

THE WHITE HOUSE
WASHINGTON

August 20, 2010

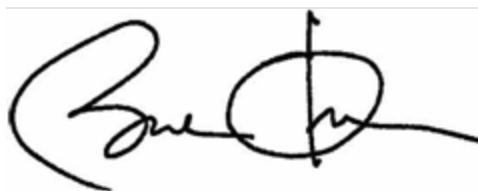
Dear Madam Speaker:

I ask the Congress to consider the enclosed Fiscal Year (FY) 2011 budget amendments for the Department of Health and Human Services. Overall, the discretionary budget authority proposed in my FY 2011 Budget would not be increased by these proposed requests.

Included are proposed increases for healthcare workforce enhancement activities; HIV/AIDS treatment and prevention; State health insurance consumer assistance programs; and existing State high-risk health insurance pools. Also included are requests for necessary changes to appropriations language that support the Public Health Emergency Medical Countermeasure Enterprise Review described in the report issued by the Secretary of Health and Human Services on August 19, 2010.

The details of these amendments are set forth in the enclosed letter from the Acting Deputy Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in black ink, enclosed in a thin black rectangular border. The signature is stylized and appears to be the name of the Acting Deputy Director of the Office of Management and Budget.

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DEPUTY DIRECTOR

August 20, 2010

The President
The White House

Submitted for your consideration are amendments to your FY 2011 Budget for the Department of Health and Human Services. These requests include proposed increases to accounts that would be fully offset by proposed reductions of funding from lower-priority Federal programs and excess funds. Overall, the discretionary budget totals would not be increased by these proposed amendments.

This request would provide \$400 million in additional funds for the following accounts, as described below and in more detail in the enclosures:

- \$250 million increase to the Health Resources and Services account for health workforce training enhancements.
- \$30 million increase to the Health Resources and Services account for State AIDS Drug Assistance Programs with waiting lists and other signs of distress.
- \$35 million increase to the Disease Control, Research, and Training account for domestic HIV/AIDS prevention and research.
- \$55 million increase to the Centers for Medicare and Medicaid Services (CMS) Program Management account for State high-risk health insurance pools.
- \$30 million increase to the Health Insurance Consumer Information account.

These requested increases would be fully offset by reducing funding from other Federal programs and excess funds, as described below and in more detail in the enclosures:

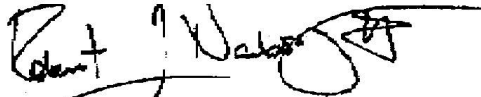
- \$184 million decrease in the Centers for Disease Control and Prevention's (CDC's) Disease Control, Research, and Training account for Public Health Emergency Preparedness grants.
- \$103 million decrease in budget authority for CDC's occupational safety and health activities; this is fully offset by a corresponding increase in Public Health Service Act Evaluation Funds to support these activities.
- \$103 million decrease in the National Institutes of Health's Buildings and Facilities account.
- \$10 million decrease in the CMS Program Management account for research, demonstrations, and evaluation projects.

In addition, the request would decrease Public Health Service Act Evaluation Funds for Patient-Centered Health Research within the Agency for Healthcare Research and Quality; authorize the transfer of \$200 million from prior BioShield Special Reserve Fund (SRF) to the Department of Defense to establish a Technical Center of Excellence for Advanced Development and Manufacturing; authorize the creation of and \$200 million in resources to support a strategic investor entity with BioShield SRF balances; and provide authority to use pandemic influenza appropriations to promote regulatory science.

Recommendation

I have reviewed these requests and am satisfied that they are necessary at this time. Therefore, I join the Secretary of Health and Human Services in recommending that you transmit the proposals to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Nabors, II", with a long horizontal flourish extending to the right.

Robert L. Nabors, II
Acting Deputy Director

Enclosures

Agency: DEPARTMENT OF HEALTH AND HUMAN SERVICES
Bureau: HEALTH RESOURCES AND SERVICES ADMINISTRATION
Heading: Health Resources and Services

[House Doc. 111-91](#)

Page: 16
FY 2011 Budget
Appendix Page: 464
FY 2011 Pending
Request: \$7,601,658,000
Proposed Amendment: \$280,000,000
FY 2011 Revised
Request: \$7,881,658,000

(In the appropriations language under the above heading delete "\$7,601,658,000" and substitute \$7,881,658,000; delete "\$1,962,865,000" and substitute \$1,992,865,000; delete "\$855,000,000" and substitute \$885,000,000; and add the following new proviso before the concluding period:)

: Provided further, That of the funds provided under this heading, \$30,000,000 shall be available for AIDS drug assistance under section 311 of the Public Health Service Act and shall be provided to those States that received funds for this purpose in fiscal year 2010 pursuant to sections 311 and 2620 of such Act

This amendment would provide an additional \$250 million for Health Professions programs to help the health professions training infrastructure expand and sustain training efforts and address the expected demand for primary care providers and the geriatric health professions workforce. Also, it provides an additional \$30 million for States with AIDS Drug Assistance Program waiting lists or other signs of distress.

