Under the President’s leadership, we have turned our economy around and created 14 million jobs. Our unemployment rate is below five percent for the first time in almost eight years. Nearly 18 million people have gained health coverage as the Affordable Care Act has taken effect. And we have dramatically cut our deficits by almost three-quarters and set our Nation on a more sustainable fiscal path.

Yet while it is important to take stock of our progress, this Budget is not about looking back at the road we have traveled. It is about looking forward and making sure our economy works for everybody, not just those at the top. It is about choosing investments that not only make us stronger today, but also reflect the kind of country we aspire to be – the kind of country we want to pass on to our children and grandchildren.

The Budget makes critical investments in our domestic and national security priorities while adhering to the bipartisan budget agreement signed into law last fall, and it lifts sequestration in future years so that we continue to invest in our economic future and our national security. It also drives down deficits and maintains our fiscal progress through smart savings from health care, immigration, and tax reforms.

The Budget shows that the President and the Administration remain focused on meeting our greatest challenges – including accelerating the pace of innovation to tackle climate change and find new treatments for devastating diseases; giving everyone a fair shot at opportunity and economic security; and advancing our national security and global leadership – not only for the year ahead, but for decades to come.
Funding Highlights:

The President’s FY 2017 Budget provides $82.8 billion in discretionary funding for the Department of Health and Human Services to continue and to expand critical investments that protect the health and wellbeing of the American people. This includes:

**Keeping People Safe and Healthy:** This Budget makes robust investments in the safety and health of all Americans, particularly those at key stages of life by -

- Increasing access to early intervention mental and behavioral health programs, expanding the behavioral health workforce and supporting suicide prevention.
- Addressing opioid abuse, misuse, and overdose through a $1 billion initiative to expand access to treatment.
- Continuing to expand the nation’s ability to fight antibiotic resistance through targeted interventions and research.
- Supporting emergency preparedness and response, by bringing the U.S. and world partners together around natural and man-made threats, disasters, outbreaks and epidemics.
- Maintaining historic investments in Head Start and increasing the number of children attending programs of longer duration.
- Making landmark investments in child care by increasing the number of children served, investing in the quality of the child care workforce, and implementing new health and safety requirements.

**Leading in Scientific Research and Medical Innovation:** Scientific, technological, and medical breakthroughs are crucial for American success in the 21st century, and this Budget makes investments to maintain America’s position at the forefront of these efforts by -

- Supporting the Vice President’s Cancer Moonshot to improve understanding of the causes of cancer, develop new prevention strategies, improve early detection, diagnosis, and treatment and modernize regulatory pathways.
- Continuing to scale up the Precision Medicine Initiative and a dedicated research cohort of a million or more individuals.
- Supporting research such as the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) initiative, and Agency for Healthcare Research and Quality efforts to build an evidence base to drive systemic health care improvement.

**Expanding and Strengthening our Health Care System:** Building on the success of the Affordable Care Act and other initiatives, this Budget maintains efforts to expand access to coverage, increase capacity, and build a better, smarter, healthier health care delivery system by -

- Supporting the operation of Health Insurance Marketplaces to make quality coverage affordable, and encouraging states to expand their Medicaid programs
- Building a better, smarter, healthier health care system by incentivizing quality, rather than quantity of services, and promoting information sharing.
- Building on HHS’s ongoing work to reduce the rising cost of prescription drugs, without discouraging important and lifesaving innovations.

**Reforms:**

- Targeted reforms to Medicare, Medicaid and other health programs that are projected to save roughly $375 billion over the next decade.
The Department of Health and Human Services (HHS) is charged with enhancing the health and well-being of 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. To support this mission, the Budget provides $82.8 billion in discretionary funding for HHS as well as new mandatory investments to expand mental health services, opioid abuse treatment availability, and research and development.

