



THE CRD ASSOCIATES'

HEALTH POLICY REPORT

March 1, 2014

The Headlines:

- **Let the ~~Parade~~ Charade Begin!**
- **Record Funding Sought for Physician Training**
- **But No Leaks Yet Concerning NIH, AHRQ Funding**

Let the ~~Parade~~ Charade Begin!

President Obama is scheduled to send his fiscal year 2015 budget blueprint to Congress on March 4, followed a week later with the details behind the numbers. Regardless of whether the document elicits plaudits or a toe-tag, congressional appropriators will quickly dive into their work, hoping to capitalize on the momentum generated when it passed last month's omnibus spending bill.

While nothing's official yet, we know the budget request will stick to the \$1.014 billion discretionary spending cap set by the deal negotiated in December by Rep. Paul Ryan (R-WI) and Senator Patty Murray (D-WA). Of the total, \$492.5 billion is set aside for domestic discretionary programs, with the remainder allocated for defense.

Overall, the budget proposal is about \$2 billion more than fiscal year 2015. So long as Congress doesn't exceed the overall spending cap, no

programs will face any across-the-board sequester cuts.

The president's budget, however, also will include another \$56 billion for what's being billed as an "Opportunity, Growth and Security" initiative.

The plan, which is said to be paid for by closing tax loopholes and changing spending programs, is intended to replace the remaining FY2015 sequester cuts for nondefense discretionary programs. The initiative would split funding evenly between defense and domestic programs. It calls for the creation of 45 new manufacturing institutes; an efficiency program to modernize the electric grid; and a proposal to expand access to pre-kindergarten programs.

What the president's plan does NOT include is a "grand bargain," as it did last year—a far-reaching deficit-reduction plan that included major reforms to Social Security and other entitlements as well as tax increases.

Whatever reception the president's budget receives on Capitol Hill, top House and Senate appropriators are poised—at least for now—to move

quickly. Senate appropriations chair Barbara Mikulski (D-MD) is already issuing deadlines to her colleagues, calling for committee mark-ups to be completed by early June. But with the mid-term elections looming, Senate majority leader Harry Reid (D-NV) will need to weigh whether he wants to reignite debate on controversial issues like Obamacare before November.

[Editor's note. - We'll pass along more details on the president's budget as they emerge over the next few weeks.]

Record Funding Sought for Physician Training

Published reports indicate that the president's fiscal year 2015 budget will include a major funding boost for physician training.

As enrollments in the Affordable Care Act exchanges begin to rise, 4 million to date, the administration hopes to meet the demand for more physicians, especially primary care physicians.

The budget President Obama sends to Congress proposes to spend \$5.23 billion over the next 10 years to train 13,000 primary care residents.

Priority will be given to residents in hospitals, accountable care organizations (ACOs) and other community-based health groups that emphasize team-based care in underserved regions. The proposal would bring payments to teaching hospitals more in line with the actual cost of providing care.

The plan also targets \$3.95 billion over the next six years to the National Health Service Corps, enough to support 15,000 primary care providers annually, beginning in 2015.

Lastly, the initiative extends higher payments to Medicaid providers by one year, with emphasis on physician assistants and nurse practitioners.

But No Leaks Yet Concerning NIH, AHRQ Funding

While the Obama administration leaked the above information to selected media outlets, they have not done the same with life sciences and health services research funding – and that is a concern that perhaps it is not going to be as generous in that area.

As regular readers of this monthly missive (and our Special Reports) know, Congress restored about two-

thirds of the sequestration reduction to NIH in FY2014 and was surprisingly generous to AHRQ, which ended up with a total of about \$475 million in funding from three different sources.

At this point, there is not any definitive information (leaked or otherwise) from the White House or OMB as to how they are going to treat the research enterprise in FY2015.

The health research advocacy community, speaking with one voice through the Ad Hoc Committee on Medical research, has built a case for an NIH appropriation of “at least \$32 billion.” It remains to be seen how that will compare with the amount to be requested by the Obama administration.

The comparable group supporting AHRQ funding, the Friends of AHRQ, is seeking an increase in base funding for the Agency of about three percent. AHRQ will receive additional funding from the Prevention and Public Health Fund and PCORI, both of which were created in the ACA.

More to come in the weeks ahead as we replace speculation with facts.

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