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Federal Updates

President Signs Federal Funding Deal into Law along with Framework for Two-Year Spending Bill

On February 9, President Trump signed a continuing resolution (CR) and two-year budget framework into law. With the passage of the CR, which will fund the government until March 23, and the enactment of the two-year budget framework, the repeated threat of a government shutdown appears to have been eliminated at least until FY19. The CR and framework includes provisions to increase federal spending on defense and nondefense programs by \$300 billion over the next two years and increase the debt ceiling for one year. A number of public health- and safety-related items were included in the CR and framework. Specifically, the measure:

- Extends funding for the Children's Health Insurance Program (CHIP) for an additional four years beyond its recent six-year reauthorization; CHIP is now authorized for 10 years through 2027;
- Reauthorizes funding for community health centers and related programs for two years using over \$7 billion;
- Provides \$6 billion dedicated to opioid treatment and mental health services;
- Increases funding to the National Institutes of Health by \$2 billion;
- Extends the Maternal, Infant and Early Childhood Home Visiting Program for five years;
- Provides nearly \$90 billion in emergency disaster relief for states and areas impacted by recent wildfires and hurricanes;
- Dissolves the Independent Payment Advisory Board (IPAB) which was created by the Affordable Care Act (ACA) to control rising costs of Medicare; the Congressional Budget Office (CBO) estimated eliminating the board would increase federal spending by \$17.5 billion over the next decade;
- Delays cuts to Medicaid Disproportionate Share Hospital (DSH) payments by two years.

The Future of the Prevention and Public Health Fund (PPHF)

In order to partially offset the cost of funding health-related spending items, Congress plans to make further cuts to the Prevention and Public Health Fund (PPHF) in the net amount of \$1.35 billion over the next 10 years. These cuts come on top of both the \$750 million in cuts the PPHF received under the recent tax reform legislation and an additional \$11 billion dollars since its inception to primarily fund Medicare, establishing the marketplace for the Affordable Care Act (ACA) and the 21st Century Cures Act.

The ACA established the PPHF with the goal of creating sustained, mandatory funding for public health, wellness, and prevention efforts. PPHF has provided vital resources to governmental public health program at the federal, state, and local levels. PPHF makes up about 12 percent of the Centers for Disease Control and Prevention's (CDC) funding. Among the programs at risk at the CDC due to PPHF cuts are the immunization programs, epidemiology and surveillance capacity, HIV and sexually transmitted disease prevention, childhood lead poisoning prevention program, heart disease prevention, and diabetes prevention, among others.

SFDPH would be impacted by these cuts, as it receives over \$8 million annually in direct funding from the CDC and millions more as a pass through from the State of California. The reduction in the PPHF could cost California health agencies over \$180 million over the next five years and impact key programs. State and local officials have

repeatedly raised concerns that cuts to the PPHF will have significant negative effects on public health preparedness and core health promotion work.

President Trump Releases 2019 Federal Budget Proposal

On Monday February 12, the Trump Administration released its FY 2019 budget. As proposed, the \$4.4 trillion budget would make significant reductions domestic programs and entitlements, including Medicare, and large increases for the military. The proposal would lead to deficits totaling at least \$7.1 trillion over the next decade. A number of public health- and safety-related items were included in the budget proposal, including:

- Reductions in Medicare spending of \$236 billion, or 7.1 percent, by 2028.
- Reductions in Medicaid and Affordable Care Act (ACA) subsidy spending by 22.5 percent by 2028 – The budget assumes repeal of the ACA and it replaced with the Graham-Cassidy Block Grant plan and repeal of the Medicaid Expansion.
- Reduction to Department of Health and Human Services (HHS) budget by \$18 billion, a 21 percent decrease from 2017.
- Reductions to Center for Disease Control and Prevention (CDC) budget by \$878 million compared to the FY2018 CR.
- Cuts to the Substance Abuse and Mental Health Services Administration (SAMHSA) by \$688 million.
- Cuts to Supplemental Nutritional Assistance Program (SNAP) spending by 27.4 percent and Section 8 housing assistance by 20.1 percent by 2028
- Prohibits entities like Planned Parenthood from receiving Medicaid Reimbursement or Title X Family Planning.
- Prohibits the Federal Government, as well as state and local governments that receive Federal financial assistance for health-related activities, from penalizing or discriminating against health care providers based on the providers' refusal to be involved in, or provide coverage for, abortion services.

Like other presidential budgets, the blueprint will most likely not become law, but the proposal still highlights the White House's priorities. The final FY 2019 budget will most certainly look different from the version proposed by the Trump Administration. The House and Senate appropriations committees will work on their own spending bills, which will need to be reconciled with each other and approved by each chamber before going to the President for his signature.