Keeping People Safe and Healthy

Expands Mental Health Treatment
The Affordable Care Act expanded behavioral health coverage for millions of Americans by putting an end to insurance company discrimination based on pre-existing conditions, requiring coverage of mental health and substance use disorder services, and expanding behavioral health parity, which will help more than 60 million Americans combined. Despite these gains, less than half of children and adults with diagnosable mental health issues receive the treatment they need. To address this gap, the Budget proposes a two-year initiative to expand access to mental health services financed with $500 million in new mandatory funding. This initiative supports additional states in the Certified Community Behavioral Health Clinic demonstration; increases access to early intervention programs that address serious mental illness; expands the behavioral health workforce in areas experiencing shortages of providers; prevents suicide; and enhances behavioral health services in Indian Country. In addition to this initiative, the Budget makes other investments in behavioral health care, for a total of $530 million in FY 2017 for programs that expand access to behavioral health services by ensuring that the behavioral health care system works for everyone, expanding service and workforce capacity, and engaging individuals with serious mental illness in care.

Addresses Opioid Abuse, Misuse, and Overdose
Opioid overdose death rates have quadrupled between 2002 and 2014, taking the lives of 78 people each day. The Budget proposes a $1 billion two-year mandatory initiative to expand access to treatment for prescription drug abuse and heroin use to help ensure that every American who wants opioid treatment can access the services they need. In addition to these funds, the Budget makes other investments to address this challenge and includes a total increase of $559 million in FY 2017 for programs to address the opioid abuse, misuse, and overdose crisis. These new resources build on the multi-pronged investments proposed by the Administration and funded by the Congress in FY 2016.

Combats Antibiotic Resistant Bacteria
The emergence of antibiotic-resistant bacteria continues to be one of the most significant public health concerns of our time. Without aggressive intervention, even minor infections may become life threatening and put at risk our ability to perform routine surgeries or treat diseases like diabetes and cancer. The FY 2017 Budget includes $877 million, an increase of $43 million to continue expanding the Nation’s ability to fight antibiotic resistance, aligning with the Administration’s National Action Plan for Combating Antibiotic-Resistant Bacteria. These critical investments will protect patients and communities by implementing interventions that reduce the emergence and spread of antibiotic-resistant pathogens. In addition, this funding will
Support ongoing ground-breaking research to aid the development of new drugs and diagnostic products, building the Nation’s treatment options for these dangerous pathogens.

**Provides Medical Product Safety and Availability**
FDA ensures the safety, quality, and effectiveness of a broad scope of medical products. Within medical devices alone, FDA has oversight of at least 6,000 different product categories. FDA carries out these responsibilities while also leading the world in both numbers of new drugs approved and in the timeliness of their reviews. In 2015 alone, FDA approved 56 novel drugs and biological products. The Budget includes $2.8 billion, an increase of $116 million above FY 2016, to continue core medical product safety activities across FDA programs, including improving patient safety; developing the necessary infrastructure for a safer and more modern drug supply; and, continuing expanded and improved oversight of human drug compounding.

**Supports Emergency Preparedness**
Across multiple HHS programs, the Department supports life-saving preparedness and response activities aimed at addressing chemical, biological, radiological, and nuclear threats, as well as other disasters, outbreaks, and epidemics. Whether the hazard is naturally occurring, accidental, or intentional, effective public health emergency response depends on maintaining and constantly improving the preparedness capabilities of public health departments and healthcare facilities at a state and local level. The FY 2017 Budget includes $915 million in total for the Centers for Disease Control and Prevention (CDC) and the Assistant Secretary for Preparedness and Response (ASPR) for these activities, which is $2 million above FY 2016. This funding will provide ongoing support to the Hospital Preparedness Program, the Public Health Emergency Preparedness program, and Global Health Protection. The Global Health Protection funding includes support for the Global Health Security Agenda, which brings the United States and partners around the world together to protect populations from pandemic threats, economic loss, instability, and loss of life.

**Promotes Food Safety**
The Administration continues its commitment to modernize the Nation’s food safety system to one that prevents foodborne illness outbreaks and is positioned to meet the challenges of the global market. The Budget includes $1.6 billion, an increase of $212 million above FY 2016, to support FDA and CDC activities that will develop and strengthen an integrated and prevention-based food safety system. The FY 2017 Budget includes $1.5 billion for FDA to support implementation of the Food Safety Modernization Act, including increasing state capacity to implement the produce safety rules, implementing the Foreign Supplier Verification Program, and ensuring consumers are able to make healthy food choices. The Budget also includes $52 million for CDC activities which will help address the critical unmet needs in the Nation’s food supply safety system by focusing on monitoring, surveillance, data analysis, and dissemination of technical guidance, training, and technology to state health departments.

