



HOUSE COMMITTEE ON THE **BUDGET**
RANKING MEMBER BRENDAN F. BOYLE

PRESIDENT BIDEN'S BUDGET

PROTECTS MEDICARE, MEDICAID AND CONTINUES TO LOWER HEALTH CARE COSTS FOR AMERICAN FAMILIES

March 23, 2023



President Biden's 2024 budget underscores Democrats' commitment to making quality, affordable health care a right for all Americans. The budget builds on the progress of the Affordable Care Act (ACA) and Democrats' recent investments under the American Rescue Plan Act (ARP) and the Inflation Reduction Act (IRA) while continuing to lower health care costs for Americans and the federal government. The budget protects Medicare and extends solvency for another generation without sacrificing benefits or forcing Americans to work longer for less. [As Republicans plot](#) to strip millions of Americans of their health care, raise drugs costs for seniors and families, and end Medicare as we know it, President Biden and Democrats will continue to put the health of the American people over Big Pharma's profit margins.

Strengthens Medicare for Another Generation

The budget extends the solvency of the Medicare Hospital Insurance (HI) Trust Fund by at least 25 years, ensuring millions of Americans can count on Medicare to be there for them when they turn 65. The budget extends solvency into at least the 2050s without cutting benefits or raising the retirement age while lowering out-of-pocket costs for Medicare beneficiaries.

\$344 billion savings from modestly increasing the Net Investment Income Tax (NIIT) rate on incomes above \$400,000 — The budget increases the NIIT rate on earned and unearned income above \$400,000 from 3.8 percent to 5 percent. The budget honors President Biden's commitment to not raise taxes on anyone earning less than \$400,000 a year and strengthens Medicare for everyone by ensuring the wealthiest Americans pay just a little bit more of their fair share.

\$306 billion in savings from closing tax loopholes for pass-through business income — The budget requires all pass-through business income of high-income households to be subject to either the 3.8 percent NIIT or the equivalent Self-Employment Contributions Act (SECA) tax. This ensures this income is subject to the same rules as other types of income. Furthermore, the budget dedicates all NIIT revenues to the HI Trust Fund as originally intended.

\$200 billion savings from strengthening prescription drug reforms — The budget builds on the newly established drug price negotiation power enacted in the IRA by allowing Medicare to negotiate prices for more drugs and negotiate prices sooner. The budget strengthens the IRA provision requiring drug companies pay rebates to Medicare when they increase drug prices faster than inflation by extending this rule to commercial health insurance. This enhancement not only extends the life of Medicare, but also lowers Medicare beneficiaries' out-of-pocket drugs costs by billions of dollars, saving Americans more money.

Lowers Health Care Costs for American Families

Thanks in large part to the investments in the ARP and the IRA, the national uninsured rate hit an [all-time low](#) last year and a record-setting [16.3](#) million people signed up for health coverage under the ACA this year. Despite Republicans' 13-year war against this popular and transformative legislation, the ACA continues to deliver affordable, quality health coverage for millions of Americans. The President's budget builds on this progress by continuing to lower health care costs and expand access to affordable health care coverage.

\$183 billion to permanently extend the enhanced ACA premium tax credits — The budget permanently extends the enhanced ACA tax credits initially enacted in the ARP. The ARP increased the tax credit amounts and expanded eligibility to people with incomes above 400 percent of the federal poverty level for 2021 and 2022, lowering premiums for ACA coverage by an average of [\\$800](#) per person per year. The IRA extended these enhanced tax credits for three more years through 2025 and the President's budget finishes the job by making the tax credits permanent.

\$200 billion to close the Medicaid Coverage Gap — The budget permanently extends coverage to low-income individuals in states that have not expanded Medicaid. This investment would provide health insurance coverage to over [2.1](#) million uninsured adults, reduce racial health disparities, and improve health care access, health outcomes, and financial security for Americans everywhere.

\$2.4 billion to require 12 months of Medicaid postpartum coverage — The budget requires all states to provide continuous Medicaid coverage for 12 months postpartum, eliminating gaps in health insurance at a critical time for women.

\$1.5 billion to lower behavioral health care costs in Medicare — The budget requires Medicare to cover three behavioral health visits per year without cost-sharing. It also expands coverage and payment for new types of mental health services and removes limitations on access to psychiatric hospitals.

Lowers Prescription Drug Costs for American Families

The IRA finally gave Medicare the power to negotiate the cost of prescription drugs with pharmaceutical companies and required drug manufacturers to pay rebates to Medicare if their price increases for certain drugs exceeded inflation. Despite extreme MAGA Republicans' [threats to repeal](#) these fiscally responsible provisions, the President doubles down on the IRA's achievements to lower prescription drug costs even more.

\$200 billion savings from strengthening prescription drug reforms — As described under the proposals to strengthen Medicare, strengthening the drug price reforms enacted in the IRA lowers Medicare beneficiaries' out-of-pocket drugs costs by billions of dollars.

\$1.4 billion to provide life-saving protection of a \$35 per month insulin cap to all Americans — The IRA provided this life-saving protection to Medicare beneficiaries starting this year by capping insulin costs at \$35 a month, but this out-of-pocket cap does not extend to younger Americans who directly purchase their own health insurance or get coverage through an employer. The budget extends this life-saving protection to all Americans.

\$1.3 billion to cap cost-sharing for generic drugs for chronic conditions in Medicare — The budget caps Medicare Part D cost-sharing on certain generic drugs, such as those used to treat hypertension and high cholesterol, to \$2 per prescription per month.

\$5.3 billion savings from authorizing the Department of Health and Human Services (HHS) to negotiate Medicaid supplemental rebates on behalf of states — For Medicaid, the budget ensures Medicaid and the Children's Health Insurance Program (CHIP) are prudent purchasers of prescription drugs by authorizing HHS to negotiate supplemental drug rebates on behalf of interested states in order to pool purchasing power.

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.



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