of 2015. As of August 1, 2022, CMS completed a phased nationwide expansion of the model. The model ensures an with applicable Medicare coverage, coding, and payment rules before rendering services and submitting claims to improve the Medicare improper payment rate. The model contributed to a decrease in Medicare spending of about $1.0 billion over its first 5 years while preserving quality of, and access to,
- CMS expanded the Home Health Value-Based Purchasing Model to agencies in all 50 states and U.S. territories, effective January 1, 2022. The expanded model builds on the success of the original Home Health Value-Based Purchasing Model, which decreased unnecessary emergency room visits, improved patient mobility, and reduced Medicare spending. Re er to the Medicare chapter for a legislative proposal establishing a permanent program.

STRATEGIC VISION AND PRIORITIES

The Innovation Center is working with its federal partners and external stakeholders to advance toward a health system that achieves equitable outcomes through high-quality, affordable, person-centered care. To achieve lasting change, the Innovation Center is committed to incorporating patient and caregiver perspectives across the lifecycle of its models, implementing more patient-reported outcomes data to measure what matters to beneficiaries, and evaluating patient and caregiver experience in models.

The Innovation Center's strategy for the future organizes around five objectives. These objectives guide models and priorities, and CMS measures progress toward achieving goals for each objective to assess impact.

1. Drive Accountable Care: Increase the number of Medicare fee-for-service and Medicaid beneficiaries in a care relationship with a provider that is accountable for quality and total cost of care.
2. Advance Health Equity: Embed health equity in every aspect of Innovation Center models and increase the focus on underserved populations.
3. Support Innovation: Leverage a range of supports that enable integrated, person-centered care such as actionable, practice-specific data, technology, dissemination of best practices, peer-to-peer learning collaboratives, and payment flexibilities.
4. Address Affordability: Pursue strategies to address healthcare prices, affordability, and reduce unnecessary or duplicative care.
5. Partner to Achieve System Transformation: Align priorities and policies across CMS and aggressively engage payers, purchasers, providers, states, and beneficiaries to improve quality, achieve equitable outcomes, and reduce healthcare costs.



DRIVING ACCOUNTABLE CARE

Accountable care reduces fragmentation in patient care and cost by giving providers the incentives and tools to deliver high-quality, coordinated, team-based care. The Innovation Center aims to increase the number of beneficiaries in accountable care relationships with providers, such as advanced primary care providers and Accountable Care Organizations. Quality of care and outcome measures should be measures that matter and include patient values and perspective.

Accountable Care Organization Realizing Equity, Access, and Community Health Model

The Accountable Care Organization Realizing Equity, Access, and Community Health (ACO REACH) Model tests new ways for providers to collaborate and jointly assume responsibility for the quality and total cost of care of their patients, provide beneficiaries with access to enhanced benefits, and increase the availability of high-quality, coordinated care. The model promotes health equity through innovative testing of increasing payment benchmarks for Accountable Care Organizations serving higher proportions of underserved beneficiaries, implementing a Health Equity Plan to identify and reduce health disparities, and collecting and reporting demographic and social needs data. The redesigned ACO REACH Model launched in 2023; the performance period runs through 2026.

Making Care Primary

The Making Care Primary Model aims to build on knowledge gained from previous primary care transformation models. The model will improve care for beneficiaries by supporting the delivery of advanced primary care services, such as improving care management and care coordination, equipping primary care clinicians with tools to form partnerships with healthcare specialists, and leveraging community-based connections to address patients' health and health-related social needs, including housing and nutrition. CMS is promoting multi-payer alignment by partnering with State Medicaid Agencies to operate this model in eight states: Colorado, North Carolina, New Jersey, New Mexico, New York, Minnesota, Massachusetts, and Washington. This model is designed to provide a pathway for primary clinicians with varying levels of experience in value-based care to adopt population-based payments and integrate behavioral and specialty care. The model will launch July 1, 2024, and will run for 10.5 years.

Enhancing Oncology Model

The Enhancing Oncology Model aims to drive transformation and improve care coordination in oncology care by preserving and enhancing the quality of care furnished to beneficiaries undergoing treatment for cancer, while reducing program spending under Medicare fee-for-service. Participating oncology practices take on financial and performance accountability for episodes of care surrounding systemic chemotherapy administration to patients with common cancer types. The Enhancing Oncology Model tests how to improve healthcare providers' ability to deliver care centered around patients, consider patients' unique needs, and deliver cancer care in a way that generates the best possible patient outcomes. The Enhancing Oncology Model supports the President's Unity Agenda and Cancer Moonshot initiative to improve the experience of people and their families living with and surviving cancer. The model began July 1, 2023, and runs through 2028.

ADVANCING HEALTH EQUITY

The Innovation Center continues to strengthen efforts to address health equity by embedding equity in the design, testing, and evaluation of all models. The Innovation Center now develops models considering health equity as a core principle. Models prioritize increased participation of underserved beneficiaries and safety net providers, and increasingly include State Medicaid Agencies as cooperative partners in model implementation. Moving forward, CMS will continue to embed health equity in model design, implementation, and evaluation, including targeted technical assistance, tools, and other resources for model teams and participants.

Transforming Maternal Health Model

The Transforming Maternal Health Model aims to reduce disparities in maternal healthcare access and treatment. The model will work with state participants to improve outcomes and experiences for mothers and their newborns, while also reducing overall Medicaid program expenditures. The Transforming Maternal Health Model centers whole-person care delivery and person-focused outcomes. The model, announced on December 15, 2023, is projected to launch in fall 2024 and will run for 10 years.

Medicare Advantage Value-Based Insurance Design

The Value-Based Insurance Design Model, which provides Medicare Advantage plans additional flexibilities to alter their benefit packages, tests whether offering these flexibilities increases the uptake of high-value services, reduces costs, and improves quality outcomes. The model continues to evolve with an expanded focus on health equity that leverages the model's benefit flexibilities. The model launched January 1, 2017, and runs through December 31, 2030.

SUPPORTING CARE INNOVATIONS

The Innovation Center will test approaches to close care gaps and deliver whole-person care by driving progress in areas like integrated care, behavioral health, and social determinants of health. Work in this objective also includes leveraging data, technology, and payment flexibilities to enable care in homes and communities.

Innovation in Behavioral Health Model

The Innovation in Behavioral Health Model aims to improve the overall quality of care and outcomes for adults with moderate to severe mental health conditions and/or substance use disorders, and enrolled in Medicaid and/or Medicare, by connecting them with the integrated physical, behavioral, and social supports needed to manage their care. The model provides upfront support and assistance for states and provider participants to build capacity and scale up to a state-implemented alternative payment model. This model will use a value-based care approach, in which participants will be paid based on the quality of care provided and the improvements in patient outcomes. The model supports CMS's broader efforts to promote health equity and ensure all populations can achieve optimal health outcomes. The model will launch in fall 2024 and run for 8 years.

Guiding an Improved Dementia Experience Model

The Guiding an Improved Dementia Experience (GUIDE) Model focuses on dementia care management and aims to improve quality of life for people living with dementia, reduce strain on their unpaid caregivers, and enable people living with dementia to remain in their homes and communities. The model tests an alternative payment for provider participants who establish dementia care programs that provide ongoing, longitudinal care and support to people living with dementia and their caregivers. The model addresses several key barriers to high-quality and equitable dementia care, addressing unpaid caregiver needs, including respite services, screening beneficiaries for health-related social needs, defining a standardized approach to dementia care delivery, and providing an alternative payment model to support a team-based collaborative care approach. The model includes two tracks for established and new dementia care programs. The model will launch July 1, 2024, and run for 8 years, through June 2032.

ADDRESSING AFFORDABILITY

The Innovation Center pursues strategies to address healthcare prices and affordability, as well as to reduce waste. It seeks to address affordability directly and indirectly, such as through models that waive cost-sharing for high-value services or focus on moderating drug prices, and through models that target low-value care and sources of waste that drive up patient costs and have proven challenging to confront in prior primary care-based models.

The Secretary's Selected Drug Affordability & Accessibility Models

To build on the historic provisions of the Inflation Reduction Act that lower prescription drug costs, President Biden issued Executive Order 14087, "Lowering Prescription Drug Costs for Americans," on October 14, 2022, to further address prescription drug affordability through the work of the Innovation Center. As described in the report in response to the Executive Order, the Secretary selected three models for development and testing to lower the high cost of drugs and promote accessibility to life-changing drug therapies, while maintaining or improving quality of care and beneficiary experience.

Since the release of the report, the Innovation Center has further developed the three selected models, focusing on conducting targeted analyses to validate feasibility and effectiveness, gathering input from internal and external parties, and identifying operational and timeline considerations crucial to success (e.g., Inflation Reduction Act implementation efforts).

Cell & Gene Therapy Access

The Cell and Gene Therapy Access Model aims to improve the quality of life for Medicaid beneficiaries living with rare and severe diseases by increasing access to potentially transformative treatments. In this model, CMS coordinates and administers outcomes-based agreements with manufacturers for certain cell

and gene therapies, starting with treatments for sickle cell disease. The model tests whether a CMS-led approach improves beneficiary access to innovative treatment, improves health outcomes for Medicaid beneficiaries, and reduces long-term health costs. CMS announced the model January 30, 2024, and anticipates a January 1, 2025, launch date. Model agreements are projected to last for 6 years.

Medicare $2 Drug List

The Medicare $2 Drug List Model allows Part D plan sponsors to offer a low, fixed co-payment of no more than $2 per monthly supply across all cost-sharing phases of the Part D drug benefit, up to the out-of-pocket limit, for a standardized Medicare list of generic drugs. The included drugs would target common chronic conditions among Medicare beneficiaries, including hypertension and hyperlipidemia. The model would test the impact of standardizing the Part D benefit for high-value generic drugs on beneficiary affordability, access, health outcomes, and Medicare spending. The Innovation Center found that in plan year 2023, only 20.5 percent of Part D beneficiaries (or about 8 million beneficiaries) are enrolled in plans offering a benefit as generous as what is proposed for the model. The model's start and end dates have not yet been announced, as CMS is still in the process of compiling stakeholder input and developing model specifications. Refer to the Medicare chapter for a legislative proposal establishing this policy as a permanent change to Part D benefit design.

Accelerating Clinical Evidence

The Food and Drug Administration approves certain drugs through a process called "accelerated approval" based on interim clinical results, but some drug manufacturers fail to complete confirmatory trials by the agreed upon date at the time of accelerated approval. CMS develops payment methods for drugs approved under accelerated approval, in consultation with the Food and Drug Administration, to encourage timely confirmatory trial completion and improve access to post-market safety and efficacy data. This model tests the efficacy of targeted adjustments in Part B fee-for-service payments to improve timely trial completion and reduce Medicare spending, while maintaining or improving quality of care. The model's start and end dates have not yet been announced as CMS is still in the process of compiling stakeholder input and consulting with the Food and Drug Administration on model development.

PARTNERING TO ACHIEVE HEALTH SYSTEM TRANSFORMATION

The Innovation Center's vision for broad health system transformation is ambitious and requires collaboration with, and actions by, a wide range of stakeholders. The Innovation Center asks state Medicaid agencies, private payers, and purchasers to increase the number of providers participating in value-based payment models and make their participation sustainable across payers. Achieving this vision requires collaborating with states, employers, and health plans as well as with patients, caregivers, providers, and community organizations. This includes a focus on opportunities to prospectively drive multi-payer alignment, especially with Medicaid programs, leveraging the Health Care Payment Learning and Action Network's state-based strategic initiatives during the development of new models.

States Advancing All-Payer Health Equity Approaches and Development Model

The States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model aims to increase investment in primary care, provide financial stability for hospitals, and support beneficiary connection to community resources that address social drivers of health, such as housing and transportation. This model is a state total cost of care model that seeks to drive state and regional healthcare transformation and multi-payer alignment, with the goal of improving the total health of a state population and lowering costs. A participating state uses its authority to assume responsibility for managing healthcare quality and costs across all payers, including Medicare, Medicaid, and private insurers. States also assume responsibility for ensuring health providers in their state deliver high-quality care, improve population health, offer greater care coordination, and advance health equity by supporting underserved patients. The model will provide participating states with funding and other tools to address rising healthcare costs and support health equity. The first cohort of states enter the model in 2024; the model runs for 10 years.

In 2023, CMS released 33 evaluation reports and posted data on 18 models to the Virtual Research Data Center, allowing other researchers and organizations to generate insights on the impact of models on patients, the care delivery system, and costs. CMS also released roughly 17 publications to share new learnings and information. A multitude of information on each model is available on the Innovation Center's website

Centers for Medicare & Medicaid Services: Program Management

The following tables are in millions of dollars.

Discretionary Administration	2023[125]	2024[126]	2025	2025 +/- 2023
Program Operations	2,915	2,915	2,979	+64
Federal Administration	783	783	858	+75
Survey and Certification	407	407	492	+85
Research[127]	20	20	--	-20
Subtotal, Discretionary Budget Authority	**4,125**	**4,125**	**4,329**	**+204**
Mandatory Administration[128]	**2023**	**2024**	**2025**	**2025 +/- 2023**
Medicare Improvements for Patients and Providers Act (2008)	3	3	3	--
Protecting Access to Medicare Act (2014)	5	2	2	-3
Improving Medicare Post-Acute Care Transformation (2014)	5	5	5	--
Bipartisan Budget Act (2018)	5	5	5	--
Consolidated Appropriations Act (2021)	49	16	16	-33
Bipartisan Safer Communities Act (2022)	5	5	1	-4
Inflation Reduction Act (2022)	90	44	44	-46
Consolidated Appropriations Act (2023)	36	--	--	-36
Subtotal, Mandatory Administration	**198**	**79**	**76**	**-122**
Reimbursable Administration	**2023**	**2024**	**2025**	**2025 +/- 2023**
Medicare and Medicaid Reimbursable Administration	586	624	725	139
Marketplace Reimbursable Administration[129]	2,206	2,112	2,091	-115
Subtotal, Reimbursable Administration	**2,792**	**2,736**	**2,816**	**+24**
Proposed Law	**2023**	**2024**	**2025**	**2025 +/- 2023**
Program Management Implementation Funds	--	--	300	+300
Program Management Other Legislative Proposals	--	--	35	+35
Subtotal, Proposed Law	**--**	**--**	**335**	**+335**
Budget Total	**2023**	**2024**	**2025**	**2025 +/- 2023**
Total Program Management Program Level, Current Law	**7,115**	**6,940**	**7,221**	**+107**
Total Program Management Program Level, Proposed Law	**7,115**	**6,940**	**7,556**	**+442**

The FY 2025 discretionary budget request for CMS Program Management is $4.3 billion, an increase of $204 million, or 5 percent, above FY 2023. Including mandatory appropriations and user fees, total Program Management spending from all sources in FY 2025 is $7.6 billion. Program Management is the key funding source that supports most of the essential administrative operations and customer service activities for Medicare, Medicaid, the Children's Health Insurance Program (CHIP), and other CMS programs. These activities are vital to Americans' health, with approximately 51 percent of the U.S. population accessing health coverage through these programs in 2023. Program Management's enacted funding has not kept pace with the growth in enrollments, statutory responsibilities, and complexity within Medicare, Medicaid, and CHIP, putting beneficiaries and taxpayers at risk. Enrollment in these programs

[125] The Fiscal Year (FY) 2023 column reflects final levels, including required and permissive transfers, excludes supplemental resources, and includes CMS allocations from General Provision 227 funding for Medicare program activities.

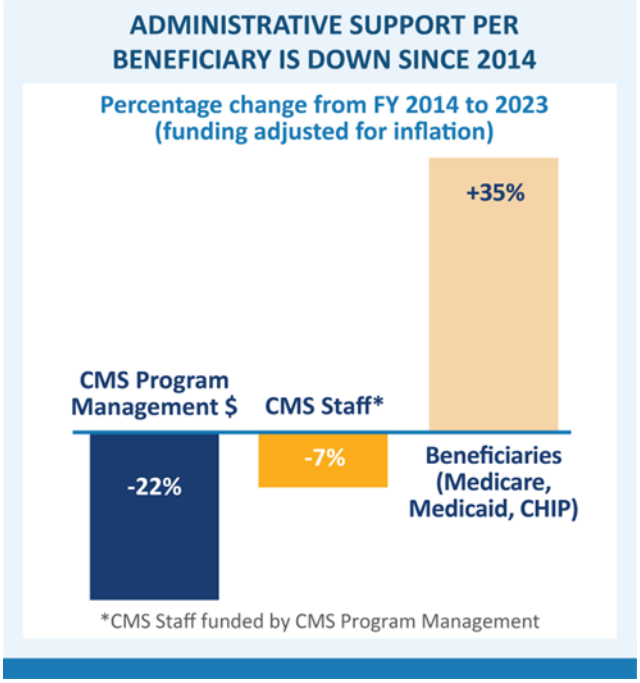
[126] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15), including tentative CMS allocations from General Provision 227 funding for Medicare program activities.

[127] Research funding is requested as part of the Program Operations funding in FY 2025. Within Program Operations, Research funding is unchanged from the FY 2024 Continuing Resolution.

[128] The FY 2023, FY 2024, and FY 2025 mandatory resources include sequester reductions, where applicable.

[129] Marketplace reimbursable administration includes collections of user fees charged to issuers in federally facilitated Marketplaces, state-based Marketplaces on the federal platform, and Risk Adjustment.

reported by the CMS actuaries has jumped 35 percent from 2014 to 2023, yet CMS's Program Management budget shrank 22 percent, adjusted for inflation. The budget requests the additional funding necessary to sustain customer service levels for seniors and people with disabilities, strengthen nursing home oversight, modernize cybersecurity protections, advance health equity, and improve quality measurement to support accountable care.



BUDGET ACCOUNT SUMMARIES

Program Operations

The budget requests $3.0 billion for Program Operations, which is $64 million, or 2 percent, above FY 2023, to fund critical payment, information technology, and public outreach activities for Medicare, Medicaid, CHIP, and private insurance programs. CMS remains highly efficient. The agency's administrative expenses account for only 1 percent of the overall funds expended on Medicare, Medicaid, CHIP, and Marketplace benefits for Americans. The requested funding increase is required to ensure the agency can continue to deliver high-quality service to beneficiaries and taxpayers in a cost-effective manner. Priority activities for FY 2025 include:

Medicare Fee-for-Service Operations

Medicare's claims processing systems have enabled Medicare to become one of the fastest, most reliable, and efficient health insurance payers in the world. Approximately 33 percent of the FY 2025 Program Operations request, or $979 million, supports ongoing Medicare fee-for-service contractor operations, including claims processing and related activities ($839 million), shared systems ($88 million), and essential support functions ($52 million). This funding enables processing over 1.2 billion Medicare Part A and B claims from providers and suppliers, enrolling providers and suppliers in the Medicare program, processing 2.5 million first level appeals, responding to 12.3 million inquiries from providers, and educating over 1 million providers about program changes.

Medicare Appeals

The budget includes $62 million to process approximately 200,000 second level fee-for-service appeals in a timely manner. The budget also includes $39 million to process approximately 95,000 second level Part C and D appeals. CMS actively supports the Department's efforts to improve the Medicare appeals process at all levels of appeal. Past efforts helped reduce the backlog of pending third-level appeals and resulted in lower administrative costs for HHS and taxpayers.

Information Technology Systems and Support

The budget includes $744 million to support the effectiveness and efficiency of CMS information technology systems and operations while protecting the consumer health data of millions of Americans from outside threats. The budget allows CMS to sustain cybersecurity capabilities and continue its multi-year effort to comply with systems upgrade requirements across the entire information technology landscape. The budget also enables CMS to continue progress toward modernization of the Medicare payment systems, which will support claims processing, data collection, and infrastructure in both the Cloud and the Mainframe environments. The request will also support CMS efforts to comply with federal requirements for continuity of operations planning and disaster recovery efforts for mission-essential functions.

Medicaid and CHIP Operations

The budget requests $151 million, $100 million or 40 percent below FY 2023, for administrative activities to improve the Medicaid and CHIP programs and assist other functions that support states and enhance Medicaid operations. This reduction relative to FY 2023 is not a reduction in service, but rather reflects

an anticipated shift in costs from CMS to states for Current Sources of Income verification, an optional service that facilitates eligibility determinations for Medicaid coverage.

This request will invest in the improvement of the Medicaid and CHIP Business Information Solution. This solution provides data infrastructure and automated tools to drive improved operations for the Medicaid and CHIP programs that provide care to millions of adults and children across 56 states and territories.

Additionally, this request will enhance National Home and Community-Based Services Quality Enterprise oversight and support, promoting service improvements and addressing quality measure gaps. These services ensure older adults and people with disabilities who have Medicaid can live in the community and have equal access to support.

Advancing Health Equity

CMS is working to advance health equity by eliminating avoidable differences in health outcomes experienced by beneficiaries who are disadvantaged or underserved, including rural populations, and providing the care and support that all people covered by CMS programs need to thrive. The budget provides $15 million to build analytic capabilities that integrate data and identify disparities related to underserved populations across programs, enhance language access and culturally tailored services, provide tools to help states, territories, and tribes with identifying barriers and opportunities to advance equity as they implement CMS programs, and expand research opportunities to improve minority health.

Inflation Reduction Act Implementation

The budget includes $12 million to support successful and timely implementation of the Inflation Reduction Act in delivering lower drug costs for the Medicare population and reduced healthcare costs for millions of other Americans. The budget supports provisions of the law that did not receive direct appropriations, including targeted outreach and education efforts to low-income subsidy beneficiaries to improve enrollment in the program and uptake of expanded benefits because of the new law.

Federal Administration

The FY 2025 budget requests $858 million for CMS federal administrative costs, which is $75 million or 10 percent above FY 2023.

CMS's budget request, inclusive of the total program level, will support a direct, full-time staff level of 4,205, an increase of 46 full-time equivalent employees above the FY 2023 level. Of the total increase, $25 million will support costs related to the FY 2025 budget's pay increase. Increased funding supports new staffing needed to serve more beneficiaries and meet new responsibilities established under recently enacted legislation. To place in context, in FY 2014 CMS provided just over 120 million Americans with high-quality health coverage; this number has grown to a projected 160 million Americans in FY 2025. With each new beneficiary added to the number of beneficiaries served, CMS's workload grows. Despite major enrollment growth in CMS programs, the agency's discretionary administrative budget has not increased comparably since FY 2014. The request also includes $8 million for the CMS Digital Service team to support CMS's information technology portfolio and fund reimbursable detailees to continue to support CMS programs in their customer experience and service delivery efforts.