*Building Blocks for Success at Every Stage of Life*

**Builds on Historic Head Start Investments**
Research has shown the significant positive impact that early learning programs can have on a child’s development and lifelong well-being, including their potential earnings. Access to Early
Head Start services has more than doubled for infants and toddlers under the Administration, and significant investments have been made to strengthen the quality of services that Head Start provides. The FY 2017 Budget includes $9.6 billion for Head Start, an increase of $434 million over FY 2016. This level includes the resources necessary to maintain enrollment in the program, including the Administration’s historic expansion of Early Head Start and recent investments in Early Head Start-Care Partnerships. In addition, the Budget continues to support high-quality services in Head Start with an additional $292 million above FY 2016 to increase the number of children attending Head Start for a full school day and a full school year, which is necessary to ensure that children receive services that are of the highest quality and help meet the needs of working parents.

**Makes Landmark Investments in Child Care**
The Budget reflects the President’s continued commitment to quality, affordable child care. The Budget continues the historic proposal that provides $82 billion over 10 years in additional mandatory funds for child care. This investment will increase the number of children served to a total of 2.6 million children and guarantee that low-and moderate-income working families can access high-quality child care, so that all young children are safe and ready to learn. This landmark proposal also makes significant investments in raising the quality of child care, including investments to improve the skills, competencies, and training of the child care workforce, and a higher subsidy rate for higher quality care. The Budget also provides an additional $200 million in discretionary child care funding, which will support States, tribes, and territories as they implement new health, safety, and quality requirements of the bipartisan child care reauthorization. This additional funding also includes $40 million for pilots that will test and evaluate strategies for addressing the child care needs of working families, especially families working non-traditional hours or in rural areas.

**Lays the Groundwork for Universal Preschool**
The Budget provides $350 million at the Department of Health and Human Services for the Preschool Development Grants (PDG) program – an initiative jointly administered by the Departments of Health and Human Services and Education. This represents an increase of $100 million from the 2016 enacted level. With the support of federal funding made available through the Administration’s PDG program, 18 States are currently expanding high-quality preschool programs to reach additional children in targeted, high-need communities. This work will continue under the bipartisan congressional authorization of the new PDG program in ESSA. These grants lay the groundwork for universal preschool as envisioned in the Preschool for All initiative.

**Improving Outcomes for Children in the Child Welfare System**
The Budget includes an investment of $505 million above baseline in FY 2017 for a suite of proposals designed to improve permanency services so children are less likely to need foster care placement in the future, strengthen tribal child welfare programs, promote family- based care for children with behavioral and mental health needs to reduce the use of congregate care, foster successful transitions from foster care to adulthood, and improve the quality of child welfare services provided to children through better trained staff and stronger information technology systems.
Enhances Child Welfare Workforce Development
Research shows that children in the child welfare system who have caseworkers with a Bachelor’s or Master’s Degree of Social Work have better outcomes, including shorter time in out-of-home care, increased adoptions, and a lower likelihood of being removed from their homes. The Budget includes $1.8 billion over 10 years to ensure child welfare caseworkers and other professionals have the right skills to best meet the needs of children, youth, and families in the child welfare system. This funding would enable individuals to earn these degrees in exchange for a commitment to work for the child welfare agency for a time commensurate to the length of the education benefits. To incentivize States to exercise this option, this proposal would offer an enhanced match rate for case planning and management for children in foster care, as well as for administrative activities related to children who are candidates for care, when these activities are significantly performed by caseworkers with either degree.

Promotes Family-Based Care for Children in Foster Care
The Budget provides additional support and funding to the child welfare system to promote family-based care and to provide oversight of congregate care placements. The proposal includes training and resources for foster care parents to provide specialized care to children with complex mental health and behavioral health needs and a provision to ensure that congregate care is only used when necessary.

