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THE FISCAL YEAR 2021 HEALTH AND HUMAN SERVICES BUDGET AND OVERSIGHT OF THE CORONAVIRUS OUTBREAK

WEDNESDAY, FEBRUARY 26, 2020

House of Representatives,

Subcommittee on Health,

Committee on Energy and Commerce,

Washington, D.C.

The subcommittee met, pursuant to call, at 1:00 p.m., in Room 2123, Rayburn House Office Building, Hon. Anna G. Eshoo [chairwoman of the subcommittee] presiding.

Present: Representatives Eshoo, Engel, Matsui, Castor, Sarbanes, Lujan, Schrader, Kennedy, Cardenas, Welch, Ruiz, Dingell, Kuster, Kelly, Barragan, Blunt Rochester, Pallone (ex officio), Burgess, Upton, Shimkus, Guthrie, Griffith, Bilirakis, Long, Bucshon, Brooks, Hudson, Carter, Gianforte, and Walden (ex officio).

Also Present: Representatives DeGette and Schakowsky.

Staff Present: Joe Banez, Professional Staff Member; Kevin Barstow, Chief Oversight Counsel; Jacquelyn Bolen, Counsel; Jeff Carroll, Staff Director; Kimberly

Espinosa, Professional Staff Member; Waverly Gordon, Deputy Chief Counsel; Tiffany Guarascio, Deputy Staff Director; Stephen Holland, Health Counsel; Zach Kahan, Outreach and Member Service Coordinator; Saha Khaterzai, Professional Staff Member; Chris Knauer, Oversight Staff Director; Una Lee, Chief Health Counsel; Kevin McAloon, Professional Staff Member; Aisling McDonough, Policy Coordinator; Meghan Mullon, Policy Analyst; Alivia Roberts, Press Assistant; Tim Robinson, Chief Counsel; Kimberlee Trzeciak, Chief Health Advisor; Rick Van Buren, Health Counsel; C.J. Young, Press Secretary; Nolan Ahern, Minority Professional Staff, Health; Jennifer Barblan, Minority Chief Counsel, O&I; S.K. Bowen, Minority Press Secretary; William Clutterbuck, Minority Staff Assistant; Jordan Davis, Minority Senior Advisor; Caleb Graff, Minority Professional Staff Member, Health; Tyler Greenberg, Minority Staff Assistant; Brittany Havens, Minority Professional Staff, O&I; Peter Kielty, Minority General Counsel; Ryan Long, Minority Deputy Staff Director; Kate O'Connor, Minority Chief Counsel, C&T; James Paluskiewicz, Minority Chief Counsel, Health; Kristin Seum, Minority Counsel, Health; Kristen Shatynsky, Minority Professional Staff Member, Health; and Alan Slobodin, Minority Chief Investigative Counsel, O&I.

Ms. Eshoo. The Subcommittee on Health will now come to order.

I just want all members to know that our witnesses today have to leave at 5:00 p.m. So the questions for the first panel on the HHS budget with the Secretary -- and welcome, Mr. Secretary -- are going to be limited to 4 minutes. In the second panel, on the coronavirus response, those questions will be limited to 5 minutes, which is the usual case, but only 10 members are going to be able to ask questions during that round. So I will have to be strict with the gavel since the witnesses have a tight timeframe, and I know that you will all cooperate with that.

And so let us begin.

Welcome, Mr. Secretary. We are glad that you are here. We have a lot to take up, and every bit of it is, obviously, serious.

The chair now recognizes herself for 5 minutes for an opening statement.

And let me begin with this, Mr. Secretary: I think that confusion is the enemy of preparedness. Confusion is the enemy of preparedness. I believe that the administration's lack of coordination for the coronavirus response is on full display. We all know that. Markets are reacting, I think, at least in some part, to the lack of trusted information, amongst many other factors.

Our government, across the government, has to speak with credibility and authority. Instead, it is like a Greek chorus chanting on the side of the stage. We have one saying one thing, the President saying something else, and that adds to the confusion.

I think that there are key questions that need to be addressed for the American

people: What is the plan, the overall plan, should this virus infect Americans in high numbers?

What is the plan for increasing diagnostic capacity, and what is the target number for that? Dysfunctional tests, we all know, have limited our ability to diagnose the virus, and the small number, it could be said, of U.S. cases may reflect limited testing and not the virus's spread. But it is up to our professionals to put out with clarity that kind of information.

What is the plan for protecting our healthcare workers that are on the front lines of this? What is the plan to increase hospital capacity?

Now, in my view, the United States of America has the premier professional public health professionals in the world -- in the world -- our scientists, our doctors, those that are heading up the agencies, those that are part of the agencies. I think the problem rests more with administration people, one saying one thing, others saying something else.

I think that the briefings that are done for the Congress, if I might suggest, should be open to the public. There is no reason to have secrets about this. And I say that because it raises the element of fear with people. "There is something going on behind closed doors that they are not telling us."

And it is a time for us, if I might use the expression, to give them an inoculation of confidence. And certainly the virus triggers fear, and I think the antidote for this is truth and transparency, including informing the American people of a coordinated, fully funded government plan to keep us safe.