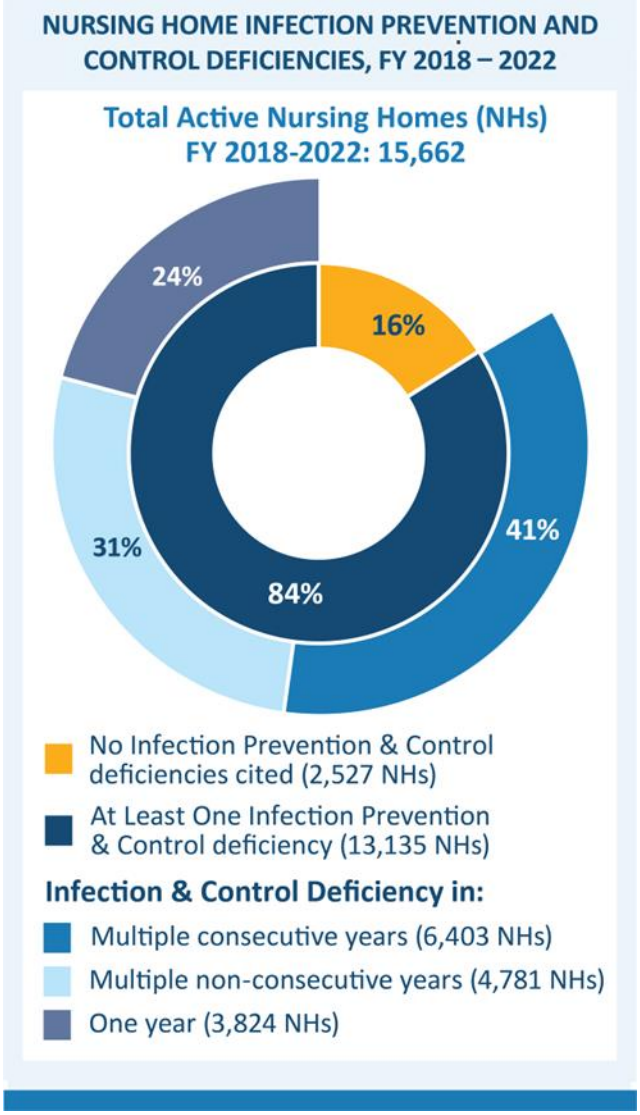
Survey and Certification

The budget requests $492 million for Survey and Certification, an increase of $85 million or 21 percent above FY 2023. This investment will strengthen health, quality, and safety oversight for approximately 69,000 participating Medicare or Medicaid provider facilities.

Despite the tens of billions of federal taxpayer dollars flowing to nursing homes each year, too many facilities continue to provide poor, substandard care that leads to avoidable resident harm. Since 2018, most nursing homes (approximately 13,000) were cited for an infection prevention and control deficiency in 1 or more years. The overall number of nursing home complaints has sharply increased in recent years. CMS expects that states would need to conduct over 90,000 nursing home complaint surveys in FY 2025, a 13 percent increase over FY 2022.

Approximately 90 percent of Medicare Survey and Certification is for direct surveys performed by State Survey Agencies. Survey and certification funding has remained relatively flat since FY 2015, which over time has limited the program's capacity to perform standard initial, recertification, and validation surveys. At the budget request level, states will be able to complete 85 percent of nursing home inspections, below the 100 percent required in statute but above the 65 percent completion rate supported by the FY 2023

funding level. The Administration remains committed to surveying every nursing home, every year and to ensure that other health care facilities fulfil their obligations to protect the health and safety of patients. Aligned with this goal, the budget also proposes a new financing approach for the nursing home survey work starting in FY 2026 (see details in legislative proposals section below). For other facilities, CMS's discretionary request will continue to focus greater survey frequencies at targeted high-risk facilities, specifically hospitals and end-stage renal disease facilities. In total, states will complete approximately 22,000 initial surveys and recertifications in FY 2025.



The COVID-19 pandemic has underscored the Survey and Certification program's critical oversight role for holding nursing homes and other facilities accountable for meeting infection control standards and protecting the health and safety of beneficiaries. Fifteen million of this request supports specific CMS actions outlined in the White House 2022 fact sheet aimed at improving safety and quality of care in the nation's nursing homes. This includes addressing the backlog of complaints, revising the special focus facility program, and expanding financial penalties for poor-performing facilities.

The budget continues to request 2-year budget authority for the Medicare Survey and Certification program, which accommodates states with different fiscal years than the federal government, assists states with long-range staffing plans, and increases CMS administrative flexibility.

CROSSCUTTING SUMMARIES

National Medicare Education Program

The budget funds the National Medicare Education Program at $569 million, including $385 million in discretionary budget authority. The National Medicare Education Program provides personalized information and assistance when beneficiaries have questions or concerns about their Medicare coverage. CMS is committed to ensuring beneficiaries have access to educational materials and tools to find accurate and up-to-date information on coverage options and available benefits. This program drives customer experience improvements for Medicare beneficiaries.

The budget provides a program level of $299 million, including $180 million in budget authority, to support the 1-800-MEDICARE call center, which provides beneficiaries access to customer service representatives 24 hours a day, 7 days a week, to answer questions about the Medicare program. The request supports an estimated 24 million calls with an average speed-to-answer of approximately 3 to 5 minutes. Beneficiaries can also use 1-800-MEDICARE to report instances of possible fraud or abuse.

The budget includes a program level of $140 million for beneficiary materials, including $75 million in budget authority. Most of these funds support the printing and distribution of 52 million paper copies of the *Medicare & You* Handbook. CMS is required by law to mail Medicare education materials to beneficiaries annually unless they opt out. Currently, only about 6 percent of beneficiary households opt out of receiving a hard copy of the handbook. Updates to rates and plan information occur as needed for monthly mailings to newly eligible beneficiaries. The budget request reflects increases in recent years in the

costs of publication and shipping of paper handbooks and other necessary printed materials for a growing population of Medicare enrollees.

Marketplaces

The budget requests $2.3 billion to operate the Federally Facilitated Marketplace, of which $2.2 billion is funded by Marketplace and Risk Adjustment user fees and $186 million is funded by other CMS funding sources.

The budget preserves the success of the record-breaking open enrollment season for plan year 2024 that saw 21.3 million individuals sign up for health coverage through robust year-round outreach and education efforts, including fully funded Navigator programs.

Critical core functions of the Marketplaces, including plan and issuer oversight; payment and financial management; and eligibility and enrollment services are also protected under the budget. These components are critical to keeping the Marketplaces competitive and user friendly.

For plan year 2025, HHS is responsible for operating the Marketplaces in 28 states that elected not to establish one on their own. HHS is also partnering with three states to leverage the federal eligibility and enrollment platforms.

2025 LEGISLATIVE PROPOSALS

The Department proposes legislative changes to modernize and improve the efficiency of the administration of Medicare, Medicaid, and CHIP. See the Medicare chapter for a description of a package of proposals to strengthen nursing home oversight and quality.

Reclassify discretionary nursing home Survey and Certification activities as mandatory

CMS's annual funding for health and safety surveys has remained flat for years, while the number of nursing home complaints have surged. Additionally, flat funding has made it difficult for many states to offer competitive wages to the healthcare personnel who work as surveyors, leading to surveyor workforce shortages in some areas. These factors make it challenging for states to complete all statutorily required nursing home surveys and complaint visits, and can place nursing home residents at increased risk of abuse and neglect. This proposal, effective in FY 2026, will shift funds for nursing home surveys from a discretionary appropriation to a mandatory appropriation and increase the funding to a level necessary to achieve a 100 percent survey frequency, adjusted annually for inflation. This proposal will guarantee sufficient funding to promote the health and safety of the nation's nursing home residents. [$346 million cost over 10 years]

Please refer to the Medicare chapter for additional legislative proposals on Survey and Certification.

Require Medicaid adult and home and community-based services quality reporting

See Medicaid chapter for details. [$299 million cost over 10 years]

Provide Measure Development Funding to Refine the Quality Payment Program

See Medicare chapter for details. [$50 million cost over 10 years]

Provide CMS Mandatory Funding to Implement Legislative Proposals

This request includes $300 million in proposed mandatory funding to cover the costs associated with implementing the Department's proposed legislative changes to Medicare, Medicaid, and other CMS programs.

Administration for Children and Families: Overview

The following table is in millions of dollars.

ACF Budget Authority, Proposed[130]	2023[131]	2024[132]	2025
Discretionary, Program Level	37,434	33,254	37,784
Mandatory	38,438	37,919	53,972
Total, Administration for Children and Families Budget Authority	**75,872**	**71,173**	**91,756**

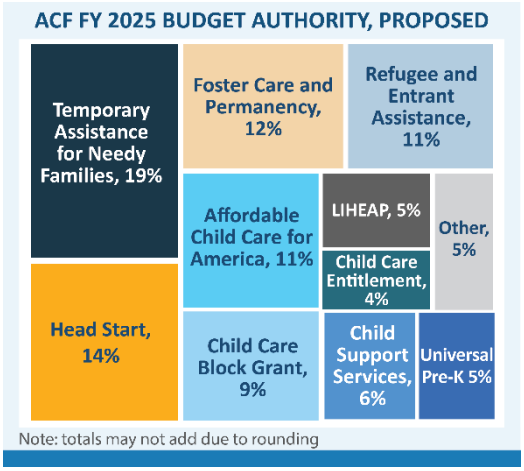
The mission of the Administration for Children and Families is to foster health and well-being by providing federal leadership, partnership, and resources for the compassionate and effective delivery of human services.

The Administration for Children and Families (ACF) partners with states, tribes, and communities to provide critical assistance to ensure foster children, youth, families, and communities are resilient, safe, healthy, and economically secure. The FY 2025 President's Budget requests $91.8 billion for ACF.

The President's Budget prioritizes lowering child care costs by guaranteeing affordable, high-quality child care for working families, potentially benefiting over 16 million children and saving families substantial monthly costs. The budget focuses on building a strong foundation for families through universal preschool for 4-year-olds, with plans to expand to 3-year-olds. It also increases funding for Head Start to achieve pay parity over time between its staff and public elementary school teachers with similar qualifications.

The budget supports the Child Care Development Fund, which aids low-income working families in accessing affordable and high-quality child care. Its two components are the Child Care Entitlement, providing guaranteed federal funding to states for child care needs, and the Child Care Development Block Grant, offering states additional funds to improve child care quality, safety standards, professional development for providers, and access for vulnerable populations. The Child Care Development Fund served over 1.3 million children from 797,200 families in FY 2021. The Child Care Development Fund will serve an estimated 2 million children in FY 2025.

The budget further supports low-income and working families and promotes upward economic mobility through programs such as Low Income Home Energy Assistance, Child Support Services, and Temporary Assistance for Needy Families. These programs promote economic independence, productivity, and well-being by helping parents enter the workforce, care for their children, and form strong social networks and family bonds. ACF's discretionary and mandatory child welfare programs promote safety, well-being, and permanency through services to stabilize families and prevent child maltreatment, foster care when necessary, and reunification, adoption, and support for youth transitioning to adulthood. New proposals increase and streamline child welfare funding to tribes and enhance support for older youth. The budget adds support for kinship placements and guardianships, provides services to homeless youth, strengthens prevention-focused outcomes, and promotes equity in the child welfare system.



The budget supports America's promise to refugees and reflects a commitment to caring for unaccompanied children safely and humanely in alignment with child welfare best practices. Finally, ACF's family violence prevention programs support survivors of gender-based violence through emergency shelters and supportive services and the Office on Trafficking in Persons identifies victims and provides them with access to benefits and services.

[130] Note: Totals may not add due to rounding
[131] The FY 2023 column reflects final levels, including required and permissive transfers.
[132] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15), where applicable.

Administration for Children and Families: Discretionary

The following tables are in millions of dollars.

Early Childhood Programs	2023[133]	2024[134]	2025	2025 +/- 2023
Head Start	11,997	11,997	12,541	+544
Child Care Block Grant (discretionary)	8,021	8,021	8,521	+500
Preschool Development Grants	315	315	250	-65
Subtotal, Early Childhood Programs	**20,333**	**20,333**	**21,312**	**+979**
Programs for Children and Families	**2023**	**2024**	**2025**	**2025 +/- 2023**
Runaway and Homeless Youth	146	146	146	--
Child Abuse Programs	214	214	233	+19
Child Welfare Programs	339	339	366	+27
Adoption Incentives	75	75	75	--
Chafee Education and Training Vouchers	44	44	48	+4
Native American Programs	61	61	66	+5
Family Violence Prevention and Services Programs	261	261	261	--
Promoting Safe and Stable Families (discretionary)	87	87	77	-10
Subtotal, Programs for Vulnerable Populations	**1,226**	**1,226**	**1,271**	**+45**
Refugee Programs	**2023**	**2024**	**2025**	**2025 +/- 2023**
Unaccompanied Children	5,506	5,506	5,506	--
Transitional and Medical Services	564	564	564	--
Refugee Support Services	307	307	307	--
FY 2023 Continuing Resolution Emergency Supplemental	*1,775*	--	--	*-1,775*
FY 2023 Division M Emergency Supplemental	*2,400*	--	--	*-2,400*
Contingency Fund for Unaccompanied Children (discretionary BA)	*6*	--	--	*-6*
Contingency Fund for Unaccompanied Children (emergency BA)	--	--	*652*	*+652*
Proposed Emergency-Designated Funding	--	--	*2,914*	*+2,914*
Survivors of Torture	19	19	19	--
Victims of Trafficking	31	31	31	--
Subtotal, Refugee Programs	**10,608**	**6,427**	**9,994**	**-615**
Research and Evaluation	**2023**	**2024**	**2025**	**2025 +/- 2023**
Disaster Human Services Case Management	2	2	2	--
Federal Administration	219	219	231	+12
Social Services Research and Demonstration	143	143	31	-112
Subtotal, Research and Evaluation	**363**	**363**	**263**	**-100**
Other ACF Programs	**2023**	**2024**	**2025**	**2025 +/- 2023**
Low Income Home Energy Assistance Program	4,000	4,000	4,111	+111
Infrastructure Investment and Jobs Act	*100*	*100*	*100*	--
Community Services Block Grant	770	770	770	--
Other Community Services Programs	34	34	34	--
Recission of Prior Year Funds	--	--	-71	-71
Subtotal, Other Programs	**4,904**	**4,904**	**4,944**	**+40**
Total, Budget Authority	**33,159**	**33,154**	**34,117**	**+958**
Funds from Other Sources	**2023**	**2024**	**2025**	**2025 +/- 2023**
FY 2023 Continuing Resolution Emergency Supplemental	1,775	--	--	-1,775
FY 2023 Division M Emergency Supplemental	2,400	--	--	-2,400
Contingency Fund for Unaccompanied Children	--	--	652	+652

[133] The FY 2023 column reflects final levels, including required and permissive transfers.

[134] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15).

Early Childhood Programs	2023[133]	2024[134]	2025	2025 +/- 2023
Emergency Funds	--	--	2,914	+2,914
Infrastructure Investment and Jobs Act	100	100	100	--
Total, Program Level[135]	**37,434**	**33,254**	**37,784**	**+349**
Full-Time Equivalents	1,679	2,157	2,254	575

The mission of the Administration for Children and Families is to foster health and well-being by providing federal leadership, partnership, and resources for the compassionate and effective delivery of human services.

The FY 2025 President's Budget requests $37.8 billion in discretionary funding for the Administration for Children and Families (ACF), an increase of $349 million over FY 2023. The budget invests in the early childhood education workforce to ensure children have access to high-quality early learning opportunities and provides support for vulnerable individuals and families, including refugees and unaccompanied children.

INVESTING IN EARLY CHILDHOOD AND LEARNING

High-quality early care is critical to our nation's economic growth and economic security. Early care and education give young children a strong start in life. Unfortunately, too many families and individuals struggle to access the affordable, high-quality early care and education they need. In recognition of this need, HHS invested over $39.0 billion from the American Rescue Plan Act of 2021 in child care, including $24.0 billion to help child care providers keep their doors open and to provide child care workers with higher pay, bonuses, and other benefits. To date, these efforts have helped over 225,000 child care programs serving as many as 10 million children across the country.[136] The President's Council of Economic Advisers also found that these funds had an impact on the broader economy. Child care stabilization funds alone helped families save more than $1,200 in annual child care costs per child; sped the return or entry of hundreds of thousands of women with young children into the workforce; and contributed to a 10 percent increase in the real wages of child care workers.[137]

In April 2023, President Biden signed an Executive Order with the most comprehensive set of executive actions any President has ever taken to improve care for hard-working families while supporting care workers and family caregivers. The Executive Order charged agencies with working within their existing authorities to lower the cost of care for families, enhance job-quality for care workers and caregivers and boost the supply of high-quality care. The Administration continues to call on Congress to make significant new investments to give families in this country more breathing room when it comes to care. The FY 2025 President's Budget requests an increase of $1.0 billion to prioritize programs serving families across the country that support young children and their families. See the ACF mandatory chapter for more information on the Administration's historic proposals to guarantee affordable, high-quality child care from birth to kindergarten for low- and middle-income working families and provide universal preschool for all 4-year-olds.

Head Start

The Head Start program provides grants to local public and private non-profit and for-profit agencies to provide early learning and development services to eligible children and families. The budget requests $12.5 billion, an increase of $544 million above FY 2023, to support the Head Start workforce, and fund an estimated 755,242 slots for eligible children and pregnant women through nearly 1,600 local agencies in states, territories, and tribes across the United States. This increase would build on the more than $1.2 billion in funding increases for Head Start that the Administration has secured in the past 2 years.

Despite historic funding increases, Head Start has experienced a persistent workforce shortage that has forced many Head Start classrooms to close.[138]

[135] FY 2023 excludes $2.5 billion in one-time supplemental funding for LIHEAP, discretionary child care, and programs within the Children and Families Appropriation.

[136] https://www.whitehouse.gov/briefing-room/statements-releases/2024/01/29/fact-sheet-biden-harris-administration-announces-new-actions-to-advance-pay-equity-on-the-15th-anniversary-of-the-lilly-ledbetter-fair-pay-act/#:~:text=The%20ARP%20Child%20Care%20Stabilization,received%20assistance%20are%20women%2Downed.

[137] https://www.whitehouse.gov/wp-content/uploads/2023/11/Child-Care-Stabilization.pdf

[138] https://www.hhs.gov/about/news/2023/11/15/biden-harris-admin-proposes-new-rule-to-strengthen-the-head-start-workforce-increase-wages-support-quality-programming.html

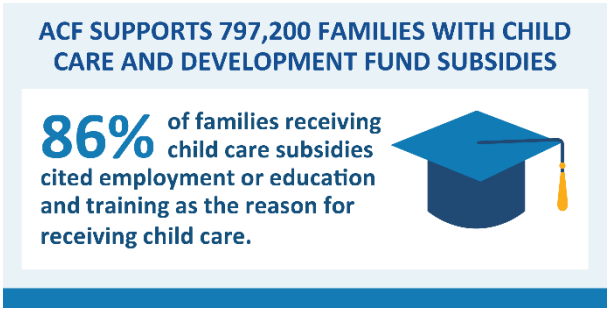
Supporting early educators is essential to accomplishing the Head Start mission. On November 20, 2023, ACF published a notice of proposed rulemaking in the Federal Register: *Supporting the Head Start Workforce and Consistent Quality Programming*.[139] The changes to the Head Start Program Performance Standards described in the proposed rule would, among other improvements, ensure fair compensation is a key component of providing high-quality early care and education. The Administration is committed to achieving pay parity over time between Head Start staff and public elementary school teachers with similar qualifications to stabilize the Head Start workforce and ensure children and families most in need have access to Head Start services.

The budget also includes a legislative proposal to revise the eligibility requirements for American Indian and Alaska Native and Migrant and Seasonal Head Start to include more children. Recent demographic changes have made it more difficult for these programs to serve the very children they were designed to serve. The proposed changes to the American Indian and Alaska Native Head Start programs honor tribal sovereignty by allowing tribes to determine which tribal members will most benefit from Head Start services. Likewise, the proposed changes to the Migrant and Seasonal Head Start will ensure that rising incomes for family members working in agriculture will not contribute to ineligibility for Head Start. The budget also includes legislative changes to authorize ACF to take additional administrative actions when making awards to grant recipients that are currently not available. These are technical changes to address unnecessary burden and administrative challenges, while maintaining the integrity of the Designation Renewal System.

Child Care and Development Block Grant

The budget provides $8.5 billion, an increase of $500 million above FY 2023, in discretionary funds for the Child Care and Development Block Grant. The Child Care and Development Block Grant aids low-income families in affording child care and enhances its quality for all children. However, it currently serves only approximately one in six eligible children from low- and moderate-income families, and does not effectively reach struggling middle-class families. This increase will allow states, territories, and tribes to serve an estimated 2 million children, while continuing the historic progress the Administration has made in stabilizing the child care sector and helping more Americans afford child care. Increased funding will support implementation of a rule that will lower costs for families receiving federal child care assistance, and, and build on HHS's work to increase reimbursements for thousands of child care providers.

The request continues to include several important policy changes to improve the administration of the Child Care and Development Block Grant. The budget proposes a one percent federal administration set-aside to carry out the program and ensure successful implementation. The budget continues to propose reducing bureaucratic burden on tribes and states by giving tribes authority to submit fingerprint background checks directly to the Federal Bureau of Investigation. Finally, the budget proposes to waive the family work eligibility requirement for caregivers of children in foster care and experiencing homelessness, allowing these children to remain in a stable child care environment during these transitions.



[139] https://www.hhs.gov/about/news/2023/11/15/biden-harris-admin-proposes-new-rule-to-strengthen-the-head-start-workforce-increase-wages-support-quality-programming.html

Preschool Development Grants

The budget includes $250 million for the Preschool Development Grant program. This program is critical to the Administration's efforts to build more robust state systems of early learning, stabilize child care, and respond to significant mental health and workforce challenges in early childhood education. Program grantees will continue to advance mental health consultation and supports for early educators; establish and expand apprenticeship programs; and improve workforce compensation and recruitment.

PROGRAMS FOR CHILDREN AND FAMILIES

ACF oversees programs that provide social services which promote the growth and development of children, youth, and their families, and protective services and shelter for children and youth in at-risk situations. These programs provide financial assistance to states, community-based organizations, and academic institutions to provide services, carry out research and demonstration activities, and manage training, technical assistance, and information dissemination.

Promoting Child Welfare and Preventing Child Abuse

HHS is committed to reducing child abuse and providing families with the support needed to remain safely together. The discretionary budget includes a total of $599 million for these activities, an increase of $46 million over FY 2023. Funds are provided to state and local government agencies, universities, and non-profit organizations.

Within this total, an increase of $19 million is requested to support ongoing efforts to build state capacity to engage individuals with lived experiences in planning and decision-making processes and offer culturally-responsive supports to historically underserved and marginalized communities. Increased efforts to bolster family support and prevention services reduce the likelihood of child abuse and placements in foster care for all families and may help to reduce disparities in the child welfare system. Research demonstrating the effectiveness of family support and prevention services with families of color or other diverse populations is limited. Funds will increase evidence of the effectiveness of these services and activities with historically marginalized populations.

The discretionary budget also includes $27 million for new competitive research and demonstration grants for child welfare workforce recruitment and retention, to address racial inequities, and evaluate culturally-specific prevention and preservation interventions to meet technical assistance requirements of the Family First Act. Early findings from the fourth round of the Child and Family Services Reviews indicate the workforce crisis is a profound challenge for child welfare agencies, posing a risk to child safety, permanency, and well-being. These grants will establish national efforts for a new initiative for recruitment, onboarding, training, retention, and data analytics designed to address the current workforce crisis. Grants will also support a National Child Welfare Lived Experience Institute to engage diverse individuals to address racial inequities in child welfare, reduce overrepresentation of children and families of minority heritage in the foster care system, and reorient child welfare systems towards a prevention-first model.

