



CHILD HEALTH:

Impact of the President's FY 2018 Budget Request on Children's Health

May 24, 2017

President Trump sent his first budget proposal to Congress earlier this week. The FY 2018 budget request calls for \$4.1 trillion to fund government operations in the next fiscal year. The budget includes deep cuts to programs that serve low income children, including, on the health care front, Medicaid and the Children's Health Insurance Program (CHIP).

The Trump budget includes approximately \$1 trillion for discretionary spending. It slashes funding for the Department of Health and Human Services (HHS) by 18 percent. In FY 2018, funding would be set at \$69 billion in discretionary budget authority, down from \$84.1 billion in FY 2017. In addition to Medicaid cuts, the budget includes deep cuts in funding across the National Institutes of Health, the Centers for Disease Control and Prevention, and at the Food and Drug Administration.

Despite Republican control of both Congress and the White House, lawmakers on both sides of the aisle have rejected the President's proposal, in part due to its dramatic cuts to the social safety net. Lawmakers are still wrapping up FY 2017 budget decisions; work will likely begin on the FY 2018 congressional budget resolution later this summer.

The leading proposals in the President's FY 2018 budget that are significant for children's health include the following:

Deep cuts to Medicaid. The Trump budget cuts Medicaid funding by \$610 billion, ending the Medicaid entitlement and restructuring Medicaid into a system financed through block grant or per capita payments to states beginning in 2020. With more than 38 million children in America relying on Medicaid for their health insurance, cuts of this magnitude would have a dramatic impact on health care access, coverage, and benefits for our nation's children. The Trump budget's proposed Medicaid cuts are in addition to \$839 billion in Medicaid cuts that are currently pending before Congress. Combined, those Medicaid cuts would result in slashing the program by an astonishing **\$1.3-\$1.5 trillion** over the next decade.

Fundamentally restructures and cuts funding for the Children's Health Insurance Program (CHIP). While the budget proposes a two-year extension for CHIP through 2019, it cuts allotments by \$5.8 billion. The budget achieves CHIP savings – which represent a 21% cut in the CHIP allotment -- through a series of policy changes including: ending the Affordable Care Act (ACA) provision that provided a 23-point increase in state CHIP matching rates; ending the ACA's Maintenance of Effort provision that required states to maintain current Medicaid and CHIP eligibility levels and benefits for children; capping CHIP eligibility at 250% FPL; and giving states the option to move children below 138% FPL who were moved into Medicaid after the ACA's passage back to CHIP. With funding for CHIP currently set to expire on September 30, 2017, CHIP extension legislation is a high-priority agenda item for the 115th Congress.

Provides flat-funding for the Centers for Medicaid and Medicare Services (CMS) of \$1 trillion in mandatory and discretionary outlays. In FY 2018, the budget proposes \$406 billion in Medicaid outlays, an increase of \$29 billion from FY 2017.

Extends the Community Health Centers program through FY 2019 and provides \$5.1 billion in funding in FY 2018 (same as in FY 2017), including \$1.5 billion in discretionary funding and \$3.6 billion in mandatory funding. The budget also calls for an additional year of health centers' mandatory funding, also at \$3.6 billion, in FY 2019.

Makes deep cuts to overall funding for the Centers for Disease Control and Prevention (CDC) by \$1.2 billion over FY 2017 (down to \$11.9). This includes:

- A deep \$222 million cut in funding for the **Chronic Disease Prevention and Health Promotion** program, from \$1.2 billion in FY 2017 to \$952 million in FY 2018. The Trump budget establishes a new "America's Health Block Grant" to offset this steep decline in funding and to integrate existing disease-based activities into one block grant.
- Eliminates the **Preventive Health and Health Services Block Grant** (a cut of \$160 million). Chronic disease funding is now to be supported through the new "America's Health Block Grant."
- An increase of \$116 million for the **Vaccines for Children Program**, up to \$4.6 billion in FY 2018
- A \$35 million cut in funding for the **National Center on Birth Defects and Developmental Disabilities** from \$135 million in FY 2017 to \$100 million in FY 2018.
- An \$82 million cut in funding for the **National Center for Immunization and Respiratory Diseases**, down to \$701 million in FY 2018.
- A \$60 million cut in funding for the **National Center for Environmental Health** from \$217 million in FY 2017 to \$157 million in FY 2018.
- Level-funding of \$17 million in FY 2018 for the **Childhood Lead Prevention Program**.
- A cut in funding for the **National Asthma Control Program** from \$29 million to \$25 million.

