

President's Budget Initiatives
to Expand Access to Health Insurance and Health Care

The President's Budget lays out a bold twenty-first century plan to expand access to health care insurance and health care services, while giving states new flexibility and providing new support to assist more individuals without increasing state spending.

\$142 billion new spending on health insurance initiatives
- 60 billion in savings from inappropriate Medicaid spending
\$ 82 billion net new spending

Over ten years, new coverage initiatives that do not require state matching include **\$125.7** billion in funding for:

- **\$74** billion for health insurance tax credit
- **\$ 4** billion for grants to states to establish insurance purchasing pools
- **\$28.5** billion for tax incentives with Health Savings Accounts (HSAs)
- **\$19.2** billion for rebates to small employers contributing to HSAs
- **Plus** improved access to care through **\$2.038** billion for Health Centers in FY 2006, an increase of \$304 million over the 2005 enacted amount.

Over ten years, Medicaid and SCHIP spending on coverage initiatives will increase by **\$16.5** billion including:

- **\$11.3** billion for the "Cover the Kids" outreach campaign
- **\$2.9** billion for President's New Freedom Initiative
- **\$1.4** billion for Vaccine for Children Expansion
- **\$560** million for Transitional Medical Assistance
- **\$230** million for Medicare Premium Assistance
- **\$145** million for Refugee Exemption Extension

Over ten years, inappropriate federal spending on Medicaid intergovernmental transfers and other overpayments will decrease by **\$60** billion including:

- **\$15** billion through use of Average Sale Price (ASP) to reimburse pharmacies;
- **\$4.5** billion from closing loopholes on asset transfers for long-term care eligibility;
- **\$11.9** billion from ensuring that Medicaid pays for only net provider expenditures;
- **\$3.3** billion by limiting payment to government providers to actual costs;
- **\$6.2** billion by phasing down of existing "safe harbor" for state taxes on providers;
- **\$1.4** billion through implementation of managed care provider tax reform;
- **\$6.0** billion in savings by establishing an allotment for state administrative claiming;
- **\$4** billion from matching targeted case management (TCM) at uniform rate; and
- **\$7.7** billion by avoiding state-to-Federal cost shifts for TCM and other services.

*Together, the President's initiatives represent a **net increase** in spending on health care and insurance for low-income, disabled, and elderly individuals of **over \$82** billion over ten years.*