ACF's mandatory child welfare programs include Foster Care and Permanency ($10.8 billion for FY 2023) and the mandatory component of Promoting Safe and Stable Families ($345 million for FY 2023). Foster Care and Permanency reimburses states and tribes for certain costs related to foster care, adoption, guardianship, services to prevent child maltreatment, and programs and supports for older youth who experienced foster care. Promoting Safe and Stable Families funds prevention services and includes a competitive grant program to address substance misuse and child welfare.

Administration for Native Americans

The budget includes $66 million for Native American programs, which is $5 million above FY 2023. These investments, founded in the Administration's commitment to addressing critical tribal needs, will ensure the preservation and enhancement of Native American languages. This increase would support up to 20 new grant awards, which will ensure the survival and continuing vitality of Native American languages by using current grant programs and funding strategies for Native American language preservation and maintenance.

The budget includes $2 million to support implementation of the Durbin Feeling Native American Languages Act of 2022. These funds will support a survey on the use of Native American languages in the United States. This survey will be used to provide Congress and the public information on which Native languages are currently spoken, types of Native language projects and practices, and policies needed to

prevent further erosion and extinction of Native languages.

Innovating Tribal Early Childhood Programs

The budget also includes a legislative proposal to provide tribes, as sovereign nations, the authority to create tribally-determined, culturally-informed, high-quality early childhood services for young children and their families. Tribes will be able to fully integrate funding across Head Start, the Child Care and Development Fund, and the Tribal Maternal, Infant, and Early Childhood Home Visiting programs. This integration and funding flexibility will ensure tribes can embed their culture, language, and values in these crucial programs—reaching children during their most formative years. This proposal would provide necessary authority for self-governance, which is not currently possible under existing laws.

Family Violence Prevention

ACF supports a range of programs to address domestic violence across the United States. The Family Violence Prevention Services program is the primary federal funding stream supporting survivors of domestic violence and their children through funding efforts to prevent incidents of family, domestic, and dating violence, as well as funding shelters and support services for adults and youth. In 2022, grantees served approximately 1.2 million clients through 1,621 domestic violence shelters and programs. In 2022, domestic shelters answered 2.6 million crisis hotline calls and provided 7.8 million shelter nights.

ACF also funds the National Domestic Violence Hotline, which operates 24-hours a day and is available to adults, youth, family members, and any other people impacted by domestic violence. In 2022, the Domestic Violence Hotline answered 429,481 total contacts across all platforms. The Hotline digital services received a total of 246,242 contacts via chat and text.

The budget includes $261 million, the same as FY 2023, for Family Violence Prevention programs. This includes $21 million for the Domestic Violence Hotline. The Administration supports bipartisan efforts to reauthorize the Family Violence Prevention Services Act. Bipartisan reauthorization efforts currently under consideration by the 118th Congress would allow states, territories, and tribes to offer victims of domestic violence and their children the critical safety and stability of shelter and supportive services they need to be safe and regain self-sufficiency.

Runaway and Homeless Youth

One in 30 adolescents between the ages of 13 and 17, and 1 in 10 adults between the ages of 18 and 25 experience homelessness over the course of a year.[140] This is approximately 4.2 million youth and young adults. The budget includes $146 million for Runaway and Homeless Youth programs, the same as FY 2023. The budget will serve 658 programs across the country to provide comprehensive services to an estimated 48,664 homeless youth who are at heightened risk for exploitation, victimization, and other long-lasting, negative outcomes.

The budget supports continuation funding for the Runaway and Homeless Youth Prevention Demonstration grant program to implement prevention services tailored for youth, young adults, and their families at risk of experiencing homelessness. The demonstration projects include engagement in community planning to identify prevention strategies that support the diverse needs of youth and young adults. The budget also continues to support reauthorization and amendment of the Runaway and Homeless Youth Act. The requested 5-year reauthorization will provide program stability and directly support youth experiencing homelessness and those at greatest risk of homelessness.

UNACCOMPANIED CHILDREN AND REFUGEES

ACF provides care for unaccompanied migrant children and services to refugees and other new arrivals such as Cuban and Haitian entrants, and those granted asylum. Budgeting for these programs is challenging because the number of people requiring services fluctuates. To handle this uncertainty, this budget includes a contingency fund to provide additional resources if the number of unaccompanied children arriving in a month exceeds a certain threshold.

Caring for Unaccompanied Children

ACF provides shelter, care, and support for unaccompanied children referred by the U.S. Department of Homeland Security or other law enforcement authorities. These children have different reasons for undertaking the long and dangerous journey to the United States. ACF provides care for

[140] Morton, M.H., Dworsky, A., & Samuels, G.M. (2017). Missed opportunities: Youth homelessness in America. National estimates. Chicago, IL: Chapin Hall at the University of Chicago.

these children while working to identify suitable sponsors as quickly and safely as possible. While in ACF's care, children receive case management, legal services, physical and mental healthcare, education, and recreation services. Sponsors, usually parents or other relatives, then care for these children while their immigration cases proceed.

Currently, more than 98 percent of children are housed in standard shelters, which are operated by grantees, under the close supervision of ACF staff. The number of arriving children can increase rapidly. To accept children from the U.S. Department of Homeland Security border facilities as quickly as possible, ACF maintains influx care shelters with quickly adjustable capacity. These shelters meet the same standards as ACF's other shelters.

The budget includes $5.5 billion in base funding for the unaccompanied children program. This funding supports ACF's efforts to bring standard capacity to a target level of 16,000 beds in calendar year 2025. Current funding levels could support 16,000 standard beds but only 13,000 are currently operational, largely because of difficulties grantees face with recruiting and clearing staff to work with children and obtaining state licensure.

The budget includes funds allowing the Office of Refugee Resettlement to continue the programmatic improvements the Administration has made. These include expanding access to counsel to help children navigate complex immigration court proceedings, enhancing case management and post-release services, and reducing the time children spend in congregate care shelters so they can be unified with their families as quickly and safely as possible. These service expansions will further the Office of Refugee Resettlement's efforts to protect children against labor trafficking and exploitation.

The budget includes a contingency fund for the unaccompanied children program, expanding on the fund Congress enacted in FY 2023. The existing contingency fund provides additional resources if the number of referrals exceeds 13,000 per month. Based on current projections, the existing contingency fund would not provide any additional resources in FY 2024 or FY 2025. The proposed contingency fund would be more responsive to on-the-ground conditions, providing additional resources if the number of referrals exceeds 10,000 a month. Based on current projections, the proposed fund would provide an additional $652 million in FY 2025. Any additional funding triggered by the proposed contingency fund would be designated as emergency. Funds would expand shelter capacity to ensure ACF can continue to quickly take children from the U.S. Department of Homeland Security border facilities.

Services for Reunified Families

In December 2023, the district court approved the settlement in the *Ms. L.* case, a class action litigation filed in 2018, seeking injunctive relief relating to the separation of parents and children at the southwest border. Under one part of this settlement, HHS will provide time-limited behavioral health services, housing assistance, and cover copayments incurred by class members receiving services at Federally Qualified Health Centers. The budget also requests eligibility for class members for public benefits including Medicaid, Supplemental Nutrition Assistance, and Supplemental Security Income.

Supporting Refugees and New Arrivals

Working through states, local governments, and a network of nonprofits, ACF assists refugees and other eligible new arrivals to become self-supporting, independent, and integrated into life in the United States. Assistance includes up to 12 months of financial support and medical services. Other services include:

- English as a second language;
- Job training and employment;
- Interpretation and translation;
- Child care and healthcare navigation;
- Citizenship and naturalization services;
- Support to school age children; and
- Assistance to elderly refugees and those with chronic health problems.

The budget assumes 437,000 eligible new arrivals in FY 2025, including 125,000 refugees, and 250,000 Cuban and Haitian Entrants. Refugee arrivals are subject to an annual ceiling, but numbers of other populations can fluctuate. Nearly 350,000 Cuban and Haitian Entrants arrived in FY 2023, up from 251,000 in FY 2022 and 37,000 in FY 2021. To address this volatility, the budget maintains base funding for refugee transitional, medical, and support services at $871 million and requests $2.9 billion in emergency funds. Congress provided emergency funding of $4.2 billion to support this program in FY 2023.

HHS recently completed a study looking at the net fiscal impact (revenue from taxes minus government

benefits) of refugees and asylees from 2005 to 2019. The study found a positive impact of $124.0 billion. Including immediate family members decreases the net fiscal benefit to $16.0 billion, largely due to K-12 education expenditures for the children of refugees and asylees who were born in the United States but who are not old enough to pay taxes.

The Administration has taken significant steps to address the humanitarian needs of refugees and migrants and remains a leader on the world stage for refugee resettlement. The U.S. Department of State, in partnership with HHS, launched the Welcome Corps, empowering private citizens to support the first 90 days of a refugee or refugee family's arrival, by securing and preparing initial housing, greeting them at the airport, enrolling children in school, and helping adults find employment.

PRIVATE SPONSOR GROUP WAITING TO GREET ARRIVING REFUGEES

COMMUNITY SERVICES PROGRAMS

Low Income Home Energy Assistance

The Low Income Home Energy Assistance Program helps low-income households access home energy and weatherization assistance, vital tools for protecting vulnerable families' health in response to extreme weather and climate change. States administer the Low Income Home Energy Assistance Program, typically making payments to utility companies and other home energy vendors on behalf of eligible households. Preliminary FY 2022 data shows an estimated 5.7 million households received heating assistance and nearly 60,000 households received weatherization assistance funded by federal Low Income Home Energy Assistance Program dollars. Common weatherization measures include sealing air leaks, adding insulation to walls and attics, and repairing heating and cooling systems.

Since the Low Income Household Water Assistance Program expired at the end of FY 2023, the budget proposes to expand the Low Income Home Energy Assistance Program to advance the goals of both programs. Specifically, the budget proposes giving states the option of using a portion of their Low Income Home Energy Assistance Program funds to help low-income households pay their water bills.

The budget includes $4.1 billion, an increase of $111 million over FY 2023. This is in addition to $100 million available for the Low Income Home Energy Assistance Program from the Bipartisan Infrastructure Law. As part of the Justice40 initiative, ACF plans to continue its efforts to prevent energy shutoffs and increase support for households with young children and older people or high energy burdens.

Community Services Block Grant

The Community Services Block Grant provides funds to states, territories, and tribes to administer support services that alleviate the causes and conditions of poverty in under-resourced communities. The Community Services Block Grant services 99 percent of U.S. counties through over 1,000 eligible entities.

The budget includes $770 million for the block grant, which is flat with FY 2023. These funds will support services to address employment, education, housing assistance, nutrition, energy, emergency services, health, substance use, and poverty reduction. Funding will be directed to community action agencies, who develop local solutions for local problems.

The request continues to support the Community Services Block Grant reauthorization, which will further the Administration's goals to advance racial equity and provide support for underserved communities.

Community Services Discretionary Programs

The Office of Community Services also supports the Community Economic Development, Rural Community Development, and Neighborhood Innovation Programs. The budget includes $34 million for these programs, which is flat with FY 2023. The budget will continue to ensure that a minimum of $3 million is directed to communities whose economies are supported by legacy energy sources, such as coal and oil, to help expand renewable energy efforts. The budget also continues to support updating the Community Services

Block Grant Act to provide more resources for evaluation and quality improvement and broaden eligibility for Tribal and Native communities.

EVALUATION AND INNOVATION

Research and Demonstration

Program evaluation and use of data and evidence are critical for ACF and its partners to improve service delivery and increase program effectiveness. The budget includes $20 million to continue the Diaper Distribution Pilot Program, building on lessons learned from the Newborn Supply Kit project. Dedicated funding of $3 million is also included to continue the Whole Family Service Delivery demonstration, establishing a State Accelerator team to ease application burdens across federally funded social safety programs.

Disaster Human Services Case Management

ACF's Disaster Human Services Program leads the coordination and collaboration for human services entities to support socially vulnerable people following disasters or emergencies. The budget includes $2 million, which is flat with FY 2023. The budget includes legislative proposals allowing HHS to establish a disaster human services emergency fund and develop coordinated national disaster response for human services programs. People served by these crucial programs, as well as the programs themselves, are often disproportionately harmed by all types of disasters. These proposals will give HHS the authority to respond effectively to the significant administrative challenges faced in the wake of disasters and serve the real and urgent needs of communities and families. By creating a streamlined authority to allow human and social services programs to coordinate during a crisis, HHS can provide real-time policy and program decisions to serve communities when they need it most. These proposals are founded in the Administration's commitment to provide comprehensive support during emergencies.

Federal Administration

The budget requests $231 million for federal administration, which is $12 million above FY 2023. This funding will allow ACF to continue leading agency-wide improvements to information technology management systems and maintain the level of staff needed to effectively administer critical human services programs. The budget level ensures ACF has sufficient funding for these required administrative costs. The budget also includes funding to support the Whole Family Services demonstration by providing permanent support for the state technical assistance team. The Fellowship will be open to program evaluation staff in the federal government and will strengthen the capacity of the federal government to execute and use program evaluation to better understand the effectiveness of programs and policies, while enhancing the capabilities of the federal program evaluation workforce.

Administration for Children and Families: Mandatory

The following tables are in millions of dollars.

Current Law Budget Authority	2023	2024	2025	2025 +/- 2024
Affordable Child Care for America	--	--	--	--
Universal Preschool	--	--	--	--
Child Care Entitlement to States	3,550	3,550	3,550	--
Child Support Services and Family Support	4,628	5,028	5,323	295
Children's Research and Technical Assistance	35	35	35	--
Foster Care and Permanency	10,810	9,882	10,170	-288
Promoting Safe and Stable Families (Mandatory only)	467	475	325	-150
Social Services Block Grant	1,603	1,603	1,603	--
Temporary Assistance for Needy Families	16,737	16,738	16,738	--
Temporary Assistance for Needy Families Contingency Fund	608	608	608	--
Total, Current Law Budget Authority	**38,438**	**37,919**	**38,352**	**433**
Proposed Law Budget Authority	**2023**	**2024**	**2025**	**2025 +/- 2024**
Affordable Child Care for America	--	--	9,900	9,900
Universal Preschool	--	--	5,000	5,000
Child Care Entitlement to States	--	--	--	--
Child Support Services and Family Support	--	--	-164	-164
Children's Research and Technical Assistance	--	--	--	--
Foster Care and Permanency	--	--	509	509
Promoting Safe and Stable Families (Mandatory only)	--	--	375	375
Social Services Block Grant	--	--	--	--
Temporary Assistance for Needy Families	--	--	5	5
Temporary Assistance for Needy Families Contingency Fund	--	--	-5	-5
Total, Proposed Budget Authority	**--**	**--**	**15,620**	**15,620**

The Administration for Children and Families (ACF) promotes the economic and social well-being of families, children, individuals, and communities through mandatory programs, including:

- Child Care Entitlement to States;
- Child Support Services and Family Support;
- Foster Care and Permanency;
- Promoting Safe and Stable Families;
- Social Services Block Grant; and
- Temporary Assistance for Needy Families (TANF).

The President's FY 2025 Budget requests $54.0 billion in budget authority for ACF mandatory programs, with an estimated $53.0 billion in outlays. The budget advances the President's goal that all families have access to affordable, high-quality child care and free, high-quality preschool to help children learn, give families breathing room, and grow the economy. HHS's proposals also strengthen and improve the child welfare system with enhanced support for prevention services that keep children with their families, including increased funding and flexibility for tribes, support for children to live with kin when they are in foster care, and help for youth who experienced foster care to successfully transition to adulthood.

EARLY CARE AND EDUCATION

Child Care Entitlement to States

The budget includes $3.6 billion in budget authority for the Child Care Entitlement in FY 2025, the same level as FY 2024. The program provides states, territories, and tribes with funding to subsidize child care costs for children from birth through age 12 in families with low incomes. States must spend at least 70 percent of funding on families receiving TANF, transitioning from TANF, or at risk of becoming eligible for TANF. States, territories, and tribes are required to spend a minimum of nine percent of Child Care and Development Fund resources on activities designed to improve the quality of child care services and increase parental options for,

and access to, high-quality child care. States, territories, and some tribes must also spend a minimum of three percent of Child Care and Development Fund funds on activities to improve the quality and supply of child care for infants and toddlers.

Legislative Proposals

Expand Access to Affordable, Quality Child Care for Low- and Middle-Income Families

When child care is reliable, high-quality, and affordable, parents can make ends meet, advance their careers, and stay in the workforce—while children benefit from opportunities to socialize with peers. The Administration is committed to providing relief to families. The budget creates a historic new program under which working families with incomes up to $200,000 per year would be guaranteed affordable, high-quality child care from birth until kindergarten, with most families paying no more than $10 a day, and the lowest income families paying nothing. This would provide a lifeline to the parents of more than 16 million children, saving the average family over $600 per month in care costs per child, and giving parents the freedom to select a high-quality child care setting. This investment could help hundreds of thousands of women with young children enter or re-enter the workforce more quickly. The President's Council of Economic Advisers found that recent federal investments in child care have increased labor force participation among mothers with young children by roughly 3 percent, equivalent to over 300,000 more women in the force. The proposal would also ensure that workers who provide early care and education receive fair and competitive pay. [$400.0 billion in costs over 10 years]

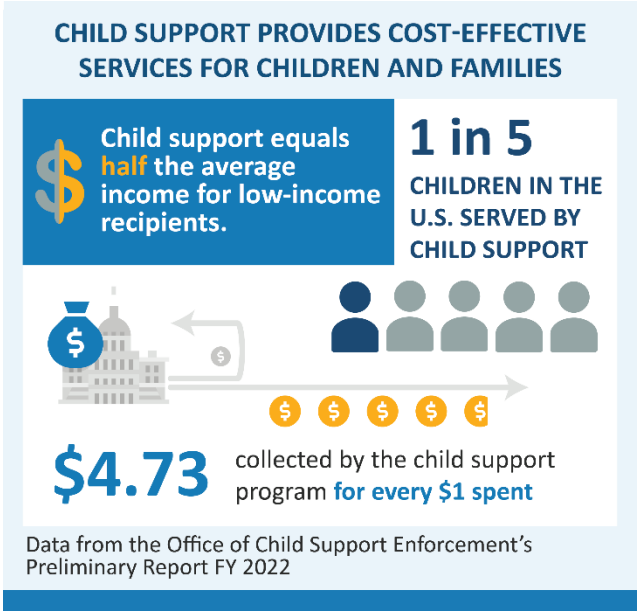
Expand Access to Free, Universal Preschool

The budget funds voluntary, universal, free preschool for all four million of the nation's 4-year-olds and charts a path to expand preschool to 3-year-olds. High-quality preschool would be offered in the setting of the parent's choice—from public schools to child care providers to Head Start. This proposal would support healthy child development, help children enter kindergarten ready to learn, and support families by reducing their costs prior to school entry, and allowing parents to work. [$200.0 billion in costs over 10 years]

CHILD SUPPORT SERVICES AND FAMILY SUPPORT PROGRAMS

The child support program is a joint federal, state, tribal, and local partnership, operating under title IV-D of the Social Security Act. The budget includes $5.2 billion in budget authority for Child Support Services to establish paternity, support access and visitation, and establish and enforce child support orders, among other activities. The child support program provides economic, medical, and emotional support for children from both parents to be healthy and successful. The program functions in 54 states and territories and 60 tribes, serving over 12 million children in FY 2022. The child support program collects more than $4 in child support for every $1 spent by the program, giving it a high value return on state and federal investment.

The budget authority for Child Support Services also funds the Repatriation Program, which provides temporary assistance to U.S. citizens and their dependents who return to the United States from a foreign country because of destitution, illness, war, or similar crises. Recent repatriation efforts include, but are not limited to, evacuating U.S. citizens and their dependents from the Caribbean in FY 2017 and FY 2018, China in FY 2021, and Afghanistan in FY 2022. ACF works with the U.S. Department of State to identify and aid these individuals.



Legislative Proposals

Improve Internal Revenue Service Data Disclosure to Tribal Child Support Services and Child Support Services Contractors

Current law prevents child support program contractors and tribal child support programs from accessing Federal Tax Information, impeding collaboration and enforcement of child support orders. The budget proposes to amend the Internal Revenue Code and the Social Security Act to grant child support program contractors and tribal child support programs access to Federal Tax Information, including data from the Federal Tax Refund Offset Program. The proposed changes aim to align the Federal Tax Information disclosure authority for contractors and tribes with federal, state, or local child support services employees. This proposal enhances child support enforcement efficiency, increases support for children, and creates a standardized framework for secure information sharing, improving the nationwide child support system, including services in tribal communities. [$1.2 billion in savings over 10 years]

Enhance Repatriation Readiness

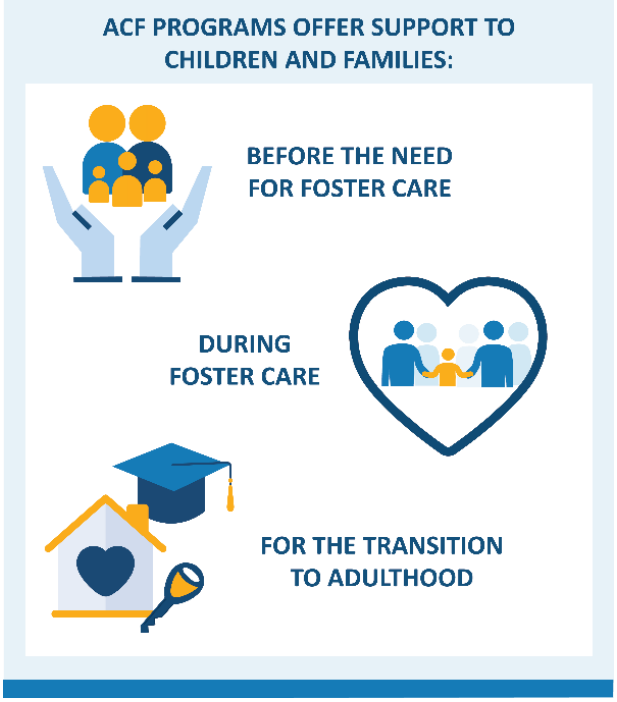
The Repatriation program has an annual cap of $1 million for temporary assistance. In years with a higher number of repatriates, this cap poses challenges for the Office of Human Services Emergency Preparedness and Response, impeding their ability to promptly assist U.S. citizens returning to the United States. To address this concern, the budget increases the repatriation ceiling to $10 million and indexes the cap to inflation. This will ensure ACF can provide immediate assistance to repatriates without seeking a time-limited cap increase from Congress during a crisis. [$10 million over 10 years]

CHILDREN'S RESEARCH AND TECHNICAL ASSISTANCE

Children's Research and Technical Assistance supports state training and technical assistance on child support activities and the operation of the Federal Parent Locator System, which aides state child support agencies in locating noncustodial parents. The Federal Parent Locator System includes the National Directory of New Hires, a national database of wage and employment information. The budget includes $35 million in budget authority which, together with states' user fees funds operations, including program support contracts and interagency agreements, salaries and benefits of federal staff, and associated overhead costs of the Federal Parent Locator System.

