

# Analysis of Major Health Provisions in the *Consolidated Appropriations Act, 2024*

**March 4, 2024**

The bill can be accessed [here](#).

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## Overview

Five months into FY2024, appropriators announced bipartisan agreement on six of the 12 appropriations bills Congress has been working to finalize ahead of Friday's continuing resolution deadline for four of the bills in the package. The package also includes mandatory funding extensions of key public health programs and other authorities through December 31, 2024, which tees up a busy end of the year for the lame duck period of the 118<sup>th</sup> Congress.

The House may vote as early as Wednesday on the package under suspension of the rules, with the Senate expected to take it up shortly after.

Last Friday, another stopgap was passed, which pushed the Agriculture-FDA bill funding deadline to March 8 and continued funding for the Departments of HHS, Defense, and Homeland Security through March 22. Congress is still negotiating a second FY2024 appropriations package for the remaining six bills including the appropriations bill for the Department of Health and Human Services, ahead of the March 22 deadline.

## Key Takeaways

- In the package, the Interior-Environment appropriations bill received the largest cut at more than 3 percent, while the Agriculture-FDA bill is flat-funded, and Energy-Water and Transportation-HUD both receive small increases. The other two bills in the package received slight decreases in the funding package, though the VA received \$20 billion in advance funding for veterans exposed to toxic substances last year in the debt limit law.
  - The bill extends FY2024 mandatory funding for community health centers, the National Health Service Corps, Teaching Health Center Graduate Medical Education Program, and Special Diabetes Programs through December 31, 2024.
  - Key health security provisions are also extended through December 31, 2024.
  - The appropriations package also eliminates Medicaid DSH cuts for fiscal year 2024 and increases Medicare physician reimbursement increases to 2.93 percent through December 31, 2024.
  - The bill provides \$121 billion for VA medical care in FY2024, an increase of \$2.3 billion over FY2023.
  - The bill does not include provisions related to PBMs, telehealth, or provisions from the *Lower Costs, More Transparency Act*.
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## Summary of Key Provisions

The \$467.5 billion package funds programs and activities across the following appropriations bills, as well as extends certain authorities:

- Division A: *Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2024*;
- Division B: *Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2024*;
- Division C: *Commerce, Justice, Science, and Related Agencies Appropriations Act, 2024*;
- Division D: *Energy and Water Development and Related Agencies Appropriations Act, 2024*;
- Division E: *Department of the Interior, Environment, and Related Agencies Appropriations Act, 2024*;
- Division F: *Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2024*; and
- Division G: Other Matters.

## **Division A- Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2024**

The bill provides the Department of Veterans Affairs and related agencies with \$135.25 billion in non-defense discretionary, as well as \$172.5 billion in mandatory funding.

### **Title II—Department of Veterans Affairs**

- The bill provides \$121 billion for VA medical care in FY2024, an increase of \$2.3 billion over FY2023. Key areas of increase include programs related to caregivers (\$2.4 billion, an increase of \$556 million), homelessness prevention, by providing services and housing assistance (\$3.1 billion, \$413 million increase), and mental health services, including suicide prevention outreach (\$16.2 billion, \$2.3 billion increase).
- The agreement also provides:
  - \$6.4 billion for information technology systems, including \$1.3 billion for Electronic Health Record Modernization; and
  - \$3.9 billion for benefits administration, including disability compensation benefits.

## **Division B- Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Act, 2024**

### **Title VI—FDA**

The bill provides \$6.72 billion in total funding for FDA, which includes \$3.52 billion in discretionary funding.

- The bill provides \$1.186 billion for the Center for Food Safety and Applied Nutrition; \$2.33 billion for the Center for Drug Evaluation and Research, including \$10 million for pilots to increase unannounced foreign inspections; \$571 million for the Center for Biologics Evaluation and Research; \$771 million for the Center for Diagnostics and Radiological Health; and \$684 for the Center for Tobacco Products.
- The bill also provides \$50 million to accelerate medical product development as authorized in the *21st Century Cures Act*.
- According to the [explanatory statement](#), the agreement provides FDA \$3.52 billion in discretionary budget authority and \$3.2 billion in user fees for a total of \$6.72 billion for FY2024.
- The explanatory statement also requires FDA to submit to Congress a table of \$50 million that can be repurposed for ALS, drug and device shortages, information technology, \$7 million for cosmetics regulation implementation, and \$1.5 million for reducing animal testing through alternative methods.

