Exhibit C

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FISCAL YEAR 2015

Centers for Medicare & Medicaid Services

Justification of Estimates for Appropriations Committees

Current Law Appropriations Language
Centers for Medicare & Medicaid Services
Program Management

For carrying out, except as otherwise provided, titles XI, XVIII, XIX, and XXI of the Social Security Act, titles XIII and XXVII of the PHS Act, the Clinical Laboratory Improvement Amendments of 1988, and other responsibilities of the Centers for Medicare **[**and**]***&* Medicaid Services, not to exceed **[**$3,669,744,000**]***$4,199,744,000*, to be transferred from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as authorized by section 201(g) of the Social Security Act; together with all funds collected in accordance with section 353 of the PHS Act and section 1857(e)(2) of the Social Security Act, 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 be credited to this account and remain available until **[**September 30, 2019**]***expended*: *Provided,* That all funds derived in accordance with 31 U.S.C. 9701 from organizations established under title XIII of the PHS Act shall be credited to and available for carrying out the purposes of this appropriation: *Provided further,* That the Secretary is directed to collect fees in fiscal year **[**2014**]***2015* 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**[**: *Provided further,* That $22,004,000 shall be available for the State high-risk health insurance pool program as authorized by the State High Risk Pool Funding Extension Act of 2006**]**.

Program Management

Language Analysis

Language Provision	**Explanation**
For carrying out, except as otherwise provided, titles XI, XVIII, XIX, and XXI of the Social Security Act, titles XIII and XXVII of the PHS Act, the Clinical Laboratory Improvement Amendments of 1988, and other responsibilities of the Centers for Medicare **[**and**]***&* Medicaid Services, not to exceed **[**$3,669,744,000**]***$4,199,744,000*, to be transferred from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as authorized by section 201(g) of the Social Security Act*;*	Provides an appropriation from the HI and SMI Trust Funds for the administration of the Medicare, Medicaid, Children's Health Insurance, and consumer information and insurance oversight and protection programs. The HI Trust Fund will be reimbursed for the General Fund share of these costs through an appropriation in the Payments to the Health Care Trust Funds account.
together with all funds collected in accordance with section 353 of the PHS Act and section 1857(e)(2) of the Social Security Act, 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 be credited to this account and remain available until **[**September 30, 2019**]***expended*:	Provides funding for the Clinical Laboratory Improvement Amendments program, which is funded solely from user fee collections. Authorizes the collection of fees for the sale of data, and other authorized user fees and offsetting collections to cover administrative costs, including those associated with providing data to the public, and other purposes. All of these collections are available to be carried over from year to year, until expended.
Provided, That all funds derived in accordance with 31 U.S.C. 9701 from organizations established under title XIII of the PHS Act shall be credited to and available for carrying out the purposes of this appropriation:	Authorizes the crediting of HMO user fee collections to the Program Management account.

Program Management

Language Analysis

Language Provision	Explanation
Provided further, That the Secretary is directed to collect fees in fiscal year **[**2014**]***2015* 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	Authorizes the collection of user fees from Medicare Advantage organization for costs related to enrollment, dissemination of information and certain counseling and assistance programs.
[: *Provided further,* That $22,004,000 shall be available for the State high-risk health insurance pool program as authorized by the State High Risk Pool Funding Extension Act of 2006**]**.	Eliminates a specific language provision earmarking funds for the State High-Risk Pool program in FY 2015. Funding for the State High-Risk Pool program, included in the reference to Title XXVII of the Public Health Service Act above, is no longer being requested in FY 2015.

Program Management
Summary of Request

The Program Management account provides the funding needed to administer and oversee CMS' traditional programs, including Medicare, Medicaid, the Children's Health Insurance Program (CHIP), as well as the insurance Marketplace, new private health insurance provisions and consumer protections enacted by the Affordable Care Act. The FY 2015 request includes funding for three of CMS' traditional Program Management line items: Program Operations, Federal Administration, and Medicare State Survey and Certification.

The table below and the subsequent narrative on the following language provide additional summary-level information on each of the line items in the FY 2015 request.

