

\$1 Trillion-Plus: Federal Health Care Agency Budget Soars For 2015

By Administrator

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WASHINGTON (AP) — President Barack Obama's budget pushes the Health and Human Services budget over \$1 trillion for the first time, reflecting an aging population adding to the Medicare rolls, as well as expanded coverage for younger people through the new health law.

Released Tuesday, the HHS budget for the 2015 fiscal year calls for just over \$1 trillion, which budget officials said is a new milestone for the department. HHS runs Medicare, Medicaid and the insurance expansion in Obama's health overhaul law, which together provide coverage for about 1 in 3 Americans. Its growing prominence in the federal budget reflects the rise of benefit programs, which now account for more than two-thirds of all government spending.

And the trillion-dollar HHS budget left out a significant chunk of spending: another \$60 billion for tax credits to finance private coverage under the health care law was included in the Treasury Department's budget, since those benefits are delivered through the Internal Revenue Service.

Overall, the HHS spending plan reflected a stay-the-course approach in an election year.

It included some modest new proposals sure to please Democratic constituencies, such as expanded access to HIV and AIDS programs and initiatives to tackle mental health problems among younger people generally, and foster care youth in particular.

It called for \$1.8 billion to fund the coverage rollout under the health care law, much of which will go to new online insurance markets in the 36 states served by the HealthCare.gov website. HHS Secretary Kathleen Sebelius said fees paid by insurers will cover \$1.2 billion, and the administration is asking Congress for the remaining \$600 million. If House Republicans again block the request, Sebelius said she is prepared to use her legal authority to transfer funds from elsewhere in the department's budget.

Obama also included some cost-cutting ideas that could serve as a starting point if Democrats and Republicans revive negotiations over a long-term deal to reduce deficits.

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His budget called for about \$400 billion in Medicare and Medicaid cuts over 10 years, largely echoing proposals that he's floated before. While the president pulled back on a previous plan to slow down the growth of Social Security benefits, he left Medicare cuts on the table.

Those include an assortment of reductions affecting service providers, from hospitals to rehab centers to drug companies. Obama also called for stepped-up use of competitive bidding to procure medical equipment. And his budget voiced support for a bipartisan plan in Congress to change the way Medicare pays doctors to reward quality and not just the volume of services.

But the president did not spare beneficiaries from proposed cuts and cost-shifts. Obama offered an updated version of a previous plan to raise premiums for outpatient care and prescription drug coverage on upper-middle class and wealthy seniors. And he called for a series of changes that would require new beneficiaries to pay a greater share of their medical costs out-of-pocket. Advocacy groups representing seniors are strongly opposed to that approach.