



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Since 2001, the Administration:

- Implemented comprehensive Medicare reform legislation, adding voluntary prescription drug coverage and improving the Medicare program;
- Enrolled nearly 24 million beneficiaries in the Medicare prescription drug benefit and achieved a better than 75 percent satisfaction rate among enrolled beneficiaries in this new program;
- Implemented several provisions of the Deficit Reduction Act of 2005 that afford States greater flexibility in managing their State Medicaid plans;
- Created or expanded nearly 900 health center sites under the President's Health Center Initiative, providing health care services to an additional 4.5 million Americans;
- Launched a Government-wide effort to prepare the Nation for an influenza pandemic, including a \$3.2 billion effort to transform the influenza vaccine industry;
- Improved preparedness for a bioterror attack by providing over \$8 billion to States, localities, and hospitals, and providing a 30-fold increase for the biodefense research budget at the National Institutes of Health;
- Identified interoperability as a crucial step to achieving the President's goal of an electronic health record for most Americans by 2014;
- Committed Federal health programs to promoting quality and efficient delivery of health care through the use of health information technology;
- Supported reauthorization of landmark welfare reform through 2010, continuing the unprecedented caseload decline of 66 percent through strengthened work requirements, including \$100 million for a new healthy marriage program and \$50 million for a new fatherhood program; and
- Began implementation of Medicare contracting reform with the award of the first five contracts allowing the Centers for Medicare and Medicaid Services to select administrative contractors through a full and open competition for the first time in the program's 40-year history.

The President's 2008 Budget:

- Includes nearly \$1.2 billion to improve further the Nation's preparedness for an influenza pandemic;
- Provides for the advanced development of medical countermeasures to be considered for procurement under Project BioShield;
- Expands the promotion of health information technology development through increased transparency of health care price and quality information;
- Strengthens Medicare's sustainability through targeted proposals that will reduce the present value of the program's long-term budget shortfall by up to about \$8 trillion over 75 years;
- Proposes to reauthorize the State Children's Health Insurance Program, so States can continue to provide health insurance coverage to targeted low-income, uninsured children;
- Continues to focus on Medicaid program integrity efforts that promote sound financial practices, increase market efficiencies, and eliminate Medicaid waste, fraud, and abuse;
- Includes a new tax initiative that will help equalize the tax treatment between health care policies purchased by individuals on their own and those purchased through their employers;
- Places 40 new Health Center sites in high poverty counties in addition to the over 300 new and expanded Health Center sites proposed in the 2007 Budget;
- Makes more generic drugs available to the public sooner by including \$16 million funded through a new user fee for the Food and Drug Administration's review activities;
- Triples drug court grants to help break the cycle of drug use and incarceration by combining the sanctioning power of courts with effective treatment services; and
- Supports prevention activities to slow the epidemic of childhood obesity and promote a culture of wellness and healthy behaviors in schools.

FOCUSING ON THE NATION'S PRIORITIES

Preparing the Nation for Health Emergencies

Protecting Against an Influenza Pandemic. The President's 2008 Budget includes \$1.2 billion to improve America's readiness for an influenza pandemic. Of this amount, \$870 million will support the continued development of a pandemic vaccine and rapid diagnostics, and the purchase of antiviral medications. The Budget also provides \$322 million for pandemic influenza preparedness activities in the Centers for Disease Control and Prevention (CDC), the National Institutes of Health (NIH), the Food and Drug Administration (FDA), and the Office of the Secretary.

Protecting the Nation from Bioterror and Other Health Emergencies. The Budget includes nearly \$4.3 billion in bioterrorism preparedness activities across the Department of Health and Human Services (HHS) to improve the Nation's ability to prepare for, respond to, and recover from a bioterror attack or other public health emergency. Investments include nearly \$2.5 billion to research, develop, and procure countermeasures to dangerous agents, as well as \$1.1 billion for State and local governments and hospitals to upgrade their public health emergency response capabilities. The 2008 Budget also supports the Federal Government's public health emergency capabilities with expanded funding for the National Disaster Medical System and Commissioned Corps response teams, in addition to the Medical Reserve Corps volunteers who could assist during a catastrophic public health emergency.

I stand on the side of encouraging consumers. I think the most important relationship in health care is between the patient and their provider, the patient and the doc.... And health care policy ought to be aimed at bolstering the consumer, empowering individuals to be responsible for health care decisions.

President George W. Bush
August 22, 2006

Improving Quality, Efficiency, and Transparency of Health Care

Promoting Health Information Technology, Transparency, and Quality. In August 2006, the President signed an Executive Order (E.O.) to increase the transparency of America's health care system. To spend their health care dollars wisely, Americans need and deserve to know their options in advance, the quality of doctors and hospitals in their area, and what procedures will cost. Specifically, the E.O. directs the Federal Government to lead this charge by:

- Increasing transparency in pricing and quality by directing Federal agencies to share with beneficiaries information about prices and quality of health services; and
- Encouraging adoption of recognized health information technology (HIT) standards by directing Federal agencies and federally-sponsored healthcare plans to use improved HIT systems to facilitate the rapid exchange of health information.

The President has a clear agenda for expanding HIT. In 2004, he launched an initiative to make electronic health records available to most Americans by 2014. To further facilitate technology advancements, the Budget includes \$118 million for the Office of the National Coordinator for Health Information Technology. The Administration continues to support the adoption of HIT as a normal cost of doing business—to ensure patients receive high-quality care while protecting patients' privacy and personal information.

Improving Transparency of Price and Quality Information in Medicare. The Administration is working to improve the value of health care for Medicare beneficiaries through the availability of price and quality information. The Medicare website displays price and quality data that allow consumers to make informed choices by comparing the performances of health care providers.

The Administration supports budget-neutral provider payment reforms that encourage quality and efficiency, and discourage increased complications and costs. An important component of improving quality is encouraging more efficient and high-quality physician services. The Administration supports reforms in physician payments that do not increase costs for taxpayers or for Medicare and its beneficiaries. The Centers for Medicare and Medicaid Services (CMS) is working collaboratively with private and public organizations to identify reforms that stimulate high-quality care and improved efficiency. Through these collaborative efforts, CMS is developing a plan for the implementation of a budget-neutral hospital value-based purchasing program that will improve both the quality and efficiency of care. In addition, CMS will continue to expand the quality reporting program for hospitals as well as implement a new quality reporting program for physicians in 2007.

Fostering Productivity and Efficiency in Medicare. Innovation in the health care market improves productivity. The 2008 Budget proposes to consider these advances by adjusting provider updates to account for gains in providers' productivity and efficiency. Prospective payments reward providers who reduce their costs and streamline their operations. Similarly, a productivity adjustment to payment updates will encourage providers to improve efficiency. These adjustments also produce savings for taxpayers and beneficiaries through lower premiums and cost-sharing.

Strengthening Program Integrity in Medicare. Medicare program integrity efforts have yielded savings from the recovery of erroneous overpayments and the collection of criminal fines and penalties. The President's Budget continues this effort with \$1.2 billion in mandatory funding and \$183 million from a discretionary cap adjustment for Health Care Fraud and Abuse Control to enhance Medicare program integrity activities. Medicare sometimes mistakenly pays too much or too little for a beneficiary's care. To ensure appropriate payments and recoup mistaken payments, the Budget proposes to establish a data clearinghouse that would work to determine whether private insurance or Medicare should pay for a beneficiary's health benefits.

Modernizing and Improving Medicare

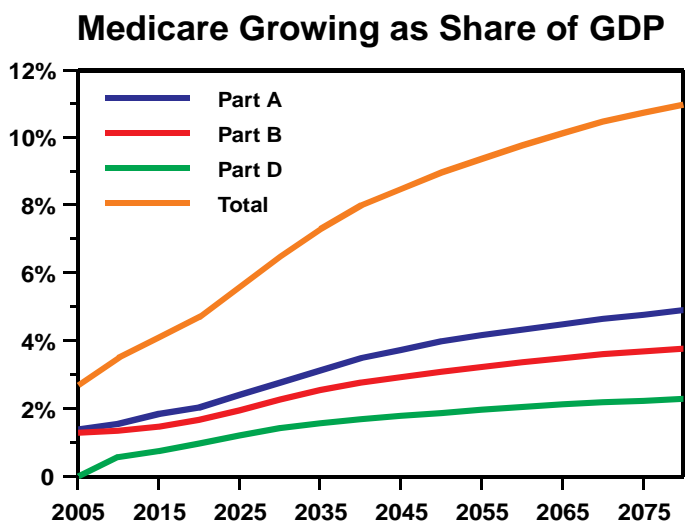
Implementing the Medicare Prescription Drug Benefit. The Medicare Modernization Act of 2003 (MMA) achieved historic reforms to Medicare, including new voluntary prescription drug coverage, which began on January 1, 2006. The first year of the program was an unparalleled success: on average, beneficiaries are saving more than \$1,200 annually on their drug costs and surveys consistently show over 75 percent of Medicare beneficiaries are satisfied with their current coverage and drug plans. The average monthly premium for 2007 did not increase from the average monthly premium in 2006. This success has been achieved with projected costs for the program that are 30 percent lower than initial estimates.

Competition is making a wide variety of plan options available, enabling beneficiaries to choose the plan that best meets their needs. Prescription drug plans are available in every region with deductibles lower than the standard annual deductible. Plans are also available that allow beneficiaries to fill in the "coverage gap" in the standard benefit. Low-income beneficiaries are receiving additional assistance in paying for their drugs under the new Medicare prescription drug benefit, making drug coverage more affordable and accessible to those most in need.

Expanding Medicare Advantage. The MMA created the Medicare Advantage (MA) program to offer greater choices and higher quality care to beneficiaries through competition among private

health plans. Overall, private health plans offer more generous benefits and lower cost-sharing for beneficiaries than Medicare fee-for-service. Beneficiaries in MA now save an average of about \$82 per month in out-of-pocket costs compared to traditional Medicare, and beneficiaries in fair or poor health save significantly more. The MMA successfully reversed a downward trend in private Medicare plan enrollment, and about 17 percent of beneficiaries are currently enrolled in MA plans. To further increase beneficiaries' choices, beneficiaries in 39 States will have access to Medical Savings Account plans and related consumer-directed health plans for the first time in 2007. These plans give Medicare beneficiaries more control over their health care utilization and costs, while providing them with coverage against catastrophic expenses.

Rationalizing Medicare Payments and Subsidies. In many cases, Medicare payment policies have not sufficiently evolved since they were first established and may no longer be appropriate. For example, Medicare pays very different amounts for post-acute care for beneficiaries with similar needs, and often pays more when preventable complications lead to readmissions in the post-acute system. Medicare payments for some medical equipment are substantially greater than costs, increasing both taxpayer and beneficiary spending. The Budget proposes to update these policies to ensure patients receive high-quality post-acute care in the most medically appropriate and efficient setting, and to bring payments for medical equipment more in line with costs.



Source: 2006 Medicare Trustees' Report.

payment of clinical laboratory services. Since 1965, Medicare has paid private insurance companies to process claims based on cost, with little attention paid to performance or efficiency. The MMA requires that CMS transition to competitive contracts by 2011. The Administration is accelerating implementation, with completion targeted in 2009, to interject competition into the awarding of fee-for-service claims processing contracts.

Improving Long-term Sustainability. The Budget's proposals to modernize and improve the quality and efficiency of Medicare will have a constructive effect on Medicare's long-term budget outlook—potentially reducing the present value of Medicare's long-term budget shortfall by up to about \$8 trillion over 75 years. The MMA took an important first step toward improving Medicare sustainability by requiring the Trustees' Report to include a new, comprehensive analysis of the program's financing and issue a warning if this analysis projects that the share of Medicare expenditures funded through general revenue will exceed 45 percent within the next seven years. The Budget proposes to strengthen the MMA provision by automatically slowing the rate of

Increasing High-Income Beneficiary Responsibility for Health Care Costs. The MMA began to limit the growth in subsidies for certain higher-income beneficiaries. Beneficiaries who are most able to contribute to the costs of their coverage have more responsibility and ownership over their health care utilization and costs. To help improve Medicare's long-term sustainability, the Budget proposes to broaden the application of reduced subsidies for certain higher-income beneficiaries.

Promoting Competition. Competition improves care for beneficiaries by enhancing quality and lowering costs. The MMA incorporated market competition into purchasing certain medical items. The Budget proposes to integrate competitive bidding into the

Medicare growth if the MMA threshold is exceeded. If this provision is triggered, it will reduce the present value of expenditures by \$4 trillion over 75 years.

Reauthorizing the State Children's Health Insurance Program (SCHIP)

SCHIP was established in 1997 to provide \$40 billion over 10 years to States for health care coverage to low-income, uninsured children whose income levels were higher than Medicaid eligibility limits. The authorization for SCHIP expires at the end of 2007. The 2008 Budget proposes reauthorizing the SCHIP program for five years. The goal is to maintain current enrollment levels for targeted low-income children through increasing SCHIP allotments by approximately \$5 billion over five years. The President's Budget proposes to re-focus SCHIP on low-income, uninsured children below 200 percent of the Federal poverty level as the program was originally intended. The Budget will also seek the authority to target SCHIP funds more efficiently to States with the most need.

Reforming Medicaid Financing and Services

Medicaid is an open-ended means-tested entitlement program financed jointly by the Federal Government and States. The Federal Government pays on average 57 percent of Medicaid expenses. Medicaid provides health coverage and services to approximately 49 million low-income children, pregnant women, elderly persons, and disabled individuals. In 2008, Federal Medicaid outlays are estimated to be \$204 billion.