Program Management Summary Table
($ in millions)

Line Item	FY 2014 Enacted	FY 2015 Request	FY 2015 +/- FY 2014
Program Operations	$2,824.8	$2,987.9	+$163.1
Federal Administration	$732.5	$787.5	+$55.0
Survey & Certification	$375.3	$424.4	+$49.0
Research	$20.1	$0.0	-$20.1
State High Risk Pools	$20.4	$0.0	-$20.4
Program Management 1/	**$3,973.2**	**$4,199.7**	**+$226.6**
FTEs – Federal Administration	4,542	4,738	+196

1/ Numbers may not add, due to rounding. Numbers are adjusted to include High-Risk Pools.

FY 2015 Request

Program Management: CMS' FY 2015 Program Management request totals $4,199.7 million, a $226.6 million increase over the FY 2014 enacted level.

- Program Operations:

  CMS' budget request for Program Operations totals $2,987.9 million in FY 2015, a $163.1 million increase over the FY 2014 enacted level. This request includes $544.2 million for the Marketplace, excluding user fees. This request will allow CMS to continue to effectively administer Medicare, Medicaid, CHIP, and to implement and oversee private health insurance reforms such as the Marketplace.

  The majority of the Program Operations line funds CMS' traditional Medicare operations. This funding level will allow CMS to process nearly 1.3 billion fee-for-service claims and related workloads, keep our systems running, transition contractors onto the Healthcare Integrated General Ledger Accounting System

(HIGLAS), maintain our 1-800 call centers, oversee Part C and D plans, and to provide outreach and education to millions of beneficiaries and consumers. Further, the FY 2015 request includes funding for Medicaid and CHIP operations and ongoing research projects including a share of the Medicare Current Beneficiary Survey (MCBS).

Program Operations also includes funds for many provisions enacted in the Affordable Care Act. These provisions enhance all three traditional health care programs—Medicare, Medicaid, and CHIP—as well as funding for consumer protection and private insurance market reforms.

- Federal Administration:

  CMS requests $787.5 million in FY 2015, a $55.0 million increase over the FY 2014 enacted level. The FY 2015 request includes $674.1 million to support 4,738 direct FTEs, an increase of 196 FTEs over the FY 2014 level. Our FY 2015 request also funds other objects of expense for ongoing activities and ACA implementation efforts. CMS' FY 2015 request includes $85.0 million to support the Marketplace.

- Survey and Certification:

  CMS requests $424.4 million in FY 2015, a $49.0 million increase over the FY 2014 enacted level. Of this amount, $367.9 million will support direct survey costs, $18.8 million will support additional costs related to direct surveys, and $37.7 million will be used for surveyor training, Federally-directed surveys and information technology. This request maintains statutory survey frequencies at long-term care facilities and home health agencies, and allows for policy level survey frequencies at other types of facilities.

- State High Risk Pools:

  Funding for State High Risk Pools is no longer requested as part of CMS' FY 2015 request. Enrollees in State high-risk pools can access affordable coverage through the Marketplace.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FISCAL YEAR 2016

Centers for Medicare & Medicaid Services

Justification of Estimates for Appropriations Committees

CMS PROGRAM MANAGEMENT

For carrying out, except as otherwise provided, titles XI, XVIII, XIX, and XXI of the Social Security Act, titles XIII and XXVII of the PHS Act, the Clinical Laboratory Improvement Amendments of 1988, and other responsibilities of the Centers for Medicare **[**and**]** *&* Medicaid Services, not to exceed **[**$3,669,744,000**]** *$4,245,186,000*, to be transferred from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as authorized by section 201(g) of the Social Security Act; together with all funds collected in accordance with section 353 of the PHS Act and section 1857(e)(2) of the Social Security Act, funds retained by the Secretary pursuant to section **[**302 of the Tax Relief and Health Care Act of 2006;**]** *1893(h) of the Social Security Act,* and such sums as may be collected from authorized user fees and the sale of data, which shall be credited to this account and remain available until **[**September 30, 2020**]** *expended*: *Provided,* That all funds derived in accordance with 31 U.S.C. 9701 from organizations established under title XIII of the PHS Act shall be credited to and available for carrying out the purposes of this appropriation: *Provided further,* That the Secretary is directed to collect fees in fiscal year **[**2015**]** *2016* 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. *(Department of Health and Human Services Appropriations Act, 2015.)*