Strengthens Efforts to Help Poor Families Succeed
A total of 15.5 million children lived in poverty in 2014, a staggering number that translates into lost opportunity and a lower quality of life. The FY 2017 Budget builds on the proven capacity of the Nation’s safety net to meet our 21st Century poverty challenges.

Twenty years after the creation of Temporary Assistance for Needy Families (TANF) program, there is now substantial evidence that reforms to improve the program are needed. That is why the Budget proposes to increase the program’s funding to help offset 20 years of erosion in the value of the block grant, ensure funds are spent on benefits and services that are most critical to improving the lives of poor families struggling to succeed in the labor market, and establishes a workable countercyclical measure modeled after the effective TANF Emergency Fund created during the Great Recession. The Budget also calls for providing States with more flexibility to design effective work programs in exchange for holding States accountable for helping parents find jobs. Taken together, these proposals will strengthen TANF, reduce poverty, and promote self-sufficiency.

In addition, the Budget will invest resources in a new $2 billion Emergency Aid and Service Connection initiative to test and scale innovative State and local approaches to aid families facing financial crisis. The funding will provide families with the emergency help they need both to avert a downward spiral or to reverse one, and then connect those who need it to longer-term assistance, so that parents can get back on their feet, families are stabilized, and children can thrive.

Promotes Upward Mobility
The Budget continues to support the Upward Mobility Project, which will allow up to ten communities, States, or a consortium of States and communities more flexibility to use funding
from up to four existing Federal block grant programs for efforts designed to implement and rigorously evaluate promising approaches to helping families achieve self-sufficiency, improving children’s education and health outcomes, and revitalizing communities. Projects will have to rely on evidence-based approaches or be designed to test new ideas, and will have a significant evaluation component that will determine whether they meet a set of robust outcomes. The Budget includes $1.5 billion over 5 years that States and communities can apply for to help support these projects.

Implements Child Support Enforcement
According to a 2012 U.S. Bureau of Census survey, child support represents 45 percent of family income for poor families with income below the poverty level who receive child support. The Budget supports efforts to direct child support payments to families, promote parental engagement in children’s lives, and improve enforcement. It also makes significant investments to upgrade and replace outdated state child support systems to ensure support is paid to families in a timely manner. These efforts will help reduce child poverty and promote family self-sufficiency.

Support Older Adults
In FY 2017, HHS continues to make investments to address the needs of older Americans, many of whom require some level of assistance to live independently and remain in their homes and communities for as long as possible. The FY 2017 Budget provides $151 million for Family Caregiver Support Services, which supports a number of essential services that assist family and informal caregivers to care for their loved ones at home. These services include access assistance, counseling, and training. The Budget also provides a $2 million increase for the Lifespan Respite Care program, which helps to ease the burdens of caregiving.

The Budget also provides an additional $10 million for a total of $358 million, to fund in-home and community-based services to help older Americans live independently and with dignity, including support for nearly 32 million hours of assistance to seniors unable to perform daily activities; more than 22 million rides for critical activities such as visiting the doctor, pharmacy, or grocery stores; and nearly 8 million hours of adult day care.

Nutrition Services help older Americans nationwide remain healthy and independent in their homes and communities by providing meals in senior centers or through home-delivery. The FY 2017 Budget provides $849 million in funding for the Administration for Community Living (ACL) Nutrition Services programs, $14 million more than was provided in FY 2016. In combination with State and local funding, this increase will allow states to provide an estimated 205 million meals to over 2 million older Americans nationwide. Within the total investment in Nutrition Services, the Budget also includes a new one percent set-aside for evidence-based innovations that will help make future funding for Nutrition Services more cost-effective through improved quality and efficiency.

Addresses Alzheimer’s Disease
The Budget continues the Administration’s commitment to support effective Alzheimer’s disease research, education, and outreach, as well as patient, family, and caregiver services. Approximately 5.1 million people age 65 and older suffer from Alzheimer’s disease, and the number of cases could double by 2050 as the population ages. Alzheimer’s is one of the initial
four diseases that are the focus of NIH’s Accelerating Medicines Partnership program of collaborations between NIH, pharmaceutical companies, and non-profit organizations. The National Institutes of Health will spend an estimated $910 million in FY 2017 for basic neuroscience research, epidemiologic studies to identify risk and protective genes and more than 35 clinical trials to test preventive and therapeutic interventions.

