

Federal Appropriations Analysis and Update

To: State Aging and Disability Directors

From: ADvancing States

Re: Federal Fiscal Year 2024 President’s Recommended Budget

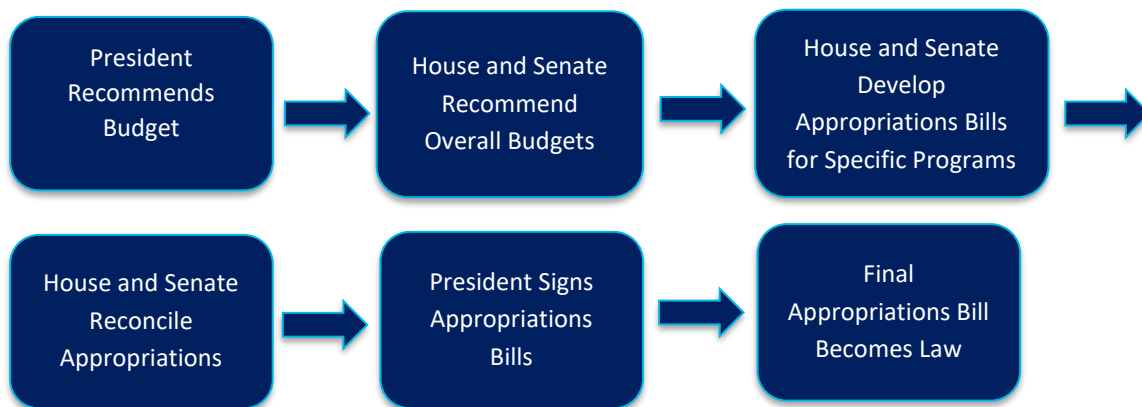
Date: March 10, 2023

Background

Yesterday, President Biden released his proposed budget for the upcoming fiscal year. These recommendations cover Federal Fiscal Year 2024 (FY24) which runs from October 1, 2023, through September 30, 2024. The budget focuses on increased investments in many areas, including health care, social services, housing, veterans, and infrastructure. The budget places a large emphasis on funding and changes to health care programs such as Medicare and Medicaid but also includes key recommendations to increase funding for ACL programs, such as APS. While the budget will receive significant media attention, it is important to remember that these are nonbinding recommendations that are unlikely to be enacted into law by Congress at this time.

The full text of the President’s Budget can be found here: https://www.whitehouse.gov/wp-content/uploads/2023/03/budget_fy2024.pdf

As a reminder, the President’s budget is one step in a longer process of establishing overall Government spending as well as setting the individual allocations for specific programs. There are several steps during the process of setting spending levels on Federal programs, depicted below:



While there are several discrete actions that occur within each of these broader steps, this is a generalized way of understanding the process. Note: the funding levels discussed below do not include supplemental appropriations related to the COVID-19 pandemic and are comparing levels enacted in the FY2023 omnibus to levels recommended in the President’s FY2024 budget.

Budget Highlights

- Proposes to invest \$150 billion over 10 years in strengthening Medicaid HCBS.
- Would require quality reporting for Medicaid HCBS.
- Would increase funding for Adult Protective Services (APS) by \$43 million to \$58 million.
- Recommends \$500 million for OAA Title III-B supportive services.
- Proposes an overall \$218 million increase for OAA nutrition programs.
- Proposes a new national, comprehensive paid family and medical leave program to be administered by the Social Security Administration (SSA).

Older Americans Act and Related Provisions

- The budget would increase funding for OAA Title III-B supportive services by \$90 million, to \$500 million.
- Recommends \$762 million for congregate meals, and \$410 for home-delivered nutrition, an increase of \$222 million and \$44 million respectively. The budget also proposes \$112 million for Nutrition Services Incentive Program (NSIP), a \$48 million decrease.
- The budget recommends \$250 million for OAA family caregiver supports, a \$45 million increase.
- Recommends \$70 million for Native American Nutrition and Supportive Services, a \$32 million increase.
- Proposes to increase funding for APS from \$15 million in FY23 to \$58 million in FY24.
- The budget proposes to increase the ACL program administration budget to \$64 million, up from \$47 million.
- Proposes to level fund the SCSEP program at \$405 million.
- Recommends \$5 million for the OAA research, demonstration, and evaluation center for the Aging Network.
- The budget proposes \$1.023 billion for section 202 housing for older adults and \$356 million for section 811 housing for people with disabilities, a \$52 million and \$4 million decrease respectively.

