HIGHLIGHTS FROM THE PRESIDENT’S FISCAL YEAR (FY) 2017 BUDGET REQUEST

On February 9, President Barack Obama sent his FY 2017 budget request to Congress. It calls for $4.1 trillion in spending. The budget, the last of his presidency, is Obama’s most expensive proposal to date.

In the coming months, members of the House and Senate Appropriations Committees will draft legislation to fund federal agencies. While leadership in both chambers have promised that Congress will consider the bills through regular order, a compact Congressional calendar and the presidential election will present roadblocks. It is more likely that Congress will pass an omnibus funding bill or a continuing resolution late in 2016. The Office of Government Affairs will monitor progress closely.

Listed below are select proposals included in the President’s FY 2017 budget request that are of interest to the March of Dimes.

**Centers for Disease Control and Prevention (CDC):** $6.98 billion, including the Public Health Prevention Fund for FY 2016 – a decrease of $194.2 million compared to the FY 2016-enacted level

- **National Center on Birth Defects and Developmental Disabilities (NCBDDD):** The President is urging Congress to appropriate $136 million for NCBDDD, equal to the FY 2016-enacted level.
  - The proposal includes $65.8 million for Child Health and Development. Of that, the budget allocates $19 million to support birth defects research and surveillance and $3.2 million to fund folic acid education, both level with the FY 2016-enacted funding.
- **Immunization Programs:** The CDC’s FY 2017 budget proposes an increase of $225.9 million in mandatory funding for the Vaccines for Children (VFC) program to support an increase in vaccine purchase contract costs and quality improvement site visits to VFC-enrolled providers. In contrast, the budget proposes a $50.3 million cut to the Section 317 Immunization Program. The budget request suggests that health insurance expansion under the Affordable Care Act (ACA) will reduce demand for the services provided under the Section 317 program. Congress rejected a similar reduction in the President’s FY 2016 request.
- **Safe Motherhood/Infant Health:** The President’s budget requests $46 million to support the work of CDC’s Safe Motherhood Initiative, equal to the FY 2016-enacted level.
  - The administration’s request omits the $2 million preterm birth subline reinstated by Congressional appropriators in the FY 2016 omnibus funding bill.
- **National Center for Health Statistics (NCHS):** The budget urges Congress to appropriate $160.4 million for health statistics, equal to the FY 2016-enacted level.
- **Global Polio Eradication Efforts:** The President’s FY 2017 budget recommends $174 million to support worldwide polio immunization efforts, $5 million more than FY 2016. The CDC would use the increase to scale up the agency’s response to new and ongoing polio outbreaks and expand surveillance activities.
- **Tobacco Prevention Programs:** The FY 2017 budget requests $210 million to support the mission of the CDC’s Office on Smoking and Health, equal to the FY 2016-enacted level. CDC tobacco control and prevention efforts are also supported by the efforts of other divisions, including chronic disease community grants, NCHS surveillance projects, and global health funding.

**Health Resources and Services Administration (HRSA):** $5.8 billion – a $413 million decrease below the FY 2016-enacted level

- **Maternal and Child Health Block Grant:** The President’s budget requests $638.2 million for programs to support programs funded by the Title V Block grant, equal to the FY 2016-enacted level.
  - The request includes level funding of $77 million for Special Projects of Regional and National Significance (SPRANS), which includes a $477,000 set aside for fetal alcohol syndrome demonstration projects. In its
detailed budget justification, HRSA highlighted the success of the SPRANS-funded Collaborative Improvement and Innovation Network (CoIIN) in reducing infant mortality.

- **Heritable Disorders**: The FY 2017 budget urges Congress to provide $13.8 million to carry out programs and activities authorized by the Newborn Screening Saves Lives Reauthorization Act of 2014, equal to the FY 2016-enacted level.

- **Healthy Start**: The President’s budget requests $103.5 million in FY 2017 for the Healthy Start program, which provides grants to states to reduce infant mortality and improve perinatal outcomes. The request is equal to the FY 2016-enacted level.

- **Universal Newborn Hearing Screening Program**: The President’s budget calls on lawmakers to maintain a funding level of $17.8 million to support newborn hearing screening programs.

- **Children’s Hospitals Graduate Medical Education (GME) Program**: The FY 2017 budget requests $295 million in mandatory funding for the Children’s Hospital GME Program. The administration has proposed significant cuts and changes to the program in recent years, but includes level funding for the program in this budget.

**National Institutes of Health: $33.1 billion - an increase of $825 million from the FY 2016-enacted level**

- While the President’s budget includes an increase in NIH funding in FY 2017, there are concerns about the proposal. The administration wants to pay for the increase using mandatory funds, which require Congress to establish a dedicated funding stream, instead of discretionary dollars, which are allocated through the regular appropriations process. Further, the President’s request cuts NIH’s existing budget authority by $1 billion (in discretionary funds) and replaces it with mandatory funding. Advocates for research funding worry that the proposal could leave the NIH vulnerable to budget cuts; however, strong bipartisan support for medical research will likely shield NIH funding in FY 2017.

