The Agency for Healthcare Research and Quality (AHRQ) Budget: Fact Sheet

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The Agency for Healthcare Research and Quality (AHRQ), within the Department of Health and Human Services (HHS), is the federal agency charged with supporting research designed to improve the quality of health care, increase the efficiency of its delivery, and broaden access to health services. In addition, AHRQ is required to disseminate its research findings to health care providers, payers, and consumers, among others. The agency collects data on health care expenditures and utilization through the Medical Expenditure Panel Survey (MEPS) and the Healthcare Cost and Utilization Project (HCUP). 1 Authorized appropriations for AHRQ expired in 2005; however, it has continued to receive annual funding since that time.

The AHRQ budget has traditionally been organized into the program areas of Health Costs, Quality, and Outcomes (HCQO) Research; MEPS; and program support. As of FY2017, HCQO focuses on four priority areas, including (1) Health Information Technology Research; (2) Patient Safety; (3) Health Services Research, Data and Dissemination; and (4) U.S. Preventive Services Task Force (USPSTF). 2

AHRQ’s program level had been increasing steadily over the period FY2011-FY2015, with decreases in discretionary funding being more than offset by transfers of mandatory funds pursuant to the Patient Protection and Affordable Care Act of 2010 (ACA, P.L. 111-148). However, in FY2016, the total program level for the agency decreased from its prior-year level for the first time since FY2011. ACA mandatory funds have been a prominent and increasing source of funding for the agency since FY2010.

Funding Sources

AHRQ’s budget currently comprises both discretionary and mandatory funds, although it has not always. Between FY2003 and FY2008, agency funding came mostly if not entirely from transfers of discretionary funds from the Public Health Service (PHS) evaluation set-aside. From FY2010 to FY2016 agency funding included mandatory funds, as the agency began receiving transfers from specified ACA trust funds. Also, in FY2015 and FY2016, discretionary funding for the agency shifted from PHS evaluation set-aside funds to the agency’s own discretionary appropriation.

Discretionary Funding Sources

Between FY2003 and FY2014, AHRQ did not receive its own annual discretionary appropriations. 3 Instead, the majority of AHRQ’s funding during this timeframe consisted of transfers of discretionary funds from the PHS evaluation set-aside. This set-aside (sometimes called the PHS evaluation “tap”) is authorized in Section 241 of the Public Health Service Act (PHSA) and allows the HHS Secretary, with the approval of congressional appropriators, to redistribute a portion of eligible PHS agency appropriations across the department to evaluate the

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1 For more information about AHRQ in general, see http://www.ahrq.gov.
2 For several years, HCQO included a patient-centered health research (comparative effectiveness research) area, but this area was first removed in the FY2016 congressional budget justification and the FY2016 President’s budget request, and continued to be excluded in FY2017 documents. In addition, HCQO had previously included a “Value” category, but that area was removed in the FY2017 President’s budget request and in the FY2017 congressional budget justification.
3 Although AHRQ did not receive a discretionary appropriation in the FY2009 Omnibus Appropriations Act (P.L. 111-8), the agency did receive $700 million in a one-time supplemental discretionary appropriation from the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).
implementation and effectiveness of HHS programs. While the PHS evaluation set-aside has generally been the primary source of AHRQ funding in recent years, this was not the case in FY2015, when the agency received its own annual discretionary appropriation for the first time in over a decade, and did not receive any transfer from the PHS evaluation set-aside. This trend continued in FY2016, when the agency again received its own annual discretionary appropriation but no transfer from the PHS evaluation set-aside.

**Mandatory Funding Sources**

With the passage of the Patient Protection and Affordable Care Act (ACA, P.L. 111-148, as amended), AHRQ began receiving additional transfers from two new mandatory funding streams: (1) the Prevention and Public Health Fund (PPHF), which is designed to support prevention, wellness, and public health activities, and (2) the Patient-Centered Outcomes Research Trust Fund (PCORTF), which is designed to support comparative clinical effectiveness research. AHRQ received a share of total PPHF transfers in each of FY2010-FY2014, but received no PPHF transfer in FY2015 or FY2016. The ACA directly appropriated annual funding to the PCORTF beginning in FY2011 through FY2019 and required the HHS Secretary to transfer a share of PCORTF funds to AHRQ each year. Funds transferred to AHRQ from PCORTF are designated by the ACA to carry out PHSA Section 937, which requires AHRQ to disseminate the results of patient-centered outcomes research carried out by the Patient Centered Outcomes Research Institute (PCORI) and other “government-funded research relevant to comparative clinical effectiveness research.” AHRQ received PCORTF transfers in each of FY2011-FY2016 and, under law, is scheduled to continue receiving PCORTF transfers through FY2019. As illustrated in Figure 1, funding transfers from PPHF and PCORTF have supplanted, to some extent, PHS evaluation set-aside dollars; in FY2015 and FY2016, these mandatory funds supplanted a discretionary appropriation.