Medicaid, Medicare & Other Health Provisions

Medicaid

- Authorize HHS to negotiate Medicaid supplemental rebates on behalf of states
 - Establishes a process where CMS and participating state Medicaid programs partner with a contractor to negotiate supplemental rebates from drug manufacturers.
- Enhance Medicaid managed care enforcement
 - Conditions Medicaid Federal Financial Participation (FFP) for managed care capitation payments on a service-by-service basis and provides CMS the ability to selectively defer FFP.
 - Aligns with similar FFS enforcement tools.
- Requires Medical Loss Ratios (MLR) in Medicaid and CHIP managed care
 - Requires Medicaid and CHIP managed care plans to meet a minimum MLR of 85 percent as well as requiring states to return to CMS as share of any savings realized from managed care plans that do not meet those minimums
- Require Medicaid Adult Core Set and Home and Community-Based Services Quality Reporting
 - Provides \$15 million annually to strengthen Adult Core Set Quality Measurement and Improvement Program.
 - Requires annual reporting of Adult Core Set within 4 years.
 - Funds HCBS Quality Measurement Program at \$10 million/year.
 - Requires annual reporting of HCBS quality measure set within 4 years of enactment.
- Align Medicare Savings Programs and Part D Low-Income Subsidy eligibility methodologies
 - Simplifies eligibility process by removing income and asset determinations that apply to one program but not other.
- Align Qualified Medicare Beneficiary renewal period with other Medicaid groups
 - Establishes a 12-month renewal period in statute (making the QMB renewal period no more restrictive than MAGI).
- Require 12-Months of postpartum coverage
 - States must provide 12 months of postpartum coverage in Medicaid and CHIP
- Improve Medicaid Home and Community-Based Services
 - Provides additional \$150 billion over 10 years.
- Other Medicaid provisions:
 - \$10 million in FY 2024 to conduct reviews of state implementation of mandatory Medicaid Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit. Follows the \$10 million marked for FY 2023.

- Requires states to cover Pre-Exposure Prophylaxis (PrEP) and associated laboratory services with no cost sharing for Medicaid and CHIP beneficiaries.
- Provides territories the option to participate in the Medicaid Drug Rebate Program, rather than requiring a waiver for those not participating.

Medicare

- Increases the Medicare tax rate to five percent from 3.8 percent on earned and unearned income above \$400,000 and increases the Net Investment Income Tax (NIIT) rate to five percent, as of January 1, 2024. Invests savings in the Medicare Trust Fund.

Medicare Part D Prescription Drug Reforms

- Expands Medicare prescription drug price negotiations and brings drugs into negotiation sooner after they enter the market, as of January 1, 2024. Invests savings into the Medicare Trust Fund.
- Limits Part D beneficiary cost-sharing on certain generic drugs that treat chronic conditions at \$2.00 per prescription per month.

Mental Health Benefits and Coverage

- Eliminates the 190-day lifetime limit on psychiatric hospital services.
- Allows Medicare to identify and designate additional behavioral healthcare professionals for coverage and reimbursement.
- Requires Medicare to cover three behavioral visits per year without cost-sharing, as of January 1, 2025.
- Revises criteria for psychiatric hospital terminations from Medicare.
- Applies the Mental Health Parity and Addiction Equity Act (MHPAEA) to Medicare.

Long-Term Care

- Institutes a risk-based approach for long-term care facilities surveys.
- Increases per instance civil monetary penalty authority for long-term care facilities.
 - Increases level of civil money penalties up to \$1 million and creates a penalty scale based on the severity of the deficiencies within a facility.
- Recommends changes to Nursing Home Compare data, including requiring CMS to validate data submitted by nursing facilities
- Requires additional disclosures from private equity or real-estate investment trust ownership to improve quality of care in SNFs.

Nutrition

- Establishes three-year demonstration of Medicare covered medically-tailored meals, as of January 1, 2024.
- Expands access to Medicare coverage of nutrition and obesity counseling.

Medicare Modernization and Benefit Enhancements

- Creates a permanent Medicare Diabetes Prevention Program benefit, as of January 1, 2025, and a Medicare Home Health Value-Based Purchasing Program.
- Adds Medicare coverage of select, evidence-based support services delivered by community health workers, as of January 1, 2025, including screening for social determinants of health and linkage to social supports.
- Would establish an 85 percent medical loss ratio for Medicare Advantage supplemental benefits

Other Health Provisions

- Permanently extend enhanced premium tax credits, originally established under ARPA
 - Eliminate contributions required by individuals and families 100-150% FPL
 - Removes 400 percent FPL cap (\$120,000/family of 4)
- Permanently extend coverage to low-income individuals in states that have not expanded Medicaid
 - Provides Medicaid-like coverage to individuals in states that have not expanded Medicaid
- Limit cost-sharing for insulin at \$35 a month
- Medicaid Integrity Program would receive \$100 million for CMS to provide TA related to agency reviews, audits, identification of overpayments, and education.
- Proposes a new national, comprehensive paid family and medical leave program to be administered by the Social Security Administration (SSA). The program would provide progressive, partial wage replacement to take time off for family and medical reasons. It would provide up to 12 weeks of leave to allow eligible workers to take time off. Additionally, it would provide up to three days to grieve for the death of a loved one. This proposal is projected to cost \$325 billion over 10 years if implemented.

Conclusion

In sum, the President's budget proposal is a recommendation and is better used to understand the Administration's priorities rather than a projection of future spending. We believe Congress will establish their own funding levels and pass an appropriations package that significantly differs from

those proposed in the budget. ADvancing States will continue to provide updates as Congress considers these proposed funding levels, as well as if Congress or the Administration pursue any of the policies included in this document. We will also continue to educate Congress on the value of aging, disability, and long-term services and supports programs at the state and national level.