FOSTER CARE AND PERMANENCY

Authorized under title IV-E of the Social Security Act, the Foster Care, Adoption Assistance, Guardianship Assistance, Prevention Services, and John H. Chafee Program for Successful Transition to Adulthood programs provide safety and permanency for children separated from their families, support services to prevent child maltreatment and the need for foster care, and supports and activities to prepare older youth in foster care for adulthood. States receive partial reimbursement for board, personal care, and related administrative costs for eligible children in foster care ($5.1 billion in FY 2023) and subsidies to support adoption and guardianship ($4.3 billion in FY 2023). The Chafee Program for Successful Transition to Adulthood assists youth in or formerly in foster care up to age 21 or 23, depending on the state, to obtain education, employment, and life skills for independence, self-sufficiency, and successful transition to adulthood (typically $143 million per year) and additional services to prevent unnecessary foster care entries provided under the Family First Prevention Services Act of 2018 ($167 million in FY 2023).



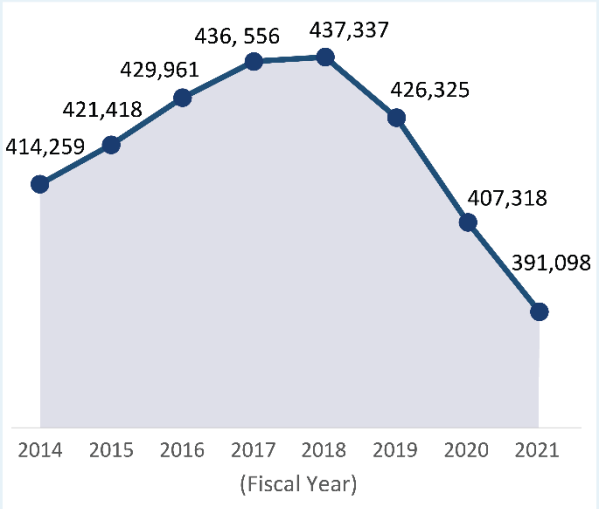
ACF's child welfare vision focuses on equity, prevention of child maltreatment, program improvement, and better outcomes for youth who experience foster care. Research has shown that Black, American Indian, and

Alaska Native children are disproportionately involved at all stages in the child welfare system relative to their representation in the U.S. population.

Although the total number of children in foster care is still high, trends are moving in the right direction. Preliminary data show 391,098 children in FY 2021, a decrease of 4 percent from FY 2020 and the third consecutive annual decrease. The number of children entering foster care in FY 2021 was 206,812, a 4.6 percent decrease from FY 2020. The number of children adopted with U.S. public child welfare agency involvement was 54,240 in FY 2021. Increasing permanency for children through adoption, legal guardianship, kinship placement, or reunification is a high priority for ACF.

At the end of FY 2021, 113,589 children were waiting to be adopted, a 3.3 percent decrease compared to FY 2020. Also in FY 2021, 19,130 youth exited foster care without reunification, adoption, or permanent guardianship, a decrease of 11.2 percent relative to FY 2020. ACF supports national recruitment and public awareness campaigns and partnerships with states and private, public, and faith-based groups to find permanent homes for children waiting to be adopted, especially older youth, sibling groups, and children and youth with disabilities. This work at ACF is complemented by a mandatory funding proposal in the U.S. Department of Housing and Urban Development budget to support youth aging out of foster care. The U.S. Department of Housing and Urban Development budget provides $9.2 billion to establish a housing voucher program for the nearly 20,000 youth aging out of foster care annually.

NUMBER OF CHILDREN IN FOSTER CARE CONTINUES TO DECLINE



Data from the Adoption and Foster Care Reporting System FY 2022

In 2023, ACF published a Final Rule to facilitate placing children with kin when foster care is needed. The rule allows states and tribes to use a set of licensing or approval standards for relative or kinship foster family homes that differs from that used for all non-relative foster family homes and requires ongoing review of maintenance payments to ensure kinship families receive parity with non-kinship foster family homes.

Also in 2023, ACF published two proposed rules to advance protections for foster care youth. The first would require that state and tribal child welfare agencies provide each child in foster care "safe and proper" care, including safe and appropriate placements for those identifying as lesbian, gay, bisexual, transgender, queer or questioning, or intersex, as well as children who are non-binary or have non-conforming gender identity or expression. The second proposed rule would allow state and tribal child welfare agencies to claim federal funding for independent legal representation of a child who is a candidate for or is in title IV-E foster care, and the child's parent(s) and relative caregivers. This includes representation in other civil legal proceedings where necessary to carry out the requirements of the title IV-E program.

TAX BENEFITS FOR ADOPTION & GUARDIANSHIP

The budget proposes to make the adoption tax credit fully refundable so that more families can benefit and to expand the credit to include qualifying legal guardianships.

For more information, please see the Fiscal Year 2025 Treasury Green Book.

Family First Prevention Services Act

The Family First Prevention Services Act of 2018 amended title IV-E of the Social Security Act to partially reimburse states that opt to provide prevention services for children who are at risk of entering foster care, their parents or kin caregivers, and pregnant or parenting foster youth. Federal funding is available to all children who states define as at risk of foster care entry, without regard to title IV-E income eligibility standards. The funds can support evidence-based in-home parent skill-based programs, and mental health

and substance use treatment services, including services to address opioid misuse. Preventive services can substantially improve outcomes for children and families by promoting child safety and shifting the mindset of the child welfare system to prioritize keeping families safely together in their communities. Forty-two states, the District of Columbia, and four tribes have been approved to operate the Title IV-E Prevention Services Program.

ACF's Title IV-E Prevention Services Clearinghouse must review and evaluate the evidence base for each program consistent with statutory requirements. To date, ACF's Title IV-E Prevention Services Clearinghouse has reviewed 160 programs and services; 79 of those have been rated as "promising", "supported", or "well-supported" and are eligible for federal funding. The Clearinghouse continues to review and rate services and programs as quickly as possible. ACF estimates 18,400 children were served by title IV-E prevention services programs in FY 2023. ACF anticipates further caseload growth as states continue to implement prevention services programs.

The Family First Prevention Services Act of 2018 restricted federal funding for congregate foster care (often called group homes and institutions). As of October 1, 2021, title IV-E agencies may not claim federal reimbursement for new congregate care placements lasting longer than 14 days, except in limited circumstances in which the child needs therapeutic residential services, justified through ongoing documentation and judicial review. At the end of FY 2020, 15,975 children were placed in group homes and 22,824 were placed in institutions. At the end of FY 2021, 15,432 children were placed in group homes, and 19,929 were placed in institutions.

Legislative Proposals

Expand and Encourage Participation in Title IV-E Prevention Services and Kinship Navigator Programs

Current law provides 50 percent reimbursement to states for Prevention Services and Kinship Navigator programs. To increase implementation, the budget provides 90 percent reimbursement to states for Prevention Services and Kinship Navigator programs for FYs 2025-2027. Thereafter, the budget provides for the greater of 75 percent or the state's federal match rate plus 10 percentage points, rather than the rate under current law. The budget makes permanent the current policy requiring states to spend at least 50 percent for services with a Title IV-E Prevention Services Clearinghouse rating of "supported or "well-supported" (rather than applying that spending requirement to programs meeting the "well-supported" practice criteria only). In addition, the proposal allows up to 15 percent of a state's Prevention Services funding to be spent on emerging or developing services that do not currently meet the ratings criteria, but states must evaluate the services and either modify or cease using title IV-E funding if the evaluation shows the service to be ineffective. The budget also increases funding for the Prevention Services Clearinghouse and related evaluation and technical assistance to $10 million per year and allows for increased tribal and cultural adaptations of approved prevention services programs. [$4.9 billion in costs over 10 years]

Create New Flexibilities and Support in the Chafee Program for Youth Who Experienced Foster Care, Including a Post-Foster Care Healthy Transition Assistance Demonstration

Support for youth who experienced foster care is critical, especially due to their economic and social vulnerability and historically higher risk of mental and behavioral health issues stemming from childhood trauma. The budget proposes increasing funding for the John H. Chafee Foster Care Program for Successful Transition to Adulthood by $100 million per year, for a total of $243 million per year. The budget includes several program improvements to ensure greater flexibility, effective services, reduced agency burden, and support for youth who transition out of foster care, and homelessness prevention. The budget allows states to serve youth up to age 27, and youth who exited foster care to adoption or guardianship after age 14 rather than age 16. The budget further adds youth who receive a Foster Youth Initiative or Family Unification Project housing voucher as an eligible population. It also removes the restriction on the percentage of assistance that may be used for room and board and adds driving and transportation assistance as an allowable cost with no cap. The budget creates a new Healthy Transition Assistance demonstration authority, providing monthly assistance payments and case management services for youth ages 18 to 26 who have left foster care within the previous 5 years. Participation would be capped at 24 months. Consistent with the title IV-E program, federal reimbursement for these payments would be at the Federal Medicaid Assistance Percentage rates, and 50 percent for administrative costs. [$2.2 billion in costs over 10 years]

Increase Support for Kinship Foster Care Placements and Guardianships

To promote placements of children in foster care with relatives and kin and to improve outcomes for children when foster care is necessary, the budget adjusts title IV-E reimbursement rates to promote kinship foster care and guardianships by reimbursing states at 10 percentage points above each state's federal match rate. Title IV-E-eligible placements in unrelated family foster homes continue to be reimbursed at each state's rate. [$920 million in costs over 10 years]

Provide Comprehensive Tribal Child Welfare Funding

Tribal child welfare funding is a combination of several programs and for some tribes, amounts are nominal, or the eligibility requirements prevent some tribes from participating. The budget creates a new, optional tribal child welfare grant that consolidates mandatory and discretionary title IV-B Child Welfare Services and Promoting Safe and Stable Families funding, and the mandatory and discretionary funding from the John H. Chafee Program for Successful Transition to Adulthood into a single, uncapped mandatory grant. This proposal does not affect the title IV-E program. A streamlined application process will be accessible to all tribes with no minimum qualification amount. This is intended to reduce administrative burden and increase the number of tribes receiving funding. [$719 million in costs over 10 years]

Allow Tribes that Do Not Currently Receive Title IV-E Funding to be Eligible for Title IV-E Prevention Services Funding

To increase tribal prevention services flexibility and funding, tribes that operate child welfare programs under title IV-B could operate a title IV-E prevention program without the need for an approved title IV-E plan for the Foster Care and Adoption Assistance programs. Participating tribes would receive reimbursement like other title IV-E agencies. They would develop title IV-E prevention services plans and generally follow the prevention program requirements but with maximum available federal flexibility for tribes. [$60 million over 10 years]

Prevent and Combat Religious, Sexual Orientation, Gender Identity, Gender Expression, or Sex Discrimination in the Child Welfare System

The budget prohibits title IV-E agencies and their contractors from discriminating against prospective foster or adoptive parents, or a child in foster care or being considered for adoption, on the basis of their religious beliefs, sexual orientation, gender identity, gender expression, or sex. The proposal includes financial penalties and mandatory corrective action for any state or contractor that delays, denies, or otherwise discourages individuals from being considered or serving as foster or adoptive parents based on the above categories. [Budget Neutral]

> ***"The Administration is providing vital resources to remove barriers for child welfare agencies to provide supports necessary to accomplish that mission."***
>
> *- HHS Secretary Xavier Becerra*

ACF issued a Final Rule "Separate Licensing or Approval Standards for Relative or Kinship Foster Family Homes" that:

- Allows a child welfare agency to adopt simpler licensing or approval standards for all kin foster family homes
- Requires that states provide kinship foster care providers with levels of financial assistance in parity with other foster care providers
- Allows states to provide important new flexibilities, such as extending age limits for kinship foster care providers, while maintaining safety requirements

Helping more kinship caregivers become licensed foster parents is key to addressing trauma and financial insecurity in the child welfare system. HHS is working with states, tribes, advocacy organizations, and families to help child welfare agencies adopt these new policies.

Reduce Reimbursement Rates for Foster Care Congregate Care Placements

To align federal financing with child welfare research and best practices, the budget reduces reimbursement rates for placements in Child Care Institutions and Qualified Residential Treatment Programs to five percent below each state's federal match rate. This proposal is estimated to reduce costs to title IV-E, but some costs may be shifted to Medicaid. Across more than 20 studies published over 2 decades, researchers found that youth in family foster care consistently fared better than youth in residential care

on outcomes relating to both internalizing behaviors (such as depression) and externalizing behaviors (acting out). In addition, studies have found that youth in family foster care have better educational outcomes and are much less likely to become delinquent than those who experience residential care. [$180 million in savings over 10 years]

PROMOTING SAFE AND STABLE FAMILIES

The mandatory Promoting Safe and Stable Families program, currently funded at $345 million per year, provides formula grants to states and tribes for community-based services to support and preserve families, improve child safety at home, support reunification of children in foster care, and assist adoptive families. Promoting Safe and Stable Families also contains additional grant programs. The Court Improvement Program, currently funded at $30 million per year, makes formula grants to state and tribal courts to improve the quality of child welfare proceedings and comply with the Family First Prevention Services Act of 2018. Regional Partnership Grants, currently funded at $20 million per year, is a competitive grant program that addresses the child welfare impact of substance misuse, including opioids. In recent years, parental substance use has grown as a circumstance associated with entry into foster care. The Regional Partnership Grant program addresses this problem by supporting interagency collaboration and integration of programs to prevent the need for foster care and better serve children and families.

The Promoting Safe and Stable Families account also includes the Personal Responsibility Education Program and Sexual Risk Avoidance Education, which were reauthorized through FY 2023 at $75 million per program per year in Public Law 116-260.

Legislative Proposals

Reauthorize, Increase Funding for, and Amend Promoting Safe and Stable Families Program

To increase funding for prevention services, especially services related to substance misuse and child welfare, the budget increases Promoting Safe and Stable Families program funding by $300 million per year, nearly doubling the program. Of this increase, $40 million per year goes to increase Regional Partnership Grants funding and $30 million per year to expand the Court Improvement Program. Fifty million per year funds a new grant program for civil legal representation for issues such as housing, domestic violence, or employment matters for families involved in the child welfare system. The remaining $180 million per year increases funding for the base formula grant from $295 million to $475 million per year. The budget also adds kinship support services as an allowable program spending category and requires states report to HHS on use of kinship placements that are not formally foster care but rather a less supportive alternative to foster care ("hidden foster care"), including the number of children in those settings and the support offered to children and caregivers. [$3.0 billion in costs over 10 years]

Note: The budget also requests $77 million for FY 2025 for the discretionary component of Promoting Safe and Stable Families.

Reauthorize Personal Responsibility Education Program

The Personal Responsibility Education Program funds educational programs for youth related to pregnancy prevention and healthy life skills, targeted towards youth ages 10 to 19 who are homeless, in foster care, live in rural areas or areas with high teen birth rates, or come from minority groups. The budget includes a 1-year reauthorization of the Personal Responsibility Education Program. [$75 million in costs for FY 2025]

SOCIAL SERVICES BLOCK GRANT

The Social Services Block Grant program provides flexible formula grants, based on each state's population relative to all other states, for the provision of social services. Services include adult protective services, special services to persons with disabilities, adoption services, case management, health-related services, transportation support, foster care, substance use services, home-delivered meals, independent and transitional living, and employment-related services. The Social Services Block Grant is permanently authorized at $1.7 billion per year.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

TANF provides states, territories, and eligible tribes flexibility to design programs funding a wide range of services that help low-income families with children achieve economic sufficiency, including assistance so that children may be cared for in their own homes or with relatives, job preparation, work opportunities, and the formation and maintenance of two-parent families. States may transfer a portion of their TANF grant to the Child Care Development Block Grant program and the Social Services Block Grant program, increasing the

program's flexibility. Some funds are designated for welfare research, evaluation, and technical assistance. ACF has completed long -term impact evaluations on new employment strategies' effectiveness, including employment coaching and career pathways programs.

ACF-sponsored technical assistance has led to measurable improvements in state and local TANF agencies' use of administrative data to inform program improvement. Additionally, ACF projects have promoted equity in research and practice, by developing methods for engaging individuals with lived experience in the research process and analyzing data to identify racial and ethnic disparities in access to and outcomes of human services. The TANF Contingency Fund provides $608 million per year to states that meet certain economic criteria such as high unemployment.

The budget funds TANF and the TANF Contingency Fund at the FY 2024 level of $17.3 billion for FY 2025.

Legislative Proposals

Authorize Program Integrity Data Collection

Current law limits data collection about TANF expenditures, activities, and beneficiaries. The budget includes new statutory authority to collect more comprehensive TANF data, including data needed to develop an improper payment rate for TANF as required by the Payment Integrity Information Act of 2019. The budget funds implementation activities by repurposing $5 million per year from the TANF Contingency Fund for a TANF Program Integrity and Improvement Fund. [Budget Neutral]

Administration for Children and Families: Mandatory

FY 2025 ACF Mandatory Budget Proposals, Outlays

The following table is in millions of dollars.

ACF Mandatory Legislative Proposals	2025	2025-2029	2025-2034
Child Support Services and Family Support			
Enhance Repatriation Readiness	1	5	10
Improve IRS Data Disclosure to Tribal Child Support Services Agencies and Contractors	-165	-724	-1179
Subtotal, Child Support Services and Family Support	**-164**	**-719**	**-1169**
Early Care and Education			
Affordable Child Care for America	9,900	149,900	424,300
Expand Access to Free, Universal Preschool	5,000	55,000	200,000
Child Care and Preschool Interaction	--	-5,700	-24,300
Subtotal, Early Care and Education	**14,900**	**199,200**	**600,000**
Foster Care and Permanency			
Expand and Encourage Participation in the Title IV-E Prevention Services and Kinship Navigator Programs	279	1,808	4,899
Create New Flexibilities and Support in the Chafee Program for Youth Who Experienced Foster Care, Including a Post-Foster Care Healthy Transition Assistance Demonstration	126	980	2,226
Increase Support for Kinship Foster Care Placements and Guardianships	88	442	920
Provide Comprehensive Tribal Child Welfare Funding	42	277	719
Allow Tribes that Do Not Currently Receive Title IV-E Funding to be Eligible for Title IV-E Prevention Services Funding	1	11	60
Prevent and Combat Religious, Sexual Orientation, Sexual Identity, Gender Identity, Gender Expression, or Sex Discrimination in the Child Welfare System	--	--	--
Reduce Reimbursement Rates for Foster Care Congregate Care Placements	-27	-107	-180
Subtotal, Foster Care and Permanency	**509**	**3,410**	**8,644**
Promoting Safe and Stable Families			
Reauthorize, Increase Funding For, and Amend the Promoting Safe and Stable Families Program	84	1,215	2,715
Reauthorize Personal Responsibility Education Program	3	72	75
Subtotal, Promoting Safe and Stable Families	**87**	**1,287**	**2,790**
Temporary Assistance for Needy Families			
Authorize Program Integrity Data Collection	5	25	50
Subtotal, Temporary Assistance for Needy Families	**5**	**25**	**50**
Temporary Assistance for Needy Families Contingency Fund			
Impact of Authorize Program Integrity Data Collection	-5	-25	-50
Subtotal, Temporary Assistance for Needy Families Contingency Fund	**-5**	**-25**	**-50**
Total Outlays, ACF Mandatory Legislative Proposals	**15,332**	**203,178**	**610,265**

Administration for Community Living

The following tables are in millions of dollars.

Health and Independence for Older Adults	2023	2024	2025	2025 +/- 2023
Home and Community-Based Supportive Services	410	410	410	--
Nutrition Programs	1,067	1,067	1,149	+83
Native American Nutrition and Supportive Services	38	38	38	--
Preventive Health Services, Chronic Disease Self-Management Education and Falls Prevention	42	42	42	--
Aging Network Support Activities	30	30	40	+10
Subtotal, Health and Independence	**1,587**	**1,587**	**1,680**	**+93**
Caregiver and Family Support Services	**2023**	**2024**	**2025**	**2025 +/- 2023**
Family Caregiver Support Services	205	205	205	--
Native American Caregiver Support Services	12	12	12	--
Alzheimer's Disease Program	32	32	32	--
Lifespan Respite Care Program	10	10	10	--
Subtotal, Caregiver Services	**259**	**259**	**259**	--
Protection of Vulnerable Older Adults	**2023**	**2024**	**2025**	**2025 +/- 2023**
Long-Term Care Ombudsman Program	22	22	22	--
Prevention of Elder Abuse and Neglect	5	5	5	--
Health Care Fraud and Abuse Control Program (Senior Medicare Patrol)[141]	36	37	35	-1
Elder Rights Support Activities and Elder Justice Adult Protective Services	34	34	34	--
Subtotal, Protection of Vulnerable Older Adults	**97**	**98**	**96**	**-1**
Disability Programs, Research, and Services	**2023**	**2024**	**2025**	**2025 +/- 2023**
Developmental Disability Programs	181	181	184	+3
Independent Living Programs	128	128	132	+4
National Institute on Disability, Independent Living, and Rehab Research	119	119	119	--
Traumatic Brain Injury Program	13	13	13	--
Limb Loss Resource Center	4	4	4	--
Paralysis Resource Center	11	11	11	--
Subtotal, Disability Programs, Research, and Services	**457**	**457**	**464**	**+7**
Consumer Information, Access, and Outreach	**2023**	**2024**	**2025**	**2025 +/- 2023**
Assistive Technology	40	40	40	--
Aging and Disability Resource Centers	9	9	9	--
Voting Access for People with Disabilities	10	10	10	--
State Health Insurance Assistance Program	55	55	55	--
Medicare Improvements for Patients and Providers Act (Mandatory)[142]	47	50	50	+3
Subtotal, Consumer Information, Access, and Outreach	**161**	**164**	**164**	**+3**
Other Programs, Total and Less Funds from Other Sources	**2023**	**2024**	**2025**	**2025 +/- 2023**
ACL Program Administration	47	47	55	+8
Congressionally Directed Community Projects	42	42	--	-42
White House Conference on Aging	-	-	3	+3
Total, Program Level[143]	**2,649**	**2,653**	**2,719**	**+70**

[141] Includes Health Care Fraud and Abuse Control Wedge allocations of $1.3 million in FY 2023 and $2.4 million in FY 2024. FY 2025 Wedge allocations are not yet determined.

[142] FY 2023 column reflects mandatory sequestration of 5.7 percent. FY 2024 and FY 2025 columns reflect proposed reauthorization of mandatory funding for these activities.

Health and Independence for Older Adults	2023	2024	2025	2025 +/- 2023
Less Funds from Other Sources	-111	-115	-113	-2
Total, Budget Authority[143]	**2,538**	**2,538**	**2,606**	**+69**

The Administration for Community Living maximizes the independence, well-being, and health of older adults, people with disabilities across the lifespan, and their families and caregivers

The Administration for Community Living (ACL) was created around the fundamental principle that all people, regardless of age or disability, should be able to live independently, participate fully in their communities, and control decisions about their lives.