In certain circumstances, opportunities exist for States to draw down Federal matching funds inappropriately, which threatens this joint relationship and the financial stability of Medicaid. The 2008 Budget proposes reforms that enhance past efforts to create service efficiencies and to assure the fiscal integrity of Medicaid.

Strengthening Program Integrity. The 2008 Budget includes a package of proposals to enhance program integrity, including: 1) requiring States to report on performance measures and link State performance to Federal Medicaid grant awards; 2) requiring HHS to publish an annual actuarial report assessing the financial status of the Medicaid program, including spending trends and cost drivers; and 3) enhancing existing third party liability policy.

Reforming Graduate Medical Education. Under current law, Medicare provides billions of dollars in support of graduate medical education (GME) nationwide. Many States also use Medicaid to pay for physician training programs, even though current law does not explicitly authorize such payments. The Administration plans to clarify that Medicaid will no longer be available as a source of funding for GME. Paying for GME is outside of Medicaid's primary purpose, which is to provide medical care to low-income individuals.

Aligning Medicaid Reimbursement Rates. While the Federal Government generally reimburses at a rate of 50 percent for all Medicaid administrative activities, there are exceptions that allow for a higher reimbursement rate. The Budget proposes to align all administrative reimbursement rates in Medicaid to 50 percent in order to create consistency in the administrative matching structure across Medicaid. In addition, the 2008 Budget proposes to align reimbursement for targeted case management, a largely administrative activity, to 50 percent.

Clarifying Medicaid Managed Care. The Administration will take action to clarify services that can be provided from savings generated by managed care 1915(b) waivers. A regulation will be published detailing services that can be provided under 1915(b)(3) authority. Additionally, the Administration proposes extending the renewal period for 1915(b) waivers from two years to three years.

Refining Long-term Care Home Equity. With some exceptions, the Deficit Reduction Act of 2005 does not permit individuals who have more than \$500,000 of home equity to be eligible for Medicaid

long term care services. States have the option to increase the limit to \$750,000. The Budget proposes to remove this option and maintain the home equity limit at \$500,000.

Enhancing Asset Verification for Medicaid Eligibility. The President's Budget proposes to expand a Social Security Administration (SSA) pilot using electronic financial records for verifying an applicant's assets to appropriate HHS programs. State Medicaid agencies would be required to establish pilots in locations where SSA is operating such a pilot.

Rationalizing Medicaid Prescription Drugs. The 2008 Budget includes proposals that remove market distortions, guarantees that the Federal Government does not overpay for drugs, and encourages State flexibility to administer their drug programs. For example, the Budget repropose a Medicaid drug rebate change that would remove best price, a component of the drug rebate formula. Best price effectively acts as a price floor, interfering with the competitive marketplace and preventing manufacturers from negotiating better discounts with large purchasers. This change will allow private purchasers to negotiate lower drug prices without creating costs or savings to the Federal Government. The Budget includes a proposal that requires all States where providers use hand-written prescription pads to use tamper-resistant pads to prevent fraudulent prescription drug access and use.

Recouping Administrative Expenditures through Cost Allocation. The 2008 Budget repropose reducing administrative costs by discontinuing Medicaid payments that are duplicative of funds originally included in the Temporary Assistance for Needy Families (TANF) block grants. This proposal would apply current, Government-wide financial management principles to TANF funds, which improperly assume other programs' administrative costs.

Improving Continuity of Care. Since enacted in 1996, the Health Insurance Portability and Accountability Act has the goal of increasing the continuity and accessibility of health insurance. To ensure that Medicaid and SCHIP beneficiaries receive these benefits, the Administration repropose two legislative changes that were included in the 2007 Budget. In addition, the 2008 Budget proposes to continue covering Medicaid beneficiaries who qualify for benefits through Transitional Medical Assistance or who qualify for Medicare Part B premium assistance as a Qualified Individual, so that enrollment for current beneficiaries will not be interrupted.

Reforming the Health Care Marketplace

When it comes to health care, the tax code is biased in favor of individuals who get insurance from their employers. To remove this inequality, the President proposes replacing the existing—and unlimited—exclusion for employer-sponsored insurance with a flat deduction for those with at least catastrophic health insurance. As long as a family has at least a catastrophic health insurance policy, they will be able to deduct the first \$15,000 from their income (\$7,500 for an individual). This will foster a true marketplace for health care, encourage competition, improve the efficiency of the system, and reduce the ranks of the uninsured.

Additionally, the 2008 Budget repropose three initiatives to restructure health insurance markets:

- Establishing association health plans that would allow small employers, civic groups, and community organizations to band together and use their purchasing power to negotiate lower-priced coverage for their employees, members, and their families;
- Creating a competitive marketplace across State lines that maintains strong consumer protections; and
- Reforming medical liability law, which will increase access to quality and affordable health care for all Americans, while reducing frivolous and time-consuming legal proceedings against doctors and health care providers.

The President continues his commitment to consumer-focused policies that emphasize transparency of price and quality information. The Budget contains a package of proposals that promote the use of health savings accounts, including allowing health plans with at least 50 percent coinsurance to qualify as a high-deductible health plan.

Fostering Affordable Choices in the Health Care System

The Federal Government's current system of paying for health care results in billions of dollars being spent inefficiently, through a patchwork of subsidies and payments to providers. In addition to directly funding the care provided to people enrolled in programs like Medicare and Medicaid, health care entitlement programs finance payments to institutions that either indirectly pay for uncompensated care or subsidize their operating expenses.

The health care system could operate more efficiently if some portion of institutional payments instead were redirected to help people with poor health or limited income afford health insurance. The uninsured often use emergency rooms as a source of primary care, which leads to suboptimal care and spending outcomes. If this public spending were focused on helping the uninsured purchase private insurance, people would receive the care they need in the most appropriate setting. The health care system needs to be transformed in a way that avoids costly and unnecessary medical visits and emphasizes upfront, affordable private health insurance options.

This transformation could happen by subsidizing the purchase of private insurance for low-income individuals. However, any such health care reforms would need to be State-based and budget neutral within health care spending, not create a new entitlement and not affect savings contained in the President's Budget that are necessary to address the unsustainable growth of Federal entitlement programs. The Federal Government would also maintain its commitment to the neediest and most vulnerable populations, while acknowledging that States are best situated to craft innovative solutions to move people into affordable insurance.

The President has asked the Secretary of Health and Human Services to work with the Congress and the States on an Affordable Choices initiative to reform the health care marketplace.

Strengthening Health Care for Vulnerable Populations

The Budget continues to target investments to improve the health of underserved and vulnerable populations. Through Health Centers, affordable primary and preventative care will be made available to over 16 million individuals with low incomes or without health insurance. Over half a million low-income and uninsured persons affected by HIV/AIDS will receive life-saving and life-extending services through the Ryan White CARE Act. One of the primary challenges in fighting the HIV epidemic in the United States is stopping the spread of the disease through the identification of individuals who are infected with the HIV virus but do not know it. To address this problem, the Administration is proposing \$93 million for HIV testing with the goal of ending the growth in the number of new HIV cases and reducing the future burden of the disease. Over \$4.1 billion is included in the 2008 Budget to finance health services for American Indians and Alaska Natives through the Indian Health Service, including \$162 million for alcohol and substance abuse treatment services. In addition, HHS will expand efforts to provide treatment to defendants with substance abuse problems who are caught within the criminal justice system. Drug courts break the cycle of abuse and incarceration through treatment and close supervision. In an effort to address increasing rates of obesity in children, the Budget proposes a new \$17 million effort to support increases in school-based prevention activities, directly reaching young people and their families across the Nation.



Presbyterian Medical Services; Alisa Estrada

The President's Health Center Initiative

A patient receives care at Carlsbad Family Health Center. Under the President's Health Center Initiative, Presbyterian Medical Services received a grant in 2005 to expand medical services at its Carlsbad Family Health Center site. *"Presbyterian Medical Services was proud to receive Federal funding to support expansion of medical capacity in Carlsbad, Eddy County, New Mexico. As a result of the President's initiative to expand access to medical care, Presbyterian Medical Services has been able to increase staff and services with a goal of serving an additional 3,000 primary care clients in the south east portion of the State."*

Jim Riebsomer
President of Presbyterian Medical Services

Investing in Nurse Home Visitation Programs. The President's Budget includes \$10 million for competitive grants to provide incentives to States, local governments, or non-profit organizations to use a greater share of existing Federal and non-Federal funding streams to adopt and expand evidence-based home visitation programs for new low-income mothers and their children. Nurse home visitation programs with strong performance monitoring are proven to prevent child abuse and neglect and to improve school readiness and health outcomes, meeting the highest standards of evidence.

Improving Public Health through Science

The President's Budget supports advances in medical research and promotes greater availability and safety of affordable generic drugs. In the President's first term, the Administration made it easier for generic drugs to compete with brand-name drugs, saving Americans \$35 billion over 10 years. To accelerate discovery and to contribute more effectively to the Nation's strong biomedical research foundation, NIH will expand resources for new and competing research grants and for initiatives, such as the Roadmap for Biomedical Research that encourages innovation and scientific breakthroughs across interdisciplinary areas. The Budget also increases resources for NIH to ensure that creative new investigators receive the necessary skills and mentored support to forge their own pathway to innovative biomedical research. As a science-based enterprise, FDA ensures that safe and effective drugs and diagnostic technologies are available to the public. Submissions of applications for generic drug products continue to rise steadily, from 361 in 2002 to 766 in 2005. The 2008 Budget proposes a new user fee that would provide \$16 million in additional resources for FDA to review and bring more new generic drugs to market. The Budget also improves review of innovative prescription drugs and biologics, and includes over \$11 million for FDA's drug safety surveillance to enhance communications of drug safety information to the public.

Supporting Faith-Based and Community Programs

Continuing the Administration's Faith-Based Agenda. The 2008 Budget proposes \$75 million for the Compassion Capital Fund to provide training for capacity-building and technical assistance for grassroots faith-based and community-based organizations (FBCOs). Of this, \$35 million is for the program's anti-gang initiative, which helps FBCOs with a youth focus present alternatives to gang involvement. The Budget also includes \$204 million to promote Abstinence Education and \$50 million to fund the President's initiative to mentor the children of prisoners.

Expanding Access to Recovery (ATR). The 2008 Budget includes \$98 million for 20 competitive grants to States and Native American Tribes to provide services to more than 55,000 individuals. ATR expands access to treatment and recovery support services, increases clinical treatment and recovery support providers, and enhances accountability through mandatory reporting on outcome measures. Within this amount, \$25 million will be targeted to help individuals recover from methamphetamine abuse.

Department of Health and Human Services (In millions of dollars)

	2006	Estimate	
	Actual	2007	2008
Spending			
Discretionary Budget Authority:			
Food and Drug Administration	1,449	1,490	1,641
<i>Program level (non-add)</i>	1,876	1,821	2,085
Health Resources and Services Administration	6,576	6,543	5,708
Indian Health Service	3,045	3,059	3,271
Centers for Disease Control and Prevention	5,972	5,812	5,762
National Institutes of Health	28,242	28,450	28,700
Substance Abuse and Mental Health Services Administration	3,204	3,205	3,046
Agency for Healthcare Research and Quality	—	—	—
<i>Program level (non-add)</i>	319	319	330
Centers for Medicare and Medicaid Services ¹	3,120	3,076	3,240
MedPAC	10	10	10
Discretionary Health Care Fraud and Abuse Control	—	—	183
Administration for Children and Families	13,695	13,706	12,329
Administration on Aging	1,362	1,367	1,335
General Departmental Management	362	355	392
Office for Civil Rights	35	35	37
Office of the National Coordinator for Health Information			
Technology	42	42	90
<i>Program level (non-add)</i>	61	61	118

Department of Health and Human Services—Continued
(In millions of dollars)

	2006 Actual	Estimate	
		2007	2008
Office of Medicare Appeals.....	59	59	70
Public Health and Social Services Emergency Fund.....	102	250	1,754
Program Support Center: Medicare eligible retiree accrual	34	36	37
Office of the Inspector General	39	39	45
Total, Discretionary budget authority	67,349	67,533	67,650
<i>Memorandum: Budget authority from enacted supplementals</i>	<i>5,702</i>	<i>—</i>	<i>—</i>
Total, Discretionary outlays	71,104	72,437	72,428
Mandatory Outlays:			
Medicare:			
Existing law	324,911	367,485	390,782
Legislative proposal	—	—	–4,696
Medicaid/SCHIP:			
Existing law	186,076	197,488	209,310
Legislative proposal	—	35	–297
All other programs:			
Existing law	33,949	35,482	33,437
Legislative proposal	—	5	16
Total, Mandatory outlays	544,936	600,495	628,552
Total, Outlays	616,040	672,932	700,980

¹ Amounts appropriated to the Social Security Administration (SSA) from the Hospital Insurance and Supplementary Medical Insurance accounts are included in the corresponding table in the SSA chapter.

and/or mental illness and to identify and respond to the community risk factors that contribute to these illnesses.

