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INSIGHTS

FY 27 HHS

Budget Request

# FY 27 HHS Budget Request

On April 3, 2026, the White House [released](#) its fiscal year 2027 (FY 27) budget request for the Department of Health and Human Services (HHS) and the HHS [budget in brief](#). The budget requests \$111.1 billion in discretionary budget authority for HHS for 2027, a \$15.8 billion, or 12.5 percent decrease, from the 2026 enacted level. This memo focuses on discretionary budget authority rather than program-level funding to distinguish between the president's request and mandatory funding sources.

The next step in the budget process is for Congress to consider the request. This will involve HHS Secretary Kennedy coming to Congress to testify before the House and Senate Appropriations Committees as well as committees with jurisdiction over health care policy, such as the House Energy and Commerce Committee, the House Ways and Means Committee, the House Education and Workforce Committee, the Senate Finance Committee, and the Senate Committee on Health, Education, Labor, and Pensions. Congress had significant difficulty passing FY 26 appropriations bills. We foresee similar problems in passing FY 27 funding as well.

## OVERVIEW

Like the president's FY 26 budget request, this budget request calls for a reorganization of HHS by establishing the Administration for a Healthy America (AHA). This new agency would combine the General Departmental Management (GDM), Office of the Assistant Secretary for Health (OASH), the Health Resources and Services Administration (HRSA), the Substance Abuse and Mental Health Services Administration (SAMHSA), and several centers and programs from the Centers for Disease Control and Prevention (CDC). The administration argues that the creation of this new agency will help prioritize programs to improve nutrition and food and drug quality and safety, prevent chronic disease, and save approximately \$5 billion.

The budget request calls for reductions in discretionary budget authority for the following agencies: the Administration for Children, Families, and Communities (ACFC) (-\$6.8 billion), the Administration for Strategic Preparedness and Response (ASPR) (-\$365 million), Advanced Research Projects Agency for Health (ARPA-H) (-\$555 million), the Food and Drug Administration (FDA) (-\$48 million), the CDC (-\$484 million), the National Institutes of Health (NIH) (-\$3.4 billion), and the Office of Inspector General (OIG) (-\$20 million).

In contrast, the administration calls for an increase in funding for the Centers for Medicare and Medicaid Services (CMS) program integrity measures (+\$35 million) and for the Indian Health Services (IHS) (+\$1.1 billion). Please see the table below, which provides an agency-by-agency comparison of the FY 27 budget request compared to the FY 26 budget request, along with links to relevant congressional justification documents.

<b>Agency</b>	<b>FY 27 Discretionary Budget Authority Request (in Millions of \$)</b>	<b>Change from Enacted FY 26 Budget (in Millions of \$)</b>
<a href="#">Administration for a Healthy America</a>	14,673	+14,673 <sup>1</sup>
<a href="#">Administration for Children, Families, and Communities</a>	28,680	-6,856
<a href="#">Administration for Strategic Preparedness and Response</a>	3,337	-365
<a href="#">Advanced Research Projects Agency for Health</a>	945	-555
<a href="#">Centers for Medicare and Medicaid Services: Program Integrity</a>	976	+35
<a href="#">Centers for Medicare and Medicaid Services: Program Management</a>	3,700	-437
<a href="#">Food and Drug Administration</a>	3,306	-48 <sup>2</sup>
<a href="#">Centers for Disease Control and Prevention</a>	5,280	-484
<a href="#">HHS Office of the Inspector General</a>	175	-20
<a href="#">Indian Health Service</a>	9,094	+1,109
<a href="#">National Institutes of Health</a> <sup>3</sup>	41,164	-3,480

## ADMINISTRATION FOR A HEALTHY AMERICA (AHA)

The AHA is a proposed new agency that would combine GDM, OASH, HRSA, SAMHSA, and several CDC centers and programs. The organization would include the following components: Primary Care, Maternal and Child Health, Mental and Behavioral Health, HIV/AIDS, Health Workforce, Policy, and Research and Oversight, which includes the Surgeon General. The budget request eliminates several existing programs within each agency that would be incorporated into the AHA. These include the following:

From HRSA: Healthy Start, Early Hearing Detection and Intervention, Emergency Medical Services for Children, Ryan White Part F, Ryan White Special Projects of National Significance, Rural Hospital Flexibility Grants, State Offices of Rural Health, Rural Hospital Stabilization, Rural Hospital Provider Assistance Program, Family Planning, Congressionally directed spending projects, and 14 workforce programs, including some nursing workforce programs and Medical Student Education.