Program Management

Language Analysis

Language Provision	**Explanation**
For carrying out, except as otherwise provided, titles XI, XVIII, XIX, and XXI of the Social Security Act, titles XIII and XXVII of the PHS Act, the Clinical Laboratory Improvement Amendments of 1988, and other responsibilities of the Centers for Medicare **[**and**]** *&* Medicaid Services, not to exceed **[**$3,669,744,000**]** *$4,245,186,000*, to be transferred from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as authorized by section 201(g) of the Social Security Act*;*	Provides a one-year appropriation from the HI and SMI Trust Funds for the administration of the Medicare, Medicaid, Children's Health Insurance, and consumer information and insurance oversight and protection programs. The HI Trust Fund will be reimbursed for the General Fund share of these costs through an appropriation in the Payments to the Health Care Trust Funds account.
together with all funds collected in accordance with section 353 of the PHS Act and section 1857(e)(2) of the Social Security Act, funds retained by the Secretary pursuant to section **[**302 of the Tax Relief and Health Care Act of 2006;**]** *1893(h) of the Social Security Act,* and such sums as may be collected from authorized user fees and the sale of data, which shall be credited to this account and remain available until **[**September 30, 2020**]** *expended*:	Provides funding for the Clinical Laboratory Improvement Amendments program, which is funded solely from user fee collections. Authorizes the collection of fees for the sale of data, and other authorized user fees and offsetting collections to cover administrative costs, including those associated with providing data to the public, and other purposes. All of these collections are available to be carried over from year to year, until expended.
Provided, That all funds derived in accordance with 31 U.S.C. 9701 from organizations established under title XIII of the PHS Act shall be credited to and available for carrying out the purposes of this appropriation:	Authorizes the crediting of HMO user fee collections to the Program Management account.
Provided further, That the Secretary is directed to collect fees in fiscal year **[**2015**]** *2016* 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	Authorizes the collection of user fees from Medicare Advantage organization for costs related to enrollment, dissemination of information and certain counseling and assistance programs.

General Provision

Language Provision

Section 1864 of the Social Security Act (42 U.S.C. 1395aa) is amended to read as follows:

"(e) FEES FOR CONDUCTING REVISIT SURVEYS.—The Secretary may, for fiscal year 2016 and each subsequent fiscal year, impose fees upon facilities or entities referred to in this section for conducting revisit surveys in cases where such facilities or entities have been cited for deficiencies during initial certification, recertification, or substantiated complaint surveys. Such fees shall be established and collected in accordance with regulations prescribed by the Secretary that provide for a gradual phase-in of the fee amounts, and collected funds shall be available to supplement funding appropriated for such surveys. Fee amounts assessed upon an entity in an entity class shall not exceed the estimated average cost of performing such surveys for an entity in such class. Such fees shall be collected and available only to the extent [and in such amounts as] provided in advance in appropriations acts."

Sec. 221

Explanation

Authorizes the collection of user fees from providers who had previously been cited for deficiencies in care, and required a revisit. Since this is proposed as an amendment to the Social Security Act, the authority to collect fees is contingent on their appropriation, so that collections will be classified as discretionary.

Program Management
Summary of Request

The Program Management account provides the funding needed to administer and oversee CMS' traditional programs, including Medicare, Medicaid, the Children's Health Insurance Program (CHIP), the Clinical Laboratory Improvement Amendments (CLIA), the Quality Improvement Organizations (QIO), State Grants and Demonstrations, and the Health Care Fraud and Abuse Control (HCFAC) account as well as the Federal Marketplaces and private health insurance provisions and consumer protections enacted by the Affordable Care Act. The FY 2016 request includes funding for CMS' Program Management line items--Program Operations, Federal Administration, and State Survey and Certification.

- Program Operations primarily funds the contractors that process Medicare fee-for-service claims as well as the IT infrastructure and operational support needed to run our programs. It supports the Medicare Advantage and Medicare Prescription Drug programs, beneficiary and consumer outreach programs, quality improvement activities and ongoing research. It also funds enhancements in the Medicaid and CHIP programs as well as new activities related to insurance market reform and oversight, and consumer information, including the Federal Marketplaces.

- Federal Administration pays for the salaries of CMS employees and for the expenses (rent, building services, equipment, supplies, etc.) associated with running a large organization.

- State Survey and Certification pays State surveyors to inspect health care facilities to ensure that they meet Federal standards for health, safety, and quality. These include initial certification surveys as well as recertification inspections.