ACL's programs help make this principle a reality for millions of Americans. They work together to support health, independence, resilience, and self-sufficiency, which play a critical role in reducing the costs of healthcare, especially for people with complex needs. ACL works closely with states, tribes, the aging and disability networks, and, most importantly, directly with older adults and people with disabilities, to ensure that its programs are tailored to the unique needs of the people they serve.

With the appropriate services and supports, disabled people and older adults can live in their own homes or in other community settings. Community living is overwhelmingly preferred, more cost-effective, and leads to better health outcomes than living in institutions. Communities are stronger when everyone is included, valued, and able to contribute. ACL remains committed to making community living an option for every American, and the budget aligns with that commitment.

In FY 2025, the President's Budget provides $2.7 billion for ACL, an increase of $70 million above FY 2023. This request maintains funding for most ACL programs, sustaining the progress made in recent years to begin to address the significant unmet needs of older adults and people with disabilities. The budget also includes small but strategic investments in several key priorities:

- Increasing access to critical community living services - The demand for services provided through ACL's programs has risen sharply in recent years and continues to grow. Additional investments will ensure people have access to services needed to live in their communities.
- Emergency preparedness and response – Addressing the disproportionate impact to people with disabilities and older adults by improving emergency planning and creating capacity to respond to surges during disasters.
- Establishing adequate infrastructure - Significant increases in ACL's responsibilities in recent years, combined with the increasing complexity of requirements for ensuring accessibility and information technology security have increased the demands on the agency. Additional investments will address the most urgent operational needs, support fixed costs, and enable program oversight.

[143] Totals may not add due to rounding. FY 2023 column does not reflect funding obligated in FY 2023 for the National Technical Assistance Center on Kinship and Grandfamilies.

CROSS-CUTTING INITIATIVES

Many of the most complex and urgent issues that threaten community living affect both older adults and disabled people of all ages. ACL has no single program that is authorized to fund initiatives focused on the needs of *all* people ACL serves.

The FY 2025 request includes increases to three programs – Aging Network Support Activities, Developmental Disabilities Projects of National Significance, and the newly created Independent Living Projects of National Significance – which will jointly fund two initiatives focused on key issues affecting all people who need long-term services and supports. The first initiative addresses the critical shortage of professionals who provide home and community-based services, and the second initiative seeks to improve emergency preparedness and response for disabled people and older adults.

Expanding and Strengthening the Direct Care Workforce

The staffing shortage within the direct care workforce has become a dire crisis. Today more than three-quarters of service providers nationally are turning down referrals, and half are discontinuing services[144]. As a result, many people who need services cannot get them, and those who receive services often experience disruptions and inconsistent quality. This jeopardizes the health and safety of the people receiving services, increases demands on family caregivers, and ultimately threatens to reverse decades of progress in community living.

In 2022, ACL established the Direct Care Workforce Strategies Center to provide technical assistance, training, and other resources to state systems, service providers, and aging and disability stakeholders to improve recruitment, training, and retention of these critical professionals. The FY 2025 request includes $10 million to expand the Direct Care Workforce Strategies Center and fund capacity-building grants to states to support building partnerships among state Medicaid, aging, disability, and workforce agencies; coordinating and leveraging programs and funding streams; and developing and testing strategies to attract, train and retain direct care professionals.

Emergency and Disaster Preparedness and Response

People with disabilities and older adults are disproportionately impacted in all types of disasters. Lack of accessible transportation and emergency shelters and other barriers often mean they are unable to evacuate their homes safely. When they do evacuate, they can be unnecessarily placed in nursing homes and other facilities and may be unable to return home when the emergency ends. They also face higher rates of death and injury during emergencies and disasters. In addition, the need for services provided by ACL's networks spikes during and immediately following disasters, and demand frequently outstrips capacity. The FY 2025 budget includes a new investment of $5 million to improve emergency planning and create surge capacity to respond to crisis needs. Specifically, ACL will establish a national center to provide training, technical assistance, and partnership development support to ACL's networks, emergency management authorities, and public health systems. In addition, ACL will fund demonstration grants to develop inclusive disaster planning models and increase capacity for meeting needs during emergencies.

HEALTH AND INDEPENDENCE FOR OLDER ADULTS

ACL's Health and Independence for Older Adults programs provide an interconnected foundation of services that help older people remain healthy and independent in homes in their communities, avoiding expensive institutional care.

Home and Community-Based Supportive Services

The budget requests $410 million for Home and Community-Based Supportive Services programs, which provide a variety of services that help older adults age in place. These include transportation services, personal care assistance, and more.

According to the 2019 Medicare Beneficiary Survey, nearly a quarter of adults aged 65 and older, and almost half of those who are 85 or older, are unable to perform 1 or more critical activities of daily living. In addition, nearly three-quarters of people who are 65 or older have at least 2 chronic conditions. Providing a variety of supportive services that meet the diverse needs of these individuals is crucial to enabling them to remain healthy and independent in their homes and

[144] Harootunian L, Perry K, Buffett A, Serafini M, O"Gara, Hoagland GW. Addressing the Direct Care Workforce Shortage. Bipartisan Policy Center. 7 December 2023.

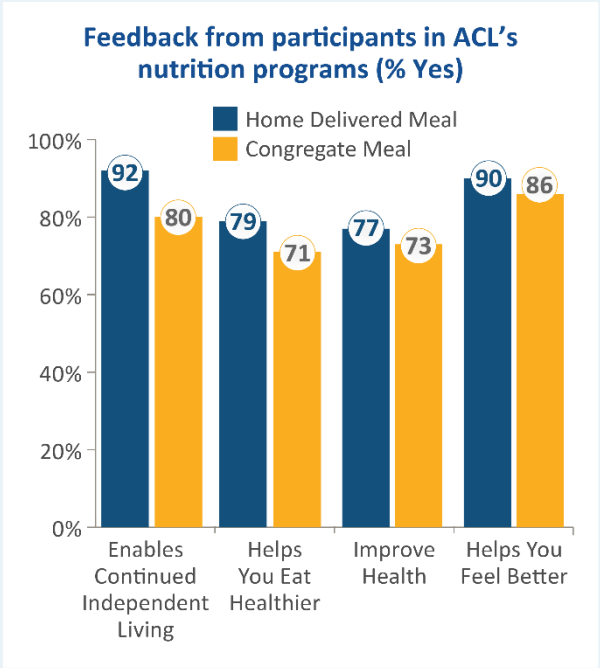
communities and avoid unnecessary, expensive nursing home care.

Nutrition Services for Older Adults

The Nutrition Services programs provide home-delivered meals and meals served in group settings, such as community centers, nutrition screening and assessments, education, and counseling to reduce hunger, food insecurity, and malnutrition. In FY 2022, programs provided an estimated 262 million meals. For more than half of people participating in the programs, these meals represented at least half of their total food for the day.

The programs help older adults stay engaged and connect them to other in-home and community-based supportive services that work together to delay complications of chronic disease and slow the decline that often leads to placement in nursing homes and other facilities.

ACL'S NUTRITION PROGRAMS SUPPORT OLDER AMERICANS



The FY 2025 request for Nutrition Services programs is $1.1 billion, an increase of $83 million above FY 2023. The additional funding will offset significant increases in the cost of providing meals, which otherwise would result in fewer meals provided in FY 2025 than in FY 2023. This additional investment will enable ACL to serve the same amount of people estimated to have been served in FY 2023. ACL investment in the Nutrition Services program provides medical nutrition therapy and medically tailored meals for patients transitioning from hospital to home; while enhancing statewide low cost congregate meal participation in urban and rural communities. The programs generate an average of $4 from non-federal sources per dollar provided through these programs. In addition to stretching ACL's funding to reach more people, the budget will increase funding available to cover expenses such as labor, transportation, or equipment costs, none of which are allowable under the Nutrition Services Incentive Program and all of which significantly affect the number of meals provided.

Preventive Health, Chronic Disease Management, and Falls Prevention

The incidence of chronic diseases such as arthritis, cancer, and diabetes in older adults is increasing as Americans live longer. Each year, approximately 25 percent of older adults report falling, with 3 million falls resulting in emergency room visits[145]. The budget includes $26 million for Preventive Health Services, $8 million for Chronic Disease Self-Management Education, and $8 million for Falls Prevention programs. These programs help participants improve strength, balance, and mobility and maintain their overall health, which helps them continue to live independently and can reduce healthcare costs.

Native American Nutrition and Supportive Services

The request includes $38 million for grants to tribal organizations to provide critical services tailored to the unique needs of tribal elders and support training and technical assistance for the development of comprehensive and coordinated systems of services to meet the needs of Native American elders. This maintains the expansion of services that have been possible with the funding increases over the last several years.

Aging Network Support Activities

The Aging Network Support Activities program provides funding and technical assistance to help states, tribes, and providers of aging services expand capacity and improve the effectiveness and efficiency of the systems

[145] Kingston, A., L. Robinson, H. Booth, M. Knapp, C. Jagger. 2018. Projections of multi-morbidity in the older population in England to 2035: estimates from the Population Ageing and Care Simulation (PACSim) model. Age and Ageing; 47: 374–380. https://doi.org/10.1093/ageing/afx201.

that help older people live independently in their communities. Through the Aging Network Support Activities program, ACL also funds resources to help older adults and their families connect to local services and resources.

The budget requests $40 million, an increase of $10 million above FY 2023. The majority of this increase ($9 million) will be used, along with funding from 2 of ACL's disability programs, to fund the cross-cutting initiatives described above. With the remaining $1 million, ACL will partner with SAMHSA to prevent suicide among older adults. The initiative will leverage ACL's aging network and SAMHSA's mental health networks to increase screening, intervention, and referrals to connect older adults to mental health services and other interventions. The network organizations that ACL partners with will train service providers to improve their ability to meet the unique needs of older people.

PROTECTION OF VULNERABLE OLDER ADULTS

Elder abuse and neglect rob older adults of their fundamental human rights and often their health and independence. The FY 2025 budget request includes a total of $96 million to maintain support for ACL's programs that work together to uphold the rights of older adults and prevent, detect, and respond to elder abuse, neglect, and exploitation, as follows:

- $4 million for Elder Rights Support Activities;
- $5 million for Prevention of Elder Abuse and Neglect;
- $22 million for the Long-Term Care Ombudsman Program;
- $30 million for Elder Justice and Adult Protective Services, which will sustain the increases received in FY 2023 to begin to address needs that have grown significantly in recent years; and
- $35 million for the Senior Medicare Patrol program.

CAREGIVER AND FAMILY SUPPORT SERVICES

Each year, more than 53 million people provide a broad range of assistance to support the health, quality of life, and independence of a person close to them who needs assistance due to age, disability, or chronic health conditions[146]. Another 2.7 million grandparent caregivers[147], and an unknown number of other relative caregivers, care for children who cannot remain with their parents.

When caregivers do not have the support needed, their health, well-being, and quality of life often suffer. Their financial future also can be put at risk; lost income due to family caregiving is estimated at $522.0 billion each year[148]. When the challenges become overwhelming and family caregivers can no longer provide support, the people they care for often are left with no choice but to move to nursing homes or other institutions or to enter foster care.

ACL's Caregiver and Family Support Services programs provide services that help family caregivers balance caregiving with work and other responsibilities. Nearly three-quarters of the people served by these programs report that these services allow them to provide care longer than they otherwise could have. The budget request includes $259 million for these programs, which continues increases provided in recent years to support nationwide implementation of the 2022 National Strategy to Support Family Caregivers. The

[146] https://www.aarp.org/content/dam/aarp/ppi/2020/05/full-report-caregiving-in-the-united-states.doi.10.26419-2Fppi.00103.001.pdf Page 4. Accessed 22 February 2024

[147] Cancino A. (2016). More grandparents raising their grandchildren. *Associated Press*. Retrieved from http://www.pbs.org/newshour/rundown/more-grandparents-raising-their-grandchildren/.

[148] https://www.rand.org/news/press/2014/10/27.html Key Findings accessed on February 22,2024.

budget also includes $16 million for the Native American Caregiver Support Services program, which funds additional caregiver support services for American Indian and Alaskan Native people and Native Hawaiian elders.

Supporting Families Affected by Alzheimer's Disease

Approximately 5.3 million individuals are living with Alzheimer's disease and related dementias, and this number is projected to grow by 300 percent by 2050. Due to the progressive nature of dementia, family caregivers often need more support and assistance over time. The budget requests $32 million for ACL's Alzheimer's Disease Program, which maintains the increases provided in recent years. ACL proposes to fund formula grants to every state to support national implementation of the proven and effective models developed over the last two decades through the program's demonstration grant. ACL will also continue to invest in development and testing of new approaches to better meet the unique needs of the families affected by these devastating illnesses.

MAKING COMMUNITY LIVING POSSIBLE FOR PEOPLE WITH DISABILITIES

ACL's programs provide direct services and support capacity-building, research, and systems change advocacy to expand and improve opportunities for people with disabilities and increase access to the services and supports they need to lead self-determined lives and fully participate in their communities.

Disability Information and Assistance Line

Even when services and resources are available to help people live in the community, it can be very challenging for people to access them. People often have questions about which programs will best meet their needs, whether they are eligible, how to enroll, and how to coordinate services. Without assistance to navigate these systems, people often do not receive the help they need to live independently.

The Disability Information and Assistance Line is a national hotline that connects disabled people to a broad range of local services to support community living. These include transportation, housing, legal assistance, assistance with Medicaid redeterminations, and more. As of January 15, 2024, the Disability Information and Assistance Line had responded to almost 100,000 calls, emails, texts, and online chats, and volume continues to increase as more people become aware of the services. Initially established to help disabled people access COVID-19 services, the Disability Information and Assistance Line was funded through FY 2023 with supplemental funding. The budget includes $1 million to continue operations of this critical resource, funded jointly by the Independent Living programs and the Developmental Disabilities Projects of National Significance.

Independent Living Programs

ACL's Independent Living programs provide services and supports, training, and other resources to help people with disabilities live the lives they want to lead in their communities. They also advocate to ensure the needs of disabled people are reflected in policies and programs and foster partnerships and collaboration between programs and organizations that support community living.

The Centers for Independent Living program provides grants to more than 350 community-based, nonprofit agencies that are led by disabled people and provide a comprehensive range of services that help people with all types of disabilities live and fully participate in their communities. These include training and peer support for developing independent living skills; assistance navigating systems of services and supports and connecting to services; and support to young disabled people who are transitioning to adulthood. They also are at the forefront of helping people move back to the community from nursing homes and other institutions.

The budget includes $132 million for Independent Living Programs, which is $4 million above FY 2023. This includes $26 million for Independent Living State Grants and $102 million for Centers for Independent Living, which maintains the small, but important, increases provided in recent years to begin to address unmet needs for services. The budget also includes $4 million for the new Independent Living Projects of National Significance program, which was created to provide a mechanism for ACL to make investments in innovation within the independent living programs and fund initiatives that address the needs of people with all types of disabilities. With this increase, the Independent Living Projects of National Significance program will support the three jointly funded cross-program initiatives described above.

Improving Systems to meet the Needs of People with Intellectual and Developmental Disabilities

People with intellectual and developmental disabilities often experience increased barriers to community living. Upholding their right to fully participate in the community requires each state to develop and maintain a comprehensive and coordinated system that includes services and supports, training, education, advocacy, research, and information sharing. Collectively, these efforts ensure accessibility of healthcare, education, transportation, and other critical services that are necessary for community living. To support states in developing those systems, the budget includes $43 million for University Centers for Excellence in Developmental Disabilities and $81 million for State Councils on Developmental Disabilities, which maintains the increases received in recent years.

The budget also includes $15 million for the Developmental Disabilities Project of National Significance program, which funds projects to address the most pressing issues that affect people with intellectual and developmental disabilities and their families. This increase of $3 million above the FY 2023 will support the 3 jointly funded cross-program initiatives described above.

Protecting Rights of People with Intellectual and Developmental Disabilities

Developmental Disabilities Protection and Advocacy systems play a critical role in protecting the health and welfare of people with intellectual and developmental disabilities and ensuring they have the opportunity to fully participate in their communities. They also serve as advocates and advisors to support states and communities in expanding community living options. The budget includes $45 million for the Developmental Disabilities Protection and Advocacy program, which continues critical increases provided in recent years, to maintain support for critical services, such as legal assistance, support for transitions from institutions to homes in the community; information and referral; individual and systems advocacy; monitoring to identify abuse and neglect and investigating allegations; and more.

Advancing Disability Research

The National Institute on Disability, Independent Living, and Rehabilitation Research sponsors comprehensive and coordinated programs of research, training, knowledge translation, and capacity-building to improve opportunities for disabled people. ACL's research contributes to an evidence base that informs the development of programs and policies, services and supports, assistive technology, and other products, as well as interventions to improve health and function, competitive integrated employment options, and full access and participation in the community for people with disabilities. The budget includes $119 million, which maintains the increases provided over the last several years, to support research to address real-life problems and challenges faced by disabled people.

Limb Loss, Paralysis, and Traumatic Brain Injury

An estimated 2 million people live with limb loss or limb difference and an estimated 185,000 amputations are performed every year in the United States.[149] The budget includes $4 million to maintain funding for the

[149] Ziegler-Graham K, MacKenzie EJ, Ephraim PL, Travison TG, Brookmeyer R. Estimating the Prevalence of Limb Loss in the United States: 2005 to 2050. Archives of Physical Medicine and Rehabilitation 2008;89(3):422-9. https://pubmed.ncbi.nlm.nih.gov/18295618/.

Limb Loss Resource Center, which provides peer support, access to assistive technology and supportive services, and information to assist people with limb loss in making informed choices and accessing effective rehabilitation services.

One in 50 Americans report having some form of paralysis.[150] The budget includes $11 million to maintain funding for the Paralysis Resource Center to support a comprehensive range of information and services to foster community participation, promote health, and improve quality of life for people with paralysis.

People with traumatic brain injuries often experience long-term and debilitating effects from their injuries. They also face fragmented service systems that do not adequately address their needs. The FY 2025 budget includes $13 million, the same as FY 2023, for the Traumatic Brain Injury program, which develops comprehensive state and community traumatic brain injury systems and works with states to streamline access.

CONSUMER INFORMATION, ACCESS, AND OUTREACH

ACL's consumer information, access, and outreach programs help older adults and people with disabilities make informed decisions and access supportive services in their communities.

Aging and Disability Resource Centers

With support from ACL, states have developed or expanded "No Wrong Door" systems for people to access services provided by a variety of state agencies through a single, standardized process. Aging and disability resource centers provide one-on-one counseling and other services to help people access the services and supports needed to meet their individual needs.

State Health Insurance Assistance Program

The budget includes $55 million for the State Health Insurance Assistance program. This program provides one-on-one counseling to individuals who are eligible for Medicare, including those who also are eligible for Medicaid, to help make informed decisions about health insurance and to enroll in the plans that best meet their needs. Through this program, nearly 11,500 counselors in over 2,000 community-based organizations assisted 4.3 million people in 2022.

Voting Access for People with Disabilities

The budget provides $10 million to help ensure individuals with disabilities can exercise their right to vote. Grantees provide a variety of direct services to support disabled people with registration and casting their vote. They also advise and support communities and states to help improve the overall accessibility of the voting process and monitor and address accessibility issues.

Assistive Technology

The budget maintains the FY 2023 level of $40 million to help people with disabilities and their families obtain assistive technology devices and services.

Medicare Improvements for Patients and Providers Act Reauthorization

The budget also proposes to reauthorize the Medicare Improvements for Patients and Providers Act of 2008 programs at $50 million annually from FY 2025 to FY 2029, and to appropriate this mandatory funding directly to ACL. This funding supports the National Benefits Outreach and Enrollment Assistance Center, State Health Insurance Assistance Programs, Area Agencies on Aging, and Aging and Disability Resource Centers to provide more intensive healthcare counseling for people who are eligible for both Medicare and Medicaid and those who key programs can save them money, including Extra Help, which lowers Medicare Part D costs. ACL will award a single combined grant, rather than three separate grants, to states in which the State Health Insurance Assistance Programs, area agencies on aging, and aging and disability resource centers are co-housed or managed. This change will increase program efficiency and reduce burden on grantees.

WHITE HOUSE CONFERENCE ON AGING

The White House Conference on Aging provides a dedicated forum for the President, Congress, states and tribes, federal agencies, the aging services networks, and other stakeholders to convene to plan the nation's aging policy. The budget includes

[150] Armour, Brian S., Elizabeth A. Courtney-Long, Michael H. Fox, Heidi Fredine, and Anthony Cahill. Prevalence and Causes of Paralysis—United States, 2013. Issue brief. Christopher and Dana Reeve Foundation, 23 Aug. 2016. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5024361/.

$3 million to support the event enabling stakeholder input on a wide breath of aging issues.

ESTABLISHING ADEQUATE INFRASTRUCTURE

ACL's significant increase in responsibilities in recent years, combined with the growing complexity of those functions, have created needs that exceed staff capacity and current resources. Fixed costs have also increased significantly in recent years. The budget includes an increase of $8 million in Program Administration to support ACL's operations and program administration. Specifically, ACL requests $6 million to cover increases in fixed costs, such as rent, payroll, and shared services, which otherwise will require reductions in full-time equivalents to cover, and $2 million to fund 10 additional full-time equivalents , including 1 dedicated full-time equivalent to support ACL's new tribal consultation program. These modest investments will have an outsized impact on ACL's ability to meet its mission and ensure its programs are administered effectively and efficiently.

Establishing a Tribal Consultation Policy

Within the increase for Program Administration, the request includes $1 million to establish an ACL-specific tribal consultation program to complement ACL's participation in HHS-wide tribal consultations and result in more frequent and direct engagement with tribal leaders on issues specific to tribal elders and disabled people in tribal communities.

Administration for Strategic Preparedness and Response

The following table is in millions of dollars.

Administration for Strategic Preparedness and Response	2023[151][152]	2024[138,153]	2025	2025 +/- 2023
Preparedness and Emergency Operations	31	31	31	--
National Disaster Medical System	97	97	66	-31
Health Care Readiness and Recovery	305	305	317	+12
Medical Reserve Corps	6	6	6	--
Preparedness and Response Innovation	3	3	--	-3
Biomedical Advanced Research and Development Authority	950	950	970	+20
Project BioShield	820	820	820	--
Pandemic Influenza	328	328	328	--
Strategic National Stockpile	965	965	965	--
HHS Coordination Operations and Response Element	75	75	75	--
Operations	34	34	80	+45
Policy and Planning	15	15	15	--
Biodefense Production of Medical Countermeasures and Essential Medicines	--	--	95	+95
Total, Budget Authority	**3,630**	**3,630**	**3,768**	**+138**
Total, Program Level	**3,630**	**3,630**	**3,768**	**+138**
Strengthening Biodefense, Mandatory (non-add)[154]	--	--	*10,540*	*+10,540*
Full-Time Equivalents	1,246	1,270	1,463	+193

The Administration for Strategic Preparedness and Response's mission is to assist the country in preparing for, responding to, and recovering from public health emergencies and disasters.