Object Classification (in millions of dollars)

Identification code 75-1362-0-1-551	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	39	41	42
11.3 Other than full-time permanent	2	3	3
11.5 Other personnel compensation	1	1	2
11.7 Military personnel	1	2	2
11.9 Total personnel compensation	43	47	49
12.1 Civilian personnel benefits	9	10	10
12.2 Military personnel benefits	1	2	2
21.0 Travel and transportation of persons	2	1	1
23.1 Rental payments to GSA	6	6	6
23.3 Communications, utilities, and miscellaneous charges	1	1	1
24.0 Printing and reproduction	5	4	3
25.1 Advisory and assistance services	23	22	12
25.2 Other services	176	169	98
25.3 Other purchases of goods and services from Government accounts	100	102	75
26.0 Supplies and materials	1	1	1
41.0 Grants, subsidies, and contributions	2,832	2,839	2,787
42.0 Insurance claims and indemnities	2	1	1
99.0 Direct obligations	3,201	3,205	3,046
99.0 Reimbursable obligations	281	272	272
99.9 Total new obligations	3,482	3,477	3,318

Employment Summary

Identification code 75-1362-0-1-551	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	448	452	452
1101 Military full-time equivalent employment	17	28	28
Reimbursable:			
2001 Civilian full-time equivalent employment	36	37	37
2101 Military full-time equivalent employment	23	23	23

AGENCY FOR HEALTHCARE RESEARCH AND QUALITY

Federal

HEALTHCARE RESEARCH AND QUALITY

For carrying out titles III and IX of the Public Health Service Act, and part A of title XI of the Social Security Act, amounts received from Freedom of Information Act fees, reimbursable and interagency agreements, and the sale of data shall be credited to this appropriation and shall remain available until expended: Provided, That the amount made available pursuant to section 927(c) of the Public Health Service Act shall not exceed \$329,564,000.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 75-1700-0-1-552	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
09.00 Reimbursable program	346	346	357
10.00 Total new obligations	346	346	357
Budgetary resources available for obligation:			
21.00 Unobligated balance carried forward, start of year	17	17	17
22.00 New budget authority (gross)	346	346	357
23.90 Total budgetary resources available for obligation	363	363	374
23.95 Total new obligations	-346	-346	-357

24.40 Unobligated balance carried forward, end of year	17	17	17
New budget authority (gross), detail:			
Discretionary:			
Spending authority from offsetting collections:			
58.00 Offsetting collections (cash)	106	346	357
58.10 Change in uncollected customer payments from Federal sources (unexpired)	239		
58.90 Spending authority from offsetting collections (total discretionary)	345	346	357
Mandatory:			
60.00 Appropriation	1		
70.00 Total new budget authority (gross)	346	346	357
Change in obligated balances:			
72.40 Obligated balance, start of year	44	45	45
73.10 Total new obligations	346	346	357
73.20 Total outlays (gross)	-326	-346	-357
73.40 Adjustments in expired accounts (net)	-1		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-239		
74.10 Change in uncollected customer payments from Federal sources (expired)	221		
74.40 Obligated balance, end of year	45	45	45
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	325	346	357
86.97 Outlays from new mandatory authority	1		
87.00 Total outlays (gross)	326	346	357
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-327	-346	-357
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-239		
88.96 Portion of offsetting collections (cash) credited to expired accounts	221		
Net budget authority and outlays:			
89.00 Budget authority	1		
90.00 Outlays	-1		

This activity supports the development of scientific evidence and tools to improve the quality, safety, and effectiveness of all aspects of the health care system, and initiatives to disseminate and translate scientific findings into health care practice.

Object Classification (in millions of dollars)

Identification code 75-1700-0-1-552	2006 actual	2007 est.	2008 est.
99.0 Reimbursable obligations	346	346	357
99.9 Total new obligations	346	346	357

Employment Summary

Identification code 75-1700-0-1-552	2006 actual	2007 est.	2008 est.
Reimbursable:			
2001 Civilian full-time equivalent employment	279	279	286
2101 Military full-time equivalent employment	13	13	13

CENTERS FOR MEDICARE AND MEDICAID SERVICES

Federal

GRANTS TO STATES FOR MEDICAID

For carrying out, except as otherwise provided, titles XI and XIX of the Social Security Act, \$141,628,056,000, to remain available until expended.

For making, after May 31, 2008, payments to States under title XIX of the Social Security Act for the last quarter of fiscal year

GRANTS TO STATES FOR MEDICAID—Continued

2008, for unanticipated costs, incurred for the current fiscal year, such sums as may be necessary.

For making payments to States or in the case of section 1928 on behalf of States under title XIX of the Social Security Act for the first quarter of fiscal year 2009, \$67,292,669,000, to remain available until expended.

Payment under title XIX may be made for any quarter with respect to a State plan or plan amendment in effect during such quarter, if submitted in or prior to such quarter and approved in that or any subsequent quarter.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 75-0512-0-1-551	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Medicaid vendor payments	182,284	179,054	191,109
00.02 State and local administration	10,490	9,882	10,015
00.03 Vaccine purchases	1,974	2,905	2,762
00.04 Incurred by providers but not yet reported	6,830	3,000	3,000
09.01 Medicare Part B premiums	264	350	
10.00 Total new obligations	201,842	195,191	206,886
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	378	26,586	
22.00 New budget authority (gross)	215,737	168,605	206,886
22.10 Resources available from recoveries of prior year obligations	12,313		
23.90 Total budgetary resources available for obligation	228,428	195,191	206,886
23.95 Total new obligations	-201,842	-195,191	-206,886
24.40 Unobligated balance carried forward, end of year	26,586		
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	156,954	105,471	141,628
65.00 Advance appropriation	58,517	62,784	65,258
69.00 Spending authority from offsetting collections: Offsetting collections (cash)	266	350	
70.00 Total new budget authority (gross)	215,737	168,605	206,886
Change in obligated balances:			
72.40 Obligated balance, start of year	11,388	20,026	23,026
73.10 Total new obligations	201,842	195,191	206,886
73.20 Total outlays (gross)	-180,891	-192,191	-203,886
73.45 Recoveries of prior year obligations	-12,313		
74.40 Obligated balance, end of year	20,026	23,026	26,026
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	180,513	165,605	203,886
86.98 Outlays from mandatory balances	378	26,586	
87.00 Total outlays (gross)	180,891	192,191	203,886
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-264	-350	
88.40 Non-Federal sources	-2		
88.90 Total, offsetting collections (cash)	-266	-350	
Net budget authority and outlays:			
89.00 Budget authority	215,471	168,255	206,886
90.00 Outlays	180,625	191,841	203,886

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	215,471	168,255	206,886
Outlays	180,625	191,841	203,886
Legislative proposal, not subject to PAYGO:			
Budget Authority			-425

Outlays			-425
Legislative proposal, subject to PAYGO:			
Budget Authority	35		-1,517
Outlays	35		-1,517
Total:			
Budget Authority	215,471	168,290	204,944
Outlays	180,625	191,876	201,944

Medicaid assists States in providing medical care to their low-income populations by granting Federal matching payments under title XIX of the Social Security Act to States with approved plans.

Medicaid estimates assume budget authority for expenses that are incurred but not reported (IBNR).

Object Classification (in millions of dollars)

Identification code 75-0512-0-1-551	2006 actual	2007 est.	2008 est.
41.0 Direct obligations: Grants, subsidies, and contributions	201,578	194,841	206,886
99.0 Reimbursable obligations: reimbursable obligations	264	350	
99.9 Total new obligations	201,842	195,191	206,886

GRANTS TO STATES FOR MEDICAID
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 75-0512-2-1-551	2006 actual	2007 est.	2008 est.
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources			-425
Net budget authority and outlays:			
89.00 Budget authority			-425
90.00 Outlays			-425

This schedule reflects the Administration's Medicaid proposal.

GRANTS TO STATES FOR MEDICAID
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 75-0512-4-1-551	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Administrative Services Reforms			-1,225
00.02 Reimbursement Reforms			-200
00.03 Pharmacy Reforms			-355
00.04 Program Integrity Reforms			-75
00.05 Long Term Care Reform			-70
00.06 Authorization Extensions and Modifications		35	460
00.07 Other proposals			-477
09.01 Medicare Part B premiums			425
10.00 Total new obligations		35	-1,517
Budgetary resources available for obligation:			
22.00 New budget authority (gross)		35	-1,517
23.95 Total new obligations		-35	1,517
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation		35	-1,942
69.00 Spending authority from offsetting collections: Offsetting collections (cash)			425
70.00 Total new budget authority (gross)		35	-1,517
Change in obligated balances:			
73.10 Total new obligations		35	-1,517
73.20 Total outlays (gross)		-35	1,517
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority		35	-1,517
Net budget authority and outlays:			
89.00 Budget authority		35	-1,517

90.00	Outlays	35	-1,517
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This schedule reflects the Administration's Medicaid proposal.

Object Classification (in millions of dollars)

Identification code 75-0512-4-1-551	2006 actual	2007 est.	2008 est.
41.0	Direct obligations: Grants, subsidies, and contributions	35	-1,942
99.0	Reimbursable obligations: reimbursable obligations		425
99.9	Total new obligations	35	-1,517

STATE GRANTS AND DEMONSTRATIONS

Program and Financing (in millions of dollars)

Identification code 75-0516-0-1-551	2006 actual	2007 est.	2008 est.	
Obligations by program activity:				
00.01	Ticket to Work—grants	104	50	51
00.02	High-risk pools—grants	77		
00.03	Emergency health services for undocumented aliens	170	200	250
00.04	Pilot program—background checks	10		
00.05	State pharmaceutical assistance programs	63		
00.06	Health care infrastructure improv program	140	2	
00.08	Medicaid Integrity Program—general	3	52	50
00.09	Site development grants-rural PACE	7		
00.10	Funding for PACE outliers		2	3
00.11	Drug surveys & reports	5	5	5
00.12	Partnerships for long term care	3	3	3
00.13	Alternate non-emergency network providers		25	12
00.14	Psychiatric residential treatment demonstration		21	37
00.15	Money follows the Person (MFP) demonstration		248	298
00.16	MFP evaluations & technical support		1	2
00.17	Medicaid transformation grants		75	75
00.19	Katrina relief	1,864	136	
09.11	Reimbursable program-Katrina/Rita hurricane support	69	1	
10.00	Total new obligations	2,515	821	786
Budgetary resources available for obligation:				
21.40	Unobligated balance carried forward, start of year	381	634	520
22.00	New budget authority (gross)	2,636	707	764
22.10	Resources available from recoveries of prior year obligations	155		
23.90	Total budgetary resources available for obligation	3,172	1,341	1,284
23.95	Total new obligations	-2,515	-821	-786
23.98	Unobligated balance expiring or withdrawn	-23		
24.40	Unobligated balance carried forward, end of year	634	520	498
New budget authority (gross), detail:				
Mandatory:				
60.00	Appropriation—(P.L. 106-170, Sections 203 & 204)	82	43	44
60.00	Appropriation—(P. L. 108-173)—Undocumented aliens	250	250	250
60.00	Appropriation—(P.L. 108-173)—State pharmaceutical assistance programs	63		
60.00	Appropriation—High Risk Pools	90		
60.00	Appropriation—Katrina Relief	2,000		
60.00	Appropriation—Site Development for Rural PACE grants	8		
60.00	Appropriation—Rural PACE outlier grants	10		
60.00	Appropriation—Federal upper payment limit for multiple source drugs	5	5	5
60.00	Appropriation—Expansion of Long-term Care Partnerships	3	3	3
60.00	Appropriation—Grants to establish alternate non-emergency services	50		
60.00	Appropriation—Psychiatric Residential Treatment Demonstration		21	37
60.00	Appropriation—Money follows the Person demonstration		249	298
60.00	Appropriation—Money follows the Person—evaluation		1	2
60.00	Appropriation—Medicaid Transformation grants		75	75
60.00	Appropriation—Medicaid Integrity Program	5	50	50
62.50	Appropriation (total mandatory)	2,566	697	764

63.00	Reappropriation—Tax Relief and Health Care Act of 2006		10	
69.00	Spending authority from offsetting collections: Offsetting collections (cash)	70		
70.00	Total new budget authority (gross)	2,636	707	764

Change in obligated balances:

72.40	Obligated balance, start of year	383	1,404	545
73.10	Total new obligations	2,515	821	786
73.20	Total outlays (gross)	-1,339	-1,680	-496
73.45	Recoveries of prior year obligations	-155		
74.40	Obligated balance, end of year	1,404	545	835

Outlays (gross), detail:

86.97	Outlays from new mandatory authority	1,124	378	433
86.98	Outlays from mandatory balances	215	1,302	63
87.00	Total outlays (gross)	1,339	1,680	496

Offsets:

88.00	Against gross budget authority and outlays: Offsetting collections (cash) from: Federal sources	-70		
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Net budget authority and outlays:

89.00	Budget authority	2,566	707	764
90.00	Outlays	1,269	1,680	496

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 75-0516-0-1-551	2006 actual	2007 est.	2008 est.	
Direct loan levels supportable by subsidy budget authority:				
115001	Health care infrastructure improvement	140	1	
115999	Total direct loan levels	140	1	
Direct loan subsidy (in percent):				
132001	Health care infrastructure improvement	100.00	100.00	0.00
132999	Weighted average subsidy rate	100.00	100.00	0.00
Direct loan subsidy budget authority:				
133001	Health care infrastructure improvement	140	1	
133999	Total subsidy budget authority	140	1	
Direct loan subsidy outlays:				
134001	Health care infrastructure improvement	140	1	
134999	Total subsidy outlays	140	1	

State Grants and Demonstrations provides funding for grant programs established under several legislative authorities, including the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170), the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173), and the Deficit Reduction Act of 2005 (P.L. 109-171).

