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President Releases Fiscal Year 2013 Budget

Today, President Obama sent his \$3.8 trillion fiscal year 2013 budget proposal to Congress. This year's Budget projects a \$1.33 trillion deficit for 2012, representing 8.5 percent of the Gross Domestic Product (GDP), which would shrink to a \$704 billion deficit in 2022, or 2.8 percent of GDP. The proposal includes \$3 trillion in deficit reduction over the next decade, which is achieved through a combination of tax increases and spending cuts. The President's Budget would increase revenues by allowing the Bush tax cuts to expire at the end of the year, implementing a "Buffet rule" that ensures that anyone making more than one million a year will not pay less than a 30% effective tax rate, and imposing a "bank tax" on largest financial institutions.

In regards to cuts to health care, the Budget proposes approximately \$360 billion in reductions to Medicare, Medicaid and other health care spending over the next decade. This would be achieved through provider cuts and other reforms, many of which were put forward during the "Super Committee" discussions this past Fall, including:

- Establishing a single matching rate for Medicaid and Children's Health Insurance Program (CHIP) (\$17 billion);
- Reducing graduate medical education funding to teaching hospitals (\$9 billion);
- Eliminating Medicare reimbursements to hospitals for unpaid deductibles and co-pays, commonly referred to as "bad debt" (\$35. billion);
- Extending Disproportionate Share Hospital reductions established in Affordable Care Act (ACA) (\$8.3 billion); and
- Reducing payments to critical access hospitals (\$2 billion); beginning in 2014 the CAH designation is eliminated for those that are fewer than 10 miles from the nearest hospital.

Key Points of interest for the Roundtable on Critical Care Policy include:

- The Budget would provide \$1 billion for the Centers for Medicare and Medicaid Services discretionary budget, nearly a 26 percent increase, which likely reflects money needed to implement the health care law.
- The National Institutes of Health's budget remains level-funded at \$31 billion and proposes a new grant management policy that will increase the number of new research grants by seven percent. NIH's Clinical and Translational Sciences Awards program (CTSA) is funded at \$487 million.
- The Food and Drug Administration would receive \$4.5 billion, with almost 44% of that funding coming from prescription and medical device user fees.
- The Centers for Disease Control and Prevention budget includes \$39 million for activities aimed at reducing health care associated infections.

- To accelerate health information technology, the Budget includes an increase of \$5 million for the Office of the National Coordinator for Health Information Technology.
- The Agency for Healthcare Research and Quality (AHRQ) would receive \$409 million in funding, of which \$62 million would be transferred to the Patient-Centered Outcomes Research Trust Fund, established by the Affordable Care Act to build research capacity for comparative clinical effectiveness research.
- The Budget includes nearly \$4.5 billion for bioterrorism, pandemic influenza, and emergency preparedness activities across HHS, including:
 - \$982 million for the Office of the Assistant Secretary for Preparedness and Response (ASPR), an increase of \$56 million from FY 2012;
 - \$52 million for the National Disaster Medical System (NDMS);
 - \$11 million for the Medical Reserve Corps in FY 2013, a decrease of \$1 million from FY 2012;
 - \$255 million for Hospital Preparedness, which is a -\$120 million reduction from FY 2012;
 - \$547 million, an increase of \$132 million over FY 2012, for the Biomedical Advanced Research and Development Authority (BARDA); and
 - A total of \$474 million in the FY 2013 budgets of the CDC, FDA, and NIH to finance ongoing pandemic preparedness activities.

For a summary of the Department of Health and Human Services budget included in the Administration's FY 2013 proposal, please click [here](#).

This Special Alert is an update from The Roundtable on Critical Care Policy. For further information on the Roundtable, please visit our website at www.CriticalCareRoundtable.org.