**Leading in Scientific Research and Medical Innovation**

**Supports the Vice President’s Cancer Moonshot**

Current cancer mortality rates are approximately 15 percent lower than a decade ago, due in part to investments in research that have led to significant developments in the prevention, screening, and treatment of cancer. As part of the Vice President’s Cancer Moonshot, NIH will build upon innovations in FY 2017 through a multi-year initiative that accelerates the Nation’s fight against cancer in an effort to even further reduce the number of Americans affected by its devastating consequences. The Budget provides $680 million to NIH to expand clinical trials for health disparity populations, pursue new vaccine technology, and fund exceptional opportunities in cancer research. These investments will drive scientific advances that aim to understand the causes of cancer, discover new prevention strategies, improve early detection and diagnosis, and cultivate effective treatments. The Budget also includes $75 million for FDA to develop the regulatory pathways for these new technologies, ensure quality systems for trials, and facilitate the sharing of important data across government, academia, and industry.

**Advances the Precision Medicine Initiative**

Recent breakthroughs in genomics, computing, and molecular medicine have created extraordinary opportunities to advance health care into a new era where many more treatments are based on the genetic characteristics of each patient. To achieve this new paradigm, the Budget provides HHS a total of $309 million to continue scaling up the Precision Medicine Initiative. This includes $300 million for NIH, an increase of $107 million above FY 2016, to support development of a research cohort of a million or more individuals to gather data on the interplay of environmental exposures, physical parameters, and genetic information. Research based on this cohort will lay the foundation for findings for many diseases that can lead to new prevention strategies, novel therapeutics, and medical devices. The Budget will also continue funding for the National Cancer Institute to lead research efforts on cancer genomics to understand how the DNA from an individual cancer tumor can be used to predict the right choice of targeted therapies, how resistance to therapy can occur, and how to test new combinations of targeted cancer drugs. In support of these efforts, FDA will develop the regulatory pathways for these new medical technologies and the Office of the National Coordinator for Health IT (ONC) will facilitate the development of interoperable and secure health data exchange systems. The Budget includes $4 million for FDA and $5 million for ONC.

**BRAIN Initiative**

Despite the many advances in neuroscience in recent years, the underlying causes of most neurological and psychiatric conditions remain largely unknown due to the vast complexity of the human brain. To further revolutionize our understanding of the brain, the Budget provides an $195 million within NIH, $45 million more than FY2016, for the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative. In collaboration with public and
private partners, NIH is pushing the boundaries of neuroscience through the BRAIN Initiative to reveal how patterns of neural activity actually translate into emotion, thought, and memory. This research has the potential to discover underlying pathologies in a vast array of brain disorders and provide new avenues to treat, cure, and even prevent common conditions, such as Alzheimer’s disease, autism, depression, schizophrenia, and addiction. In FY 2017, the increased funds will continue to support basic neuroscience research, human neuroscience, neuroimaging, and training initiatives, as well as potential projects to collaborate with industry to test novel devices in the human brain, new ways to address big data from the brain, and develop devices for mapping and tuning brain circuitry.

**Implements Laboratory Safety and Quality**

CDC is committed to continuous improvements in laboratory science and safety, as well as the quality of its public health laboratory services. The FY 2017 Budget includes a total of $38 million, the same as FY 2016, to continue support for CDC’s implementation of laboratory safety recommendations. This funding will enable CDC to continue efforts to maintain safety and minimize risk in the agency’s laboratories, while responding to outbreaks; determining unexplained illnesses; supporting state and local diagnostics, improving pathogen identification of emerging and re-emerging diseases; and maintaining the world’s most advanced, state-of-the-art infectious disease and environmental public health laboratories.