## **Division C- Commerce, Justice, Science, and Related Agencies Appropriations Act, 2024**

The accompanying explanatory statement can be found [here](#). The agreement includes:

- \$10.6 billion for science and technology programs related to the *CHIPS and Science Act*;
- Level funding for the National Institute of Standards and Technology’s Artificial Intelligence (AI) research related to Executive Order 14110 and \$10 million for establishment of a U.S. AI Safety Institute; and
- \$22.7 million for Department of Justice expenses related to litigation under the *National Childhood Vaccine Injury Act*.

## **Division G- Other Matters, Title I- Health and Human Services**

### **Subtitle A—Public Health Extenders**

Subtitle A extends mandatory funding for certain public health programs and key national health security related authorities through December 31, 2024. The national health security-related provisions were included in previous extensions of the *Pandemic and All-Hazards Preparedness Act* (PAHPA), which was up for reauthorization last year.

- Sec. 101 extends mandatory funding for Community Health Centers (CHCs), National Health Service Corps, and Teaching Health Centers That Operate GME (THCGME) Programs through December 31, 2024.
  - **CHCs:** This section provides an additional \$3.59 billion for CHCs for October 1, 2023, through December 31, 2024. This amount is in addition to the funding provided in previous CRs, including the \$537 million recently provided for January 20 through March 8.
  - **National Health Service Corps:** This section provides \$297,013,699 for the National Health Service Corps through December 31, 2024. This is in addition to amounts previously provided in previous FY2024 continuing resolutions.
  - **THCGME:** This section provides \$164,136,986 for the THCGME program through December 31, 2024, in addition to amounts provided in previous FY2024 continuing resolutions. The section also allows the Secretary of HHS to use funds from other fiscal years to carry out the section, including those that may have been recouped due to initial overpayments, and requires the Secretary to submit a report to Congress on the amount of funds recouped, rationale for them being recouped, and the total amount of recouped funds that went towards payment adjustments over appropriated levels.
- Sec. 102 extends the Special Diabetes Program for Type I Diabetes by providing \$130 million for March 9 through December 31, 2024, and \$130 million for the Special Diabetes Program for Indians through December 31, 2024, in addition to amounts previously appropriated for FY 2024 in prior continuing resolutions.
- Sec. 103 extends, through December 31, 2024, several key HHS authorities related to national health security. These include:

- The Assistant Secretary for Preparedness and Response’s direct hire authority for the National Disaster Medical System;
- The ability for states and Tribes to request temporary reassignment of federally-funded personnel;
- Three national advisory committees related to preparedness and response, which are focused on individuals with disabilities, seniors, and children in disasters;
- Authority related to limited antitrust exemptions for medical countermeasure meetings and consultations; and
- Nondisclosure of certain national security-related information.

### **Subtitle B—Medicaid**

This subtitle eliminates Medicaid Disproportionate Share Hospital (DSH) cuts for FY2024 and includes several Medicaid provisions from the House-passed version of the *SUPPORT Act* reauthorization (H.R. 4531).

