

HEALTH POLICY CORNER

Update on the Omnibus

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It took five weeks to write and 1,600 pages to explain, but somehow lawmakers managed to put aside their differences just long enough to negotiate an agreement on all 12 appropriations bills necessary to keep the government operating.

Perhaps leery of the political backlash that a second government shutdown would rain on election-year races, bipartisan majorities rallied around an omnibus bill that apportions just over \$1 trillion in discretionary spending for FY14.

The measure falls within the \$1.012 trillion cap on discretionary spending set in December's Bipartisan Budget Act, which rolled back a portion of the sequestration cuts announced in March 2013 and set new spending caps for defense and non-defense programs. It also includes an additional \$98 billion not subject to the cap, mostly for war spending and disaster relief. The measure's base funding provides a 2.6% increase in discretionary spending from the sequester-reduced level of FY13 and generally sidesteps contentious issues like defunding Obamacare.

Nearly as surprising as the overall deal itself is the fact that the omnibus includes detailed recommendations for the Labor-Health and Human Services (HHS)-Education spending bill, which is ordinarily the target of hard-line partisan bickering over money and social policy.

The omnibus provides a total of \$621.1 billion for HHS, including \$510.1 billion in FY14 appropriations, \$106.9 billion in advance FY15 appropriations for certain HHS programs, and \$4.1 billion from trust funds.

The measure's total funding is 3% more than last year's level but \$2 billion less than the president's budget request. Of the total provided, \$156.8 billion is discretionary spending subject to the discretionary cap for FY14.

Health Professions Training

The measure provides \$6.3 billion for programs and activities of the Health Resources and Services Administration—\$130 million (2%) less than the FY13-enacted level. Included within the total is \$1.5 billion for primary health care services and facilities (e.g. community health centers)—about 5% less than both the FY13-enacted level and the president's request. It provides \$737 million for programs aimed at addressing shortages of health professionals, including \$245 million for Title VII and \$229 million for Title VIII nursing programs.

Training in primary care medicine is allocated \$36.924 million—a 1% increase over the current year's funding. Centers of excellence (\$21.7 million) and the Health Careers Opportunity Program (\$14.2 million) also received a 1% increase.

Is NIH Funding Up or Down? Yes!

Here are the basic overall numbers for NIH:

- FY12 enacted: \$30.6 billion
- FY13 (pre-sequester/transfers): \$30.6 billion
- FY13 (post-sequester/transfers): \$28.9 billion
- FY14 enacted: \$29.9 billion

Supporters of the bill describe it as a \$1 billion increase for NIH, which it is. Critics of the bill de-

scribe it as a \$0.7 billion reduction of NIH, which it is. The bottom line is that—irrespective of your viewpoint—funding for NIH is clearly going to continue to be very tight in FY14 and beyond.

Additionally, it is important to note that the increase for NIH represents restoring about two thirds of the money lost in sequestration. Overall, because of some mandatory funding issues that had to be addressed in the bill, only about 40% of HHS sequestration was restored. Committee staff argues that indicates a “win” for NIH; others disagree.

On the issue of Clinical and Translational Science Awards (CTSAs), the budget includes \$475 million in designated funding. It consolidates all CTSA funding in the National Center for Advancing Translational Science (NCATS) but directs other institutes and centers (ICs) to work with NCATS collaboratively. It also directs NCATS to implement the Institute of Medicine (IOM) recommendations regarding CTSAs in consultation with the “CTSA community” and the IC directors.

Finally, the bill instructs NCATS to report in its FY15 budget request regarding the steps it has taken to implement the IOM recommendations and to improve communication with the CTSA community.

AHRQ Appropriation is Surprisingly Robust

One of the surprising outcomes of the appropriations process this year was the success that SGIM and other advocates had in protecting and expanding financial support for

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the Agency for Healthcare Research and Quality (AHRQ) in the bill.

The total funding available for AHRQ in FY14 will be \$471 million—an increase of \$37 million or about 8% over last year. The funding is comprised of \$364 million from the “evaluation tap” (i.e. funds drawn from other HHS agencies), \$7 million from the Prevention and Public Health Fund (for the US Preventive Services

Task Force), and \$100 million from the PCORI Trust Fund for clinical comparative effectiveness research.

The amount was surprising because, for the last two years, the House subcommittee has sought to eliminate AHRQ, providing zero funding in its FY13 bill and reportedly intending to do the same in FY14 (although the bill or a summary of it was never released).

The bill also directs about \$46 million to investigator-initiated grants. Steadily increasing this amount of money has long been an SGIM priority, as grants tend to be much more accessible to academic researchers who are not set up to compete for contracts like corporate research entities might be.

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