Object Classification (in millions of dollars)

Identification code 75-0516-0-1-551	2006 actual	2007 est.	2008 est.	
Direct obligations:				
11.1	Personnel compensation: Full-time permanent-Medicaid Integrity Program		3	6
12.1	Civilian personnel benefits-Medicaid Integrity Program		2	2
41.0	Grants, subsidies, and contributions—Ticket to Work	103	50	51
41.0	Grants, subsidies, and contributions—High-Risk Pools	77		
41.0	Grants, subsidies, and contributions—Fed'l Reimb.—Emer Svcs, Undoc. Aliens	170	200	250
41.0	Grants, subsidies, and contributions—Background Checks	10		
41.0	Grants, subsidies, and contributions—State Pharmaceutical Assistance Programs	63		
41.0	Grants, subsidies, and contributions—Health Care Infrastructure Improvement Program	140	2	
41.0	Grants, subsidies, and contributions—Medicaid Integrity Program	3	47	42
41.0	Grants, subsidies, and contributions—Site Development Grants—Rural PACE	7		

STATE GRANTS AND DEMONSTRATIONS—Continued

Object Classification (in millions of dollars)—Continued

Identification code 75-0516-0-1-551	2006 actual	2007 est.	2008 est.
41.0 Grants, subsidies, and contributions—Funding for PACE Outliers		2	3
41.0 Grants, subsidies, and contributions—Drug Surveys & Reports	5	5	5
41.0 Grants, subsidies, and contributions—Partnership for Long Term Care	3	3	3
41.0 Grants, subsidies, and contributions—Alternate Non-Emergency Network Providers		25	12
41.0 Grants, subsidies, and contributions—Psychiatric Residential Treatment Demonstration		21	37
41.0 Grants, subsidies, and contributions—Money follows the Person (MFP) Demonstration		248	298
41.0 Grants, subsidies, and contributions—MFP Evaluations & Technical Support		1	2
41.0 Grants, subsidies, and contributions—Medicaid Transformation Grants		75	75
41.0 Grants, subsidies, and contributions—Katrina/Rita Hurricane Support		1	
41.0 Grants, subsidies, and contributions—Katrina Relief	1,864	136	
99.0 Direct obligations	2,445	821	786
99.0 Reimbursable obligations	70		
99.9 Total new obligations	2,515	821	786

Employment Summary

Identification code 75-0516-0-1-551	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment		26	53

HEALTH CARE INFRASTRUCTURE IMPROVEMENT PROGRAM, DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 75-4438-0-3-551	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Health care infrastructure improvement program	140	1	
10.00 Total new obligations	140	1	
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	140	1	
23.95 Total new obligations	-140	-1	
New financing authority (gross), detail:			
Mandatory:			
69.00 Spending authority from offsetting collections: Offsetting collections (cash)	140	1	
Change in obligated balances:			
73.10 Total new obligations	140	1	
73.20 Financing disbursements (gross)	-140	-1	
Outlays (gross), detail:			
87.00 Total financing disbursements (gross)	140	1	
Offsets:			
Against gross financing authority and financing disbursements:			
88.00 Offsetting collections (cash) from: Federal sources	-140	-1	
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Negative subsidy BA total [75-0516]			

Status of Direct Loans (in millions of dollars)

Identification code 75-4438-0-3-551	2006 actual	2007 est.	2008 est.
Position with respect to appropriations act limitation on obligations:			

1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	140	1	
1150 Total direct loan obligations	140	1	
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year		140	141
1231 Disbursements: Direct loan disbursements	140	1	
1264 Write-offs for default: Loan forgiveness			
1290 Outstanding, end of year	140	141	141

Balance Sheet (in millions of dollars)

Identification code 75-4438-0-3-551	2005 actual	2006 actual
ASSETS:		
Net value of assets related to post-1991 direct loans receivable:		
1401 Direct loans receivable, gross		140
1402 Interest receivable		7
1405 Allowance for subsidy cost (-)		-147
1499 Net present value of assets related to direct loans		
1999 Total assets		
LIABILITIES:		
2999 Total liabilities		
NET POSITION:		
3999 Total net position		
4999 Total liabilities and net position		

PAYMENTS TO HEALTH CARE TRUST FUNDS

For payment to the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds, as provided under section 1844 and 1860D-16 of the Social Security Act, sections 103(c) and 111(d) of the Social Security Amendments of 1965, section 278(d) of Public Law 97-248, and for administrative expenses incurred pursuant to section 201(g) of the Social Security Act, \$188,628,000,000.

In addition, for making matching payments under section 1844, and benefit payments under 1860D-16 of the Social Security Act, not anticipated in budget estimates, such sums as may be necessary.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 75-0580-0-1-571	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Supplementary medical insurance (SMI)	134,255	137,623	140,704
00.02 Hospital insurance for uninsured (HI)	202	239	269
00.03 Federal uninsured payment (HI)	206	229	237
00.04 Program management (HI)	131	175	192
00.05 Fraud and abuse control, criminal fines	144	200	200
00.06 Federal payments from taxation of OASDI benefits (HI)	10,319	10,810	12,245
00.07 Fraud and abuse control, FBI	114	118	121
00.08 FHI trust fund, Transfers from general fund (civil monetary penalties)	11	22	22
00.10 Federal contributions, Transitional assistance account	229		
00.11 General Revenue for Part D Benefits	27,943	37,329	46,299
00.12 General Revenue for Part D Federal Admin	174	704	744
00.14 HCFAC reimbursement			183
10.00 Total new obligations	173,728	187,449	201,216
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	201,386	187,449	201,216
23.95 Total new obligations	-173,728	-187,449	-201,216
23.98 Unobligated balance expiring or withdrawn	-27,658		

New budget authority (gross), detail:

Mandatory:			
60.00 Appropriation (Tax on OASDI Benefits)	10,319	10,810	12,245
60.00 Appropriation (HCFAC penalties, etc.)	155	222	222
60.00 Appropriation (Subsidy for HI & SMI benefits, General Fund federal admin)	136,087	138,970	142,146
60.00 Appropriation (HCFAC funding)	114	118	304

60.00	Appropriation (Transitional Assistance Benefits)	339		
60.00	Appropriation (Part D State Eligibility Determinations)	99		
60.00	Appropriation (Part D Drug Benefits)	54,273	37,329	46,299
62.50	Appropriation (total mandatory)	201,386	187,449	201,216
Change in obligated balances:				
73.10	Total new obligations	173,728	187,449	201,216
73.20	Total outlays (gross)	-173,728	-187,449	-201,216
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	173,728	187,449	201,216
Net budget authority and outlays:				
89.00	Budget authority	201,386	187,449	201,216
90.00	Outlays	173,728	187,449	201,216

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	201,386	187,449	201,216
Outlays	173,728	187,449	201,216
Legislative proposal, not subject to PAYGO:			
Budget Authority			-1,649
Outlays			-1,649
Total:			
Budget Authority	201,386	187,449	199,567
Outlays	173,728	187,449	199,567

Payments are made to the Federal Hospital Insurance and Federal Supplementary Medical Insurance trust funds from the general fund of the Treasury to finance Medicare's medical and drug benefits for beneficiaries and certain other qualified individuals.

Object Classification (in millions of dollars)

Identification code 75-0580-0-1-571	2006 actual	2007 est.	2008 est.
Direct obligations:			
41.0 Grants, subsidies, and contributions	173,015	186,102	199,774
42.0 Insurance claims and indemnities	408	468	506
94.0 Financial transfers (federal admin)	305	879	936
99.0 Direct obligations	173,728	187,449	201,216
99.9 Total new obligations	173,728	187,449	201,216

PAYMENTS TO HEALTH CARE TRUST FUNDS
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 75-0580-2-1-571	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Supplementary medical insurance (SMI)			-1,203
00.11 General Revenue for Part D Benefits			-446
10.00 Total new obligations (object class 41.0)			-1,649
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-1,649
23.95 Total new obligations			1,649
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation (Subsidy for HI & SMI benefits, General Fund federal admin)			-1,203
60.00 Appropriation (Part D Drug Benefits)			-446
62.50 Appropriation (total mandatory)			-1,649
Change in obligated balances:			
73.10 Total new obligations			-1,649
73.20 Total outlays (gross)			1,649
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			-1,649

Net budget authority and outlays:

89.00	Budget authority	-1,649
90.00	Outlays	-1,649

The Budget proposes a package of reforms to encourage competition, recognize efficiencies and productivity in health care, enhance program integrity, and strengthen responsibility for health care choices.

PROGRAM MANAGEMENT

For carrying out, except as otherwise provided, titles XI, XVIII, XIX, and XXI of the Social Security Act (SSA), titles XIII and XXVII of the Public Health Service Act, and the Clinical Laboratory Improvement Amendments of 1988, not to exceed \$3,274,026,000, to be transferred from the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds, as authorized by section 201(g) of the SSA; together with all funds collected in accordance with section 353 of the Public Health Service Act and section 1857(e)(2) of the SSA, funds retained by the Secretary pursuant to section 302 of the Tax Relief and Health Care Act of 2006; and such sums as may be collected from authorized user fees and the sale of data, which shall remain available until expended: Provided, That all funds derived in accordance with 31 U.S.C. 9701 from organizations established under title XIII of the Public Health Service Act shall be credited to and available for carrying out the purposes of this appropriation: Provided further, That \$49,869,000, to remain available until September 30, 2009, is for contract costs for the Healthcare Integrated General Ledger Accounting System: Provided further, That the Centers for Medicare and Medicaid Services will take all reasonable actions necessary to ensure that before December 15, 2008 no fewer than 15 Medicare Administrative Contractors will commence the duties of Medicare claims-processing activities and related responsibilities: Provided further, That \$253,775,000, to remain available until September 30, 2009, is for CMS Medicare contracting reform activities: Provided further, That funds appropriated under this heading are available for the Healthy Start, Grow Smart program under which the Centers for Medicare and Medicaid Services may, directly or through grants, contracts, or cooperative agreements, produce and distribute informational materials including, but not limited to, pamphlets and brochures on infant and toddler health care to expectant parents enrolled in the Medicaid program and to parents and guardians enrolled in such program with infants and children: Provided further, That the Secretary of Health and Human Services is directed to collect fees in fiscal year 2008 from Medicare Advantage organizations pursuant to section 1857(e)(2) of the Social Security Act and from eligible organizations with risk-sharing contracts under section 1876 of that Act pursuant to section 1876(k)(4)(D) of that Act.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 75-0511-0-1-550	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
Direct program:			
00.01 Medicare operations	2,208	2,225	2,304
00.02 Federal administration	639	648	643
00.03 State survey and certification	258	258	293
00.04 Research, demonstrations, and evaluation projects	62	48	34
00.05 Revitalization plan	23	25	
01.00 Total direct program	3,190	3,204	3,274
09.01 CLIA	43	43	43
09.03 Other reimbursements	34	2	2
09.04 Coordination of benefits	18	30	32
09.06 MA/PDP	58	69	70
09.09 Total reimbursable program	153	144	147
10.00 Total new obligations	3,343	3,348	3,421
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	103	116	93
22.00 New budget authority (gross)	3,354	3,325	3,421

PROGRAM MANAGEMENT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 75-0511-0-1-550	2006 actual	2007 est.	2008 est.
22.10 Resources available from recoveries of prior year obligations	12		
23.90 Total budgetary resources available for obligation	3,469	3,441	3,514
23.95 Total new obligations	-3,343	-3,348	-3,421
23.98 Unobligated balance expiring or withdrawn	-10		
24.40 Unobligated balance carried forward, end of year	116	93	93
New budget authority (gross), detail:			
Discretionary:			
42.00 Transferred from other accounts	40		
43.00 Appropriation (total discretionary)	40		
Spending authority from offsetting collections:			
58.00 Offsetting collections (cash)	2,222	3,076	3,274
58.00 Offsetting collections (cash)	136	144	147
58.10 Change in uncollected customer payments from Federal sources (unexpired)	882		
58.90 Spending authority from offsetting collections (total discretionary)	3,240	3,220	3,421
Mandatory:			
60.00 Appropriation	38		
69.00 Spending authority from offsetting collections: Offsetting collections (cash)	36	105	
70.00 Total new budget authority (gross)	3,354	3,325	3,421
Change in obligated balances:			
72.40 Obligated balance, start of year	-199	-94	-71
73.10 Total new obligations	3,343	3,348	3,421
73.20 Total outlays (gross)	-3,407	-3,325	-3,421
73.40 Adjustments in expired accounts (net)	-18		
73.45 Recoveries of prior year obligations	-12		
74.00 Change in uncollected customer payments from Federal sources (unexpired)	-882		
74.10 Change in uncollected customer payments from Federal sources (expired)	1,081		
74.40 Obligated balance, end of year	-94	-71	-71
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	2,349	3,220	3,421
86.93 Outlays from discretionary balances	990		
86.97 Outlays from new mandatory authority	68	105	
87.00 Total outlays (gross)	3,407	3,325	3,421
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-3,308	-3,181	-3,274
88.00 Federal sources			
88.40 Non-Federal sources	-124	-144	-147
88.90 Total, offsetting collections (cash)	-3,432	-3,325	-3,421
Against gross budget authority only:			
88.95 Change in uncollected customer payments from Federal sources (unexpired)	-882		
88.96 Portion of offsetting collections (cash) credited to expired accounts	1,038		
Net budget authority and outlays:			
89.00 Budget authority	78		
90.00 Outlays	-25		

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	78		
Outlays	-25		
Legislative proposal, not subject to PAYGO:			
Budget Authority			
Outlays			
Total:			
Budget Authority	78		
Outlays	-25		

Program management activities include funding for research, Medicare operations, survey and certification, Clinical Laboratory Improvement Amendments (CLIA), Medicare Advantage, and administrative costs. Program management activities also include funding for the implementation of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and the Tax Relief and Health Care Act of 2006.

