



President Biden Budget – Health Policy Highlights

March 15, 2024

Following the President’s State of the Union Address, the White House transmitted to Congress the Administration’s Budget Proposal for Fiscal Year 2025. Each Department and Agency transmitted budget requests that included not only funding requests but also various legislative proposals for Congress to consider. Below are the health policy highlights.

Republicans were swift to denounce the proposed budget saying it did not address critical reforms needed in the health care space, click [here](#).

Click [here](#) for the President’s full budget brief.

Click [here](#) for the HHS budget proposal.

Click [here](#) for the CMS budget proposal.

Click [here](#) for the HRSA budget proposal.

HHS proposes \$130.7 billion in discretionary and \$1.7 trillion in mandatory proposed budget authority for FY 2025. Proposals include –

- \$1.3 billion in financial incentives to assist hospitals in defending against cyberattacks.
 - Funds provided first to approximately 2,000 hospitals determined to have the greatest need for assistance; later smaller amounts for all hospitals that implement enhanced cybersecurity practices.
 - Create new penalties for hospitals not meeting essential cybersecurity practices by FY 2029, with those failing to meet these standards facing penalties of up to 100% of the annual market basket increase. Beginning in FY 2031, they would face potential additional reductions of up to 1% from the base payment. Critical access hospitals that fail to adopt the essential practices would incur a payment reduction of up to 1%, with their total penalty capped.
- Banning hospital facility fees for telehealth and certain outpatient services in the commercial insurance market.
- Requiring covered entities to annually report to HRSA how the savings from the 340B Program benefits the communities they serve and provide HRSA regulatory authority to implement this requirement.
- Giving HRSA explicit regulatory authority to define necessary terms and strengthen compliance and transparency related to the utilization of contract pharmacies under the 340B Program.
- Extending the Medicare sequester through 2034.

- Extending surprise billing protections under the No Surprises Act to ground ambulance services.
- Permanently extending premium tax credits for health coverage purchased through the Health Insurance Marketplace set to expire in 2025.
- Providing coverage to low-income individuals in states that have not expanded Medicaid.
- Extending existing 12-month continuous eligibility for all children to age 36 months and to provide continuous eligibility for children from birth up to age 6 through Medicaid and CHIP.
- Proposing a number of policies to lower drug costs –
 - Expand the number of drugs subject to price negotiation under the Medicare program beyond the first 10 already announced.
 - Require Medicare to select 15 more Part D drugs to negotiate in 2027, an additional 15 Part D or Part B drugs for 2028, and 20 more Part D or Part B drugs for each year after.
 - Extend the \$2,000 Medicare cap on out-of-pocket prescription drug costs and \$35 cost-sharing cap for insulin to include the commercial market.
 - Limit Medicare Part D cost-sharing for high-value generic drugs to \$2 per month
- Requiring all health plans to cover mental health and substance use disorder benefits and have an adequate network of behavioral health providers, and improve the Department of Labor’s ability to enforce the law.
- Permitting CMS to publicly disclose all accrediting organization survey reports and require reporting of patient level demographic and social determinants of health data in quality measurement programs, among other new authorities.
- \$204 million over 10 years in an optional Medicaid benefit that expands coverage of maternal health support services across the prenatal, labor and delivery, and postpartum periods, with enhanced federal funding available for the first 5 years.
- Eliminating the 190-day lifetime limit on psychiatric hospital services.