1 The President's FY 26 budget requested \$14,058,000,000, which was not enacted.

2 The proposed budget includes a net increase of \$232 million, which is due to an increase in user fees, not the total discretionary budget authority.

3 As of April 6, the NIH has yet to publish its congressional justification document, but this link goes to the NIH Office of Budget.

From CDC: All Chronic Disease Prevention and Health Promotion activities except for Cancer Prevention and Control programs and Alzheimer's Disease, and the following Injury Prevention and Control programs: Youth Violence Prevention, Adverse Childhood Experiences, Firearm Injury and Mortality Prevention Research, Elderly Falls, Drowning, Other Injury Prevention Activities, and Injury Control Research Centers.

From SAMHSA: Mental Health Awareness Training; Healthy Transitions; Infant and Early Childhood Mental Health; Mental Health Children and Family Programs; Consumer and Family Network Grants; Mental Health System Transformation; 5cProject LAUNCH; Primary and Behavioral Health Care Integration Programs; Mental Health Crisis Response Partnership Program; Homelessness Prevention; Mental Health Criminal and Juvenile Justice Programs; Assertive Community Treatment for Individuals with Serious Mental Health Illness; Homelessness Technical Assistance; Minority AIDS; Seclusion and Restraint; Minority Fellowship Program; Tribal Behavioral Health Grants; Interagency Task Force on Trauma-Informed Care; Eating Disorder Identification, Treatment, and Recovery; Children and Family Programs; Strategic Prevention Framework; Sober Truth on Preventing Underage Drinking; Drug Abuse Warning Network, and Congressionally-directed spending projects.

From GDM and OASH: Office of Population Affairs, Teen Pregnancy Prevention, Secretary's Minority HIV/AIDS Fund, Kidney X, Stillbirth Task Force, and Sexual Risk Avoidance.

The budget also includes investments across AHA to align with Secretary Kennedy's Make America Healthy Again Initiative. These include:

- \$316 million for rural-focused grant programs and technical assistance, including \$145 million for the Rural Communities Opioid Response Program
- \$19 million for the Prevention Innovation Program for Tribal Communities to support tribes, tribal organizations, and urban Indian health organizations
- \$20 million for the Chronic Care Telehealth Centers for Excellence Program and \$8 million for the Telehealth Nutrition Services Network Grant Program
- \$6.8 billion in discretionary funding to provide substance abuse prevention, treatment, and recovery services, as well as support for mental health services
- \$4.6 billion for a new Behavioral Health Innovation Block Grant, which consolidates the Community Mental Health Services Block Grant, Substance Use Prevention, Treatment, and Recovery Services Block Grant, and the State Opioid Response program
- \$80 million for the Behavioral Health and Substance Disorder Resources for Native Americans Grant Program

- \$788 million in discretionary funding for health workforce programs focused on strengthening the workforce in rural and underserved areas and supporting behavioral health training, including \$130 million in discretionary funding for the National Health Service Corps
- \$923 million in discretionary funding for maternal and child health programs formerly managed by HRSA

## **ADMINISTRATION FOR CHILDREN, FAMILIES, AND COMMUNITIES (ACFC)**

The FY 27 budget request recommends combining the Administration for Children and Families (ACF) and the Administration for Community Living (ACL) into one agency: the ACFC. The FY 27 budget request calls for the elimination of the following programs: Community Services Block Grant programs, Chronic Disease Self-Management Education, Senior Medicare Patrol Program, University Centers for Excellence in Developmental Disabilities, Developmental Disabilities Projects of National Significance, Limb Loss Resource Center, the Paralysis Resource Center, Area Agencies on Aging, the National Center for Benefits Outreach Enrollment, and the White House Conference on Aging. It includes the following funding for programs administered through ACFC:

- \$54 million to support tribal elders through nutrition and caregiver support programs formerly administered by the ACL
- \$414 million for the Home and Community-Based Supportive Services program
- \$55 million for the State Health Insurance Assistance Program

## **ADMINISTRATION FOR STRATEGIC PREPAREDNESS AND RESPONSE (ASPR)**

The FY 27 budget request for ASPR aims to streamline and simplify federal and state funding tools, protect against natural and man-made health threats, and promote domestic manufacturing of critical medicines. The FY 27 budget request provides the following to ASPR:

- \$1.8 billion for medical countermeasure research and development through programs administered by the Biomedical Advanced Research and Development Authority (BARDA)
- \$327 million, an increase of +\$325 million above FY 26, in no-year funding to support procurement, storage, and annual operational costs of the Strategic Active Pharmaceutical Ingredient Reserve
- \$1 billion in flat funding for the Strategic National Stockpile

## ADVANCED RESEARCH PROJECTS AGENCY FOR HEALTH (ARPA-H)

The FY 27 budget request is organized around five themes: 1) Addressing Chronic Disease; 2) America-Made Manufacturing and Rural Access; 3) Proactive Approaches to Healthy WellBeing; 4) Healthcare Security, Efficiency, and Transparency; and 5) American Leadership in Frontier Health Technologies. Specifically, the FY 27 budget request includes several goals within these categories, including:

- To create the Treating Hereditary Rare Diseases with in Vivo Precision Genetic Medicines (THRIVE) program to develop integrated platform technologies to accelerate precision treatments for diseases at the genetic level
- To transform manufacturing technologies, processes, and business models for domestic medical products and ensure scalable manufacturing for personalized therapies and critical medical supplies
- To continue investing in Artificial Intelligence (AI)/Machine Learning (ML) to track and remediate toxins and AI and longitudinal data approaches to determine root causes of chronic diseases
- To develop biohybrid systems to restore full function to damaged or diseased tissues, real-time identification and visualization of neural circuits, and quantum imaging technologies

## CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS)

### Program Integrity

The FY 27 budget request includes a number of requests and initiatives intended to strengthen efforts to ensure program integrity within CMS. These include the following:

- \$976 million for the Health Care Fraud and Abuse Control (HCFA) Program, which includes \$740 million for the CMS, \$138 million for the U.S. Department of Justice, and \$98 million for the HHS OIG
- A planned ramp-up of oversight of Medicaid programs through expanded audits and investigations, and establishing new processes to support law enforcement and recover the overpayment of funds

### Program Management

The FY 27 budget request also includes funding for CMS program management, which administers programs such as Medicare and Medicaid. This includes the following:

- \$811 million to carry out operational needs and beneficiary rights guaranteed by Original Medicare (Parts A & B)
- \$385 million for the National Medicare Education Program

- \$112 million for Medicare Parts C & D administrative needs to support rulemaking, information technology systems, and timely appeals
- \$155 million for Medicaid and CHIP administrative operations, including \$25 million for CMS to explore investing in a scalable and modernized Medicaid system and tools to support state systems with the goal of improving transparency in and access to Medicaid data
- \$487 million for the Survey and Certification program to improve oversight frequency of health care facilities
- \$21 million for the 340B program, +\$8 million above FY 26, to increase oversight of the program. As in the FY 26 budget request, the FY 27 budget request recommends moving the 340B program from HRSA to CMS
- Calls to re-platform Original Medicare claims processing using a commercial claims processing system
- Calls to invest in core digital infrastructure to modernize Medicare.gov, strengthen and validate CMS-managed provider identity and directory services, and improve CMS's internal data processing, security, and information-sharing capabilities