CMS' FY 2016 Program Management request is $4,245.2 million, a $270.4 million increase from the FY 2015 Enacted level. The table below, and the following language, provides additional detail on each of these levels for the FY 2016 request.

Program Management Summary Table
($ in millions)

Line Item	FY 2015 Enacted	FY 2016 President's Budget	FY 2016 +/- FY 2015
Program Operations	$2,824.8	$3,024.4	+$199.6
Federal Administration	$732.5	$783.6	+$51.1
Survey & Certification	$397.3	$437.2	+$39.9
Research	$20.1	$0.0	-$20.1
Program Management 1/	**$3,974.7**	**$4,245.2**	**+$270.4**
Direct FTEs – Federal Administration	4,470	4,671	+201

1/ Numbers may not add, due to rounding.

FY 2016 Request

Program Management: In FY 2016, CMS requests $4,245.2 million in appropriated funding, a $270.4 million increase over the FY 2015 enacted level. CMS' request reflects funding needed to support Marketplace operations in FY 2016, and to maintain unprecedented growth in our traditional programs, particularly Medicaid. Effective operational management of ACA programs, managing Medicare appeals workload growth, and Medicare claim administration all remain top Administration priorities.

- Program Operations:

  CMS' FY 2016 budget request for Program Operations totals $3,024.4 million, a $199.6 million increase over the FY 2015 enacted level. This request includes $544.0 million for the Marketplaces, excluding user fees. This request will allow CMS to continue to effectively administer Medicare, Medicaid, CHIP, and to operate and oversee private health insurance reforms such as the Marketplaces.

  Most of the funding within the Program Operations line supports CMS' traditional Medicare operations. This funding level will allow CMS to process nearly 1.3 billion fee-for-service claims and related workloads, keep our systems running, maintain our 1-800 MEDICARE call centers, oversee Part C and D plans, and provide outreach and education to millions of beneficiaries and consumers. Further, the FY 2016 request includes funding for Medicaid and CHIP operations and for ongoing research projects including the Medicare Current Beneficiary Survey (MCBS).

  Program Operations also includes funds for many provisions enacted in the ACA. These provisions enhance all three traditional health care programs — Medicare, Medicaid, and CHIP — as well as funding for consumer protection and private insurance market reforms.

- Federal Administration:

  CMS requests $783.6 million in FY 2016, a $51.1 million increase over the FY 2015 enacted level. The FY 2016 request includes $686.0 million to support 4,671 direct FTEs, an increase of 201 FTEs over the FY 2015 level. Our FY 2016 request also funds other objects of expense for ongoing activities and ACA implementation

efforts. This amount includes $85 million to support the Health Insurance Marketplace.

- Survey and Certification:

  CMS' FY 2016 request includes $437.2 million for State survey and certification activities, a $39.9 million increase over the FY 2015 enacted level. Of this amount, $358 million will support direct survey costs, $24.7 million will support additional costs related to direct surveys, and $54.5 million will be used for surveyor training, Federally-directed surveys and information technology. This request maintains statutory survey frequencies at long-term care facilities and home health agencies, and supports policy level survey frequencies at other facility types.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FISCAL YEAR 2017

Centers for Medicare & Medicaid Services

Justification of Estimates for Appropriations Committees

Program Management

Appropriations Language

For carrying out, except as otherwise provided, titles XI, XVIII, XIX, and XXI of the Social Security Act, titles XIII and XXVII of the PHS Act, the Clinical Laboratory Improvement Amendments of 1988, and other responsibilities of the Centers for Medicare **[**and**]** **&** Medicaid Services, not to exceed **[**$3,669,744,000**]** *$4,109,549,000*, to be transferred from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as authorized by section 201(g) of the Social Security Act; together will all funds collected in accordance with section 353 of the PHS Act and section 1857(e)(2) of the Social Security Act, funds retained by the Secretary pursuant to section **[**302 of the Tax Relief and Health Care Act of 2006;**]** *1893(h) of the Social Security Act*, and such sums as may be collected from authorized user fees and the sale of data, which shall be credited to this account and remain available until **[**September 30, 2021**]** *expended*: *Provided*, That all funds derived in accordance with 31 U.S.C. 9701 from organizations established under title XIII of the PHS Act shall be credited to and available for carrying out the purposes of this appropriation: *Provided further*, That the Secretary is directed to collect fees in fiscal year **[**2016**]** *2017* 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.

