



# What DC's budgets mean for healthcare

By Stephanie Zaremba | February 22, 2018

After months of government-shutdown drama, Congress passed a deal in early February that sets federal spending limits for two years. Detailed spending levels for the rest of this fiscal year, however, are still to be determined by an omnibus spending bill that must pass by March 23, 2018.

Just a few days after Congress passed the high-level deal, the White House released its budget proposal for the 2019 fiscal year.

The near-simultaneous release of the two budgets may lead to confusion, but they are separate and different documents. Yet both have major implications for healthcare programs and spending.

## Opioids, meaningful use and more

As part of the government spending package, Congress

set broad limits: Military spending will rise roughly 10 percent to \$700 billion for fiscal year 2018, while domestic spending will also increase to \$591 billion. Congress included \$6 billion to combat the opioid crisis and \$8 billion to fund community health centers, as well as a further extension of CHIP coverage. The spending outlined will only go into effect after Congress passes the full-year omnibus in March that sets detailed appropriations for every government program.

Like all major legislative packages, the Congressional budget bill also included a number of other provisions. Among them: expanded coverage for virtual care under Medicare and for remote chronic care under Medicare Advantage; a delay of Medicaid cuts for hospitals that serve predominantly low-income populations; and a provision that removes the requirement that the electronic health record (EHR) meaningful use program become increasingly stringent over time.

# White House wish list

While Congress focuses on 2018, the White House has already turned its attention to the budget proposal for the 2019 fiscal year.

The president's budget proposal is a wish list. It has no authority, and many of its provisions require major action by Congress. The appropriators in the House and Senate ultimately determine executive branch spending, and typically they pay little to no attention to White House proposals.

Yet, the president's budget is an important statement of his administration's priorities. At the top level, the budget proposes a 21 percent decrease in the Department of Health and Human Services (HHS) budget from 2017 levels. It repeals and replaces the Affordable Care Act, comprehensively reforms Medicaid, includes funding for the opioid epidemic, reforms drug pricing and payment, and improves treatment for serious mental illness.

With respect to drug pricing, the budget proposes policies estimated to save more than \$5 billion over 10 years. It also includes changes to the 340B drug discount program, to cost sharing and rebates in Medicare part D, and to part D plans' negotiating power.

The budget also proposes significant changes to the Quality Payment Program. The administration would like to eliminate requirements that providers and hospitals be paid based on their use of EHRs, while also streamlining payment programs and easing restrictions that make participation in alternative payment models unduly difficult.

## A break from the burden?

The upshot of these proposals is that Washington is looking to provide breathing room to healthcare providers. A growing recognition that clinicians are being crushed under the weight of administrative burden and thin financial margins has led to a willingness among policymakers to loosen some of the strict mandates that have displaced innovation in health technology over the past decade.

Stay tuned as both these budgets wend their way through Washington.

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