The \$280 million proposed increase in FY 2011 would be fully offset by proposed decreases to other accounts, as described in the accompanying amendments.

Agency: DEPARTMENT OF HEALTH AND HUMAN SERVICES
Bureau: CENTERS FOR DISEASE CONTROL AND PREVENTION
Heading: Disease Control, Research, and Training
FY 2011 Budget Appendix Pages: 472-473
FY 2011 Pending Request: \$6,265,806,000
Proposed Amendment: -\$252,209,000
Revised Request: \$6,013,597,000

(In the appropriations language under the above heading, delete "\$6,265,806,000" and substitute \$6,013,597,000; and in the third proviso, delete "\$91,724,000" and substitute \$194,514,000, insert opening and closing brackets around "activities within the National Occupational Research Agenda", and add related to occupational safety and health immediately after the newly inserted closing bracket.)

This amendment would decrease the total budget authority for the Centers for Disease Control and Prevention (CDC) by \$252 million by decreasing funding for the Public Health Emergency Preparedness (PHEP) grants (\$184 million); increasing funding for Domestic HIV/AIDS Prevention and Research to support the implementation of the National HIV/AIDS Strategy (\$35 million); and decreasing budget authority funding for occupational safety and health (\$103 million). While the amendment decreases budget authority funding for occupational safety and health, this is fully offset by a \$103 million increase in Public Health Service (PHS) Act Evaluation Funds (under section 241 of the PHS Act) to support these activities.

The \$184 million decrease for PHEP grants included in this amendment would be balanced out by pandemic influenza grants that States were permitted to carry over for an additional budget year, beyond the original expiration date of July 31, 2010. CDC will make appropriate adjustments in the FY 2011 PHEP formula grant awards to account for individual States' carry-over resources.

Agency: DEPARTMENT OF HEALTH AND HUMAN SERVICES

Bureau: NATIONAL INSTITUTES OF HEALTH

Heading: Buildings and Facilities

FY 2011 Budget
Appendix Page: 477

FY 2011
Pending Request: \$125,581,000

Proposed Amendment: -\$102,791,000

Revised Request: \$22,790,000

(In the appropriation language under the above heading, delete "\$125,581,000" and substitute \$22,790,000.)

This amendment would decrease funding for the Building and Facilities (B&F) account by \$103 million. Due to dramatic reductions in facilities construction costs, the National Institutes of Health will be able to finance all of its B&F projects funded under the American Recovery and Reinvestment Act (ARRA) of 2009 for about \$139 million, or 28 percent, less than originally projected. NIH is able to construct additional B&F projects with ARRA funds and plans to use this as the source for facilities construction and repair and improvement projects. Additionally, based on historic spending patterns and current estimates, NIH is likely to carry over unobligated balances from prior-year B&F (no-year) appropriated amounts.

The \$103 million proposed decrease in FY 2011 would offset proposed increases to the Health Resources and Services Administration and the Centers for Medicare and Medicaid Services, as described in the accompanying amendments.

Agency: DEPARTMENT OF HEALTH AND HUMAN SERVICES
Bureau: AGENCY FOR HEALTHCARE RESEARCH AND QUALITY
Heading: Healthcare Research and Quality
FY 2011 Budget
Appendix Page: 479
FY 2011
Pending Request: \$610,912,000
Proposed Amendment: -\$102,790,000
Revised Request: \$508,122,000

(In the appropriations language under the above heading, delete "\$610,912,000" and substitute \$508,122,000.)

This amendment would decrease funding for Patient-Centered Health Research within the Agency for Healthcare Research and Quality (AHRQ) by \$103 million. This would offset the proposed increase in the use of Public Health Service (PHS) Act Evaluation Funds (under section 241 of the PHS Act), in the Centers for Disease Control and Prevention. Patient-Centered Health Research at AHRQ is similar to research that will be funded by the new Patient-Centered Outcomes Research Institute established in the Affordable Care Act (Public Law 111-148). The amendment would decrease discretionary funding for AHRQ research, since it can be accomplished with Affordable Care Act mandatory funds instead. The Budget proposed funding AHRQ entirely using PHS Act Evaluation Funds, as in past years.

Agency: DEPARTMENT OF HEALTH AND HUMAN SERVICES
Bureau: CENTERS FOR MEDICARE AND MEDICAID SERVICES
Heading: Program Management
FY 2011 Budget Appendix Page: 483
FY 2011 Pending Request: \$3,601,147,000
Proposed Amendment: \$45,000,000
Revised Request: \$3,646,147,000

(In the appropriations language under the above heading delete "\$3,601,147,000" and substitute \$3,646,147,000; remove the opening and closing brackets around the fourth proviso and, in the fourth proviso, insert opening and closing brackets around "as authorized by the State High Risk Pool Funding Extension Act of 2006" and add under section 2745 of the Public Health Service Act immediately after the newly inserted closing bracket.)