The Administration for Strategic Preparedness and Response (ASPR) assists the country in preparing for, responding to, and recovering from public health emergencies and disasters. ASPR accomplishes this mission in several ways, including developing, stockpiling, and distributing medical countermeasures to use against significant threats; deploying clinical response teams in times of crisis; and ensuring healthcare and public health partners have the tools and information needed to navigate today's challenges and confront those that come tomorrow.

The FY 2025 President's Budget includes $3.8 billion for ASPR, an increase of $138 million above FY 2023. The funding increase will activate integrated federal capabilities in response to disasters of all kinds and build new biodefense and cybersecurity functions as ASPR prepares for ever-evolving public health threats.

MEDICAL COUNTERMEASURES AND BIODEFENSE

ASPR supports medical countermeasures through a pipeline of advanced research and development, scaling up manufacturing capabilities, procurement, stockpiling, and distribution. ASPR focuses on lifesaving medical countermeasures that counter chemical, biological, radiological, and nuclear threats. ASPR's engagement is especially important when there is no significant commercial market for the medical countermeasures.

Strengthening Biodefense and Domestic Production of Medical Countermeasures and Essential Medicines

The FY 2025 budget advances the nation's biodefense capabilities in critical ways. These include new discretionary funding investments in the domestic manufacturing of medical countermeasures and

[151] ASPR received FY 2023 and FY 2024 Continuing Resolution funding via appropriation to the Public Health and Social Services Emergency Fund. The FY 2024 and FY 2025 budgets propose ASPR receive its own appropriation.
[152] The FY 2023 column reflects final levels, including required and permissive transfers.
[153] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15).
[154] Strengthening Biodefense to Protect Against 21st Century Biothreats is reflected in the Public Health and Social Services Emergency Fund chapter.

pharmaceutical ingredients, and an HHS-wide mandatory proposal to make comprehensive investments in biodefense.

The budget includes $95 million to onshore production of medical countermeasures and active pharmaceutical ingredients used in essential medicines. This funding will deepen HHS's visibility of the medical supply chain to include priority drugs and devices on the Food and Drug Administration's essential medicines list. This new discretionary program will make progress on key government-wide goals, such as the National Biodefense Strategy and Made in America. ASPR's new Industrial Base Management and Supply Chain office, in coordination with other ASPR programs, will lead this new effort.

The FY 2025 budget includes an HHS-wide investment of $20.0 billion in mandatory funding to promote biodefense against twenty-first century health threats. As part of that plan, ASPR will invest $10.5 billion to conduct advanced research and development of vaccines, therapeutics, and diagnostics for high-priority viral families; scale up domestic manufacturing capacity for medical countermeasures; and support the public health workforce. This investment would:

- Expand the nation's manufacturing capacities, especially surge capacity for medical countermeasures, personal protective equipment, and other medical supplies;
- Support end-to-end advanced development and scale-up of prototype vaccines and therapeutics against the viral families most likely to cause biodefense threats in the future;
- Support the advanced development and procurement of diagnostics, disease surveillance technologies, and next-generation personal protective equipment; and
- Replenish and modernize stockpiles, including those needed for a potential future pandemic.

Biomedical Advanced Research and Development Authority

The Biomedical Advanced Research and Development Authority (BARDA) supports the development and procurement of medical countermeasures that can respond to chemical, biological, radiological, and nuclear threats. BARDA partners with industry leaders to develop these countermeasures to ensure the nation is prepared to respond to emerging infectious diseases, pandemic influenza, and other threats. As of January 2024, BARDA has supported 86 products through FDA approval.

The FY 2025 budget provides $970 million for BARDA, which is $20 million above FY 2023. This increase will be used to develop new countermeasures to combat antimicrobial resistance. Overall, the budget will be used to steward critical countermeasures toward FDA approval, including those against Ebola, Marburg and Sudan virus, and MPox, among many others.

Additionally, the budget provides $328 million for ASPR's Pandemic Influenza program, which pursues an end-to-end strategy to prepare for the next influenza pandemic. Through this strategy, BARDA supports the development, licensure, and manufacture of products that can better detect, treat, and prevent pandemic influenza. This includes supporting the modernization of influenza vaccines, expanding U.S.-based vaccine manufacturing to better handle surges in demand, and developing alternate vaccine manufacturing and delivery methods.

Project BioShield

Project BioShield helps build and sustain a pipeline of critical medical countermeasures by supporting the late-stage development of promising candidates and the procurement of tests, vaccines, and therapeutics, including many products for which there is no significant commercial market. The countermeasures are essential tools for national preparedness and response programs. Since FY 2005, ASPR has invested in 39 unique medical countermeasures candidates that address threats such as anthrax, smallpox, antibiotic-resistant microbes, botulism, Ebola, and radiological and nuclear injury. Thirty-two of the resulting products have been delivered to the Strategic National Stockpile or procured as vendor-managed inventory.

The budget provides $820 million for Project BioShield, flat with FY 2023. These funds will be used to move key medical countermeasures candidates along the development pipeline, including Phase 2 and 3 clinical trials, establishment of manufacturing processes, expansion and validation of scaled manufacturing, and procurement.

Strategic National Stockpile

The Strategic National Stockpile is a reserve of FDA-approved pharmaceuticals, lifesaving medical supplies, medicines, and devices, that stand ready for rapid deployment to states, tribes, territories, and

metropolitan areas in the event of chemical, biological, radiological, or nuclear threats. Stockpile products are deployed during public health emergencies to supplement the critical medical supplies of states, tribes, territories, and localities. ASPR's medical logistics capabilities enable ASPR to move personnel, equipment, and supplies anywhere across the nation within hours, allowing for timely deployment of medical countermeasures during an emergency.

The FY 2025 budget funds the Strategic National Stockpile at $965 million, flat with FY 2023. Funds will support the maintenance, storage, and replenishment of existing stockpile products, while allowing the Stockpile to procure new medical countermeasures previously supported by BARDA.

RESPONSE OPERATIONS AND HEALTH CARE READINESS

ASPR ensures the effective coordination of agency preparedness activities and assists in the readiness of American medical infrastructure to handle surge events caused by human-instigated and naturally occurring threats and hazards. ASPR provides operational leadership and policy coordination, and orchestrates a nationwide infrastructure of medical response capability to offer immediate personnel and resource deployment wherever a crisis may occur.

Operations

ASPR's Operations budget line provides operational oversight and support for all agency programs. The FY 2025 budget provides $80 million, which is a $45 million increase from FY 2023. To support continually expanding mission responsibilities as a result of ASPR's elevation to an Operating Division, this funding increase will allow ASPR to build human capital functions that meet ASPR's specific mission-based needs, invest in a robust information technology infrastructure, grow acquisition capabilities, and support financial management effectiveness and efficiencies. The budget also includes a proposal for ASPR to establish a working capital fund, which will allow for more efficient and transparent management of centralized costs.

Health Care Readiness and Recovery

Health Care Readiness and Recovery includes programs and activities that engage partners from all 50 states, U.S. territories, and freely associated states to prepare the healthcare sector to provide innovative, coordinated, and lifesaving care in the face of emergencies and disasters. The FY 2025 budget provides $317 million for Health Care Readiness and Recovery, an increase of $12 million above FY 2023. This increase will be used to build ASPR's cybersecurity functions to improve Department-wide responses to cyber incidents affecting the Healthcare and Public Health Sector, in support of the National Cybersecurity Strategy, released March 2023[155]. ASPR is the Sector Risk Management Agency for the Healthcare and Public Health Sector, and this additional funding will mature HHS's "one-stop-shop" cybersecurity support function for this sector. Funding will also maintain current capabilities and continue efforts to build out regional response capacity, develop information networks to support relationships with external healthcare partners, and support special pathogen readiness at the local and regional levels.

National Disaster Medical System

The National Disaster Medical System mobilizes emergency medical response personnel and supplies to support U.S. government responses to public health emergencies and disaster events. The budget proposes $66 million for this program, a decrease of $31 million below FY 2023. The budget prioritizes resources for

[155] https://www.whitehouse.gov/wp-content/uploads/2023/03/National-Cybersecurity-Strategy-2023.pdf

the most impactful programs within this portfolio, and discontinues lower priority activities.

Preparedness and Response Innovation

The FY 2025 budget proposes to eliminate the Preparedness and Response Innovation program, which was funded at $3 million in FY 2023.

Medical Reserve Corps

The Medical Reserve Corps network comprises more than 300,000 civilian volunteers in roughly 750 community-based units, all committed to improving local emergency response capabilities, reducing vulnerabilities, and building community preparedness and resilience. These volunteers are comprised of everyday medical and public health professionals, and community members without healthcare experience, who donate their time to bolster community preparedness and emergency response infrastructure. ASPR supports the Medical Reserve Corps network by providing technical assistance, coordination, communications, policy development, contract oversight, training, and other services. The budget includes $6 million for the Medical Reserve Corps, which is flat with FY 2023. This funding supports overarching national and regional coordination and technical assistance to Medical Reserve Corps unit leaders.

Preparedness and Emergency Operations

The Preparedness and Emergency Operations program leads many preparedness and coordination functions, including managing HHS's responsibilities as the coordinator of public health and medical emergency services during Stafford Act or Public Health Service Act emergency declarations and as the Health and Social Services Recovery Support Function of the National Disaster Recovery Framework. As the program that houses these functions, the Preparedness and Emergency Operations program supports the delivery of federal mass care, emergency assistance, housing, and human services when response and recovery needs exceed a state or local jurisdiction's capabilities. The program also supports HHS medical teams deployed in response to a public health emergency by providing medical supplies and services, including medical durable equipment, and coordinating emergency medical care in shelters, as needed. The FY 2025 budget includes $31 million, of which $5 million is for National Special Security Events, flat with FY 2023.

HHS Coordination Operations and Response Element

The HHS Coordination Operations and Response Element is ASPR's primary logistics and operations hub for procurement, production, and distribution of medical countermeasures during a public health emergency. The FY 2025 budget provides $75 million, flat with FY 2023. In FY 2025, this office will continue to grow and adapt its capabilities to be applicable for all hazards so HHS and the nation can be ready to respond to any threat that is to come. This funding will support the sustainment and evolution of these logistics responsibilities, including operational readiness, data and security assurance, and the development and improvement of data sharing and inventory management tools.

Policy and Planning

ASPR Policy and Planning ensures the development of and adherence to evidence-based strategies, best practices, and equitable partnerships. The program provides the policy direction and foundation for ASPR's critical work assisting the Department, the U.S. government, and the nation in preparing for, responding to, and recovering from public health emergencies. The FY 2025 budget provides $15 million for ASPR policy and planning, flat with FY 2023.

Office of the Secretary: General Departmental Management

The following table is in millions of dollars.

General Departmental Management	2023[156]	2024[157]	2025	2025 +/- 2023
Discretionary Budget Authority	537	537	533	-4
Public Health Service Evaluation Funds	65	65	75	+10
Total, Discretionary Program Level	**602**	**602**	**608**	**+6**
Full-Time Equivalents[158]	899	896	941	+32

General Departmental Management supports the Secretary's role as chief policy officer and general manager of the Department.

LEADING THE NATION'S PUBLIC HEALTH ENTERPRISE

The HHS annual budget, over $1.8 trillion, accounts for almost one of every four federal dollars, and provides more grant funding than all other federal agencies combined. The Secretary oversees HHS programs, policies, and operations to enhance and protect the health and well-being of every American. The HHS Office of the Secretary's administrative budget is less than 0.05 percent of HHS's total budget. The Office of the Secretary's budget funds leadership, policy, legal, and administrative functions for 10 Staff Divisions and provides management oversight for the Department.

The 2025 President's Budget requests a program level of $608 million for General Departmental Management, an increase of $6 million above 2023 Final. The Budget ensures health and human services policy coordination and program integrity oversight across the Department; invests in administrative and operational resources to bolster operations; and supports Administration priorities such as racial equity, environmental justice, climate change, and advances the responsible use of artificial intelligence in healthcare.

PUBLIC HEALTH POLICY COORDINATION

The Office of the Assistant Secretary for Health (OASH) comprises more than half of the General Departmental Management budget. The Office serves as the Secretary's senior advisor for public health, science, and medicine and coordinates public health policy and programs across the HHS Operating Divisions and Staff Divisions. Additionally, OASH oversees the Office of the Surgeon General and the Commissioned Corps of the U.S. Public Health Service (Corps).

OASH also oversees 11 core program offices, including the Office of Minority Health and the Office on Women's Health. These program offices lead policy coordination across the Department and federal government, and with nongovernmental partners. This coordination enables the Department to address a diverse range of public health challenges, including key elements of COVID-19 response, adolescent health, reproductive health, and ending the HIV epidemic in America. OASH focuses on supplying information and tools that empower individuals, communities, and health systems to emphasize health promotion and disease prevention.

TEEN PREGNANCY PREVENTION

The Budget includes $101 million to support community efforts to reduce teen pregnancy. The Office of Population Affairs supports grants to replicate programs proven effective through rigorous evaluation. These investments help reduce teenage pregnancy and the behavioral risk factors underlying teenage pregnancy or other associated risk factors. Funds also support demonstration projects to develop, refine, and test additional models and innovative strategies to prevent teenage pregnancy. In addition, the Budget includes $1 million for Embryo Adoption Awareness.

[156] The FY 2023 column reflects final levels, including required and permissive transfers.
[157] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15).
[158] This table does not include funding of Full-Time Equivalents for the Pregnancy Assistance Fund, allocation for Health Care Fraud and Abuse Control Program, or funding for the Physician-Focused Payment Model Technical Advisory Committee created by the Medicare Access and CHIP Reauthorization Act of 2015.

MINORITY HIV/AIDS FUND

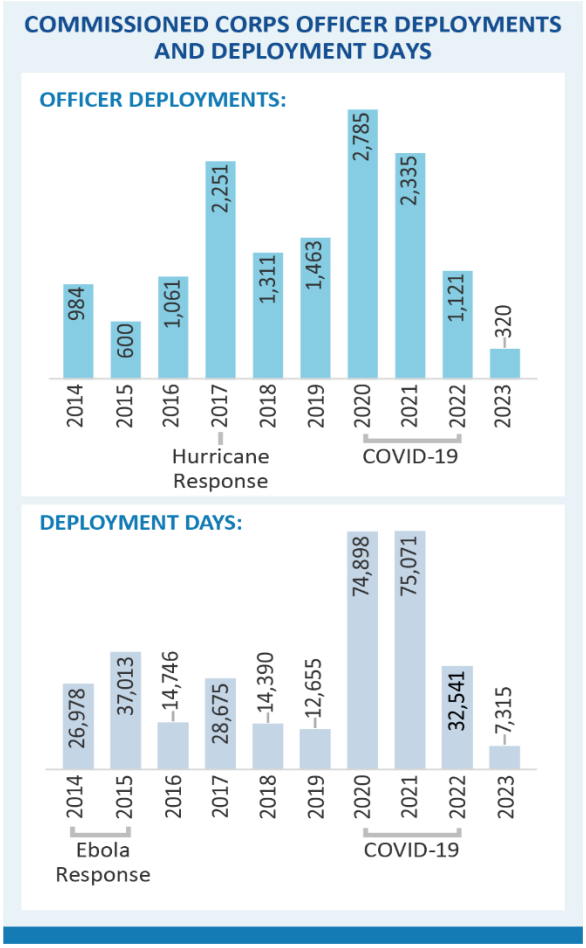
The Budget includes $60 million for the Minority HIV/AIDS Fund to reduce new HIV infections, improve HIV-related health outcomes, and reduce HIV-related health disparities for racial and ethnic minority communities by supporting innovation, collaboration, and integration of best practices, effective strategies, and promising emerging models. The Budget continues to support the management, oversight, and coordination of the *Ending the HIV Epidemic in the U.S.* initiative with a focus on capacity building, technical assistance, and training support to give communities the essential tools and resources necessary to be successful.

OFFICE OF MINORITY HEALTH

The Budget includes $75 million for the Office of Minority Health which leads, coordinates, and collaborates on minority health activities across the Department, including leadership in coordinating policies, programs, and resources to reduce healthcare disparities and advance health equity in America. Specific activities include support of the Center for Linguistic and Cultural Competency in Health Care to implement the National Standards for Culturally and Linguistically Appropriate Services in Health and Health Care. The Office supports information dissemination and education efforts, including a Resource Center, to provide information resources to increase awareness of strategies to address health disparities. In FY 2025, OASH will increase focus on areas with high rates of adverse maternal health outcomes or with significant racial or ethnic disparities in maternal health outcomes.

OFFICE ON WOMEN'S HEALTH

The Budget includes $54 million for the Office on Women's Health. The Office leads prevention initiatives, such as maternal health initiatives to address health disparities for women and health communication activities. The Office continues to support the advancement of women's health programs with other government organizations and consumer and health professional groups with a special emphasis on maternal health. In FY 2025, the Office will implement a new maternal health initiative focused on maternal blood pressure monitoring.



OFFICE OF THE SURGEON GENERAL AND THE COMMISSIONED CORPS OF THE U.S. PUBLIC HEALTH SERVICE

The Surgeon General provides Americans with the best scientific information available on how to improve their health and reduce the risk of illness and injury. The Surgeon General manages the daily operations of the Corps, which consists of approximately 5,500 uniformed public health professionals who underpin the nation's response network for public health emergencies. Corps officers, including physicians, nurses, dentists, pharmacists, social workers, and engineers have supported the U.S. government's response to natural disasters and other public health emergencies.

Between 2013 and 2019, the Corps experienced increased trends in officer deployments with over 7,800 officers deployed to support missions, some deploying multiple times for a cumulative total of over 139,000 deployment days.[159] Between 2020 and 2023,

[159] In 2020, the Corps updated its categorization criteria which narrows the definition of what qualifies as a deployment.

Corps officers deployed 6,400 times contributing to over 187,000 deployment days supporting over 1,000 different missions. Deployments included:

- Infectious disease response: COVID-19 response, Ebola airport screenings, MPox, and others.
- Border and immigration response: providing vital healthcare, cultural transitions, and mental health support.
- Natural disaster response: three hurricanes and one tornado in 2022, and additional responses between 2020 and 2021.
- Event support and response: providing support for national special security events.

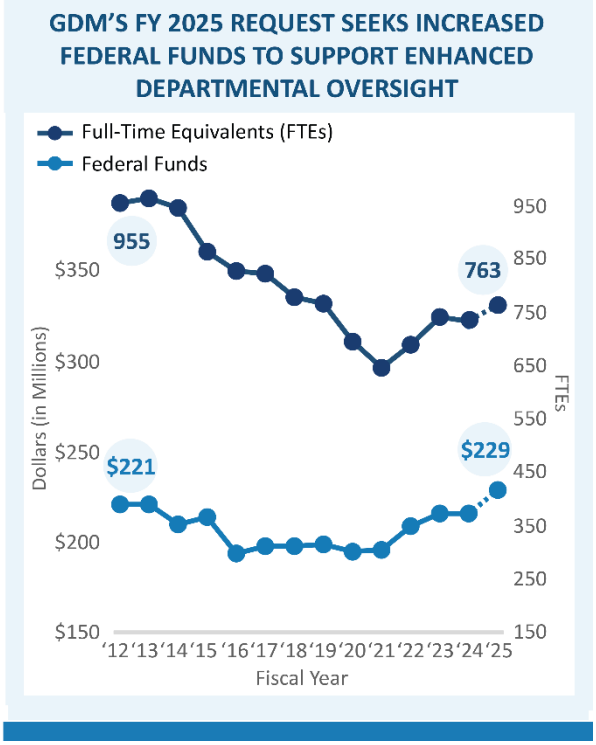
As part of reforming and improving the Corps, the Assistant Secretary for Health and the Surgeon General implemented the Ready Reserve Corps to provide surge capacity for deployments in public health emergencies and backfill critical positions left vacant during regular Corps deployments. The Ready Reserve Corps enables the Corps to have additional personnel available on short notice to respond to public health and emergency response missions. Additionally, the Public Health Emergency Response Strike Team was established to complement the Ready Reserve Corps as an additional Corps asset available for immediate deployment at the request of the President or the Secretary. Entirely dedicated to public health emergency response, the Strike Team includes full-time active-duty officers serving as the first HHS representatives on the ground. The budget does not include resources for the continuation of the Ready Reserve and Strike Team.

PROGRAM INTEGRITY OVERSIGHT AND OTHER GENERAL DEPARTMENTAL MANAGEMENT

The Budget includes $6 million for artificial intelligence activities, including overseeing the department's use of artificial intelligence and mitigating risks; $5 million for OASH's Office of Climate Change and Health Equity and Office of Environmental Justice; $3 million to continue the Children's Interagency Coordinating Council; and $1 million for the Grants Quality Service Management Office, a government-wide storefront offering multiple solutions for technology and services in the grants functional area.

The Budget also includes $227 million to support each of the Office of the Secretary's 10 Staff Divisions supported by General Departmental Management.

This funding will support administrative and operational activities to ensure program integrity oversight and address inflationary cost pressures. The Budget includes $75 million in additional evaluation funding to assess the implementation and effectiveness of public health programs, including the Teen Pregnancy Prevention program, support for the Office of the Chief Information Officer, and fund the Office of the Assistant Secretary for Planning and Evaluation.



Since FY 2012, HHS's leadership structure has managed with fewer resources and staff but with growing responsibilities. During this time, the General Departmental Management Programs, Projects, and Activities have grown steadily, a total of 27 percent. By contrast, the federal funds used to oversee the Department have decreased by 2 percent over this 13-year period.

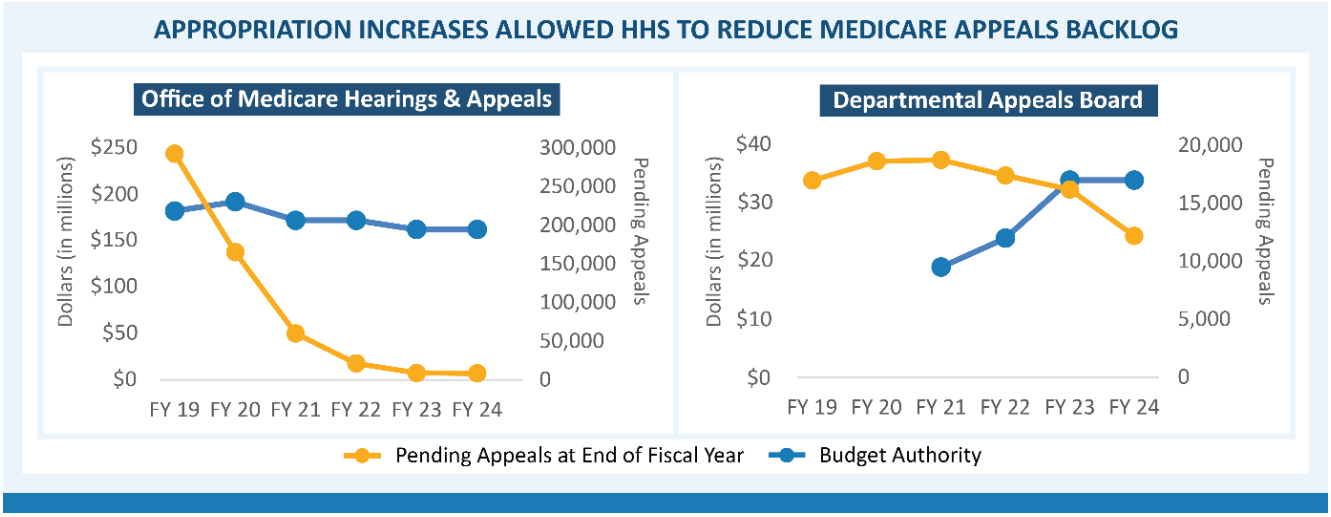
The requested budget increase for federal funds ensures program integrity and leadership oversight are at the forefront of HHS's mission delivery, including greater oversight and compliance with Freedom of Information Act requests, Grant Reporting Efficiency and Agreements Transparency (GREAT Act) implementation, updates of the Dietary Guidelines for Americans, and other departmental responsibilities that are supported by general departmental management federal funds.

