Summary of UC Priorities in Final FY 2023 Omnibus Package

On Dec. 20, 2022, Congress rolled out a massive fiscal year (FY) 2023 omnibus funding package. The Consolidated Appropriations Act, 2023 contains all 12 FY 2023 appropriations bills, emergency supplemental funding to respond to recent natural disasters and emergency aid for Ukraine. The package provides $1.7 trillion in discretionary resources across the FY 2023 appropriations bills, including $800 billion in non-defense funding and $858 billion in defense funding. The non-defense level of funding is the highest level for non-defense funding in history and $68 billion (9.3%) over FY 2022.

Nearly all of UC’s federal fiscal priorities see increases in the omnibus package. In addition, we are pleased that the package includes investments in science funding at the Department of Energy (DOE), the National Science Foundation (NSF) and the Economic Development Agency (EDA) that builds on passage of the CHIPS and Science Act. There are a number of health-related provisions that UC advocated for that are in the package and that will be beneficial to University of California Health (UCH) and the patients we serve.

Congress will now race to move the omnibus over the finish line before the short-term continuing resolution expires on Dec. 23. The Senate is expected to take up the omnibus package on Wednesday night (Dec. 21), with the House taking action before the end of the week. Any amendments or changes in funding levels will be reflected in the online summary and UC’s FY 2023 appropriations priorities chart.

Below are highlights of the FY 2023 omnibus package, while a chart with the specific funding levels for UC’s FY 2023 appropriations priorities can be [found online](#).

**EDUCATION**

- **Federal Student Aid**: Appropriators provided a $500 increase (7.2%) to the maximum Pell Grant award, which will now be $7,395 for the 2023-24 school year; this is the largest increase provided in a decade. Overall, student aid accounts received $24.6 billion, an increase of $34 million above the FY 2022 enacted level.
- **Minority Serving Institutions**: Appropriators provided $1.02 billion for Minority-Serving Institutions. Hispanic-Serving Institutions received $228 million, which is $45 million above the FY 2022 enacted level.
- **Basic Needs**: Appropriators provided $10 million through the Fund for the Improvement of Postsecondary Education (FIPSE) for basic needs grants, an increase of $2 million above the FY 2022 enacted level. Additionally, $75 million was provided for the Child Care Access Means Parents in School, an increase of $10 million above the FY 2022 enacted level.

**RESEARCH**

- **National Institutes of Health (NIH)**: The bill provides a total of $47.5 billion for NIH, an increase of $2.5 billion (5.5%) above the FY 2022 enacted level.
Advanced Research Projects Agency-Health (ARPA-H): The bill provides a total of $1.5 billion for ARPA-H, an increase of $500 million (50%) above the FY 2022 enacted level. The legislation also includes the authorization for the establishment of the new agency, which keeps ARPA-H at NIH rather than under the Department of Health and Human Services (HHS). The legislation also requires ARPA-H funding recipients to provide, in a publicly available report, indirect facilities and administrative costs, broken out by fixed capital costs, administrative overhead and labor costs.

National Science Foundation (NSF): The bill provided a total of $9.54 billion for NSF, an increase of $700 million (7.9%) above the FY 2022 enacted level. Additionally, the legislation, via emergency supplemental, provides the agency $335 million, that can be spent over two years, to assist with implementation of the CHIPS and Science Act.

Department of Energy (DOE) Office of Science: The bill provides a total of $8.1 billion for the DOE Office of Science, an increase of $625 million (8.3%) above the FY 2022 enacted level.

Advanced Research Projects Agency-Energy (ARPA-E): The bill provides a total of $470 million for ARPA-E, an increase of $20 million (4.4%) above the FY 2022 enacted level.

Specialty Crop Research Initiative (SCRI): The bill includes language in Sec. 744 allowing the secretary of agriculture to waive the matching funds requirement under Sec. 412(g) of the Agriculture, Research, Extension and Education Reform Act of 1998 for the SCRI program through the remainder of FY 2023.

Economic Development Administration (EDA): Via emergency supplemental appropriations, the bill provides EDA $459 million to fund regional innovation hubs as authorized in the CHIPS and Science Act.

National Institute of Standards and Technology (NIST): Via emergency supplemental appropriations, the bill provides NIST $40 million to investigate the impacts of wildfires, hurricanes and typhoons.

