

# CHILDREN'S HEALTH IN THE PRESIDENT'S 2017 BUDGET

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President Obama sent his final budget proposal to Congress on February 9, 2016. The fiscal year (FY) 2017 budget request calls for more than \$4.15 trillion to fund government operations in the next fiscal year.

The budget includes approximately \$1 trillion for discretionary spending. It also proposes more than \$950 million (over ten years) in revenue increases from proposals to end tax breaks for high-income earners and corporations. The budget avoids major changes to Medicaid and continues to fund Affordable Care Act-related (ACA) initiatives. Notably, for children's health, the budget continues the administration's commitment to the Children's Health Insurance Program (CHIP) and includes a provision to make permanent Express Lane Enrollment simplifications that allow states to use streamlined processes to enroll qualified children into Medicaid and CHIP.

Overall funding for the U.S. Department of Health and Human Services would be set at \$82.7 billion in discretionary budget authority, a \$658 million decrease over FY 2015. Health-related funding priorities in the president's budget focus on efforts to combat opioid addiction and prescription drug abuse, funding for a cancer "moonshot" initiative, improvements in mental health services, and new funding to combat the Zika virus.

The leading proposals in the president's FY 2017 budget that are significant for children's health include the following.

**Extends CHIP funding through FY 2019**, aligning federal CHIP funding with CHIP's authorization period.

**Makes permanent the Express Lane Eligibility (ELE) option for states.** ELE is designed to improve coverage for eligible, but unenrolled, children in CHIP and Medicaid. In states that take up the ELE option, state Medicaid and CHIP agencies are permitted to use eligibility findings from other public programs, such as Head Start, the Supplemental Nutrition Assistance Program (SNAP), the National School Lunch Program, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Low Income Home Assistance Program (LIHEAP), Section 8 housing, child care subsidies, and/or tax return data to identify, enroll, or recertify children for Medicaid and CHIP rather than requiring them to reanalyze and determine eligibility using standard application procedures.

**Increases funding for the Centers for Medicaid and Medicare Services** by \$20.6 billion over FY 2016, up to \$1.01 trillion in mandatory and discretionary funding. In FY 2017, the budget proposes \$376 billion in Medicaid outlays, an increase of \$9.3 billion from FY 2016.

**Provides new funding for states to improve mental health care delivery systems by expanding non-institutional options for children.** This proposal would add psychiatric residential treatment facilities to the list of qualified inpatient facilities, allowing children access to home and community-based waiver services.

**Lifts the Medicaid exclusion for children in inpatient psychiatric facilities.** This proposal would require Medicaid to cover Early and Periodic Screening, Diagnosis and Treatment benefits for kids in these facilities.

**Ensures full Medicaid coverage for pregnant and post-partum Medicaid beneficiaries.** This provision lifts existing restrictions that allow states to limit coverage in certain eligibility groups in Medicaid to “pregnancy-related services,” rather than full state plan benefits.

**Extends the Community Health Centers program** through FY 2017 and provides \$5.1 billion in funding in FY 2017, including \$1.35 billion in discretionary funding and \$3.75 billion in mandatory funding. The budget also calls for an increase in health centers’ mandatory funding of \$150 million in FY 2017, while making a corresponding reduction in discretionary funding for the program.

**Reinstates the ACA’s Medicaid payment increase for primary care providers through FY 2017.** The budget reinstates the Medicaid payment increase for primary care services, which expired at the end of 2014, and extends it to more types of primary care providers.

**Increases overall funding for the U.S. Centers for Disease Control and Prevention** by \$87 million over FY 2016 (to \$11.9 billion). This includes:

- An increase of \$226 million for the **Vaccines for Children Program**, up to \$4.39 billion in FY 2017
- Flat-funding for the **National Center on Birth Defects and Developmental Disabilities** at \$136 million in FY 2017
- A cut in funding for the **Chronic Disease Prevention and Health Promotion** program, down \$60 million to \$1.12 billion in FY 2017
- A cut in funding for the **National Center for Immunization and Respiratory Diseases** by \$50 million, down to \$748 million in FY 2017, reflecting an increase in insurance coverage for immunization services provided through the expansion of public and private coverage related to the ACA
- Flat-funding for the **National Center for Environmental Health** at \$182 million in FY 2017

**Increases funding for the National Health Service Corps** by \$80 million, from \$310 million in FY 2016 to \$380 million in FY 2017. This includes \$20 million in new discretionary funding and \$50 million in new mandatory funding to support administration initiatives related to heroin use, prescription drug abuse, and mental health services.

**Expands the Maternal, Infant, and Early Childhood Home Visiting Program** by providing an additional \$15 billion in new funds over ten years to expand access for at-risk families to voluntary, evidence-based home visiting services where nurses, social workers, and other professionals connect with families to provide necessary support services.

Within the **Health Resources and Services Administration (HRSA)**, the budget includes level-funding for most of the HRSA programs related to children’s health:

- **Children’s Hospital Graduate Medical Education** is level-funded at \$295 million
- **Maternal and Child Health Block Grant** is level-funded at \$638 million
- **Family to Family Health Information Centers** is level-funded at \$5 million
- **Autism and Other Developmental Disorders** is level-funded at \$47 million
- **Healthy Start** is level-funded at \$104 million
- **Universal Newborn Screening** is level-funded at \$18 million
- **Emergency Medical Services for Children** is level funded at \$ 20 million
- **Poison Control Centers** is flat funded at \$19 million
- **Cord Blood Stem Cell Bank** is flat-funded at \$11 million

**Increases overall funding for the National Institutes of Health** by \$825 million, up to \$33.1 billion in FY 2017. Funding for the **National Institute of Child and Human Development** is level-funded at \$2.512 million.

**Provides flat-funding for the Children’s Mental Health Services program at the Substance Abuse and Mental Health Services Administration** at \$119 million. Within this amount, the budget proposes a 10 percent set-aside to focus on youth and young adults who are at clinical high risk for developing a first episode of psychosis.

**Proposes a new five-year Medicaid/Administration for Children and Families demonstration project beginning in FY 2017 to address over-prescription of psychotropic medications for children in foster care.** The demonstration would encourage states to implement evidence-based interventions targeting children and youth in the foster care system as an alternative to psychotropic medications.

Congress is not expected to take action or consider seriously the president’s FY 2017 proposals in part because it represents President Obama’s spending priorities and he will no longer be serving as president when much of this spending would go into effect. That said, the president’s budget showcases the administration’s policy wishlist and serves as a roadmap for Congress as it begins the process of allocating federal dollars for spending. Ultimately, Congress holds the reins on setting funding levels.

As the budget season moves forward, First Focus will continue to urge Congress to maintain support for the programs that serve as lifelines for our nation’s children, especially Medicaid and CHIP. As Congress makes budget decisions and endeavors to cut the deficit, we will continue to remind lawmakers that balancing the budget should not fall on the backs of children. Investments in children are essential not only to protect their health and well-being but also to secure our nation’s future economic success.