Program Management

Language Analysis

Language Provision	Explanation
For carrying out, except as otherwise provided, titles XI, XVIII, XIX, and XXI of the Social Security Act, titles XIII and XXVII of the PHS Act, the Clinical Laboratory Improvement Amendments of 1988, and other responsibilities of the Centers for Medicare **[**and**]** **&** Medicaid Services, not to exceed **[**$3,669,744,000**]** *$4,109,549,000*, to be transferred from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as authorized by section 201(g) of the Social Security Act*;*	Provides a one-year appropriation from the HI and SMI Trust Funds for the administration of the Medicare, Medicaid, Children's Health Insurance, and consumer information and insurance oversight and protection programs. The HI Trust Fund will be reimbursed for the General Fund share of these costs through an appropriation in the Payments to the Health Care Trust Funds account.
together with all funds collected in accordance with section 353 of the PHS Act and section 1857(e)(2) of the Social Security Act, funds retained by the Secretary pursuant to section **[**302 of the Tax Relief and Health Care Act of 2006;**]** *1893(h) of the Social Security Act,* and such sums as may be collected from authorized user fees and the sale of data, which shall be credited to this account and remain available until **[**September 30, 2021**]** *expended*:	Provides funding for the Clinical Laboratory Improvement Amendments program, which is funded solely from user fee collections. Authorizes the collection of fees for the sale of data, and other authorized user fees and offsetting collections to cover administrative costs, including those associated with providing data to the public, and other purposes. All of these collections are available to be carried over from year to year, until expended.
Provided, That all funds derived in accordance with 31 U.S.C. 9701 from organizations established under title XIII of the PHS Act shall be credited to and available for carrying out the purposes of this appropriation:	Authorizes the crediting of HMO user fee collections to the Program Management account.
Provided further, That the Secretary is directed to collect fees in fiscal year **[**2016**]** *2017* 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	Authorizes the collection of user fees from Medicare Advantage organization for costs related to enrollment, dissemination of information and certain counseling and assistance programs.

General Provision

Language Provision

Section 1864(e) of the Social Security Act (42 U.S.C. 1395aa(e)) is amended to read as follows:

"*(e) FEES FOR CONDUCTING REVISIT SURVEYS.— The Secretary may impose fees upon facilities or entities referred to in this section for conducting revisit surveys in cases where such facilities or entities have been cited for deficiencies during initial certification, recertification, or substantiated complaint surveys. Such fees shall be established and collected in accordance with regulations prescribed by the Secretary that provide for a gradual phase-in of the fee amounts, and collected funds shall be available to supplement funding appropriated for such surveys. Fee amounts assessed upon an entity in an entity class shall not exceed the estimated average cost of performing such surveys for an entity in such class. Such fees shall be collected and available only to the extent and in such amounts as provided in advance in appropriations acts."*

Sec. 219

Explanation

Authorizes the collection of user fees from providers who had previously been cited for deficiencies in care, and required a revisit. Since this is proposed as an amendment to the Social Security Act, the authority to collect fees is contingent on their appropriation, so that collections will be classified as discretionary.

Program Management
Summary of Request

The Program Management account provides the funding needed to administer and oversee CMS' traditional programs, including Medicare, Medicaid, the Children's Health Insurance Program (CHIP), the Clinical Laboratory Improvement Amendments (CLIA), the Quality Improvement Organizations (QIO), State Grants and Demonstrations, and the Health Care Fraud and Abuse Control (HCFAC) account as well as the Federal Marketplaces and private health insurance provisions and consumer protections enacted by the Affordable Care Act. The FY 2017 request includes funding for CMS' Program Management line items--Program Operations, Federal Administration, and State Survey and Certification.

- Program Operations primarily funds the contractors that process Medicare fee-for-service claims as well as the IT infrastructure and operational support needed to run our programs. It supports the Medicare Advantage and Medicare Prescription Drug programs, beneficiary and consumer outreach programs, quality improvement activities and ongoing research. It also funds enhancements in the Medicaid and CHIP programs as well as new activities related to insurance market reform and oversight, and consumer information, including the Federal Marketplaces.