Object Classification (in millions of dollars)

Identification code 75-0511-0-1-550	2006 actual	2007 est.	2008 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	369	371	391
11.3 Other than full-time permanent	16	13	14
11.5 Other personnel compensation	9	8	6
11.7 Military personnel	8	7	7
11.9 Total personnel compensation	402	399	418
12.1 Civilian personnel benefits	95	96	96
12.2 Military personnel benefits	3	3	3
21.0 Travel and transportation of persons	8	9	9
22.0 Transportation of things	1		
23.1 Rental payments to GSA	23	27	28
23.3 Communications, utilities, and miscellaneous charges	39	2	2
24.0 Printing and reproduction	17	3	3
25.1 Advisory and assistance services	38		
25.2 Other services	660	146	90
25.3 Other purchases of goods and services from Government accounts	72	3	3
25.4 Operation and maintenance of facilities	8		
25.5 Research and development contracts	36	42	24
25.6 Medical care	1,357	2,463	2,577
25.7 Operation and maintenance of equipment	359		
26.0 Supplies and materials	1	1	1
31.0 Equipment	7		
32.0 Land and structures	10	10	10
41.0 Grants, subsidies, and contributions	54		10
99.0 Direct obligations	3,190	3,204	3,274
99.0 Reimbursable obligations	153	144	147
99.9 Total new obligations	3,343	3,348	3,421

Employment Summary

Identification code 75-0511-0-1-550	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	4,461	4,255	4,255
1101 Military full-time equivalent employment	93	89	89
Reimbursable:			
2001 Civilian full-time equivalent employment	72	75	84

PROGRAM MANAGEMENT

(Legislative proposal, not subject to PAYGO)

In addition, the Secretary may, contingent upon the enactment of authorizing legislation, charge a fee for conducting revisit surveys on health care facilities cited for deficiencies during initial certification, recertification, or substantiated complaints surveys: Provided, That such fees, in an amount not to exceed \$35,000,000, shall be credited to this account as offsetting collections, to remain available until expended for the purpose of conducting such revisit surveys: Provided further, That amounts transferred to this account from the Federal Health Insurance and Federal Supplementary Medical Insurance Trust Funds for fiscal year 2008 shall be reduced by the amount credited to this account under this paragraph.

Program and Financing (in millions of dollars)

Identification code 75-0511-2-1-550	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
Direct program:			
00.03 State survey and certification			-35
01.00 Total direct program			-35
09.02 Revisit Fees			35

09.09	Total reimbursable program			35
10.00	Total new obligations			
Change in obligated balances:				
73.10	Total new obligations			
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources			35
88.40	Non-Federal sources			-35
88.90	Total, offsetting collections (cash)			
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays			

The Budget includes \$35 million in new user fees to finance survey and certification activities. Centers for Medicare and Medicaid Services (CMS) would charge revisit survey fees to health care facilities cited for deficiencies during initial certification, recertification, or substantiated complaint surveys. Proposed appropriations language provides authority to collect and spend these fees. The amount appropriated from the Federal Hospital Insurance (HI) and Federal Supplementary Medical Insurance (SMI) trust funds would be reduced on a dollar-for-dollar basis with fees collected.

Object Classification (in millions of dollars)

Identification code 75-0511-2-1-550	2006 actual	2007 est.	2008 est.
25.6 Direct obligations: Medical care			-35
99.0 Reimbursable obligations: reimbursable obligations			35
99.9 Total new obligations			

STATE CHILDREN'S HEALTH INSURANCE FUND

Program and Financing (in millions of dollars)

Identification code 75-0515-0-1-551	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Grants to States and U.S. territories	4,539	5,187	5,040
10.00 Total new obligations (object class 41.0)	4,539	5,187	5,040
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	4,365	5,040	5,040
22.30 Expired unobligated balance transfer to unexpired account	174	147	
23.90 Total budgetary resources available for obligation	4,539	5,187	5,040
23.95 Total new obligations	-4,539	-5,187	-5,040
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation, BBA	4,050	5,000	5,000
60.00 Appropriation, BBRA for territories	32	40	40
60.00 Appropriation, DRA 2006	283		
62.50 Appropriation (total mandatory)	4,365	5,040	5,040
Change in obligated balances:			
72.40 Obligated balance, start of year	7,275	4,908	4,301
73.10 Total new obligations	4,539	5,187	5,040
73.20 Total outlays (gross)	-5,451	-5,647	-5,424
73.40 Adjustments in expired accounts (net)	-1,455	-147	
74.40 Obligated balance, end of year	4,908	4,301	3,917
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	1,202	2,225	2,671
86.98 Outlays from mandatory balances	4,249	3,422	2,753
87.00 Total outlays (gross)	5,451	5,647	5,424

Net budget authority and outlays:				
89.00	Budget authority	4,365	5,040	5,040
90.00	Outlays	5,451	5,647	5,424

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	4,365	5,040	5,040
Outlays	5,451	5,647	5,424
Legislative proposal, subject to PAYGO:			
Budget Authority			
Outlays			1,220
Total:			
Budget Authority	4,365	5,040	5,040
Outlays	5,451	5,647	6,644

The Balanced Budget Act of 1997 established the State Children's Health Insurance Program (SCHIP) under Title XXI of the Social Security Act. Title XXI provides Federal matching funds to States to enable them to extend coverage to uninsured children from low-income families. States are able to use Title XXI funds for obtaining health benefit coverage for uninsured children through a SCHIP program, a SCHIP Medicaid expansion program, or a combination of both.

STATE CHILDREN'S HEALTH INSURANCE FUND

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 75-0515-4-1-551	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 SCHIP Reauthorization			1,220
10.00 Total new obligations (object class 41.0)			1,220
Budgetary resources available for obligation:			
22.30 Expired unobligated balance transfer to unexpired account			1,220
23.95 Total new obligations			-1,220
Change in obligated balances:			
73.10 Total new obligations			1,220
73.20 Total outlays (gross)			-1,220
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			1,220
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			1,220

This schedule reflects the Administration's SCHIP proposals.

MEDICARE ADVANTAGE STABILIZATION FUND

Special and Trust Fund Receipts (in millions of dollars)

Identification code 75-5384-0-2-571	2006 actual	2007 est.	2008 est.
01.00 Balance, start of year			13
01.99 Balance, start of year			13
Receipts:			
02.00 Payments from HI, Stabilization fund		7	10
02.01 Payments from SMI, Stabilization fund		6	8
02.99 Total receipts and collections		13	18
04.00 Total: Balances and collections		13	31
07.99 Balance, end of year		13	31

The Medicare Advantage (MA) Regional Stabilization Fund finances incentives to have MA regional plans offered in each

MEDICARE ADVANTAGE STABILIZATION FUND—Continued

MA region and to retain MA plans in certain regions with below national average MA market penetration. The Tax Relief and Health Care Act of 2006 amended this fund.

Trust Funds

FEDERAL HOSPITAL INSURANCE TRUST FUND

Special and Trust Fund Receipts (in millions of dollars)

Identification code 20-8005-0-7-571	2006 actual	2007 est.	2008 est.
01.00 Balance, start of year	259,707	281,754	294,939
01.99 Balance, start of year	259,707	281,754	294,939
Receipts:			
02.00 FHI trust fund, Federal employer contributions (FICA)	2,722	2,839	2,965
02.01 FHI trust fund, Postal Service employer contributions (FICA)	682	694	720
02.02 FHI trust fund, Interest received by trust funds	15,356	15,216	15,883
02.03 FHI trust fund, Interest received by trust funds—legislative proposal not subject to PAYGO			109
02.04 FHI trust fund, Taxation on OASDI benefits	10,319	10,810	12,245
02.05 FHI trust fund, Payment from the general fund for health care fraud and abuse control account	114	118	121
02.06 FHI trust fund, Transfers from general fund (criminal fines)	144	200	200
02.07 FHI trust fund, Transfers from general fund (civil monetary penalties)	19	22	22
02.08 FHI trust fund, Interest payments by Railroad Retirement Board	32	30	29
02.09 FHI trust fund, Payments from the general fund (uninsured and program management)	540	644	882
02.20 FHI trust fund, Other proprietary receipts from the public	3	1	1
02.21 FHI trust fund, Basic premium, Medicare advantage	20	77	85
02.22 FHI trust fund, Medicare refunds	2,088	2,100	2,200
02.23 FHI trust fund, Premiums collected for uninsured individuals not otherwise eligible	2,632	2,782	2,889
02.60 FHI trust fund, Transfers from general fund (FICA taxes)	165,160	171,199	184,499
02.61 FHI trust fund, Receipts from Railroad Retirement Board	440	459	483
02.62 FHI trust fund, Transfers from general fund (SECA taxes)	11,829	13,505	13,744
02.63 FHI trust fund, Civil penalties and damages	297	297	297
02.99 Total receipts and collections	212,397	220,993	237,374
04.00 Total: Balances and collections	472,104	502,747	532,313
Appropriations:			
05.00 Federal hospital insurance trust fund	-29		
05.01 Federal hospital insurance trust fund	-1,832	-1,660	-1,731
05.02 Federal hospital insurance trust fund	43		
05.03 Federal hospital insurance trust fund	-209,421	-218,221	-234,329
05.04 Federal hospital insurance trust fund	22,059	13,185	19,642
05.05 Federal hospital insurance trust fund—legislative proposal not subject to PAYGO			35
05.06 Federal hospital insurance trust fund—legislative proposal not subject to PAYGO			-35
05.07 Federal hospital insurance trust fund—legislative proposal not subject to PAYGO			35
05.08 Federal hospital insurance trust fund—legislative proposal subject to PAYGO			-109
05.09 Federal hospital insurance trust fund—legislative proposal subject to PAYGO			3,309
05.10 Health care fraud and abuse control account			-183
05.11 Health care fraud and abuse control account	-1,187	-1,112	-1,131
05.99 Total appropriations	-190,367	-207,808	-214,497
06.10 Health care fraud and abuse control account	17		
07.99 Balance, end of year	281,754	294,939	317,816

Program and Financing (in millions of dollars)

Identification code 20-8005-0-7-571	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Benefit payments, HI	186,541	204,729	214,288
00.02 Administration, HI	1,950	1,783	1,849
00.03 Quality improvement organizations, HI	678	149	246
00.04 Research, HI	11	35	35
10.00 Total new obligations	189,180	206,696	216,418

Budgetary resources available for obligation:

22.00 New budget authority (gross)	189,151	206,696	216,418
22.10 Resources available from recoveries of prior year obligations	14		
23.33 Adjustment for changes in allocation	29		
23.90 Total budgetary resources available for obligation	189,194	206,696	216,418
23.95 Total new obligations	-189,180	-206,696	-216,418
23.98 Unobligated balance expiring or withdrawn	-14		

New budget authority (gross), detail:

Discretionary:			
40.26 Appropriation (trust fund)	1,832	1,660	1,731
40.37 Appropriation temporarily reduced	-43		
43.00 Appropriation (total discretionary)	1,789	1,660	1,731
Mandatory:			
60.26 Appropriation (trust fund)	209,421	218,221	234,329
60.45 Portion precluded from balances	-22,059	-13,185	-19,642
62.50 Appropriation (total mandatory)	187,362	205,036	214,687
70.00 Total new budget authority (gross)	189,151	206,696	216,418

Change in obligated balances:

72.40 Obligated balance, start of year	17,735	21,028	20,798
73.10 Total new obligations	189,180	206,696	216,418
73.20 Total outlays (gross)	-185,873	-206,926	-216,512
73.45 Recoveries of prior year obligations	-14		
74.40 Obligated balance, end of year	21,028	20,798	20,704

Outlays (gross), detail:

86.90 Outlays from new discretionary authority	1,429	1,370	1,430
86.93 Outlays from discretionary balances	383	313	301
86.97 Outlays from new mandatory authority	167,231	188,923	197,453
86.98 Outlays from mandatory balances	16,830	16,320	17,328
87.00 Total outlays (gross)	185,873	206,926	216,512

Net budget authority and outlays:

89.00 Budget authority	189,151	206,696	216,418
90.00 Outlays	185,873	206,926	216,512

Memorandum (non-add) entries:

92.01 Total investments, start of year: Federal securities: Par value	277,268	302,186	314,044
92.02 Total investments, end of year: Federal securities: Par value	302,186	314,044	314,041

Summary of Budget Authority and Outlays

	(in millions of dollars)		
	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	189,151	206,696	216,418
Outlays	185,873	206,926	216,512
Legislative proposal, not subject to PAYGO:			
Budget Authority			-35
Outlays			-35
Legislative proposal, subject to PAYGO:			
Budget Authority			-3,200
Outlays			-3,200
Total:			
Budget Authority	189,151	206,696	213,183
Outlays	185,873	206,926	213,277

The Hospital Insurance (HI) program funds the costs of hospital and related care for individuals age 65 or older and for eligible disabled people.