- **National Institute of Child Health and Human Development (NICHD)**: The President’s FY 2017 budget recommends $1.34 billion to support NICHD’s research efforts, a slight decrease from the FY 2016-enacted level. The decrease reflects the transfer of HIV/AIDS research funding from NICHD to other centers as part of NIH’s recent review of its HIV/AIDS portfolio.

- **National Human Genome Research Institute (NHGRI)**: The FY 2017 budget requests $513 million for NIH’s genome research activities, a slight decrease from the FY 2016-enacted level. The decrease reflects the transfer of HIV/AIDS research funding from NHGRI to other centers as part of NIH’s recent review of its HIV/AIDS portfolio.

- **National Institute of Environmental Health Sciences (NIEHS)**: The President’s budget urges Congress to appropriate $681 million to NIEHS in FY 2017, an $11 million decrease from the FY 2016-enacted level.

- **National Children’s Study Follow-on**: The FY 2017 budget request continues the $165 million investment in the National Children’s Study follow-on. The new program, Environmental Influences on Child Health Outcomes (ECHO), will focus on four key pediatric outcomes with high public health impact, including upper and lower airway; obesity; pre-, peri-, and postnatal outcomes; and neurodevelopment.

- **Precision Medicine**: The President’s budget calls for $309 million to support the President’s Precision Medicine Initiative, an increase of $100 million over FY 2017. Agencies will use funds to continue establishing a national research cohort, expand research in cancer genomics and develop technology and privacy standards.

- **Gabriella Miller Kids First Act (P.L. 113-94)**: The FY 2017 budget includes $12.6 million to support this pediatric research initiative. The March of Dimes endorsed this legislation, which authorized grants for pediatric research representing important areas of emerging scientific opportunities, rising public health challenges, or knowledge gaps that deserve special emphasis. FY 2017 will be the third year of the 10-year initiative.

**Other Agencies/Initiatives**

- **Agency for Healthcare Research and Quality (AHRQ)**: The President recommends a total of $363 million for AHRQ’s activities in FY 2017, an increase of $29 million over the FY 2016-enacted level. The President proposes using the majority of that increase to fund health services research to evaluate alternative payment systems and emerging medical technologies, among other purposes.

- **Special Supplemental Nutrition Program for Women, Infants and Children (WIC)**: The budget calls for $6.35 billion for the WIC program in FY 2017, equal to the FY 2016-enacted funding level. The funding is expected to be sufficient to meet the current WIC caseload of 8.1 million participants.
• **Antimicrobial Resistance**: The President is requesting $877 million to help HHS combat antibiotic resistance, an increase of $43 million over FY 2016. NIH, CDC, FDA, AHRQ and other agencies would use the funds to prevent the spread of antibiotic resistant pathogens and develop new treatment options, among other purposes. The President is also urging Congress to provide additional funds to the US Department of Agriculture to address antibiotic use in food animal production.

• **Opioid Abuse**: The President’s budget includes a $1 billion request for new mandatory funding over two years to expand access to treatment for prescription drug abuse and heroin use. The funds would be used to expand access to medication-assisted treatment (MAT) programs, increase the number of substance abuse providers, and evaluate the effectiveness of MAT. The budget also includes a request for approximately $500 million in discretionary funding, an increase of $90 million over FY 2016, for the Department of Justice (DOJ) and HHS to expand state-level prescription drug overdose prevention strategies, increase availability of MAT, improve access to naloxone and support enforcement activities.

**Insurance Coverage Provisions**

• **Three years of full federal financing for any state expanding Medicaid.** The ACA allows states to expand their Medicaid programs to serve low-income adults with household income up to 133 percent of the federal poverty level. The federal government covers the full cost of expansion through 2016. After that, the federal government pays a reduced amount over three years, leveling off at 90 percent. Under a proposal in the President’s FY 2017 budget, any state that chooses to expand Medicaid eligibility will receive three years of full federal support, no matter when the state expands its program.

• **Funds the Children’s Health Insurance Program (CHIP) for two additional years.** The President’s FY 2017 budget proposes extending CHIP funding levels through FY 2019. The program’s funding is currently set to expire September 30, 2017.

• **Extends express lane eligibility.** The President’s budget request includes a proposal to permanently extend Express Lane Eligibility. Express Lane Eligibility allows state Medicaid or CHIP agencies to use another public program’s eligibility findings to streamline eligibility and enrollment into Medicaid or CHIP. Authorization is set to expire September 30, 2017.

• **Expand Eligibility for Medicaid Services.** The President’s 2017 budget request calls on Congress to ensure pregnant and post-partum Medicaid beneficiaries have access to full Medicaid benefits. The request also urges Congress to guarantee Medicaid provides full coverage of tobacco cessation services (including counseling) to pregnant women.

**Emergency Funding**

• In addition to the FY 2017 budget, President Obama also sent a request to Congress for $1.8 billion in emergency funding to help curb the spread of the *Zika virus*. This funding is separate from the budget process and would not be subject to spending caps. Under the President’s proposal, agencies would use funds to support preparedness and response activities, such as supporting readiness and response capacity in States and territories, enhancing mosquito control programs, expanding surveillance efforts, and accelerating the development of rapid diagnostics and vaccines, among other things.