- Federal Administration pays for the salaries of CMS employees and for the expenses (rent, building services, equipment, supplies, etc.) associated with running a large organization.

- State Survey and Certification pays state surveyors to inspect health care facilities to ensure that they meet Federal standards for health, safety, and quality. These include initial certification surveys as well as recertification inspections.

CMS' FY 2017 Program Management request is $4,109.5 million, an increase of $134.8 million above the FY 2016 Enacted level. The table below, and the following language, provides additional detail on each of these levels for the FY 2017 request.

Program Management Summary Table
($ in millions)

Line Item	FY 2015 Final	FY 2016 Enacted	FY 2017 President's Budget	FY 2017 +/- FY 2016
Program Operations	$2,824.8	$2,824.8	$2,936.5	$111.7
Federal Administration	$732.5	$732.5	$735.9	$3.3
Survey & Certification	$397.3	$397.3	$437.2	$39.9
Research	$20.1	$20.1	$0.0	-$20.1
Program Management 1/	**$3,974.7**	**$3,974.7**	**$4,109.5**	**$134.8**
Direct FTEs – Federal Administration	4,485	4,378	4,112	-266

1/ Numbers may not add, due to rounding.

FY 2017 Request

Program Management: CMS' Program Management request is $4,109.5 million, an increase of $134.8 million above the FY 2016 Enacted level. The following language provides additional detail on CMS' FY 2017 discretionary request:

- Program Operations:

  CMS' FY 2017 budget request for Program Operations totals $2,936.5 million, an increase of $111.7 million above the FY 2016 Enacted level. The majority of the Program Operations account funds CMS' traditional Medicare operations. This funding level will allow CMS to process nearly 1.3 billion fee-for-service claims and related workloads, keep our systems running, transition contractors onto the Healthcare Integrated General Ledger Accounting System (HIGLAS), maintain CMS' 1-800 call centers, oversee Part C and D plans, and to provide outreach and education to millions of beneficiaries and consumers. Further, the FY 2017 request includes funding for Medicaid and CHIP operations and for ongoing research projects including the Medicare Current Beneficiary Survey (MCBS).

  Program Operations also includes funds for many provisions enacted in the Affordable Care Act. These provisions enhance all three existing health care programs—Medicare, Medicaid, and CHIP—and include the establishment of new consumer protections and private insurance market reforms. CMS' discretionary Program Operations request includes $513.8 million to partially fund Marketplace operations in FY 2017, including enrollment, outreach and education for a new and diverse cohort of consumers. In addition, CMS anticipates collecting $1.6 billion in user fee revenue from all sources to support Marketplace operations for a program level of $2.1 billion (including $535 million in discretionary budget authority consisting of $513.8 million in Program Operations and $21.3 million in Federal Administration).

- Federal Administration:

  CMS requests a total of $735.9 million for Federal Administration in FY 2017. Of this request, $629.2 million supports 4,112 direct FTEs. The request includes $21.3 million to support the Health Insurance Marketplace. This estimate assumes a 1.6 percent civilian and military cost of living allowance (COLA).

The remaining request supports administrative information technology, communication, utilities, rent and space requirements, as well as administrative contracts and inter-agency agreements.

- Survey and Certification:

CMS requests $437.2 million for state survey and certification activities in FY 2017, an increase of $39.9 million above the FY 2016 Enacted level. Of this amount, $368.8 million will support direct survey costs, $12.9 million will support additional costs related to direct surveys, and $55.5 million will be used for surveyor training, Federally-directed surveys and information technology. The request level maintains statutory survey frequencies at long-term care facilities and home health agencies.

Approximately 87 percent of the requested funding will go to State survey agencies for performance of mandated Federal inspections of long-term care facilities (e.g., nursing homes) and home health agencies, as well as Federal inspections of hospitals, organ transplant facilities and ESRD facilities. This request supports surveys of hospices, outpatient physical therapy, outpatient rehabilitation, portable X-rays, rural health clinics, community mental health centers and ambulatory surgery centers. The budget also supports contracts to strengthen quality improvement and national program consistency, to make oversight of accrediting organizations more effective, and to implement key recommendations made by the Government Accountability Office (GAO).