Office of the Secretary: Medicare Hearings and Appeals

The following tables are in millions of dollars.

Office of Medicare Hearings and Appeals	2023	2024	2025	2025 +/- 2023
Medicare Appeals Budget Authority	162	162	159	-3
Full-Time Equivalents	863	789	683	-180
Departmental Appeals Board - Medicare	**2023**	**2024**	**2025**	**2025 +/- 2023**
Medicare Appeals Budget Authority	34	34	37	+3
Full-Time Equivalents	149	193	196	+47
Budget Total	**2023**	**2024**	**2025**	**2025 +/- 2023**
Total, Medicare Hearings and Appeals Program Level	196	196	196	--
Total, Medicare Hearings and Appeals Full-Time Equivalent	1,012	982	879	-133

The Office of Medicare Hearings and Appeals provides beneficiaries, providers, and suppliers an opportunity for a hearing on disputed Medicare claims. The Departmental Appeals Board for Medicare provides final administrative review of claims for Medicare entitlement, payment, and coverage at HHS.



Medicare Hearings and Appeals was created by Congress in FY 2020 to consolidate the costs of adjudicative expenses associated with Medicare claims appeals brought by beneficiaries and healthcare providers. The appeals process is overseen by administrative law and appeals judges at the Office of Medicare Hearings and Appeals (OMHA) and the Departmental Appeals Board (DAB).

In FY 2023, OMHA successfully reduced a decade long backlog by 98 percent. At the height of the backlog, OMHA adjudicated cases in approximately 800 days. OMHA now has the capacity to adjudicate level three appeals within the 90-day statutory timeframe. The increased adjudication rate has contributed to an increased case load at the DAB for fourth level appeals. Due to planning and coordination at the Department level, the DAB is ready and equipped to process the influx of cases.

THE APPEALS BACKLOG

The Department successfully reduced the appeals backlog though alternative dispute resolution and multiple settlement actions, increased hiring efforts, and partnership with the Centers for Medicare & Medicaid Services to better anticipate caseloads. HHS is now using similar methods to support the DAB with the incoming cases that OMHA has processed.

At the height of the backlog in FY 2016, OMHA's caseload was nearly 900,000 appeals. OMHA's current adjudicatory capacity is approximately 55,000 appeals annually, which meets the current caseload demand. The DAB continues to build capacity and competency among new staff to help reduce the appeals caseload from level three. At the start of FY 2024, the DAB had approximately 16,000 cases, down from a high of nearly 31,000 cases in FY 2017. To prevent a larger backlog, the DAB hired 3-year term appointees to assist

with the influx of cases, while also considering the longevity of staff capacity.

OFFICE OF MEDICARE HEARINGS AND APPEALS

OMHA administers the nationwide hearing process for appeals arising from Medicare coverage and payment claims for items and services furnished to beneficiaries. Now that the backlog has been resolved, OMHA projects an annual caseload of approximately 60,000 cases or less in FY 2025. The FY 2025 President's Budget proposes $159 million, a slight decrease below FY 2023. At this level, OMHA maintains vacancies to allow only the number of full-time equivalent staff needed to meet the 90-day adjudication requirement.

DEPARTMENTAL APPEALS BOARD

The DAB Medicare Appeals Council provides a final administrative review of claims for entitlement to Medicare, individual claims for Medicare coverage, and claims for payment filed by beneficiaries or healthcare providers and suppliers at HHS.

The DAB's Medicare appeals adjudication costs have been funded out of the same appropriation as OMHA since FY 2020. The FY 2025 President's Budget allocates $37 million for the DAB, a slight increase above FY 2023. The budget supports the new term-limited hires and full-time equivalents to a level that supports reducing the balance of its appeals backlog. At current capacity, HHS is expected to eliminate the backlog by the end of FY 2026.

Office of the Secretary: Office of the National Coordinator for Health Information Technology

The following table is in millions of dollars.

Office of the National Coordinator for Health IT	2023[160]	2024[161]	2025	2025 +/- 2023
Total Discretionary Budget Authority	--	--	--	--
Total Public Health Service Act Evaluation Funds	66	66	86	+20
Total, Program Level	66	66	86	+20
Full-Time Equivalents	178	180	180	+2

The mission of the Office of the National Coordinator for Health Information Technology is to create systemic improvements in health and care through the access, exchange, and use of data.

The Office of the National Coordinator for Health Information Technology (ONC) leads the federal government in health information technology (IT) efforts by supporting the development of standards and advancing policies that ensure equitable access to electronic healthcare data for all patients. ONC focuses on building a nationwide interoperable health IT infrastructure to ensure providers and patients can efficiently and securely exchange electronic information across all levels of the healthcare continuum.

The FY 2025 budget requests $86 million for ONC, an increase of $20 million above FY 2023. These resources will be provided through the Public Health Service Act Evaluation set-aside to support ONC's policy development and coordination efforts, a new Behavioral Health IT Adoption Pilot program, and operational activities needed to keep pace with the agency's growing responsibilities.

POLICY DEVELOPMENT AND COORDINATION

ONC is responsible for developing and implementing health IT policies and rulemaking through open, transparent, and accountable processes. ONC supports the exchange of information between health information networks and facilitates coordination efforts with federal, state, and local partners to inform health IT policies and interoperability needs. ONC's programs, policy development, and technology coordination activities keep market forces focused on serving the patient first.

The FY 2025 budget includes an increase of $10 million for ONC's Policy Development and Coordination work. This increase will accelerate the adoption and expansion of exchanges of electronic health information through the Trusted Exchange Framework and Common Agreement (TEFCA) and advance interoperability policy work across the United States.

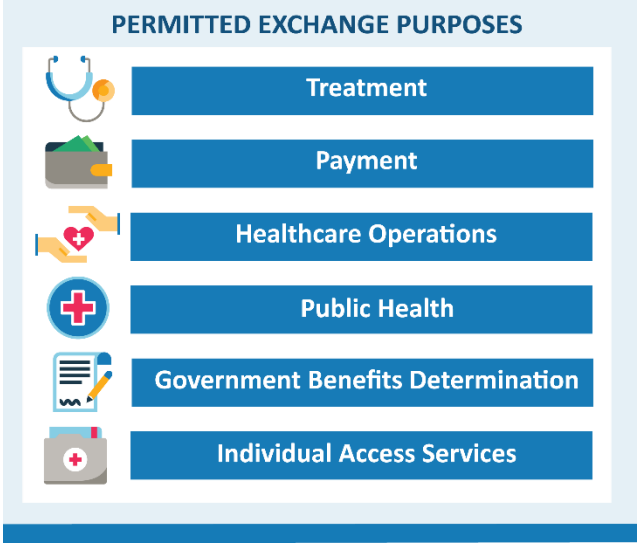
Promoting Trusted Exchange of Health Information

Since its inception in 2004, ONC has worked to create a nationwide technical floor for healthcare data interoperability, with TEFCA being the fundamental framework of that mission. TEFCA provides network-

[160] The FY 2023 column reflects final levels, including required and permissive transfers.
[161] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15).

to-network health information sharing and reduces barriers to accessing the network communication through a common legal agreement and technical standards for health information exchange. The Common Agreement was launched in January 2022 and now multiple Qualified Health Information Networks participate in TEFCA.

With increased funding in FY 2025, ONC will accelerate the adoption of TEFCA by a wide range of healthcare entities. With increased participation in TEFCA, health data will be more readily available to patients and providers, including during public health emergencies. ONC and its non-profit operational partner, The Sequoia Project—the Recognized Coordinating Entity®, will update the Common Agreement as needed to keep pace with industry needs. Additionally, ONC will provide targeted resources to support state, territorial, local, and tribal public health agencies that are seeking improved public health outcomes to leverage the entirety of the TEFCA network.



Implementing 21st Century Cures Act Final Rule

In 2023, ONC finalized the Health Data, Technology, and Interoperability: Certification Program Updates, Algorithm Transparency, and Information Sharing rule which implements the 21st Century Cures Act by promoting information sharing that gives patients easier, more secure access to their healthcare data. It also provides oversight on information blocking activities. The rule establishes first of its kind transparency requirements for artificial intelligence and other predictive algorithms as they relate to certified health IT. It also creates a platform to record certain metrics that will inform how certified health IT is used and better support healthcare delivery.

In addition to the Information Sharing rule, ONC proposed the Establishment of Disincentives for Health Care Providers That Have Committed Information Blocking rule in 2023. This rule establishes disincentives for certain healthcare providers who commit information blocking. The proposed rule complements the Office of the Inspector General's final rule that establishes civil monetary penalties for information blocking.

To supplement ONC's efforts to address emerging health IT and oversight challenges on information blocking practices, the FY 2025 budget re-proposes legislation that would allow ONC to issue advisory opinions for information blocking, which would permit HHS to issue public, legally binding advisory opinions for the information blocking regulations.

Health IT Stakeholder Coordination

ONC's collaboration and coordination activities on behalf of the Department are pivotal to achieving better health enabled by data. During FY 2025, ONC will work with:

- The Centers for Medicare & Medicaid Services to draft rules updating payment policy and programs;
- The Centers for Disease Control and Prevention to support the integration of public health data systems with modern technology;
- HHS's Office for Civil Rights to ensure and promote secure patient access to electronic health information; and
- HHS's Office of Inspector General, the Federal Trade Commission, and the U.S. Department of Justice to define and enforce data sharing standards and prohibit information blocking.

ONC will also continue to lead and engage the Health IT Advisory Committee to inform the development of federal health IT policies and the implementation of its programs impacted by the policies, as well as HHS and Administration priorities.

STANDARDS, INTEROPERABILITY, AND CERTIFICATION

ONC leads standards and interoperability work to advance the technical infrastructure necessary to implement strategies to make health information more readily available to patients and their clinicians. The FY 2025 budget includes $5 million for ONC's Standards, Interoperability, and Certification work. This increase will fund a Behavioral Health Adoption

Pilot program and enable ONC to continue to broaden efforts that align with federal agency standards adoption and use, coordinate complementary activities and investments with standards development organizations, and further the administration of priorities around equity and interoperability.

Standards Development and Technology Coordination

ONC provides technical leadership and coordination to develop standards and implementation specifications that improve interoperability and usability, equitable access for patients to their health information, and best practices for standardizing and exchanging electronic health information.

Embedded in ONC's standards and coordination work is an innovative health equity-by-design approach. This approach includes improving the use of social and behavioral health information to support better interoperability. One way that ONC puts this approach into practice is through updates to the United States Core Data for Interoperability. The most recent version updates prior versions of the standards document with a focus on advancing more accurate and complete patient characteristics data that will help promote equity, reduce disparities, and support public health data interoperability.

Behavioral Health Adoption Pilots

With additional funding for FY 2025, ONC will administer strategic pilots for Behavioral Health providers in care settings that need increased health IT adoption or improvements. Such providers were not eligible to receive incentives the Health Information Technology for Economic Clinical Health Act supplied for adopting health IT improvements, thus following behind industry standards. The goal of these strategic pilots is to advance interoperability between behavioral health providers by developing and piloting an application for psychotherapy notes, creating a catalog of behavioral health screening tools, and by consolidating the multiple systems used by first responders to enable real time access to a patient's medication history. The HHS Roadmap for Behavioral Health Integration places emphasis on the integration of behavioral health screening, treatment, and data with primary care. The roadmap notes limited adoption of technology as a barrier to such integration, which the Department is addressing by proposing a separate $1.0 billion program to advance health information technology adoption and engagement in interoperability for Inpatient Psychiatric Facilities and certain Outpatient and Residential Treatment Facilities. See the BIB Overview for more information.

ONC SUPPORTS AVAILABILITY OF CERTIFIED HEALTH IT FOR FEDERAL, STATE, AND PRIVATE PROVIDERS

20+ Federal Programs
use ONC's Health IT Certification Program accounting for hundreds of thousands of providers

Health IT Certification, Testing, and Reporting

ONC leads the Health IT Certification Program, a voluntary certification program for health IT platforms that includes standards, implementation specifications, and certification criteria. ONC-certified health IT supports the care delivered by more than 96 percent of hospitals and 78 percent of office-based physicians around the country. In FY 2025, ONC will continue updating the certification program according to the 21st Century Cures Act Final Rule and the Certified Health IT Product List and testing tools.

AGENCY-WIDE SUPPORT

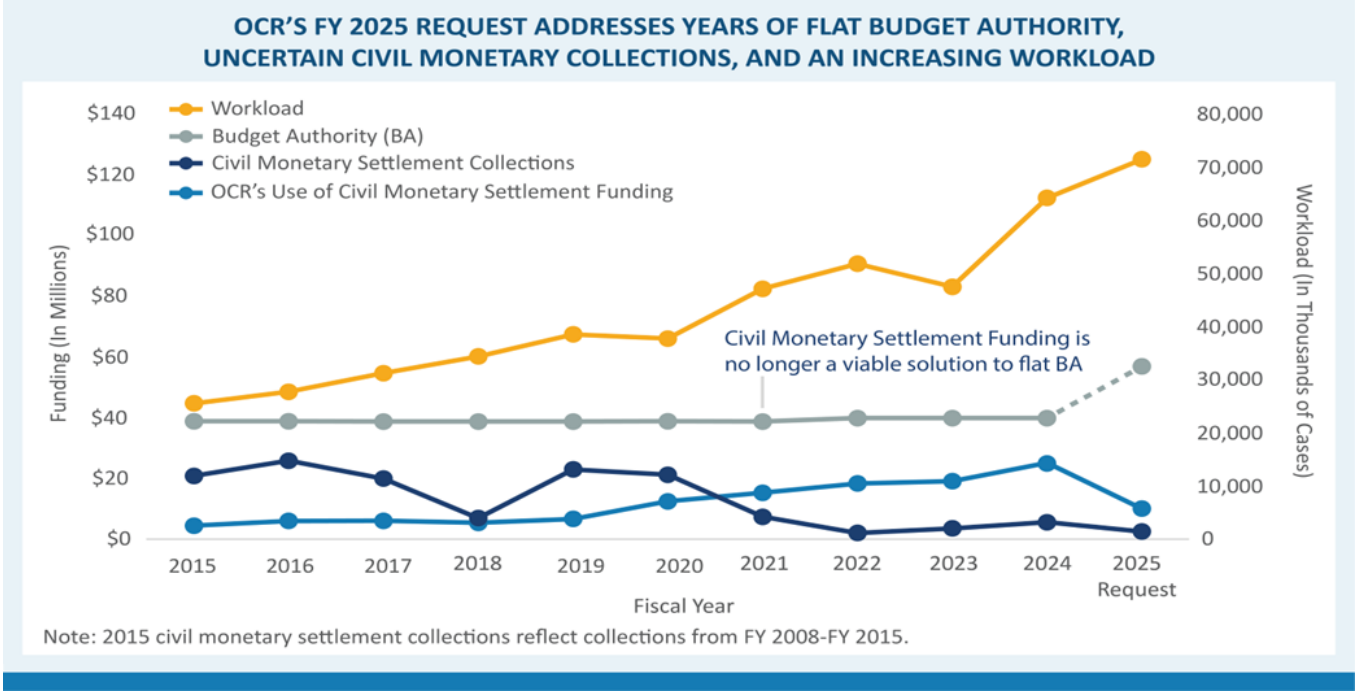
The FY 2025 budget includes an increase of $5 million to support pay and non-pay inflationary costs for operational and administrative functions. ONC will continue to maintain HealthIT.gov, which promotes federal health IT policy and disseminates best practices in health IT to stakeholders. Funding will also support HHS's shared service costs, which continue to increase, including support for financial and grants management systems, contract management, and ONC's office space.

Office of the Secretary: Office for Civil Rights

The following table is in millions of dollars.

Office for Civil Rights	2023	2024	2025	2025 +/- 2023
Discretionary Budget Authority	40	40	57	+17
Civil Monetary Settlement Funding	19	25	10	-9
Total, Program Level	**59**	**65**	**67**	**+8**
Full-Time Equivalents	115	115	186	+71

The Office for Civil Rights is HHS's primary enforcement and regulatory agency of civil rights and health information privacy and security.



The HHS Office for Civil Rights (OCR) enforces 55 statutory authorities, and works to ensure:

- Individuals receiving services from HHS-conducted or HHS-funded programs are not subject to discrimination; and
- People can trust the privacy, security, and availability of their health information.

The FY 2025 President's Budget requests $57 million for OCR, an increase of $17 million above FY 2023 Final to address OCR's increased caseload. OCR will also use $10 million in civil monetary settlement funds to support Health Insurance Portability and Accountability Act of 1996 (HIPAA) enforcement activities. The Budget supports OCR's role to protect access to and delivery of HHS services, free from discrimination and to secure patient privacy.

To carry out its mission, OCR investigates complaints, enforces the law, develops policy, promulgates regulations, and provides technical assistance and public education to ensure understanding of, and compliance with, non-discrimination, health information privacy and security privacy laws. OCR helps promote positive change throughout the nation's social service and healthcare systems to advance equity and accountability.

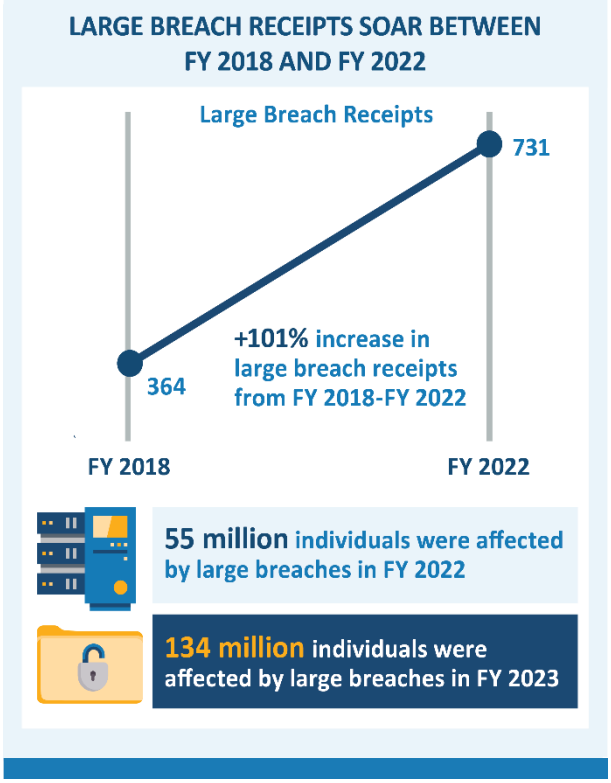
CIVIL RIGHTS ENFORCEMENT

The Budget will allow OCR to bolster its enforcement, policy, education, and outreach efforts in all non-discrimination areas including race, color, national origin, disability, sex, age, conscience, and religion. Further, OCR will continue to enforce conscience protections for healthcare providers as part of its enforcement activities. OCR will continue its work to

ensure all individuals have access to programs and services at HHS.

To adequately respond to the needs of the American people, OCR's budget includes a major investment of 37 percent of the $13 million for additional staff and resources to address the civil rights' case inventory backlog and assess the impact of HHS's policies and its regulatory role in health equity barriers for underserved populations. Civil rights caseloads increased by 18 percent between FY 2021 and FY 2022; from 15,440 cases in FY 2021 to 18,163 cases in FY 2022. Additional staff is essential to ensure OCR's regional offices provide timely and meaningful responses to complaints and other casework. Additional staff is also critical to investigate complaints and initiate compliance reviews in the Administration's priority areas.

HEALTH INFORMATION AND SECURITY



OCR administers and enforces the HIPAA Privacy, Security, and Breach Notification Rules. These rules are increasingly important as cyber and privacy threats increase in the healthcare industry. In this role, OCR:

- Ensures that covered entities, such as healthcare providers (e.g., hospital systems), insurance companies, and data clearing houses understand and comply with HIPAA;
- Increases patient awareness and exercise of their HIPAA rights and protections; and
- Facilitates coordination of care through appropriate information sharing.

OCR accomplishes these objectives by issuing regulations and guidance, conducting stakeholder outreach, and providing technical assistance to the regulated community in addition to pursuing investigations, settlement agreements, and civil monetary penalties.

OCR's budget includes resources to address the case inventory backlog and strengthen enforcement of the HIPAA Rules. OCR received a 101 percent increase in large breach reports from FY 2018 to FY 2022. In FY 2022, large breaches affected over 55 million people and in FY 2023, that number soared to over 134 million individuals. The rate of growth is expected to increase in the future.

EXPAND INVESTIGATIVE CAPACITY

Additional resources will afford OCR an opportunity to adjudicate the ever-increasing annual caseloads. OCR has many vacant investigator positions as a direct result of more than a decade of discretionary budget constraints. In FY 2010, OCR had 111 investigators. In FY 2022, when OCR received the highest number of complaints in its history (51,788), investigator staff fell

to 60. Currently, OCR has 70 full-time investigators facing a backlog of over 8,000 cases and growing demands to respond to complaints, breach reports, compliance reviews, and reconsiderations. Without increases, OCR's ability to enforce the law is hindered, which in turn, hinders OCR's ability to promptly respond to potential violations of the law.

EDUCATION AND OUTREACH

Building Relationships Leads to Compliance, and Helps Strengthens Oversight

Education and outreach are key components to OCR's ability to inform the public and drive compliance with federal civil rights and health information privacy and security laws. Even with budget constraints, OCR conducts outreach through conference attendance and interagency briefings; listening sessions and smaller meetings; hosting workshops and webinars; disseminating materials in a variety of forums; training providers about their obligations and consumers about their rights; and convening or participating in various working groups. These engagements lead to educating consumers and covered entities; building relationships; creating opportunities for dialogue and input on OCR's work; and ultimately, compliance and strengthened oversight.