This amendment would provide an additional \$45 million for the Centers for Medicare and Medicaid Services (CMS). It includes a \$55 million increase for high-risk health insurance pool grants, which would allow CMS to continue supporting existing State-operated high-risk health insurance pool programs. In addition, the amendment would decrease funding for research, demonstrations, and evaluation projects within the CMS Program Management account by \$10 million. The Affordable Care Act (Public Law 111-148) included \$10 billion from FY 2011 to FY 2019 for the Center for Medicare and Medicaid Innovation (CMI), of which at least \$25 million is for designing, implementing, and evaluating various models in each year. CMI is charged with testing innovative payment and service delivery models to reduce program expenditures while preserving or enhancing quality of care. As such, many activities that were previously funded under the research, demonstrations, and evaluations projects in the CMS Program Management account can be implemented through CMI.

The \$45 million proposed increase in FY 2011 would be fully offset by proposed decreases to other accounts, as described in the accompanying amendments.

Agency: DEPARTMENT OF HEALTH AND HUMAN SERVICES
Bureau: DEPARTMENTAL MANAGEMENT
Heading: PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND
FY 2011 Budget Appendix Page: 505
FY 2011 Pending Request: ---
Proposed Amendment: Language
Revised Request: ---

(In the appropriations language under the above heading, insert the following new paragraphs at the end of the section:)

Funds provided under this heading in Public Laws 111-8, and 111-117 and available for expenses necessary to prepare for and respond to an influenza pandemic may also be used for research to advance regulatory science to improve the ability to determine safety, quality, and performance of medical countermeasures against chemical, biological, radiological, and nuclear agents including influenza virus.

Of remaining balances of funds appropriated under the heading 'Biodefense Countermeasures' in Public Law 108-90, and transferred to this account by Division D, title II of Public Law 111-117, \$200,000,000 shall be available to the Secretary for the purpose of funding a strategic investment corporation established pursuant to section 319L of the Public Health Service Act (42 U.S.C. 247d-7e) to foster innovation in the development of medical countermeasures; and, in addition, not to exceed \$200,000,000 of such remaining balances may be transferred by the Secretary to "Research, Development, Test and Evaluation, Defense-Wide, Department of Defense" for the purpose of developing medical countermeasures against chemical, biological, radiological, and nuclear threats and emerging infectious diseases: Provided, That this transfer authority is in addition to any other transfer authority available to the Secretary.

This amendment would make available balances from prior pandemic influenza appropriations to support research to modernize regulatory science and enhance the safety, quality, and performance of medical countermeasures against chemical, biological, radiological, and nuclear threats and emerging infectious diseases.

This amendment would allow the Secretary of Health and Human Services (HHS) to transfer up to \$200 million from prior BioShield Special Reserve Fund balances to the Department of Defense to establish a Technical Center of Excellence for Advanced Development and Manufacturing, which would improve the capability to more rapidly and efficiently develop

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medical countermeasures against chemical, biological, radiological, and nuclear threats and emerging infectious diseases.

In addition, this amendment would create a new strategic investment corporation with up to \$200 million by transferring funds from the BioShield Special Reserve Fund within HHS. Funds would support investments in the private sector with specific focus on disruptive technologies including novel antimicrobials and multi-use platform technologies for diagnostics and medical countermeasures.

The overall budget authority requested in the FY 2011 Budget would not be increased by this amendment.

Agency: DEPARTMENT OF HEALTH AND HUMAN SERVICES

Bureau: DEPARTMENTAL MANAGEMENT

Heading: Health Insurance Consumer Information

FY 2011 Budget
Appendix Page: 507

FY 2011
Pending Request: ---

Proposed Amendment: \$30,000,000

Revised Request: \$30,000,000

(In the appropriations language under the above Bureau, insert the above new heading and the following new language just after the Bodoni dash and immediately before the heading "Program Support Center":)

For expenses necessary for Health Insurance Consumer Information, including grants to States to enable such States (or the Exchanges operating in such States) to establish, expand, and provide support for offices of health insurance consumer assistance or health insurance ombudsman programs as authorized by section 2793 of the Public Health Service Act (42 U.S.C. 300gg-93), \$30,000,000.

This amendment would provide \$30 million for the Health Insurance Consumer Information account. The funding would allow the Office of Consumer Information and Insurance Oversight and States to continue supporting health insurance consumer assistance or ombudsman programs in FY 2011.

The \$30 million proposed increase in FY 2011 would be fully offset by proposed reductions to other accounts, as described in the accompanying amendments.