The status of the trust fund is as follows:

Status of Funds (in millions of dollars)

Identification code 20-8005-0-7-571	2006 actual	2007 est.	2008 est.
Unexpended balance, start of year:			
0100 Balance, start of year	277,670	303,131	315,978
0199 Total balance, start of year	277,670	303,131	315,978
Cash income during the year:			
Current law:			
Receipts:			
1200 FHI trust fund, Federal employer contributions (FICA)	2,722	2,839	2,965

1201	FHI trust fund, Postal Service employer contributions (FICA)	682	694	720
1202	FHI trust fund, Interest received by trust funds	15,356	15,216	15,883
1204	FHI trust fund, Taxation on OASDI benefits	10,319	10,810	12,245
1205	FHI trust fund, Payment from the general fund for health care fraud and abuse control account	114	118	121
1206	FHI trust fund, Transfers from general fund (criminal fines)	144	200	200
1207	FHI trust fund, Transfers from general fund (civil monetary penalties)	19	22	22
1208	FHI trust fund, Interest payments by Railroad Retirement Board	32	30	29
1209	FHI trust fund, Payments from the general fund (uninsured and program management)	540	644	882
	Offsetting receipts (proprietary):			
1220	FHI trust fund, Other proprietary receipts from the public	3	1	1
1221	FHI trust fund, Basic premium, Medicare advantage	20	77	85
1222	FHI trust fund, Medicare refunds	2,088	2,100	2,200
1223	FHI trust fund, Premiums collected for uninsured individuals not otherwise eligible	2,632	2,782	2,889
	Offsetting governmental receipts:			
1260	FHI trust fund, Transfers from general fund (FICA taxes)	165,160	171,199	184,499
1261	FHI trust fund, Receipts from Railroad Retirement Board	440	459	483
1262	FHI trust fund, Transfers from general fund (SECA taxes)	11,829	13,505	13,744
1263	FHI trust fund, Civil penalties and damages	297	297	297
	Offsetting collections:			
1280	Health care fraud and abuse control account	6	10	10
1299	Income under present law	212,403	221,003	237,275
	Proposed legislation:			
	Receipts:			
2203	FHI trust fund, Interest received by trust funds			109
2299	Income under proposed legislation			109
3299	Total cash income	212,403	221,003	237,384
	Cash outgo during year:			
	Current law:			
4500	Federal hospital insurance trust fund	-185,873	-206,926	-216,512
4501	Health care fraud and abuse control account	-1,069	-1,230	-1,324
4599	Outgo under current law (-)	-186,942	-208,156	-217,836
	Proposed legislation:			
5500	Federal hospital insurance trust fund			35
5501	Federal hospital insurance trust fund			3,200
5599	Outgo under proposed legislation (-)			3,235
6599	Total cash outgo (-)	-186,942	-208,156	-214,601
	Unexpended balance, end of year:			
8700	Uninvested balance (net), end of year	945	1,934	21,376
8701	Invested balance, end of year	302,186	314,044	314,041
8701	Invested balance, end of year			35
8701	Invested balance, end of year			3,309
8799	Total balance, end of year	303,131	315,978	338,761

Object Classification (in millions of dollars)

Identification code 20-8005-0-7-571	2006 actual	2007 est.	2008 est.	
Direct obligations:				
41.0	Payment for Quality Improvement Organization (QIO) activities	705	149	246
42.0	Insurance claims and indemnities (benefits)	186,515	204,729	214,288
94.0	Financial transfers	1,960	1,818	1,884
99.0	Direct obligations	189,180	206,696	216,418
99.9	Total new obligations	189,180	206,696	216,418

FEDERAL HOSPITAL INSURANCE TRUST FUND
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 20-8005-2-7-571	2006 actual	2007 est.	2008 est.	
Obligations by program activity:				
00.02	Administration, HI			-35
10.00	Total new obligations (object class 94.0)			-35
Budgetary resources available for obligation:				
22.00	New budget authority (gross)			-35

23.95	Total new obligations			35
New budget authority (gross), detail:				
Discretionary:				
40.26	Appropriation (trust fund)			-35
Mandatory:				
60.26	Appropriation (trust fund)			35
60.45	Portion precluded from balances			-35
62.50	Appropriation (total mandatory)			
70.00	Total new budget authority (gross)			-35
Change in obligated balances:				
73.10	Total new obligations			-35
73.20	Total outlays (gross)			35
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority			-35
Net budget authority and outlays:				
89.00	Budget authority			-35
90.00	Outlays			-35
Memorandum (non-add) entries:				
92.02	Total investments, end of year: Federal securities:			
	Par value			35

The Budget proposes a user fee to cover the costs associated with follow-up visits to health care facilities found to be out of compliance with Medicare standards.

FEDERAL HOSPITAL INSURANCE TRUST FUND

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 20-8005-4-7-571	2006 actual	2007 est.	2008 est.	
Obligations by program activity:				
00.01	Benefit payments, HI			-3,200
10.00	Total new obligations (object class 42.0)			-3,200
Budgetary resources available for obligation:				
22.00	New budget authority (gross)			-3,200
23.95	Total new obligations			3,200
New budget authority (gross), detail:				
Mandatory:				
60.26	Appropriation (trust fund)			109
60.45	Portion precluded from balances			-3,309
62.50	Appropriation (total mandatory)			-3,200
Change in obligated balances:				
73.10	Total new obligations			-3,200
73.20	Total outlays (gross)			3,200
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority			-3,200
Net budget authority and outlays:				
89.00	Budget authority			-3,200
90.00	Outlays			-3,200
Memorandum (non-add) entries:				
92.01	Total investments, start of year: Federal securities:			
	Par value			
92.02	Total investments, end of year: Federal securities:			
	Par value			3,309

The Budget proposes a package of reforms to encourage competition, recognize efficiencies and productivity in health care, enhance program integrity, and strengthen responsibility for health care choices.

HEALTH CARE FRAUD AND ABUSE CONTROL ACCOUNT

In addition to amounts otherwise available for program integrity and program management, \$183,000,000, to be transferred from the

HEALTH CARE FRAUD AND ABUSE CONTROL ACCOUNT—Continued

Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds, as authorized by section 201(g) of the Social Security Act, of which \$137,840,000 is for the Medicare Integrity Program at the Centers for Medicare and Medicaid Services to conduct oversight of activities authorized in titles I and II of Public Law 108-173, with oversight activities including those activities listed in 18 U.S.C. 1893(b); of which \$17,530,000 is for the Department of Health and Human Services Office of Inspector General; of which \$10,100,000 is for the Medicaid program integrity activities; and of which \$17,530,000 is for the Department of Justice: Provided, That the report required by 18 U.S.C. 1817(k)(5) for FY 2008 shall include measures of the operational efficiency and impact on fraud, waste and abuse in the Medicare and Medicaid programs for the funds provided by this appropriation.

Program and Financing (in millions of dollars)

Identification code 75-8393-0-7-571	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Medicare integrity program	832	744	756
00.02 FBI fraud and abuse control	114	118	121
00.03 Other fraud and abuse control	240	250	254
00.91 Subtotal, mandatory	1,186	1,112	1,131
01.01 MIP—discretionary			138
01.02 FBI—discretionary			9
01.03 Other discretionary			36
01.91 Subtotal, discretionary			183
09.01 Reimbursable (OIG)	8	6	10
10.00 Total new obligations	1,194	1,118	1,324
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	7	6	10
22.00 New budget authority (gross)	1,193	1,122	1,324
23.90 Total budgetary resources available for obligation	1,200	1,128	1,334
23.95 Total new obligations	-1,194	-1,118	-1,324
24.40 Unobligated balance carried forward, end of year	6	10	10
24.41 Special and trust fund receipts returned to Schedule N	17		
New budget authority (gross), detail:			
Discretionary:			
40.26 Appropriation (trust fund)			183
Mandatory:			
60.26 Appropriation (trust fund)	1,187	1,112	1,131
69.00 Spending authority from offsetting collections: Offsetting collections (cash)	6	10	10
70.00 Total new budget authority (gross)	1,193	1,122	1,324
Change in obligated balances:			
72.40 Obligated balance, start of year	228	343	231
73.10 Total new obligations	1,194	1,118	1,324
73.20 Total outlays (gross)	-1,069	-1,230	-1,324
73.40 Adjustments in expired accounts (net)	-10		
74.40 Obligated balance, end of year	343	231	231
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority			183
86.97 Outlays from new mandatory authority	940	1,118	1,141
86.98 Outlays from mandatory balances	129	112	
87.00 Total outlays (gross)	1,069	1,230	1,324
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	-6	-10	-10
Net budget authority and outlays:			
89.00 Budget authority	1,187	1,112	1,314
90.00 Outlays	1,063	1,220	1,314

P.L. 104-191 established the Health Care Fraud and Abuse Control (HCFAC) account within the Federal hospital insurance trust fund and appropriated funds, to be available with-

out further appropriation, from the trust fund to the HCFAC account for specified health care fraud and abuse control activities of the Department of Health and Human Services (HHS), the Department of Justice, and other agencies.

This schedule reflects the estimated distribution of the account for 2007 and 2008. As required by statute, actual 2007 and 2008 agency distributions will be determined by the Secretary of HHS and the Attorney General consistent with the Administration's priorities.

	2006 actual	2007 est.	2008 est.
Department of Justice, DOJ	49	51	52
Office of the Inspector General, HHS	160	166	169
Other specific HHS fraud and abuse projects	31	32	33
Total	240	249	254

The 2008 Budget includes a discretionary request for efforts to safeguard Medicaid and the Medicare prescription drug benefit, and will supplement the mandatory funds made available by P.L. 104-191.

It is important that these cost increases and new enforcement investments be fully funded. The Administration is proposing to fund them as contingent appropriations. To ensure full funding of the new enforcement investments, the Administration proposes to employ a budget enforcement mechanism that allows for an adjustment by the Budget Committees to the section 302(a) allocation to the Appropriations Committees found in the concurrent resolution on the budget. In addition, the Administration will also seek to establish statutory spending limits, as defined by section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985, and to adjust them for this purpose. These adjustments would only be permissible if the use of these funds was clearly restricted to the specified purpose. The maximum allowable adjustment to the 302(a) allocation and/or the statutory spending limit would be \$183 million for 2008 (see chapter 15 in *Analytical Perspectives*).

The HCFAC entities will develop a comprehensive plan for Medicare, Medicaid and SCHIP program integrity activities. The plan will indicate how program integrity appropriations from all sources (DRA, HIPAA and the discretionary cap adjustment) will be allocated to address program integrity priorities. These priorities include the fraud, waste, and abuse vulnerabilities of these programs, and efforts to address responsibilities under the Improper Payments Improvement Act.

Object Classification (in millions of dollars)

Identification code 75-8393-0-7-571	2006 actual	2007 est.	2008 est.
Direct obligations:			
11.1 Personnel compensation: Full-time permanent (CMS 100 FTEs)	8	8	8
12.1 Civilian personnel benefits (CMS)	2	2	2
23.2 Rental payments to others	1	1	1
23.3 Communications, utilities, and miscellaneous charges	1	1	1
25.2 Other services (CMS)	10	10	20
25.3 Other purchases of goods and services from Government accounts (HHS)	1	3	3
25.3 Other purchases of goods and services from Government accounts (DoJ)	49	51	61
25.3 Other purchases of goods and services from Government accounts (HHS/OIG)	160	166	187
25.3 Other purchases of goods and services from Government accounts (HHS/AoA)	3	3	3
25.3 Other purchases of goods and services from Government accounts (HHS/OGC)	5	5	5
25.6 Medical care (CMS)	832	744	894
94.0 Financial transfers	114	118	129
99.0 Direct obligations	1,186	1,112	1,314
99.0 Reimbursable obligations	8	6	10
99.9 Total new obligations	1,194	1,118	1,324

Employment Summary

Identification code 75-8393-0-7-571	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	90	93	100

FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND

Special and Trust Fund Receipts (in millions of dollars)

Identification code 20-8004-0-7-571	2006 actual	2007 est.	2008 est.
01.00 Balance, start of year	-1,226	10,660	19,259
01.99 Balance, start of year	-1,226	10,660	19,259
Receipts:			
02.00 Federal contributions, FSMI Fund	134,255	137,623	140,704
02.01 Federal contributions, FSMI Fund—legislative proposal not subject to PAYGO			-1,203
02.02 Interest received by trust fund, FSMI Fund	1,452	1,998	2,451
02.03 Interest received by trust fund, FSMI Fund—legislative proposal not subject to PAYGO			8
02.04 Interest, Medicare prescription drug account, FSMI	7	14	16
02.05 Federal contributions, Transitional assistance account, FSMI	229		
02.06 Federal contribution for admin. contribution for admin. costs, prescription drug account, FSMI	174	703	744
02.07 Federal contributions for benefits, prescription drug account, SMI	27,943	37,329	46,299
02.08 Federal contributions for benefits, prescription drug account, SMI—legislative proposal not subject to PAYGO			-446
02.09 Miscellaneous Federal payments, Federal supplementary medical insurance trust fund	1	2	2
02.20 Premiums collected for Medicare prescription drug account, FSMI	809	3,840	5,926
02.21 Premiums collected for Medicare prescription drug account, FSMI—legislative proposal subject to PAYGO			280
02.22 Payments from States, Medicare prescription drug account, FSMI	3,630	8,030	7,918
02.23 Payments from States, Medicare prescription drug account, FSMI—legislative proposal subject to PAYGO			91
02.24 Basic premium, Medicare advantage, FSMI trust fund	18	68	75
02.25 Medicare refunds, SMI	1,114	1,200	1,300
02.26 Premiums collected for the aged, FSMI Fund	35,606	39,090	41,050
02.27 Premiums collected for the aged, FSMI Fund—legislative proposal subject to PAYGO			-179
02.28 Premiums collected for the disabled, FSMI Fund	6,023	6,928	7,177
02.29 Premiums collected for the disabled, FSMI Fund—legislative proposal subject to PAYGO			-23
02.99 Total receipts and collections	211,261	236,825	252,190
04.00 Total: Balances and collections	210,035	247,485	271,449
Appropriations:			
05.00 Federal supplementary medical insurance trust fund	-531		
05.01 Federal supplementary medical insurance trust fund	-2,488	-2,371	-2,553
05.02 Federal supplementary medical insurance trust fund	72		
05.03 Federal supplementary medical insurance trust fund	-173,234	-184,545	-190,230
05.04 Federal supplementary medical insurance trust fund	11,853	8,599	6,879
05.05 Federal supplementary medical insurance trust fund—legislative proposal not subject to PAYGO			-319
05.06 Federal supplementary medical insurance trust fund—legislative proposal not subject to PAYGO			-106
05.07 Federal supplementary medical insurance trust fund—legislative proposal subject to PAYGO			1,714
05.08 Federal supplementary medical insurance trust fund—legislative proposal subject to PAYGO			-464
05.09 Transitional drug assistance, Federal supplementary medical insurance trust fund	-194		
05.10 Medicare prescription drug account, Federal supplementary insurance trust fund	457		
05.11 Medicare prescription drug account, Federal supplementary insurance trust fund	-707	-726	-760
05.12 Medicare prescription drug account, Federal supplementary insurance trust fund	-34,626	-49,183	-60,119
05.13 Medicare prescription drug account, Federal supplementary insurance trust fund—legislative proposal subject to PAYGO			77
05.99 Total appropriations	-199,398	-228,226	-245,881
06.10 Federal supplementary medical insurance trust fund	20		
06.11 Transitional drug assistance, Federal supplementary medical insurance trust fund	3		

