



November 30, 2010

## **Defunding the Affordable Care Act: Discretionary Programs to Target in the Healthcare Reform Law**

By Shalla M. Ross

***Introduction:** During the 2010 midterm elections Republican Congressional Candidates promised voters that if they took control of Congress, they would withhold the funding needed by the Obama Administration to implement the Patient Protection and Affordable Care Act (PPACA). House Republican leaders also signed a “Pledge to America” that they would return the country to 2008 discretionary spending levels. To achieve these spending objectives, Republicans must start by identifying discretionary programs to target for defunding when they assume control of the House of Representatives in January 2011. This analysis identifies potential programs in the healthcare reform law that may serve as a starting point for the 112<sup>th</sup> Congress.*

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### **Authorizations for Existing Versus New Discretionary Programs**

The Congressional Budget Office (CBO) estimates that the PPACA will dole out more than \$1.072 trillion in committed federal expenditures over the next ten years. A majority of the funds will go toward subsidies for the health insurance exchanges (\$358 billion) and the expansion of Medicaid eligibility (\$434 billion). The result is a dramatic increase in federally centralized authority over patient, provider and insurance decisions.

While the PPACA may have financed the new coverage subsidies, it did not include the adequate funding needed to run the actual government health insurance programs. In fact only \$1 billion was included in the Reconciliation bill to fund the administration of health reform activities, which is a fraction of the total needed to implement the PPACA. CBO estimates that the Internal Revenue Service alone will need an additional \$5 to \$10 billion over the next 10 years to implement the eligibility determination, documentation, and verification processes for the new premium and cost-sharing credits. In addition, CBO believes that the Department of Health and Human Services (particularly the Centers for Medicare and Medicaid Services) and the Office of Personnel Management will need a \$5 to \$10 billion operating budget increase over the next decade to implement the PPACA’s plans for the Medicare, Medicaid, CHIP programs. Discretionary funding is also needed to oversee PPACA’s mandates for the private insurance

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market. These implementation costs will have to be requested in the Administration's annual budget submissions to Congress by the Office of Management and Budget in one of two ways: either through existing authorizations or by creating new programs and ensuing authorizations.

Discretionary programs, programs funded by the annual appropriations process, account for \$105 billion, or 10 percent of the costs in the PPACA. Of the \$105 billion, \$86 billion is expected to go toward new authorizations for existing programs. As highlighted in the discretionary spending charts below, programs like the National Health Services Corps and community health centers already receive annual support. This means that any defunding strategy will have to contend with what to do with previously established programs. In some instances, Congressional leaders should chose to continue authorizations for these existing programs at pre-PPACA levels and aggressively fight any new funding increases that would support the implementation of PPACA objectives.

Newly created discretionary programs represent \$19 billion of the \$105 billion in new discretionary funding and should be stopped in their tracks. Many of these newly created programs aim to improve the quality of care delivery and foster better care coordination. Programs of this nature generally garner bipartisan support and will hold limited potential for Republican lawmakers interested in defunding health reform. Nevertheless, there are some programs that lawmakers will likely view as unnecessary or redundant. Examples of low-hanging fruit include many of the bureaucratic panels established to oversee different demonstration programs, which could also be administered by the newly created Center for Medicare and Medicaid Innovation Center. The tight budget constraints facing lawmakers in 2011 will ultimately make full-funding of PPACA's discretionary programs difficult. Many of the programs PPACA programs will need to compete with one another for scarce dollars as Republicans seek a return to 2008 discretionary spending levels.

Many PPACA expenditures are likely to be financed through trust fund transfers from other mandatory spending programs which fall outside of the congressional appropriations process. In those instances legislation will needed to challenge these trust fund transfers. Key committees that may need to address potential trust fund transfers include the Committees on Ways and Means, Energy and Commerce, and Education and Labor in the House of Representatives.

### **Conclusion**

At a minimum, the CBO estimates that the Obama Administration will need an additional \$10 to \$20 billion to implement the PPACA's major provisions. The key for Congressional leaders pursuing a defunding strategy in the 112<sup>th</sup> Congress will be to tie up as much discretionary spending as possible. The Obama Administration has already received a down payment of \$1 billion to be used for implementation purposes and Obama Administration officials have already signaled they are prepared to shift money from other programs to fund PPACA's full implementation. One potential response to prevent such a move may be for Congressional appropriators to attach broad language to their appropriations bills that prevents the shifting of funds from other mandatory spending programs to PPACA related programs. This will be a key legislative battle in the 112<sup>th</sup> Congress.

