

Focus on Function 550 – Health

Function 550 (Health) consists of programs that keep Americans healthy and safe, separated into three categories: health care services, health research and training, and consumer and occupational health and safety. Medicare is its own function and not included in Function 550.

Table 1: Function 550 Spending, 2019
(In billions of dollars)

Discretionary BA	70.8
Discretionary Outlays	69.6
Mandatory Outlays	<u>511.0</u>
Total Outlays	580.6

Note: Estimates assume 2018 emergency funding is one-time only.

The largest discretionary programs in Function 550 are the National Institutes of Health, Centers for Disease Control and Prevention, Health Resources and Services Administration, Indian Health Service, and Food and Drug Administration. These programs also receive some mandatory funding.

The major mandatory programs in this function are Medicaid, the Affordable Care Act (ACA) Marketplace subsidies, Children’s Health Insurance Program, Federal Employees Health Benefits Program, and TriCare for Life.

According to the Congressional Budget Office (CBO) spring 2018 baseline excluding emergencies, budget authority (BA) for discretionary programs in Function 550 for 2019 will account for 5 percent of total 2019 discretionary funding. Outlays for mandatory programs in Function 550 for 2019 will account for 18 percent of total non-interest mandatory spending excluding undistributed offsetting receipts.

DISCRETIONARY

National Institutes of Health (NIH): NIH supports research to improve our understanding of diseases like cancer and Alzheimer’s, and to identify new and better ways to treat them.

Centers for Disease Control and Prevention (CDC): CDC invests in promoting public health, and preparing for and responding to emergencies such as disease outbreaks and natural disasters.

Health Research and Services Administration (HRSA): HRSA funds health centers, workforce initiatives, and other programs to provide care to vulnerable and underserved populations.

Table 2: Discretionary BA in Function 550, by Major Program, 2019
(In billions of dollars, excluding emergencies)

National Institutes of Health.....	37.0
Centers for Disease Control and Prevention.....	7.7
Health Resources and Services Administration.....	6.9
Indian Health Service.....	5.7
Substance Abuse and Mental Health Services Administration.....	5.1
Food and Drug Administration.....	3.1
Other.....	<u>5.3</u>
Total.....	70.8

Indian Health Service (IHS): IHS provides medical services to more than 2 million American Indians and Alaska Natives at IHS-hospitals and facilities, as well through private providers.

Substance Abuse and Mental Health Services Administration (SAMHSA): SAMHSA supports prevention and treatment for people with behavioral health disorders such as opioid addiction.

Food and Drug Administration (FDA): FDA regulates most of the nation’s food supply as well as drugs, vaccines, medical devices, cosmetics, tobacco and other products.

MANDATORY

Table 3: Mandatory Outlays in Function 550, by Major Program
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Medicaid	401.4	5,152.2
ACA Marketplace subsidies	51.7	681.2
Federal Employees Health Benefits Program	17.1	221.9
Children's Health Insurance Program	15.7	142.6
TriCare for Life	10.7	135.0
Other	<u>14.5</u>	<u>125.5</u>
Total	511.0	6,458.4

Medicaid: Jointly funded by the federal government and the states, Medicaid will provide health care coverage to 75 million Americans on an average monthly basis in 2019, including more than one in three children. Millions of seniors and people with disabilities rely on Medicaid to pay for nursing home care and home- and community-based services that assist with activities of daily living. To date, 32 states and the District of Columbia have expanded their Medicaid programs to low-income working-age adults, helping to drive the nation’s uninsured rate to a record low. Medicaid is also very efficient, and states have significant flexibility in designing their programs to meet the needs and of their residents.

ACA Marketplace subsidies: The 2010 health care law provides premium tax credits and related assistance for low- and middle- income Americans purchasing insurance in the individual Marketplace. In 2019, CBO estimates 7 million people will receive these subsidies.

Federal Employees Health Benefits Program (FEHBP): FEHBP provides health care coverage to more than 8 million federal employees, retirees, and their family members.

Children’s Health Insurance Program (CHIP): Another program jointly funded by the federal government and the states, CHIP over the course of 2019 will provide health care coverage to 9 million low-income children and pregnant women who are not eligible for Medicaid.

TriCare for Life: This program provides supplemental health care coverage to more than 2 million Medicare-eligible military retirees and their dependents.

TAX EXPENDITURES

There are 13 tax expenditures related to this function. The single largest item – totaling more than \$100 billion per year – is exclusion of employer contributions for their employees’ health care, health insurance premiums, and long-term care insurance premiums from income and payroll taxes. The second largest item – totaling about \$50 billion per year – is health insurance premium tax credits to low- and middle-income Americans purchasing insurance in the individual Marketplace. Other tax expenditures include deductions for medical expenses and long-term care expenses, deduction for health insurance premiums and long-term care insurance premiums by the self-employed, and deduction for charitable contributions to health organizations.

RELEVANT AGENCIES AND CONGRESSIONAL COMMITTEES

Table 4: Discretionary BA in Function 550, by Agency, 2019
(In billions of dollars, excluding emergencies)

Department of Agriculture	1.1
Department of Health and Human Services	68.5
Other	<u>1.2</u>
Total	70.8

Table 5: Mandatory Outlays in Function 550, by Agency
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Department of Health and Human Services.....	430.5	5,415.7
Department of the Treasury.....	51.7	681.9
Office of Personnel Management.....	17.1	221.9
Other Defense Civil Programs.....	10.7	135.0
Other.....	<u>0.9</u>	<u>3.9</u>
Total.....	511.0	6,458.4

Table 6: Discretionary BA in Function 550, by Appropriations Subcommittee, 2019
(In billions of dollars)

Agriculture, Rural Development, FDA, and Related Agencies.....	4.2
Interior, Environment, and Related Agencies (IHS).....	5.9
Labor, HHS, Education and Related Agencies (largely NIH, CDC, HRSA, SAMHSA).....	60.6
Other	<u>0.2</u>
Total.....	70.8

Table 7: Mandatory Outlays in Function 550, by Committee
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Armed Services (TriCare for Life).....	10.7	135.0
Energy and Commerce (largely Medicaid, CHIP).....	431.3	5,419.8
Government Reform (FEHBP).....	17.1	221.9
Ways and Means (ACA Marketplace subsidies).....	51.7	681.9
Other.....	<u>0.1</u>	<u>-0.2</u>
Total.....	511.0	6,458.4