**HEALTH CARE**

Glidepath for Ending the Pandemic Medicaid Federal Medical Assistance Percentage (FMAP) Increase: The omnibus provides a glidepath to gradually reduce the 6.2% FMAP increase state Medicaid programs have received during the pandemic. The Centers for Medicare and Medicaid Services (CMS) will continue to pay the 6.2% increase for Q1 2023, then reduce that match to 5% in Q2, 2.5% in Q3, and 1.5% in Q4. This is a significant softening of the fiscal cliff states and providers faced under current law where these payments were scheduled to end abruptly in the quarter that the public health emergency (PHE) ends. States may also start redeterminations of beneficiary eligibility for Medicaid as early as April 1 but have at least one year after that date to initiate redeterminations for all beneficiaries.

Maternal Health Coverage: The bill permanently extends Medicaid’s state option to provide 12-months continuous care postpartum.

Delaying the 4% Pay-As-You-Go (PAYGO) cut to Medicare: The bill delays for two years the PAYGO implications of the American Rescue Plan Act – preventing a 4% cut to Medicare reimbursements until Dec. 31, 2024.

Reducing the 4.5% CMS Medicare Physician Fee Schedule (PFS) Cut: Congress reduced the schedule cut to CMS PFS reimbursement by 2.5% in 2023 and 1.5% in 2024.

Extension of Medicare Telehealth Waivers: The bill provides a statutory extension of Medicare waivers provided by CMS during the public health emergency to allow greater
access to telehealth services to patients. These waivers will now expire on Dec. 31, 2024.

- **Extension of the CMS Acute Care Hospital at Home Program:** The bill includes a two-year extension of the CMS Acute Care Hospital at Home program until Dec. 31, 2024.

- **Graduate Medical Education (GME):** The bill includes 200 additional GME slots, half of which are designated for psychiatry and psychiatry subspecialties.

- **Use of Health Professional Shortage Area (HPSA) scores in GME:** The bill leaves in place House report language that directs the Health Resources and Services Administration to partially modify its methodology for distributing new GME slots to account for factors beyond HPSA scores—including rural training, training over the cap and hospitals in states with new medical schools and branch campuses—as was required in the original legislation creating new slots.

- **Extension of Medicare Value-based Payment Bonus:** The omnibus extends for two years the 5% bonus incentive for physicians to participate in alternative payment models.

- **FDA Enforcement of Clinical Trial Diversity:** The bill requires the sponsors of Phase III clinical trials to develop and implement a diversity action plan.

- **Centers for Disease Control and Prevention (CDC):** The bill funds the CDC at $9.2 billion, a $760.4 million (9%) increase above the FY 2022 enacted level.

- **Agency for Health Research and Quality (AHRQ):** The bill funds AHRQ at $373.5 million, a $23.1 million (6.18%) increase above the FY 2022 enacted level.

- **Health Resources and Services Administration (HRSA) Title VII (Physician Workforce Training):** The bill includes $579 million, a $60.6 million (12%) increase above the FY 2022 enacted level.

- **HRSA Title VIII (Nursing Workforce Training):** The bill includes $300.5 million, a $20 million (7.14%) increase above the FY 2022 enacted level.

- **HRSA Maternal Health Grant Programs:** The bill funds two new grant programs authorized in the FY 2022 Consolidated Appropriations Act for the first time:
  - $15.3 million for the **Innovations in Maternal Health** program, which will award grants to eligible entities to identify, develop or disseminate best practices to improve maternal health care quality and outcomes, improve maternal and infant health and eliminate preventable maternal mortality and severe maternal morbidity.
  - $10 million for the **Integrated Services for Pregnant and Postpartum Women** program, which will provide grants for operating evidence-based programs to deliver integrated health care services to pregnant and postpartum women to reduce adverse maternal health outcomes, pregnancy-related deaths and related health disparities.

- **Dr. Lorna Breen Act:** Despite overwhelming bipartisan passage of the Dr. Lorna Breen Act in March 2022, appropriators failed to include funding for it in the FY 2023 omnibus. UCH leadership sent a letter to Congress earlier this year asking them to fully fund this program in its first year. UC Office of Federal Governmental Relations will continue to advocate for funding in FY 2024.

### ADDITIONAL AREAS OF INTEREST TO UC

- **Statutory PAYGO Waiver:** The Extenders and Technical Corrections section of the omnibus includes language providing for a waiver of Statutory PAYGO requirements for FY 2023 and FY 2024, which will help to ensure that automatic cuts to certain federal
accounts, which would otherwise take effect related to sequestration orders in place as a result of the Statutory Pay-As-You-Go Act of 2010, will not automatically go into effect. The Statutory PAYGO waiver language will help to ensure that cuts to federal interest subsidy payments on Build America Bonds (BABs), and to other federal accounts, including certain health care accounts as noted above, will not automatically take effect.

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