FY 2025 LEGISLATIVE PROPOSAL

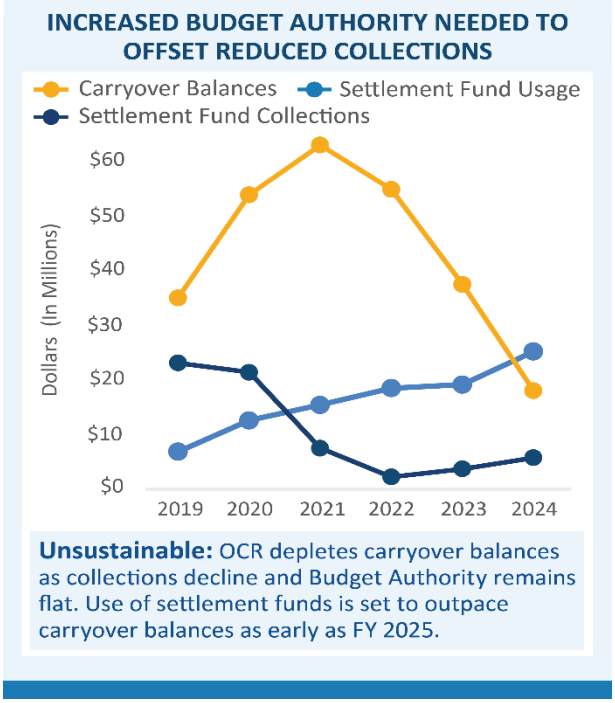
Enhancing HIPAA Protections by Increasing Civil Monetary Penalty Caps and Authorizing Injunctive Relief

The budget includes a critical proposal that promotes deterrence of HIPAA violations and strengthens diminished enforcement efforts. The 2009 Health Information Technology for Economic and Clinical Health Act (HITECH Act) increased the penalties for HIPAA violations and established four penalty tiers for violations based on the level of knowledge a HIPAA regulated entity had about the violation. In 2009, HHS issued an interim final rule to implement the enhanced penalties; and identified a perceived inconsistency in the penalty provisions because they referenced two levels of penalties for three of the four violation types. HHS determined that consistent with Congress intent to strengthen enforcement that the most logical reading of the law was to apply the highest annual cap of $1.5 million to all violation types. In 2013, HHS adopted the text of the final rule without a change to the penalty levels and annual limits; and again, noted the inconsistency in the statutory penalty provisions.

In 2019, HHS issued a Notification of Enforcement Discretion regarding HIPAA civil money penalties, finding that the better reading of the HITECH Act was to lower the maximum annual penalties for three of the four violation types. This change resulted in a 93 percent decrease in civil money penalties OCR could propose for reasonable cause violations, their most frequently used tier. Following this decision, HIPAA complaints increased by 13 percent between FY 2021 and FY 2022; and civil monetary collections decreased by 65 percent in FY 2021 and 90 percent in FY 2022. The legislative proposal allows Congress to clearly assert its support for greater deterrence of HIPAA violations by increasing the annual caps to align with industry trends of increased reports of large breaches affecting tens of millions more individuals each year; promotes greater HIPAA compliance; and strengthens future enforcement efforts.

Enforcement

The proposal seeks to increase the amount of civil money penalties that can be imposed in a calendar year for HIPAA non-compliance and authorizes OCR to work with the U.S. Department of Justice to seek injunctive relief in federal court for HIPAA violations. Authorizing higher annual caps will strengthen OCR's enforcement of the HIPAA Rules. Authorizing OCR to seek injunctive relief will improve OCR's ability to prevent additional or future harm to individuals resulting from entities' non-compliance with the HIPAA Rules in the most egregious and urgent cases.



Office of the Secretary: Office of Inspector General

The following tables are in millions of dollars.

Public Health and Human Services Oversight	2023	2024	2025	2025 +/- 2023
Public Health and Human Services Oversight Discretionary[162]	94	94	104	+10
Health Care Fraud and Abuse Control Oversight	**2023**	**2024**	**2025**	**2025 +/- 2023**
Health Care Fraud and Abuse Control Program Discretionary	105	105	112	+7
Health Care Fraud and Abuse Control Mandatory	225	236	244	+19
Health Care Fraud and Abuse Control Collections	9	9	9	--
Proposed Law	**2023**	**2024**	**2025**	**2025 +/- 2023**
Increase Mandatory Health Care Fraud and Abuse Control Funding	0	0	31	+31
Budget Total	**2023**	**2024**	**2025**	**2025 +/- 2023**
Total, Program Level[163]	**433**	**447**	**500**	**+67**
Full-Time Equivalents	1,574	1,516	1,660	+86

The mission of the Office of Inspector General is to provide objective oversight to promote the economy, efficiency, effectiveness, and integrity of HHS programs, as well as the health and welfare of the people they serve.

The HHS Office of Inspector General (OIG) is the largest inspector general office in the federal government, with approximately 1,600 employees dedicated to combating fraud, waste, and abuse and improving the efficiency and effectiveness of HHS programs.

The FY 2025 President's Budget requests $500 million in Total Program Level for OIG, including $216 million in discretionary funding which is $17 million above FY 2023. Funding enables the OIG to target oversight efforts and ensure efficient and effective resource use within the Department's programs through the development of new models and tools to support data-driven audits, evaluations, and inspections. The request also includes the HHS-sponsored Increase mandatory Health Care Fraud and Abuse Control (HCFAC) funding, which is supported by OIG, CMS, and the U.S. Department of Justice, and would provide a meaningful, targeted investment over time starting in FY 2025.

PUBLIC HEALTH AND HUMAN SERVICES OVERSIGHT

The FY 2025 budget includes $104 million, a $10 million increase above FY 2023, to address mandatory pay increases, and maintain cybersecurity activities, and emergency preparedness, response, and recovery initiative.

OIG will continue its focus on the effective administration of grant programs for prevention and treatment of opioid addiction, substance use, and serious mental illness. Resources will support audits, evaluations, data analysis, and investigations into fraud schemes and vulnerabilities associated with effectively preventing, detecting, and treating substance use disorders.

MEDICARE AND MEDICAID OVERSIGHT

OIG relies on prevention, detection, and enforcement to address fraud, waste, and abuse in Medicare and Medicaid programs.

The Budget for OIG includes $387 million in mandatory and discretionary HCFAC funding for Medicare and Medicaid oversight. Within this total, the Budget includes a $31 million proposal to Increase mandatory HCFAC funding that would provide OIG with funds to address unmet demands for OIG investigative expertise to pursue fraud against HHS programs and the people they serve. The Budget includes an increase of $26 million in mandatory and discretionary HCFAC funding over FY 2023 Enacted under current law to address mandatory pay increases and continue support for data-driven audits, evaluations, and inspections targeting illegal prescriptions and distribution of opioids to Medicare and Medicaid beneficiaries and enhancing oversight of critical programs furnishing treatment for substance use disorders and serious mental illness.

[162] FY 2023 and FY 2024 Levels include $1.5 million for the FDA transfer and $5 million for the NIH transfer in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act. The table reflects the same historical assumptions for FY 2025 transfers.

[163] Totals may not add due to rounding.

Public Health and Social Services Emergency Fund

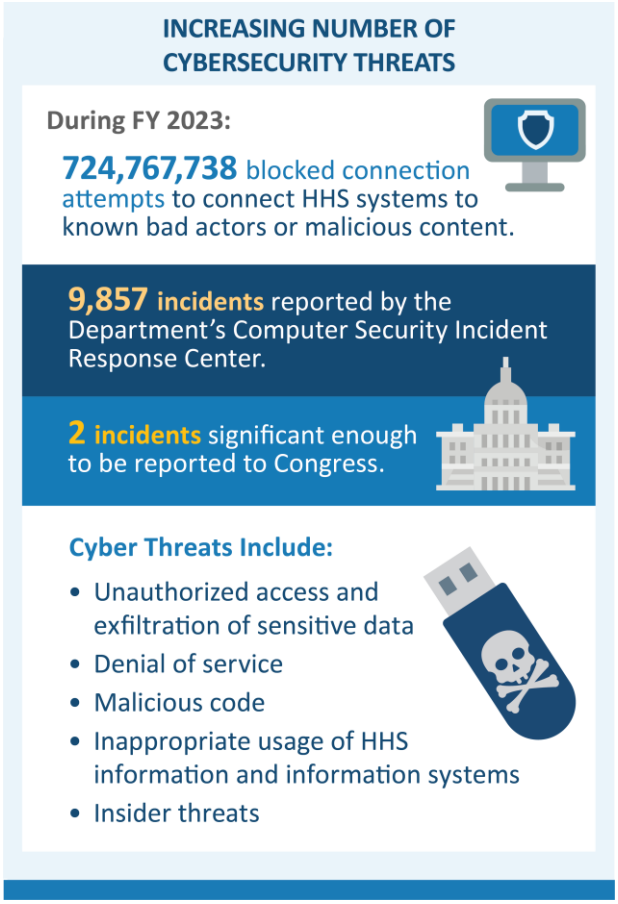
The following table is in millions of dollars.

Public Health and Social Services Emergency Fund[164]	2023[165,166]	2024[167]	2025	2025 +/- 2024
Office of the Chief Information Officer - Cybersecurity	100	100	141	+41
Office of National Security	9	9	15	+6
Office of Global Affairs	7	7	7	--
Supply Chain Coordination Office	--	--	10	+10
Budget Authority, Public Health and Social Services Emergency Fund	**116**	**116**	**173**	**+57**
Strengthening Biodefense, Mandatory[168]	--	--	20,000	+20,000
Program Level, Public Health and Social Services Emergency Fund	**116**	**116**	**20,173**	**+20,057**

The Public Health and Social Services Emergency Fund supports the HHS Cybersecurity program, the Office of National Security, pandemic preparedness at the Office of Global Affairs, and the Department's supply chain coordination activities.

The FY 2025 President's Budget provides $173 million in discretionary budget authority to the Public Health and Social Services Emergency Fund, an increase of $57 million above FY 2023.

The budget includes a suite of legislative proposals to provide authorities that are based on recent emergency response experiences and will help fill preparedness gaps. Specific proposals will enable HHS to enhance early detection and response to public health threats and supply disruptions; build domestic manufacturing capacity for and advance safe, effective supplies and medical countermeasures; facilitate a response-ready workforce; and enhance recovery.



CYBERSECURITY

The Office of the Chief Information Officer within the Office of the Assistant Secretary for Administration coordinates HHS's cybersecurity efforts. The HHS Cybersecurity Program plays an important role in protecting countless data assets and at least 800 IT systems, each representing a potential cyber target for malicious actors – critical to HHS's ability to perform mission critical operations. This program ensures Departmental information technology is designed and maintained with the advanced security and data

[164] The FY 2025 President's Budget requests funding for the Administration for Strategic Preparedness and Response in a new appropriations account, separate from the Public Health and Social Services Emergency Fund where funding has been appropriated historically. The FY 2023 and FY 2024 columns have been comparably adjusted to exclude funding for ASPR.
[165] Excludes $129 million in supplemental funding provided in the Disaster Relief Supplemental Appropriations Act, 2023 (P.L. 117-328 Division N).
[166] The FY 2023 column reflects final levels, including required and permissive transfers.
[167] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-15).
[168] Reflects mandatory funding to be allocated across ASPR, CDC, NIH, and FDA

privacy protections needed to operate in a landscape of growing and evolving cyber threats.

The budget provides an increase of $41 million above FY 2023 for this program, for a total of $141 million. At this funding level the Cybersecurity Program will direct:

- $20 million to maintain Department cybersecurity operations activity including threat analytics, assessment, and intelligence.
- $37 million, an increase of $5 million above FY 2023, to continue funding for the infrastructure, licenses, and maintenance of Department-level cybersecurity tools and enterprise solutions.
- $7 million for maturing cybersecurity public and private health sector activities.
- $36 million, an increase of $1 million above FY 2023, to maintain a Department cybersecurity strategy and continue engagement, risk, governance, compliance, and privacy management activities.
- $15 million, an increase of $7 million above FY 2023, to support continuation of the Department's Zero Trust initiative.
- $15 million, an increase of $12 million above FY 2023, to support the continuation of the Department's security event logging and data sharing initiative.
- $11 million to modernize the Department's Health Insurance Portability and Accountability Act breach prevention and response efforts.

The FY 2025 budget supports enhanced information technology capabilities to maintain and advance the Department's cybersecurity posture and respond to quickly evolving threats. The Cybersecurity Program will play a major role in advancing the responsible use of artificial intelligence in healthcare, and risk mitigation activities, through the HHS Office of the Chief Artificial Intelligence Officer (see the General Departmental Management chapter).

Office of National Security

The Office of National Security provides strategic all-source information, intelligence, counterintelligence, insider threat, cyber threat intelligence, supply chain risk management, security for classified information, and communication security across the Department. The Office increases the Department's security and threat awareness and its ability to respond swiftly and effectively to national and homeland security threats. The FY 2025 budget provides $15 million for the Office of National Security, an increase of $6 million above FY 2023. The increase in funding will help HHS identify risks and threats to mission critical supply chains through implementation of the Enterprise Supply Chain Risk Management Program. The Office of National Security will partner with Administration for Strategic Preparedness and Response, the Centers for Disease Control and Prevention, the Centers for Medicare & Medicaid Services, the Food and Drug Administration, and the National Institutes of Health to conduct assessments on large scale or mission critical supply chains.

Office of Global Affairs

The budget provides $7 million for the Office of Global Affairs to lead global health diplomacy and policy coordination efforts for HHS to strengthen international pandemic preparedness, especially pandemic influenza preparedness. The Office will continue to provide strategic coordination and technical expertise on health policy development and diplomacy to global partners, including nearly 200 Ministries of Health.

Supply Chain Coordination Office

The FY 2025 budget provides $10 million to coordinate supply chain efforts across the Department to advance the resilience of drug, device, and critical food supply chains and accelerate the Department's response to related shortages. The coordination across the Department will allow HHS to meet its long-term supply chain resilience and shortage mitigation goals.

Strengthening Biodefense

The budget includes $20.0 billion in mandatory funding, available over 5 years, across the Administration for Strategic Preparedness and Response, Centers for Disease Control and Prevention, National Institutes of Health, and the Food and Drug Administration, to support the President's plan to transform the nation's capabilities to prepare for and respond rapidly and effectively to biological threats. The FY 2025 President's Budget also includes legislative proposals that focus on improving HHS's biodefense posture and ability to respond to public health and human services emergencies (see Operating Division narratives).

The Advanced Research Projects Agency for Health

The following table is in millions of dollars.

Advanced Research Projects Agency for Health[169]	2023[170]	2024[171]	2025	2025 +/- 2023
Advanced Research Projects Agency for Health	1,500	1,500	1,500	--
Total, Discretionary Budget Authority	**1,500**	**1,500**	**1,500**	**--**
Total, Program Level	**1,500**	**1,500**	**1,500**	**--**
Full-Time Equivalents	47	112	137	+90

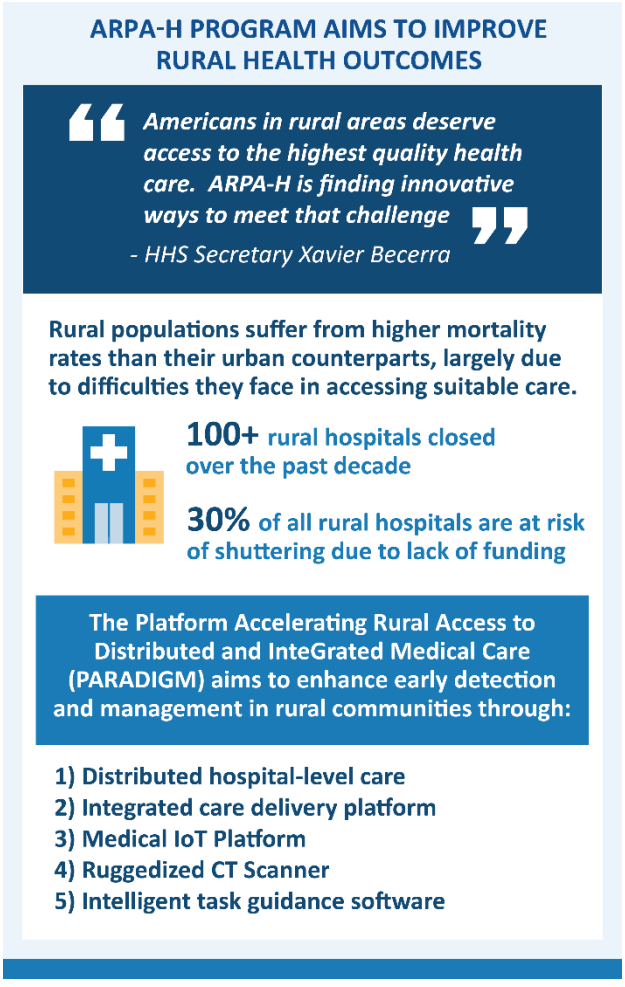
The Advanced Research Projects Agency for Health supports transformative research to drive biomedical and health breakthroughs – ranging from molecular to societal – to provide transformative health solutions for all.

The Advanced Research Projects Agency for Health (ARPA-H) is a catalyst for transformation in the health ecosystem. The agency invests in innovative strategies and technologies in key areas of health and medicine – from societal to molecular – to drive progress that cannot be readily accomplished through traditional research or commercial activity. The agency aims to spur these transformations by fostering research and development programs that accelerate medical breakthroughs for everyone.

The FY 2025 President's Budget provides $1.5 billion for ARPA-H. This budget request outlines the strategic priorities for advanced research and development aimed at enhancing health outcomes for all individuals while also advancing equity within the agency. The ARPA-H workforce represents diverse backgrounds and perspectives, an important foundation for the agency to be able to foster a creative, inclusive culture and developing policies, practices, and programs that sustain an ongoing focus on equity. ARPA-H will continue to prioritize addressing potential misuse and disparities in health outcomes, affordability, and accessibility prior to program launch.

In FY 2025, ARPA-H will concentrate on several key areas, including but not limited to, continued investment to support the President's Cancer Moonshot with advancing early detection and treatment methods for cancer, hastening progress in cancer research, and introducing innovative strategies to combat antimicrobial resistance while proactively identifying potential pandemics.

These priorities are just a subset of ARPA-H's broader efforts. ARPA-H will actively engage in exploring novel solutions to address various health challenges, fostering equitable access to high-quality care, and promoting diverse representation across clinical trials.



[169] Funding in FY 2023 was appropriated to the Office of the Secretary account and transferred to the National Institutes of Health after congressional notification. The FY 2025 Budget requests funding for ARPA-H as a separate appropriation within the National Institutes of Health. HHS is presenting separate budget materials for display purposes informed by the ARPA-H FY 2023 authorization language.

[170] The FY 2023 column reflects final levels, including required and permissive transfers.

[171] The FY 2024 column represents the annualized amounts provided in the FY 2024 Continuing Resolution (Division A of Public Law 118-1).

This approach ensures flexibility and responsiveness to the dynamic landscape of health concerns, such as Alzheimer's, diabetes, and more. The agency's focus areas illustrate the types of work and impact ARPA-H will pursue through program investments.

In FY 2025 the agency will continue to make investments in high risk, high impact platforms, capabilities, resources, and solutions that transcend disease state or condition-specific research. More specifically, funding will support the agency's key focus areas: health science futures, scalable solutions, proactive health, resilient systems, and transitioning capabilities. Across these areas, ARPA-H will routinely measure and evaluate its programs and projects to ensure maximum fiscal responsibility and that the best solutions advance. ARPA-H will continue to prioritize addressing potential misuse and disparities in health outcomes, affordability, and accessibility prior to program launch.

HEALTH SCIENCE FUTURES

The Health Science Futures focus area continues to invest in foundational technologies that are poised to revolutionize the future of health. This focus area targets innovative tools, technologies, and platforms that can apply to a broad range of diseases that affect large populations, rare diseases, or even diseases with limited treatment options. More specifically, the Health Science focus area helps direct the agency to pursue three broad objectives: catalyze research toward platform technologies, accelerate development of novel tools to enable a new future of healthcare, and lead creation of entirely new paradigms.

SCALABLE SOLUTIONS

The Scalable Solutions focus area leverages an interdisciplinary approach and collaborative networks to create programs that address challenges of geography, distribution, manufacturing, data, and information to improve healthcare access and affordability. To that end, it focuses on three points: enhancing affordability through scalable technologies and interventions, establishing collaborative distribution networks, and leading the biomanufacturing revolution. This focus area serves as a priority to address health ecosystem challenges that impede equitable, effective, and timely development and distribution of healthcare and disease outbreak response.

PROACTIVE HEALTH

The Proactive Health focus area raises public awareness, fosters a culture of proactive health management, and implements innovative strategies that empower individuals to take charge of their wellness to mitigate the development of health issues. The agency continues to prioritize breakthrough capabilities to deter disease onset and progression. The Proactive Health focus area's main goals are to promote prevention and wellness, foster interdisciplinary collaboration for holistic health, and incentivize healthcare transformation toward prevention.

RESILIENT SYSTEMS

The Resilient Systems focus area addresses systemic challenges across the health landscape by investing in cutting-edge technologies that address long-standing gaps in the quality, efficacy, and availability of care. To enhance the adaptability, reliability, and interoperability of the health ecosystem, it empowers patients, providers, and communities through transformational innovation, fosters an interconnected health ecosystem, and enhances stability, adaptability, and robustness across the health ecosystem. Overall, the Resilient Systems focus area drives ARPA-H to continue looking for solutions in how the United States can continue to successfully advance health systems.

TRANSITIONING CAPABILITIES

To overcome long-standing challenges in transitioning technologies into the commercial market, ARPA-H established the Transition and Innovation team which fills this crucial role by facilitating the smooth transition of biomedical innovations into real-world applications. Additionally, ARPA-H is catalyzing game-changing breakthroughs in science and medicine that improve health outcomes through the collaboration of the hubs and spokes found through the nationwide health innovation network. The three health innovation network hubs in Texas, Massachusetts and Washington, D.C. are mission-focused, regional centers with a growing network of spokes from around the country representing the diversity of people, settings, and capabilities that encompass the American health ecosystem. The hubs of the network continue to lead in specific focus areas, including streamlining customer experiences, catalyzing investors, and developing stakeholder and operations efforts. Through growing ARPA-H's nationwide network and presence across all

50 states, supporting program managers and performer engagement with potential partners and funders, providing guidance on business and regulatory processes, and offering many other transition-focused services, the Transition and Innovation team demonstrates the pathways to successful translation at each stage of the research program lifecycle. In doing so, the agency de-risks its investments and ensures that research products can be sustained without additional ARPA-H funding.

INFORMATION TECHNOLOGY AND CYBERSECURITY

ARPA-H's mandate to transform health research also necessitates that it operates at the forefront of strengthening critical infrastructure, cybersecurity, and resilience in our information technology systems. The FY 2025 budget includes funding to develop a Zero Trust Architecture which will be fundamental in safeguarding critical systems. The budget request will prioritize not only advanced health research methodologies, but also the digital scaffolding that underpins them, thus ensuring that innovation is built on a foundation of modern security. ARPA-H aims to not only go cloud-first, but cloud-only.

In FY 2025, ARPA-H will continue to make breakthrough investments to develop high-impact solutions to society's most challenging health problems. Its programs will push boundaries across the entire health ecosystem – from revolutionizing organ transplantation, transforming the manufacture of cell and gene therapies, developing novel methods for ensuring healthy indoor air quality, implementing novel infrastructure for clinical trials, and many more. ARPA-H will put ideas into practice. As programs become real-world solutions and capabilities, ARPA-H will assist with company formation or licensing, provide transition mentorship, facilitate connections to customers and investors, and de-risk investments. ARPA-H will strive to ensure that every dollar of its investments contribute to enhancing health outcomes for every individual.

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