## FOOD AND DRUG ADMINISTRATION (FDA)

The FY 27 budget request seeks to advance the Make America Healthy Again (MAHA) agenda by supporting food and medical product safety, strengthening foreign and domestic inspection capacities, reducing tobacco-related harm, and maintaining facilities and infrastructure. The budget proposes the reorganization of the National Center of Toxicology Research to the CDC's National Center for Chemicals and Toxins. Additionally, the FY 27 includes the following for the FDA:

- \$2 million to upgrade centralized process systems with AI/ML capabilities
- \$466 million and \$632 million for reviews of medical devices and human drugs, respectively
- \$9 million to establish the FDA PreCheck Program to strengthen domestic pharmaceutical manufacturing

Although the FY 27 budget request proposes a decrease in discretionary spending, there is a proposed net increase in total FDA spending due to higher user fees, which support product reviews and regulatory oversight.

## CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC)

The budget request for FY 27 aims to refocus CDC on its core mission and foundational capacities, including data, surveillance, laboratory science, and global preparedness. The budget includes flexibility to move funding between CDC accounts through the Secretary's transfer authority. The reasoning for this is to allow the CDC to address emerging issues or emergencies. The budget prioritizes funding for the Infection and Prevention Control Initiative and the Healthy and Safe Food Initiative.

- \$1 billion to establish the National Center for Chemicals and Toxins
- \$107 million (+\$33 million) for the Health and Safe Food Initiative
- \$219 million (+22 million) for the Infection Prevention Control Initiative
- \$45 million to support an innovative biothreat detection system
- \$260 million for a Public Health Infrastructure and Capacity grant to address gaps in core public health capacity and infrastructure at the state, tribal, territorial, and local levels
- \$963 million for the discretionary immunization and respiratory diseases program

The budget also includes two legislative proposals: 1) to authorize CDC to set data reporting requirements to public health entities to improve capacity to detect and respond to public health threats, monitor and evaluate distribution of medical countermeasures and critical supplies, and connect communities with resources and services; and 2) to allow non-competitive conversion of fellows to employees to retain a highly skilled workforce.

## HHS OFFICE OF THE INSPECTOR GENERAL (OIG)

The HHS OIG is currently focused on large-scale financial recoveries and addressing vulnerabilities in Medicaid and Medicare. The budget request proposes a 3% decrease for HHS-OIG from FY 26, reflecting a government-wide Inspector General budget reduction. The FY 27 budget request includes the following:

- \$84 million in discretionary funding for Public Health and Human Services Oversight
- \$98 million in discretionary funding for Health Care Fraud and Abuse Control

## INDIAN HEALTH SERVICE (IHS)

In the FY 27 budget request, the administration aims to strengthen its commitment to improving tribal health and well-being through strategic investment. Specifically, the FY 27 budget request calls for the following at IHS:

- \$5.5 billion for direct health care services
- \$84 million to fund staffing and operating costs for 5 newly constructed health care facilities
- \$287 million to continue the transition to a new electronic health record system
- \$191 million to construct facilities on the IHS Healthcare Facilities Construction Priority List
- \$538 million for maintenance and improvement, medical equipment, and Facilities and Environmental Health Support programs

## NATIONAL INSTITUTES OF HEALTH

The budget request for FY 27 focuses on 2 research priorities: ending the chronic disease epidemic and understanding the biomarkers for aging and disease. The budget proposes to consolidate the National Institute of Drug Abuse and the National Institute on Alcohol Abuse and Alcoholism into the National Institute of Substance Use and Addiction Research. The budget also proposes the elimination of the following:

- National Center for Complementary and Integrative Health
- Fogarty International Center
- National Institute on Minority Health and Health Disparities

The budget will continue the 15% cap on indirect costs. Budget priorities are laid out below:

- \$60 million in integrative chronic disease research
- \$25 million to advance the understanding of causal biomarkers of aging and disease
- \$60 million to scale and further operationalize the Real-World Data Platform
- \$515 million in the Office of the Director's Common Fund to support new program concepts related to cutting-edge research to cure diseases

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**We trust you found this summary useful. Please reach out to [us](#) with any questions.**

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