07.99 Balance, end of year	10,660	19,259	25,568
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Program and Financing (in millions of dollars)

Identification code 20-8004-0-7-571	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Benefit payments, SMI	160,980	175,463	183,282
00.02 Administration, SMI	2,967	2,459	2,553
00.03 Quality improvement organizations, SMI	106	38	62
00.04 Research, SMI	11	7	7
00.06 Transfer to Medicaid for payment of SMI premiums	264	350	
10.00 Total new obligations	164,328	178,317	185,904
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	163,797	178,317	185,904
22.10 Resources available from recoveries of prior year obligations	20		
23.33 Adjustment for changes in allocation	531		
23.90 Total budgetary resources available for obligation	164,348	178,317	185,904
23.95 Total new obligations	-164,328	-178,317	-185,904
23.98 Unobligated balance expiring or withdrawn	-20		
24.41 Special and trust fund receipts returned to Schedule N	20		
New budget authority (gross), detail:			
Discretionary:			
40.26 Appropriation (trust fund)	2,488	2,371	2,553
40.37 Appropriation temporarily reduced	-72		
43.00 Appropriation (total discretionary)	2,416	2,371	2,553
Mandatory:			
60.26 Appropriation (trust fund)	173,234	184,545	190,230
60.45 Portion precluded from obligation	-11,853	-8,599	-6,879
62.50 Appropriation (total mandatory)	161,381	175,946	183,351
70.00 Total new budget authority (gross)	163,797	178,317	185,904
Change in obligated balances:			
72.40 Obligated balance, start of year	17,582	19,495	19,454
73.10 Total new obligations	164,328	178,317	185,904
73.20 Total outlays (gross)	-162,395	-178,358	-185,906
73.45 Recoveries of prior year obligations	-20		
74.40 Obligated balance, end of year	19,495	19,454	19,452
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	2,037	1,916	2,063
86.93 Outlays from discretionary balances	600	484	471
86.97 Outlays from new mandatory authority	143,188	158,905	166,299
86.98 Outlays from mandatory balances	16,570	17,053	17,073
87.00 Total outlays (gross)	162,395	178,358	185,906
Net budget authority and outlays:			
89.00 Budget authority	163,797	178,317	185,904
90.00 Outlays	162,395	178,358	185,906
Memorandum (non-add) entries:			
92.01 Total investments, start of year: Federal securities:			
Par value	17,204	33,061	41,855
92.02 Total investments, end of year: Federal securities:			
Par value	33,061	41,855	48,750

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	163,797	178,317	185,904
Outlays	162,395	178,358	185,906
Legislative proposal, not subject to PAYGO:			
Budget Authority			425
Outlays			425
Legislative proposal, subject to PAYGO:			
Budget Authority			-1,250
Outlays			-1,250
Total:			
Budget Authority	163,797	178,317	185,079
Outlays	162,395	178,358	185,081

FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND—
Continued

The Supplementary Medical Insurance (SMI) program is a voluntary program that affords protection against the costs of physician and certain other medical services. The program also covers treatment of end-stage renal disease for eligible enrollees. SMI costs are financed by premium payments from enrollees and contributions from the general revenues.

The status of the trust fund is as follows:

Status of Funds (in millions of dollars)

Identification code 20-8004-0-7-571	2006 actual	2007 est.	2008 est.
Unexpended balance, start of year:			
0100 Balance, start of year	16,887	33,264	41,855
Adjustments:			
0190 Adjustments	-2		
0199 Total balance, start of year	16,885	33,264	41,855
Cash income during the year:			
Current law:			
Receipts:			
1200 Federal contributions, FSMI Fund	134,255	137,623	140,704
1202 Interest received by trust fund, FSMI Fund	1,452	1,998	2,451
1204 Interest, Medicare prescription drug account, FSMI	7	14	16
1205 Federal contributions, Transitional assistance account, FSMI	229		
1206 Federal contribution for admin. contribution for admin. costs, prescription drug account, FSMI	174	703	744
1207 Federal contributions for benefits, prescription drug account, SMI	27,943	37,329	46,299
1209 Miscellaneous Federal payments, Federal supplementary medical insurance trust fund	1	2	2
Offsetting receipts (proprietary):			
1220 Premiums collected for Medicare prescription drug account, FSMI	809	3,840	5,926
1222 Payments from States, Medicare prescription drug account, FSMI	3,630	8,030	7,918
1224 Basic premium, Medicare advantage, FSMI trust fund	18	68	75
1225 Medicare refunds, SMI	1,114	1,200	1,300
1226 Premiums collected for the aged, FSMI Fund	35,606	39,090	41,050
1228 Premiums collected for the disabled, FSMI Fund	6,023	6,928	7,177
1299 Income under present law	211,261	236,825	253,662
Proposed legislation:			
Receipts:			
2201 Federal contributions, FSMI Fund			-1,203
2203 Interest received by trust fund, FSMI Fund			8
2208 Federal contributions for benefits, prescription drug account, SMI			-446
Offsetting receipts (proprietary receipts):			
2221 Premiums collected for Medicare prescription drug account, FSMI			280
2223 Payments from States, Medicare prescription drug account, FSMI			91
2227 Premiums collected for the aged, FSMI Fund			-179
2229 Premiums collected for the disabled, FSMI Fund			-23
2299 Income under proposed legislation			-1,472
3299 Total cash income	211,261	236,825	252,190
Cash outgo during year:			
Current law:			
4500 Federal supplementary medical insurance trust fund	-162,395	-178,358	-185,906
4501 Transitional drug assistance, Federal supplementary medical insurance trust fund	-258		
4502 Medicare prescription drug account, Federal supplementary insurance trust fund	-32,229	-49,876	-60,861
4599 Outgo under current law (-)	-194,882	-228,234	-246,767
Proposed legislation:			
5500 Federal supplementary medical insurance trust fund			-425
5501 Federal supplementary medical insurance trust fund			1,250
5502 Medicare prescription drug account, Federal supplementary insurance trust fund			77
5599 Outgo under proposed legislation (-)			902
6599 Total cash outgo (-)	-194,882	-228,234	-245,865
Unexpended balance, end of year:			
8700 Uninvested balance (net), end of year	203		
8701 Invested balance, end of year	33,061	41,855	48,750
8701 Invested balance, end of year			-106

8701	Invested balance, end of year			-464
8799	Total balance, end of year	33,264	41,855	48,180

Object Classification (in millions of dollars)

Identification code 20-8004-0-7-571	2006 actual	2007 est.	2008 est.	
Direct obligations:				
41.0	Payment for Quality Improvement Organization (QIO) activity	106	38	62
42.0	Insurance claims and indemnities	161,244	175,813	183,282
94.0	Financial transfers	2,978	2,466	2,560
99.0	Direct obligations	164,328	178,317	185,904
99.9	Total new obligations	164,328	178,317	185,904

FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND
(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 20-8004-2-7-571	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.06	Transfer to Medicaid for payment of SMI premiums		425
10.00	Total new obligations (object class 42.0)		425
Budgetary resources available for obligation:			
22.00	New budget authority (gross)		425
23.95	Total new obligations		-425
New budget authority (gross), detail:			
Mandatory:			
60.26	Appropriation (trust fund)		319
60.28	Appropriation (previously unavailable)		106
62.50	Appropriation (total mandatory)		425
Change in obligated balances:			
73.10	Total new obligations		425
73.20	Total outlays (gross)		-425
Outlays (gross), detail:			
86.97	Outlays from new mandatory authority		425
Net budget authority and outlays:			
89.00	Budget authority		425
90.00	Outlays		425
Memorandum (non-add) entries:			
92.02	Total investments, end of year: Federal securities:		
	Par value		-106

The Budget includes a Medicaid proposal to extend the subsidy of Medicare cost sharing for certain qualified individuals that are reimbursed by Medicare.

FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND
(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 20-8004-4-7-571	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01	Benefit payments, SMI		-1,250
10.00	Total new obligations (object class 42.0)		-1,250
Budgetary resources available for obligation:			
22.00	New budget authority (gross)		-1,250
23.95	Total new obligations		1,250
New budget authority (gross), detail:			
Mandatory:			
60.26	Appropriation (trust fund)		-1,714
60.28	Appropriation (unavailable balances)		464
62.50	Appropriation (total mandatory)		-1,250

Change in obligated balances:			
73.10	Total new obligations		-1,250
73.20	Total outlays (gross)		1,250
Outlays (gross), detail:			
86.97	Outlays from new mandatory authority		-1,250
Net budget authority and outlays:			
89.00	Budget authority		-1,250
90.00	Outlays		-1,250
Memorandum (non-add) entries:			
92.02	Total investments, end of year: Federal securities:		
	Par value		-464

The Budget proposes a package of reforms to encourage competition, recognize efficiencies and productivity in health care, enhance program integrity, and strengthen responsibility for health care choices.

TRANSITIONAL DRUG ASSISTANCE, FEDERAL SUPPLEMENTARY
MEDICAL INSURANCE TRUST FUND

Program and Financing (in millions of dollars)

Identification code 75-8307-0-7-571	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01	Benefit payments, transitional drug assistance	194	
10.00	Total new obligations (object class 42.0)	194	
Budgetary resources available for obligation:			
22.00	New budget authority (gross)	194	
23.95	Total new obligations	-194	
24.41	Special and trust fund receipts returned to Schedule N	3	
New budget authority (gross), detail:			
Mandatory:			
60.26	Appropriation (trust fund)	194	
Change in obligated balances:			
72.40	Obligated balance, start of year	125	58
73.10	Total new obligations	194	58
73.20	Total outlays (gross)	-258	
73.40	Adjustments in expired accounts (net)	-3	
74.40	Obligated balance, end of year	58	58
Outlays (gross), detail:			
86.93	Outlays from discretionary balances	29	
86.97	Outlays from new mandatory authority	183	
86.98	Outlays from mandatory balances	46	
87.00	Total outlays (gross)	258	
Net budget authority and outlays:			
89.00	Budget authority	194	
90.00	Outlays	258	

Authorized under the Medicare Modernization Act as section 1860 D-31 of the Social Security Act, the Medicare Transitional Drug Assistance program provided low-income beneficiaries with \$600 per year in 2004 and 2005 to help them pay for their prescription drugs and covered the cost of enrollment fees. Some benefits remained available in early 2006, until beneficiaries had the opportunity to enroll in the voluntary Medicare prescription drug benefits.

MEDICARE PRESCRIPTION DRUG ACCOUNT, FEDERAL SUPPLEMENTARY
MEDICAL INSURANCE TRUST FUND

Program and Financing (in millions of dollars)

Identification code 75-8308-0-7-571	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01	Administrative costs	250	761

00.04	Prescription Drug Benefits	34,626	49,173	60,118
10.00	Total new obligations	34,876	49,909	60,879

Budgetary resources available for obligation:				
22.00	New budget authority (gross)	35,333	49,909	60,879
23.33	Adjustment for changes in allocation	-457		
23.90	Total budgetary resources available for obligation	34,876	49,909	60,879
23.95	Total new obligations	-34,876	-49,909	-60,879

New budget authority (gross), detail:				
Discretionary:				
40.26	Appropriation (trust fund)	707	726	760
Mandatory:				
60.26	Appropriation (trust fund)	34,626	49,183	60,119
70.00	Total new budget authority (gross)	35,333	49,909	60,879

Change in obligated balances:				
72.40	Obligated balance, start of year	405	3,065	3,098
73.10	Total new obligations	34,876	49,909	60,879
73.20	Total outlays (gross)	-32,229	-49,876	-60,861
73.40	Adjustments in expired accounts (net)	13		
74.40	Obligated balance, end of year	3,065	3,098	3,116

Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	174	589	613
86.93	Outlays from discretionary balances	337	106	127
86.97	Outlays from new mandatory authority	31,718	49,181	60,119
86.98	Outlays from mandatory balances			2
87.00	Total outlays (gross)	32,229	49,876	60,861

Net budget authority and outlays:				
89.00	Budget authority	35,333	49,909	60,879
90.00	Outlays	32,229	49,876	60,861

Summary of Budget Authority and Outlays

(in millions of dollars)

	2006 actual	2007 est.	2008 est.
Enacted/requested:			
Budget Authority	35,333	49,909	60,879
Outlays	32,229	49,876	60,861
Legislative proposal, subject to PAYGO:			
Budget Authority			-77
Outlays			-77
Total:			
Budget Authority	35,333	49,909	60,802
Outlays	32,229	49,876	60,784

Since January 2006, Medicare beneficiaries have had the opportunity to enroll in a comprehensive voluntary prescription drug benefit.