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## New Authorizations for Existing Programs

(SSAN = Such Sums As Necessary)

<i>Health Centers and Clinics</i>	
Program Name	CBO Total 10-Year Authorization Estimate (\$Millions)
Health Centers Program	33,956
<i>Health Care Workforce</i>	
Program Name	CBO Total 10-Year Authorization Estimate (\$Millions)
National Health Service Corps Scholarships and Loan Repayment	9,128
Primary Care Training Programs	687
Nurse Education, Practice & Quality Grants	SSAN
Nursing Faculty Loan Program	SSAN
Grants to support advanced education nurses; grants for nursing workforce diversity; nurse education, practice, and quality grants	2,715
Geriatric Workforce Development; Geriatric Career Incentive Awards	21
Geriatric Nursing Education & Training	SSAN
Public Health Workforce Programs	239
Commissioned Corps and Ready Reserve Corps	88
Cultural Competency Training	SSAN
Centers of Excellence	522
Diversity Programs	630
Area Health Education Centers	625
Mental and Behavioral Health Education and Training Grants	35
Health Care Workforce Program Assessment	60 (New Funding)
Prevention and Wellness	N/A
Oral Health Infrastructure	SSAN (New Funding)
Clinical and Community Preventive Services Task Force	SSAN

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Immunization Programs	SSAN
Individualized Wellness Plan Demonstration	SSAN
Office of Minority Health	SSAN
Public Access Defibrillation Program	250
<b><i>Health Care Quality</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Patient Navigator	20
<b><i>Emergency Care</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Trauma Care Centers	689
Children's Emergency Medical Services Demonstration Grants	138
<b><i>Biomedical Research and Biologics</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
FDA Approval of Follow-On Biologics	SSAN
<b><i>340 B Pricing</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
340B Program Integrity	SSAN
<b><i>Medicare</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Rural Hospital Flexibility Grant Program	SSAN

## New Authorizations for New Programs

(SSAN = Such Sums As Necessary)

<b><i>Health Centers and Clinics</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
School Based Health Centers	SSAN
Nurse Managed Health Clinics	273
Access to Affordable Care Demonstration	SSAN
<b><i>Health Care Workforce</i></b>	

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<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Pediatric Specialist Loan Repayment Program	230
Teaching Health Centers Development Grants	552
Rural Physician Training Grants	255
General Pediatric and Public Health Dentistry Training	201
Alternative Dental Health Care Provider Demonstration Program	SSAN
Nurse Retention Grants	SSAN
Nursing Faculty Loan Repayment Program	SSAN
Family Nurse Practitioner Demonstration	SSAN
Direct Care Worker Training	10
Education & Training in Pain Care	SSAN
Public Health Workforce Loan Repayment	1,310
Public Health and allied Health Scholarships	403
Community Health Worker Program	SSAN
CDC Training Fellowships	158
Continuing Educational Support for Health Professionals in Underserved Communities	53
National Health Care Workforce Commission	SSAN
State Health care Workforce Development Grants	1928
Office of Women's Health	SSAN
Education and Outreach on Prevention	SSAN
Oral Health Activities	SSAN
Oral Health Surveillance	SSAN
Community Transformation Grants	SSAN
Community Wellness Pilot	SSAN
Epidemiology and Laboratory Capacity Grants	760
Diabetes Activities	SSAN
Congenital Heart Disease Program	SSAN
Young Women's Breast Health Awareness	45
National Diabetes Prevention Program	SSAN
Workplace Wellness Program Grants	200
<b><i>Health Care Quality</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Quality Measure Development	375
Data Collection of Quality and Resource Use Measures	SSAN
Health Care Delivery System Research	20

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Quality Improvement Technical Assistance & Implementation	SSAN
Quality and Patient Safety Training	SSAN
Community Health Team Grants for Medical Homes	SSAN
Medication Therapy Management Grants	SSAN
Shared Decision Making	SSAN
Primary Care Extension Program	502
Co-Locating Primary & Specialty Mental Health Care	273
Community-Based Collaborative Care Network Program	SSAN
Centers of Excellence for Depression	1,100
<b><i>Nursing Homes</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
National Independent Monitor Demonstration Program	SSAN
Culture Change & Information Technology Demonstration	SSAN
<b><i>Health Care Data Collection</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Health Disparities Data Collection	SSAN
Key National Indicators	70
<b><i>Emergency Care</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Regional systems for Emergency Care	120
Emergency Medicine Research	SSAN
Trauma Service Availability Grants	600
<b><i>Elder Justice</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
11 New Programs	742
<b><i>Biomedical Research and Biologics</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Cures Acceleration Network	6,159
<b><i>Medical Malpractice</i></b>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Demonstration Program on Alternatives to Medical Tort Litigation	50

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<i>Pain Care Management</i>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Conference on Pain	SSAN
<i>Medicaid Demonstrations</i>	
<b>Program Name</b>	<b>CBO Total 10-Year Authorization Estimate (\$Millions)</b>
Pediatric Accountable Care Organization Demonstration	SSAN
Global Payment System	SSAN

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