**Builds Evidence to Drive Systemic Improvement**

Reforming the delivery system requires an evidence base of effective practices. The Budget proposes an increase of $24 million for health services research at the Agency for Healthcare Research and Quality to further develop this evidence. AHRQ evaluates alternative payment systems, preventive treatment guidelines, emerging medical technologies, and new threats to patient safety. AHRQ is a key supplier of practical and effective care re-design strategies that are implemented on a large scale by other HHS Operating Divisions. The Budget also invests $9 million in a new AHRQ project to better coordinate care for patients with multiple chronic conditions by developing and piloting tools based on integrated care plans, a new model that has demonstrated potential to make treatment regimens more comprehensive, responsive, and easier to adopt.

**Expanding and Strengthening our Health Care System**

**Expands Access to Health Insurance Coverage**

The Affordable Care Act is working to expand health insurance coverage to millions of Americans, including many gaining coverage and access to health care for the first time. As a result, nearly 18 million Americans have gained coverage since enactment of the Affordable Care Act. By the end of 2015, 30 states and the District of Columbia elected to expand Medicaid to low income adults with household income up to 133 percent of the federal poverty level. To encourage more states to take up this important option, the Budget would give any state that chooses to expand Medicaid eligibility three years of full Federal support, no matter when the State expands. This commonsense proposal makes expansion as good of a deal for states that choose to expand now, as states that have already done so.
Reforms Health Care Delivery
The Administration continues to support an aggressive reform agenda to transform the Nation’s health care delivery system into one that better incentivizes quality and efficiency. These reforms are designed to not only improve Americans’ health, but also to help slow the growth in health care costs and increase quality in Medicare and Medicaid. Building on the lessons learned and success from existing initiatives, the Budget supports efforts to reform the health care delivery system by finding better ways to deliver care, pay providers, and increase access to information so that individuals can receive the right care, at the right time, at the right price.

Invests in Health Centers
For 50 years, health centers have delivered comprehensive, high quality, cost-effective primary health care to patients regardless of their ability to pay. Throughout this time, health centers have become an essential primary care provider for the Nation’s most vulnerable populations. Today, more than 1,300 health centers operate over 9,000 service delivery sites and provide health care services to one in 14 people in the United States. The Budget invests $5.1 billion for health centers, including $3.75 billion in mandatory resources, to serve 27 million patients in FY 2017.

Strengthens the National Health Service Corps
Since its inception, the National Health Service Corps has worked to build healthy communities by supporting qualified health care providers dedicated to working in areas across the country with limited access to primary care. The Budget invests $380 million for the National Health Service Corps for FY 2017, which includes $70 million in additional mandatory and discretionary funding for behavioral health and supports the Administration’s opioid treatment and mental health initiatives. Specifically, this investment will place providers in rural areas and other underserved communities to expand access to behavioral health care and medication assisted treatment to address prescription opioid and heroin abuse.

Expands Access to Health Care in Indian Country
The FY 2017 Budget continues the Administration’s commitment to combat health disparities and ensure tribal communities lead healthy lives. The Budget funds the Indian Health Service (IHS) at $6.6 billion, an increase of $402 million over FY 2016. Since 2008, funding for IHS has increased by 53 percent, if the FY 2017 Budget is enacted. The Budget seeks to address and improve the health disparities faced by American Indians and Alaskan Natives, especially in the critical area of behavioral health. Significant new behavioral health investments will support innovative approaches to reduce rates of substance abuse, improve access to mental health services, and prevent suicide. The Budget prioritizes self-determination by fully funding contract support costs, a program which provides critical funding to tribes who operate direct service facilities. Other increases include funding for new facilities, staffing and operations of new and replacement facilities opening between FY 2016-2017, and for critical investments in Health Information Technology to improve the quality of health services and enhance care coordination.

The Budget also provides $15 million in additional funding, for a program total of $29 million, to expand CDC’s Comprehensive Approach to Good Health and Wellness in Indian Country. CDC works collaboratively with Tribes, tribal organizations, and Tribal Epidemiology Centers to prevent heart disease, diabetes, stroke, and associated risk factors, such as tobacco. This funding
will expand existing efforts to address these diseases and risk factors, in addition to other critical problems within this population, including suicide, prescription drug overdose, and alcohol-related motor vehicle injuries.