Object Classification (in millions of dollars)

Identification code 75-8308-0-7-571	2006 actual	2007 est.	2008 est.
Direct obligations:			
25.2	Other services	250	736
41.0	Grants, subsidies, and contributions	34,626	49,173
99.9	Total new obligations	34,876	49,909

MEDICARE PRESCRIPTION DRUG ACCOUNT, FEDERAL SUPPLEMENTARY
MEDICAL INSURANCE TRUST FUND

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 75-8308-4-7-571	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.04	Prescription Drug Benefits		-77
10.00	Total new obligations (object class 41.0)		-77
Budgetary resources available for obligation:			
22.00	New budget authority (gross)		-77
23.95	Total new obligations		77

MEDICARE PRESCRIPTION DRUG ACCOUNT, FEDERAL SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 75-8308-4-7-571	2006 actual	2007 est.	2008 est.
New budget authority (gross), detail:			
Mandatory:			
60.26 Appropriation (trust fund)			-77
Change in obligated balances:			
73.10 Total new obligations			-77
73.20 Total outlays (gross)			77
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority			-77
Net budget authority and outlays:			
89.00 Budget authority			-77
90.00 Outlays			-77

The Budget proposes changes to strengthen the financing of the Medicare prescription drug benefit.

ALLOCATION RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allocations from other accounts are included in the schedule of the parent appropriation as follows: Centers for Medicare and Medicaid Services "Health Care Fraud and Abuse Control Account."

ADMINISTRATION FOR CHILDREN AND FAMILIES

Federal

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Program and Financing (in millions of dollars)

Identification code 75-1552-0-1-609	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 State family assistance grant	16,479	16,489	16,489
00.02 Territories—family assistance grants	77	78	78
00.04 Supplemental grants for population increases	319	319	319
00.06 Tribal work programs	8	8	8
00.09 Healthy marriage and responsible fatherhood grants	150	150	150
10.00 Total new obligations	17,033	17,044	17,044
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	5,070		
22.00 New budget authority (gross)	11,988	17,059	17,059
23.90 Total budgetary resources available for obligation	17,058	17,059	17,059
23.95 Total new obligations	-17,033	-17,044	-17,044
23.98 Unobligated balance expiring or withdrawn	-25	-15	-15
24.40 Unobligated balance carried forward, end of year			
New budget authority (gross), detail:			
Mandatory:			
60.00 Appropriation	11,988	17,059	17,059
Change in obligated balances:			
72.40 Obligated balance, start of year	6,334	6,414	6,140
73.10 Total new obligations	17,033	17,044	17,044
73.20 Total outlays (gross)	-16,897	-17,318	-17,296
73.40 Adjustments in expired accounts (net)	-56		
74.40 Obligated balance, end of year	6,414	6,140	5,888
Outlays (gross), detail:			
86.97 Outlays from new mandatory authority	11,988	12,826	12,992
86.98 Outlays from mandatory balances	4,909	4,492	4,304
87.00 Total outlays (gross)	16,897	17,318	17,296
Net budget authority and outlays:			
89.00 Budget authority	11,988	17,059	17,059

90.00 Outlays	16,897	17,318	17,296
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The Temporary Assistance for Needy Families block grant provides funding to States for aid to low-income families with children. The Budget provides funding for activities reauthorized by the Deficit Reduction Act of 2005 (P.L. 109-171). This includes funding for a healthy marriage and fatherhood grant program.

The Budget proposes to extend supplemental grants for population increases. It also proposes to eliminate the separate two-parent family work participation rate and to require two-parent families to meet the 50 percent work rate that single parent families adhere to.

Object Classification (in millions of dollars)

Identification code 75-1552-0-1-609	2006 actual	2007 est.	2008 est.
Direct obligations:			
11.1 Personnel compensation: Full-time permanent	1	2	2
12.1 Civilian personnel benefits	1	1	1
21.0 Travel and transportation of persons	1	1	1
23.1 Rental payments to GSA		1	1
25.1 Advisory and assistance services	19	22	22
25.2 Other services	5		
25.3 Other purchases of goods and services from Government accounts	2	2	2
41.0 Grants, subsidies, and contributions	17,004	17,015	17,015
99.9 Total new obligations	17,033	17,044	17,044

Employment Summary

Identification code 75-1552-0-1-609	2006 actual	2007 est.	2008 est.
Direct:			
1001 Civilian full-time equivalent employment	11	24	24

CONTINGENCY FUND

Program and Financing (in millions of dollars)

Identification code 75-1522-0-1-609	2006 actual	2007 est.	2008 est.
Obligations by program activity:			
00.01 Contingency fund	107	90	91
10.00 Total new obligations (object class 41.0)	107	90	91
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	1,900	1,793	1,703
23.95 Total new obligations	-107	-90	-91
24.40 Unobligated balance carried forward, end of year	1,793	1,703	1,612
New budget authority (gross), detail:			
Mandatory:			
60.36 Unobligated balance permanently reduced	-1,855		
63.00 Reappropriation	1,855		
70.00 Total new budget authority (gross)			
Change in obligated balances:			
72.40 Obligated balance, start of year	15	45	32
73.10 Total new obligations	107	90	91
73.20 Total outlays (gross)	-77	-103	-91
74.40 Obligated balance, end of year	45	32	32
Outlays (gross), detail:			
86.98 Outlays from mandatory balances	77	103	91
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	77	103	91

The Budget proposes to allow States participating in the child welfare program the option to access the TANF contingency fund if they experience increases in their foster care caseload.

- *Helping schools in need of improvement.* The 2008 Budget provides \$500 million, along with over \$500 million reserved from Title I, to help improve schools that have not met their NCLB goals for at least two years, with a particular focus on schools that have been low-performing for five years or more. This significant increase will ensure that States and school districts have the capacity to turn around the schools that need the most help.
- *Enhancing opportunities for parental choice.* While the Administration expects most schools in need of improvement to turn around and meet the goals of NCLB, some schools will not be able to do so quickly. The 2008 Budget includes a new \$300 million program, Scholarships for Students in Restructuring Schools, which will enable States to offer low-income students in these chronically low-performing schools educational alternatives. These students will be eligible for scholarships to cover some of the cost of attending the private school of their choice or a public school in a neighboring district or receive intensive supplemental services, such as tutoring.

Training and Employment

Grant outlays for training and employment are estimated to be \$5.5 billion in 2008.

The 2008 Budget again proposes job training reforms in the Department of Labor that will give States more flexibility to deliver workforce services tailored to their unique needs and focus resources on training workers instead of supporting bureaucracy. The reforms will consolidate several similar programs, cut Federal red tape, limit amounts spent on overhead, and create Career Advancement Accounts (CAAs). CAAs are worker-directed accounts that give workers the resources necessary to increase their skills and better compete for 21st Century jobs. The President's job training reform proposal will triple the number of workers receiving training while saving taxpayer dollars.

Over the last several years the Administration has worked to make the Nation's workforce investment system more responsive to the needs of workers and employers. The 2008 Budget continues these initiatives. The President's Budget requests \$150 million for the Community-Based Job Training Grants program, which helps community colleges and related organizations expand their capacity to train workers for jobs that are in demand in local economies. Since 2005 the program has provided grants of almost \$250 million—funds that will be used to train an estimated 100,000 workers. The High Growth Job Training Grants Initiative provides funds to partnerships of training providers, employers, and the public workforce investment system who commit to training workers for jobs in high growth industries. Since its inception the program has trained approximately 51,000 workers, and a total of 128,000 are expected to be trained by 2008.

Social Services

Grant outlays for social service programs are estimated to be \$14.4 billion in 2008.

Head Start. In the Department of Health and Human Services (HHS), the Budget supports reauthorization of Head Start and provides \$6.8 billion in budget authority for 2008, enough to serve more than 900,000 children.

Child Welfare Program Option. The Budget seeks legislation to introduce an option for all States so they can choose an alternative system for foster care. Flexible financing will allow States to design programs with a stronger emphasis on child-abuse prevention, family support, and increased flexibility in providing services.

Health

Grant outlays for health-related programs are estimated to be \$219.0 billion in 2008.

Medicaid and the State Children's Health Insurance Program (SCHIP). In 2008, Department of Health and Human Service's (HHS) Federal Medicaid outlays are estimated to be \$201.9 billion. Medicaid is an open-ended means-tested entitlement program that is financed jointly by the Federal Government and States. Medicaid provides health coverage and services to low-income children, pregnant women, elderly persons, and disabled individuals during the year.

SCHIP was established in 1997 to provide \$40 billion over 10 years to States for health care coverage to low-income, uninsured children whose income levels were higher than Medicaid eligibility levels. The authorization for SCHIP expires at the end of 2007.

- *SCHIP.* The 2008 Budget proposes reauthorizing SCHIP for five years. The goal is to maintain current enrollment levels for targeted low-income children over the next few years through increasing the SCHIP allotments by approximately \$5 billion over five years. The 2008 Budget proposes to re-focus SCHIP on low-income, uninsured children below 200 percent of the Federal poverty level as the program was originally intended. The Budget will also seek the authority to target SCHIP funds more efficiently to States with the most need.
- *Transitional Medical Assistance.* This program provides coverage for former welfare recipients entering the workforce, and the Administration proposes extending the provision through 2008.
- *Qualified Individuals.* The 2008 Budget proposes an extension of the Qualified Individuals (QI) provision, which reimburses States for Part B premiums at 100 percent. Under current law, States receive 100 percent Federal funding to pay Medicare Part B premiums for beneficiaries between 120 and 135 percent of the Federal Poverty Level. This program's authorization expires at the end of 2007.

- **Health Insurance Portability and Accountability Act (HIPAA).** Since enacted in 1996, HIPAA has increased the continuity, portability, and accessibility of health insurance. To ensure that Medicaid and SCHIP beneficiaries receive the benefits of HIPAA coverage, the Administration proposes two legislative changes: 1) Eligibility for a Medicaid/SCHIP Employer-Sponsored Insurance (ESI) Program would be a qualifying event allowing families to enroll in ESI immediately through special enrollment; and 2) Require SCHIP programs to issue certificates of creditable coverage promoting portable health coverage by verifying the period of time an individual was covered by a specific health insurance policy.

Expanding Access to Recovery (ATR). The 2008 Budget includes \$98 million for 20 grants to States and Native American Tribes to provide services to more than 55,000 individuals annually. ATR expands access to treatment and recovery support services, increases clinical treatment and recovery support providers, and enhances accountability through mandatory reporting on outcome measures.

Income Support

Grant outlays for income security programs are estimated to be \$92.5 billion in 2008.

Food and Nutrition Assistance. As part of its diverse array of programs, the United States Department of Agriculture (USDA) delivers programs that help those in need.

The Special Supplemental Nutrition Program for Women, Infants and Children (WIC) serves the nutritional needs of low-income pregnant and post partum women, infants and children up to their fifth birthday. This Budget provides \$5.4 billion for WIC services, which is funding for the estimated 8 million eligible beneficiaries. To address the rising the costs of WIC administration, the 2008 Budget proposes to cap nutrition services and administration funding at 2006 levels. In keeping with the Administration's promotion of childhood wellness and fitness, the department is issuing updated WIC food packages that reduce maximum allowances of certain foods and increase the intake of fresh fruits and vegetables.

Housing Assistance. Grant outlays for housing assistance are estimated to be \$29.0 billion in 2008.

Ending Chronic Homelessness. The 2008 Budget continues the Administration's commitment to end chronic homelessness by creating new supportive housing options for these individuals. The approximately 150,000 chronically homeless persons identified as the target of this effort include those who have been on the street for long periods and have an addiction and/or suffer from a disabling physical or mental condition. Across the country, local leaders have embraced this goal with over 225 jurisdictions committing to 10-year plans to end chronic homelessness. A number of the jurisdictions that have implemented their plans—including New York, Minneapolis and Columbus—are seeing steady decreases in the number of chronic homeless individuals on their streets and in shelters. This Budget proposes a \$50 million increase, to \$1.6 billion, for Housing and Urban Development's (HUD) Homeless Assistance Grants, which received an Effective rating in last year's Program Assessment Rating Tool (PART) assessment due to its capable program design and strong performance measures. Up to \$50 million will be available for the Samaritan Initiative within the Homeless Assistance Grants annual competition, to provide the chronically homeless with housing assistance coupled with case management to access other essential services.

Administration of Justice

Grant outlays for the administration of justice programs are estimated to be \$3.8 billion in 2008.

The 2008 Budget includes \$1.2 billion in assistance to State and local partners. The Budget proposes to create a new Violent Crime Reduction Partnership Initiative to target resources to those communities with the greatest crime problems. This Budget also proposes to consolidate numerous small grant programs to better target resources to the Nation's most critical needs and increase the efficiency and effectiveness of the grant programs.

The 2008 Budget also provides \$345 million in funding for criminal justice needs, including drug-related priorities, through the new, consolidated Byrne Public Safety and Protection Grants. In addition to funding other law enforcement priorities, the Byrne grants will provide competitive funding to States and localities that can be used to establish Drug Courts and Prescription Drug Monitoring Programs, as well as provide assistance with cannabis eradication and cleanup of toxic methamphetamine labs, and the successful re-entry of prisoners into communities.

PERFORMANCE OF GRANTS TO STATE AND LOCAL GOVERNMENTS

The Administration is committed to measuring and improving the performance of Government programs. The Congress mandated in the Government Performance and Results Act of 1993 that performance plans be developed and that the agencies report annual progress against these plans.

In addition, this Administration began in the 2004 Budget to assess every Federal program over a five

year period using the Program Assessment Rating Tool, or PART. With this budget, the fifth year of using the PART, the Administration has evaluated about 96 percent of the Budget.

The PART assesses each program on four components (purpose, planning, management, and results/accountability) and gives a score for each of the components. The scores for each component are then weighted—