Provides flat-funding for the **Health Resources and Services Administration (HRSA)** at \$66.2 billion. Within **HRSA**, the budget includes modest increases in funding for programs that impact children:

- **Increase in Maternal and Child Health Block Grant** from \$637 million in FY 2017 to \$667 million in FY 2018.
- **Increase in Healthy Start funding** from \$118 million in FY 2017 to \$128 million in FY 2018.
- **Slight increase in funding for the Children's Hospital Graduate Medical Education** from \$294 million in FY 2017 to \$295 million in FY 2018.

The budget also includes level-funding for several HRSA programs related to children's health:

- **National Health Service Corps (NHSC)** flat-funded at \$310 million.
- **Poison Control Centers** flat-funded at \$19 million.
- **Cord Blood Stem Cell Bank** flat-funded at \$11 million.

A number of HRSA programs that impact children were zeroed out in the Trump budget:

- **Emergency Medical Services for Children** was cut from \$20 million in FY 2017 to \$0 in FY 2018.
- **Autism and Other Developmental Disorders** was cut from \$47 million in FY 2017 to \$0 in FY 2018.

- **Universal Newborn Screening** was cut from \$18 million in FY 2017 to \$0 in FY 2018.

Increases mandatory funding for the Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV).

The Trump budget increases mandatory funding to \$400 million annually in FY 2018 and FY 2019. This funding will allow the MIECHV program 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. Current funding for the MIECHV program is set to expire on September 30, 2017.

Makes deep cuts to overall funding at the National Institutes of Health from \$34 billion (funding that was approved only 3 weeks ago) down to \$25.9 billion in FY 2018. Funding for the **National Institute of Child and Human Development** is cut by \$305 million, from \$1.34 billion down to \$1.03 billion. Funding for the **National Institute of Allergy and Infectious Diseases** is cut by \$838 million, from \$4.6 billion down to \$3.8 billion.

Eliminates funding for the Agency for Healthcare Quality and Research (AHRQ). AHRQ is eliminated but the budget provides an additional \$272 million for NIH to carry out similar initiatives. AHRQ was previously funded at \$334 million.

Provides flat-funding for the Children’s Mental Health Services program at the Substance Abuse and Mental Health Services Administration (SAMHSA) at \$119 million.

As advocates for children we are deeply disappointed in the priorities outlined in President Trump’s first budget. Overall, the Trump budget calls for deep cuts and disinvestment in America’s safety net programs – most of all in Medicaid, which covers more than 70 million Americans and nearly half of all children.

It is important to note that the President’s budget represents the Administration’s policy and spending priorities. This budget represents only the Administration’s policy wishlist as Congress begins the process of allocating federal dollars for spending. Ultimately, Congress, not the President, holds the reins on setting funding levels and makes the final budget decisions during the appropriations process. We are heartened that congressional leaders do not appear to support the President’s spending outline and will not be using it as a guideline for their FY 2018 budget.

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. We are hopeful that Congress will reject this proposal in large part because of its impact on our nation’s most vulnerable populations. As Congress begins the FY 2018 budget process in the coming weeks and months, we will continue to remind lawmakers that investments in children are essential not only to protect their health and well-being but also to secure our nation’s future economic success.

For more information about First Focus’s Child Health Portfolio visit www.firstfocus.net, or contact Lisa Shapiro, Vice President of Child Health Policy (LisaS@firstfocus.net)