**Strengthens Health Programs in Puerto Rico and other U.S. Territories** The Budget removes the cap on funding to Medicaid programs in the U.S. territories to better align territory Medicaid programs with those in States and expands eligibility to 100 percent of the Federal poverty level in territories currently below this level. This proposal would gradually increase the share of Medicaid costs covered by the federal government as territories modernize their Medicaid programs. The proposal also would provide critical healthcare funding to Puerto Rico and help mitigate the effects of its fiscal crisis. Additionally, the Budget proposes to change the formula for calculating Medicare Disproportionate Share Hospital payments for hospitals in Puerto Rico, which will provide an increased reimbursement to hospitals that treat a high proportion of low-income patients.

**Reduces the Cost of Prescription Drugs in Medicare and Medicaid**

The effect of rising prices for drugs on beneficiary costs and access to medications is one of the most urgent issues for patients and their families in today’s health care system. Drug spending increased by 12.2 percent in 2014, making it one of the fastest growing portions of healthcare cost. The FY 2017 President’s Budget includes a number of proposals aimed at improving access to necessary treatments and increasing the value that Americans get from their medications, while continuing to encourage important and lifesaving innovations.

**Improves Healthcare for Dual Eligible Beneficiaries**

People enrolled in both Medicaid and Medicare have complex and often costly health care needs. With the passage of the Affordable Care Act, the Administration introduced multiple initiatives that have vastly improved the coordination of care for dual-eligible beneficiaries. The 2017 President’s Budget builds upon this foundation and includes a series of legislative proposals to improve access for dual-eligible beneficiaries, while decreasing overlap and inefficiencies that currently exist between the two payors. This effort includes creating an integrated appeals process for dually eligible beneficiaries, simplifying the process for receiving Medicare Savings Program benefits, coordinating review of dual-eligible special needs plan marketing materials, and making sure low-income individuals newly-eligible for Medicare have Part D coverage during their transition between payors and plans.

**Continues Medicare Reforms**

The Budget includes legislative proposals that reward value and care coordination, rather than volume and care duplication, including proposals to provide new payments for primary care, and enhanced value-based purchasing programs. The Budget encourages participation in alternative payment models through a number of proposals, including creating a bonus payment for hospitals that collaborate with certain alternative payment models. The Budget also expands the ability of Medicare Advantage plans to deliver services via telehealth and enable rural health clinics and federally qualified health centers to qualify as originating telehealth sites under Medicare. Finally, the budget proposes a Medicare Advantage competitive bidding system that reforms payments based on plans’ estimates for beneficiary cost-of-care while preserving access to supplemental benefits and strengthening incentives to provide high quality services.
Ensuring Efficiency, Transparency, Accountability, and Effectiveness of HHS Programs

Protects Against Cyber Threats
HHS is responsible for securing millions of individuals’ personal health information, conducting highly sensitive biodefense work, reviewing new drug applications and clinical trial data, and issuing more grants than any other federal entity. The Budget includes $51 million within the Office of the Secretary to increase the Department’s protections against cyber threats that pose risks to HHS critical functions, services, and data.

Invests in Necessary Infrastructure and Mission Critical Facilities
The Budget includes a total of $570 million, an increase of $47 million, for Indian Health Service (IHS) facilities for construction across Indian Country. Investments in construction will help IHS to build or maintain the necessary infrastructure to deliver essential health services to American Indians and Alaska Natives. Substantial increases include $27 million for health care facilities construction to reduce the number of health care construction projects on the priority list backlog. The Budget also includes an increase of $11 million for facilities and environmental health support, which sustains critical public health programs, such as the injury prevention program and environmental health services, supplements salary for support staff at 1,015 facilities, and addresses facility needs and upkeep. Finally, the Budget provides an increase of $4 million for the sanitation facilities construction program, which builds much needed facilities to deliver potable water and provide waste disposal to American Indian and Alaska Native people.

The Budget also makes investments to address infrastructure needs across HHS facilities that directly support mission critical activities. The Budget includes an increase of $24 million above FY 2016, for a total of $43 million, to improve the integrity of operations and infrastructure for CDC and FDA. Within this total, an increase of $21 million, for a total of $31 million, is provided for CDC’s facility repair and improvements. In addition, the Budget also includes $12 million for FDA building and facilities, an increase of $3 million over FY 2016.