**Figure 1** shows the funding sources for the agency’s budget from FY2010 (the first year ACA funds were available) through FY2016. During this time, the agency’s budget has increased by $25 million, as transfers (mostly from PCORTF) have more than offset decreases in PHS evaluation set-aside dollars and discretionary appropriations in later years. However, funding for the agency decreased in FY2016, by $14 million, for the first time since FY2011, despite an increasing transfer from PCORTF. The figure also shows that although the majority of agency funding has come from PHS evaluation set-aside dollars (and its own discretionary appropriation in FY2015 and FY2016) during this time, funding from PCORTF has also grown considerably over this time period, from $8 million in FY2011 to $106 million in FY2016.

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4 For more information about the PHS Program Evaluation Set-Aside, see CRS Report R43967, Labor, Health and Human Services, and Education: FY2015 Appropriations, coordinated by Karen E. Lynch.

5 For more information about PPHF, see Appendix C in CRS Report R43304, Public Health Service Agencies: Overview and Funding (FY2010-FY2016), coordinated by C. Stephen Redhead and Agata Dabrowska.

6 For more information about PCORTF, see Appendix D in CRS Report R43304, Public Health Service Agencies: Overview and Funding (FY2010-FY2016), coordinated by C. Stephen Redhead and Agata Dabrowska.

AHRQ Funding History

AHRQ’s program level had been increasing steadily over the period of FY2011 to FY2015, with decreases in discretionary funding being more than offset by transfers of ACA mandatory funds. However, in FY2016, the total program level for the agency decreased for the first time since FY2011, despite an increasing PCORTF transfer. Total funding levels for the agency in FY2017 are unclear at this time because no full year appropriations bill for Labor-HHS-Education has been passed; instead, Congress passed a continuing resolution (Division C of the Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017, and Zika Response and Preparedness Act, P.L. 114-223), which generally provides discretionary funding for AHRQ’s programs and activities at FY2016 levels, reduced by 0.496%, through December 9, 2016. PCORTF funds for FY2017 should be available as usual, as they are not provided through the annual appropriations process and therefore not subject to the continuing resolution. Table I provides information on the past five years of the agency’s budget, as well as the FY2017 President’s budget request.
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<tr>
<th>Program or Activity</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017 Request</th>
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<td>PHS Evaluation Set-Aside</td>
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**Source:** Funding amounts for FY2012 and FY2013 are taken from AHRQ’s Sequestration Operating Plan for FY2013. Funding amounts for FY2014 are taken from the FY2016 HHS Budget in Brief and the FY2015 congressional budget justification. The funding amounts for FY2015, FY2016, and the FY2017 President’s budget request are taken from the FY2017 HHS Budget in Brief. All of these documents are available at http://www.hhs.gov/budget/.

**Notes:** PCORTF: Patient-Centered Outcomes Research Trust Fund; PPHF: Prevention and Public Health Fund; PHS: Public Health Service. Individual amounts may not add to subtotals or totals due to rounding.

a. Starting with the FY2016 President’s request, the PCORTF transfer was separated from patient-centered health research within HCQO, and patient-centered health research was removed from HCQO altogether. However, this table retains this research area within HCQO for comparability purposes across the budget window. This is the reason FY2014-FY2017 request funds are shown as an “add” to other HCQO funds—because the source used for those years (the FY2017 HHS Budget in Brief) pulls these funds out of HCQO.

b. The category “value” was removed from the FY2017 budget materials (the HHS Budget in Brief as well as the AHRQ congressional budget justification).

c. The category “prevention/care management” was removed from the FY2017 budget materials, and replaced with “U.S. Preventive Services Task Force.”
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