- Sec. 201 makes permanent the existing requirements that state Medicaid programs cover all forms of medications for the treatment of opioid use disorder and the provision of such medications, counseling services, and behavioral therapy.
- Sec. 202 requires HHS to analyze and publish data reported to Transformed Medicaid Statistical Information System (T-MSIS) related to substance use disorder and mental health services provided to Medicaid and CHIP enrollees.
- Sec. 203 requires states to monitor the prescribing of antipsychotic medications to children, including children in foster care, and adults residing in institutional care settings or receiving home and community-based services, in order to identify potentially abusive prescribing practices of antipsychotics. These requirements will apply starting two years after enactment of this legislation.
- Sec. 204 makes permanent the state option to provide Medicaid covered services to individuals who have a substance use disorder and reside in an IMD, regardless of the size of the facility, so long as such stays do not exceed 30 days per 12-month period and the facility and state meet certain federal standards.
- Sec. 205 prohibits states from terminating Medicaid coverage for an individual while incarcerated.
- Sec. 206 provides \$113.5 million for state planning grants for developing operational capabilities to promote continuity of care for incarcerated individuals who are eligible for Medicaid or CHIP. This section also directs HHS, within 18 months of enactment of this section, to issue guidance that addresses common implementation and operational challenges states face in ensuring access to high-quality and timely care before during and after incarceration for individuals who are eligible for Medicaid or CHIP.
- Sec. 207 requires HHS, within two years of enactment of this section, to issue guidance to states regarding opportunities to increase access to the mental health and substance use disorder care providers that participate in Medicaid or CHIP, which may include education, training, recruitment, and retention of such providers, with a focus on improving the capacity of this workforce in rural and underserved areas by increasing the number, type, and capacity of providers.

- Sec. 208 provides \$5 million for implementing sections 203, 206, and 207, and \$10 million for purposes of the recurring collection, analysis, and publication of health care data under Sec. 202.
- Sec. 209 establishes Certified Community Behavioral Health Clinic (CCBHC) services as an optional Medicaid benefit.
- Sec. 210 eliminates the Medicaid DSH cuts through December 31, 2024.
- Sec. 211 permanently authorizes states to keep a larger share of any Medical Loss Ratio remittances paid by Medicaid managed care organizations for the Medicaid expansion population.
- Sec. 212 cuts about \$5.14 billion from the Medicaid Improvement Fund.

### **Subtitle C—Medicare**

This subtitle provides funding for several Medicare extender policies and increases the statutory increase in physician reimbursements under Medicare from 1.25 to 2.93 percent.

- Sec. 301 provides \$9 million in funding to CMS for quality measure selection and to contract with a consensus-based entity to carry out duties related to quality measure endorsement, input, and selection activities through December 31, 2024.
- Sec. 302 provides \$18.75 million for State Health Insurance Assistance Programs, \$18.75 million for Area Agencies on Aging, \$6.25 million for Aging and Disability Resource Centers, and \$18.75 million to inform older Americans about benefits available under Federal and state programs. The funding extends these activities through December 31, 2024.
- Sec. 303 extends the 1.0 work geographic practice cost index floor used in the calculation of payments under the Medicare physician fee schedule through December 31, 2024.
- Sec. 304 extends incentive payments for qualifying participants (QPs) in advanced alternative payment models through payment year 2026 (based on performance year 2024), at an adjusted amount of 1.88 percent, and extends QP eligibility thresholds in effect for performance year 2023 through payment year 2026.
- Sec. 305 increases the statutory 1.25 percent Medicare Physician Fee Schedule conversion factor adjustment to 2.93 percent, with respect to services furnished between March 9, 2024, and December 31, 2024.
- Sec. 306 extends the increased eligibility for the Medicare low-volume hospital payment adjustment through December 31, 2024.
- Sec. 307 extends the Medicare-dependent Hospital program through December 31, 2024.
- Sec. 308 extends for one year the annual updates to the Medicare hospice aggregate cap index calculation methodology first made in the *Improving Medicare Post-Acute Care Transformation (IMPACT) Act*.
- Sec. 309 cuts about \$2.2 billion from the Medicare Improvement Fund.

### **Subtitle D—Human Services**

- Sec. 401 extends the Temporary Assistance for Needy Families program and associated policies and programs through September 30, 2024.

- Sec. 402 extends child welfare programs under Title IV-B of the *Social Security Act* through December 31, 2024.
  - Sec. 403 extends the Sexual Risk Avoidance Education program through December 31, 2024.
  - Sec. 404 extends the Personal Responsibility Education Program through December 31, 2024.
  - Sec. 405 extends the Family-to-Family Health Information Centers Program through December 31, 2024.
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