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FISCAL YEAR 2018

Centers for Medicare & Medicaid Services

Justification of Estimates for Appropriations Committees

Program Management

Appropriations Language

For carrying out, except as otherwise provided, titles XI, XVIII, XIX, and XXI of the Social Security Act, titles XIII and XXVII of the PHS Act, the Clinical Laboratory Improvement Amendments of 1988, and other responsibilities of the Centers for Medicare & Medicaid Services, not to exceed **[**$3,669,744,000**]** *$3,587,996,000*, to be transferred from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as authorized by section 201(g) of the Social Security Act; together will all funds collected in accordance with section 353 of the PHS Act and section 1857(e)(2) of the Social Security Act, funds retained by the Secretary pursuant to section **[**302 of the Tax Relief and Health Care Act of 2006;**]** *1893(h) of the Social Security Act*, and such sums as may be collected from authorized user fees and the sale of data, which shall be credited to this account and remain available until **[**September 30, 2021**]** *expended*: *Provided*, That all funds derived in accordance with 31 U.S.C. 9701 from organizations established under title XIII of the PHS Act shall be credited to and available for carrying out the purposes of this appropriation: *Provided further*, that the Secretary is directed to collect fees in fiscal year **[**2017**]** *2018* 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.

Program Management

Language Analysis

Language Provision	Explanation
For carrying out, except as otherwise provided, titles XI, XVIII, XIX, and XXI of the Social Security Act, titles XIII and XXVII of the PHS Act, the Clinical Laboratory Improvement Amendments of 1988, and other responsibilities of the Centers for Medicare & Medicaid Services, not to exceed **[**$3,669,744,000**]** *$3,587,996,000*, to be transferred from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as authorized by section 201(g) of the Social Security Act*;*	Provides a one-year appropriation from the HI and SMI Trust Funds for the administration of the Medicare, Medicaid, Children's Health Insurance, and consumer information and insurance oversight and protection programs. The HI Trust Fund will be reimbursed for the General Fund share of these costs through an appropriation in the Payments to the Health Care Trust Funds account.
together with all funds collected in accordance with section 353 of the PHS Act and section 1857(e)(2) of the Social Security Act, funds retained by the Secretary pursuant to section **[**302 of the Tax Relief and Health Care Act of 2006;**]** *1893(h) of the Social Security Act,* and such sums as may be collected from authorized user fees and the sale of data, which shall be credited to this account and remain available until **[**September 30, 2021**]** *expended*:	Provides funding for the Clinical Laboratory Improvement Amendments program, which is funded solely from user fee collections. Authorizes the collection of fees for the sale of data, and other authorized user fees and offsetting collections to cover administrative costs, including those associated with providing data to the public, and other purposes. All of these collections are available to be carried over from year to year, until expended.
Provided, That all funds derived in accordance with 31 U.S.C. 9701 from organizations established under title XIII of the PHS Act shall be credited to and available for carrying out the purposes of this appropriation:	Authorizes the crediting of HMO user fee collections to the Program Management account.
Provided further, That the Secretary is directed to collect fees in fiscal year **[**2017**]** *2018* 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	Authorizes the collection of user fees from Medicare Advantage organization for costs related to enrollment, dissemination of information and certain counseling and assistance programs.

General Provision

Language Provision	**Explanation**
Sec. 221. Notwithstanding section of 1864(e) of the Social Security Act (42 U.S.C. 1395aa(e)), the Secretary of Health and Human Services shall charge fees upon health care facilities or entities in cases where such facilities or entities have been cited for deficiencies during initial certification, recertification, or substantiated complaint surveys to cover all or a portion of the costs incurred for conducting substantiated complaint surveys and revisit surveys on such health care facilities or entities. Such fees shall be available to supplement funding for such surveys and shall be credited to the "Department of Health and Human Services, Centers for Medicare and Medicaid Services, Program Management" account, to remain available until expended."	Authorizes the collection of user fees from providers who had previously been cited for deficiencies in care, and required a revisit, as well as facilities that experience a substantiated complaint survey that result in immediate jeopardy or actual harm. Since this is proposed as an amendment to the Social Security Act, the authority to collect fees is contingent on their appropriation, so that collections will be classified as discretionary.

Program Management
Summary of Request

The Program Management account provides the funding needed to administer and oversee CMS' traditional programs, including Medicare, Medicaid, the Children's Health Insurance Program (CHIP), the Clinical Laboratory Improvement Amendments (CLIA), the Quality Improvement Organizations (QIO), State Grants and Demonstrations, and the Health Care Fraud and Abuse Control (HCFAC) account, as well as the Federal Exchanges and private health insurance provisions and consumer protections mandated by Obamacare. The FY 2018 request includes funding for CMS' Program Management line items-Program Operations, Federal Administration, and State Survey and Certification.

- Program Operations primarily funds the contractors that process Medicare fee-for-service claims as well as the IT infrastructure and operational support needed to run our programs. It supports the Medicare Advantage and Medicare Prescription Drug programs, beneficiary and consumer outreach programs, quality improvement activities and ongoing research. It also funds IT enhancements for the Medicaid and CHIP programs as well as activities, including the Federal Exchanges.

- Federal Administration pays for the salaries of CMS employees and for the expenses (rent, building services, equipment, supplies, etc.).

- State Survey and Certification pays state surveyors to inspect health care facilities to ensure that they meet Federal standards for health, safety, and quality. These include initial certification surveys as well as recertification inspections.

CMS' FY 2018 Program Management request is $3,588.0 million, a decrease of $379.2 million below the FY 2017 Annualized CR level. The table below, and the following language, provides additional detail on each of these levels for the FY 2018 request.

Program Management Summary Table
($ in millions)

Line Item	FY 2016 Final	FY 2017 Annualized CR	FY 2018 President's Budget	FY 2018 +/- FY 2017
Program Operations	$2,820.8	$2,819.5	$2,441.3	-$378.2
Federal Administration	$732.5	$731.1	$722.5	-$8.6
Survey & Certification	$397.3	$396.6	$406.1	$9.5
Research	$20.1	$20.0	$18.1	-$1.9
Program Management 1/	**$3,970.7**	**$3,967.2**	**$3,588.0**	**-$379.2**
Direct FTEs – Federal Administration	4,518	4,525	4,370	-155

1/ Numbers may not add, due to rounding.

FY 2018 Request

Program Management: CMS' Program Management request is $3,588.0 million, a decrease of $378.2 million below the FY 2017 Annualized CR level. The following language provides additional detail on CMS' FY 2017 discretionary request:

- Program Operations:

  CMS' FY 2018 budget request for Program Operations totals $2,441.3 million, a decrease of $378.2 million below the FY 2017 Annualized CR. The majority of the Program Operations account funds CMS' traditional Medicare operations. This funding level will allow CMS to process nearly 1.3 billion fee-for-service claims and related workloads, keep our systems running, transition contractors onto the Healthcare Integrated General Ledger Accounting System (HIGLAS), maintain our 1-800 call centers, oversee Part C and D plans, and to provide outreach and education to millions of beneficiaries and consumers. Further, the FY 2017 request includes funding for Medicaid and CHIP operations and for ongoing research projects including the Medicare Current Beneficiary Survey (MCBS).

  Program Operations also includes funds for many provisions mandated by Obamacare. These provisions enhance all three existing health care programs—Medicare, Medicaid, and CHIP. CMS' discretionary Program Operations request includes $452.7 million to fund operations at the Exchanges in 2018, including enrollment, outreach and education. In addition, CMS anticipates collecting $1.2 billion in user fee revenue from all sources, along with $18.4 million in the Federal Administration line, to fund Exchange operations at a program level of $1.7 billion in FY 2018.

- Federal Administration:

  CMS requests a total of $722.5 million for Federal Administration in FY 2018. Of this request, $650.7 million supports 4,370 direct FTEs.

  The remaining request supports administrative information technology, communication, utilities, rent and space requirements, as well as administrative contracts and inter-agency agreements.

- Survey and Certification:

  The FY 2018 CMS request for state survey and certification activities is $406.1 million, an increase of $9.5 million above the FY 2017 Annualized CR level. In addition, CMS proposes $25.6 million in estimated revisit fee collections for a total survey and certification program level of $431.7 million. This request supports surveys of hospices, outpatient physical therapy, outpatient rehabilitation, portable X-rays, rural health clinics, community mental health centers, and ambulatory surgery centers. The budget also supports contracts to strengthen quality improvement and national program consistency, to promote gains in efficiency, to make oversight of accrediting organizations more effective, and to implement key recommendations made by the Government Accountability Office (GAO).