These are not things they can do for themselves. We are the ones. You are

certainly in the driver's seat on this. And I think that the funding request -- and later in my questions, I will ask you about that -- is wholly inadequate.

Now, before requesting the emergency funding, the President's budget contained dangerous cuts that weaken our public health frontline response, gut the healthcare safety net, and end programs focusing on increasing our healthcare workforce.

So we are driving in the wrong direction. It is as if there is a fire and the fire engine is going down the wrong end of the road instead of to the fire. We need these resources in order to care for the American people.

As the author of the Pandemic and All-Hazards Preparedness Act, I know that the best way to fight outbreaks is by preparing and investing in advance, not by rushing after a pandemic hits.

And while the virus is spreading, the President's budget cuts almost $700 million from the CDC; $430 million from the national institute focused on infectious diseases; $3 billion from the government's global health program. This is a jaw-dropping $1.6 trillion cut from the very Federal programs that cover one in three Americans. This doesn't make any sense.

And the President's budget virtually ends the workforce development programs that trained more than a half a million clinicians each year. I see them every week in my congressional district at Stanford Medical Center and Lucile Packard Children's Hospital.

So the budget weakens our public health safety net and it hurts our country's resiliency. The CDC, NIH, all of these agencies cannot run on fumes -- cannot run on fumes. And it is not even a Tesla if it doesn't have a battery that is going to last.

And if Americans are uninsured or underinsured, they are not going to seek care,

and that will contribute to the spread of the disease.

So I don't know what is -- the President often has promised "beautiful" healthcare. I don't find beauty in what I just said, and I am sorry that this is a part of it.

So, with that, I will have questions, and thank you again for being here.

The chair now recognizes Dr. Burgess, the ranking member of our subcommittee, for his 5 minutes for an opening statement.

[The prepared statement of Ms. Eshoo follows:]

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Mr. Burgess. And I thank the chair.

Thank you, Secretary, for being here. Always great to see you in our committee. I hope the feeling is mutual; you always are grateful to be here at our committee.

I just have to say, Madam Chair, that 2 weeks ago I was criticized rather severely for even suggesting that we needed a coronavirus hearing. The work we were doing that day, which was a bill that was never going to become law, was so important that we didn't need to do that hearing. We did need to do that hearing. I am grateful we are having it today. I am grateful we have the Secretary.

Now, this hearing is also being coincidently run with the President's budget proposal for fiscal year 2021. And that is a lot of stuff to cover in one hearing, but I guess we will do our best, Mr. Secretary.

So let me just say, I do appreciate the administration's commitment to healthcare. I appreciate the commitment to lowering healthcare costs and reducing the complexity of the system so that patients can more easily access their care.

One thing the administration and, Mr. Secretary, particularly you led on was advancing kidney health for Americans. That trend continues in the Health and Human Services budget proposal and the support for H.R. 5534, the Comprehensive Immunosuppressive Drug Coverage for Kidney Transplant Patients Act.

As you know, Mr. Secretary, this bill would extend Medicare coverage of immunosuppressive drugs past the current 36-month limit. A patient with a kidney transplant needs to take immunosuppressives or their body will ultimately reject the graft, causing the patient to return for dialysis treatment.

A kidney transplant is indeed an investment in the future of that recipient patient, and this bill will help protect that investment. I have worked on this policy for a decade, and I am thankful it has been highlighted as a priority by the administration. It is time for Congress to finally pass this commonsense legislation.

The budget also continues the work of the SUPPORT Act, one of the major pieces of legislation passed in the last Congress, by making clear that the opiate epidemic and programs in the oversight investigation -- and making sure that the opiate epidemic and response programs are indeed a priority.

In our Oversight and Investigations Subcommittee, we have heard from various States about the efforts they are making to help those with substance use disorder. Funding for these State opiate response grants is imperative to allow States to find the innovative ways to combat this crisis.

I also appreciate the fact that the administration included Hyde Amendment pro-life protections in all proposed funding language. It is important to ensure that Federal funds are not used to perform abortions. And I hope as this subcommittee moves forward with reauthorizations and the Appropriations Committee puts together the bills for fiscal year 2021 they will maintain those protections.

Other important programs and policies are receiving increased funding, including: the Maternal and Child Health Block Grant, the Health Resources and Services Administration's Maternal Health in America initiative, and the 340B drug pricing program. Funding increases for the Centers for Disease Control and Prevention's influenza program are particularly important as we now face this worldwide coronavirus outbreak.

Which brings me to the novel coronavirus. And it has infected over 80,000 individuals worldwide, proven to be more deadly than SARS. I appreciate the Trump administration's vigilance and rapid response efforts.

Mr. Secretary, let me just say, I was so heartened -- I think it was four Fridays ago when you came on the air and said there was a limit to people being able to come into this country from China. And I thought it was important that the administration say that.

And I believe that is one of the central things -- my thesis is that is one of the central things that has provided us at least a little breathing room as this virus erupts around the world. We are, fortunately, not as affected as some other countries. Now it is incumbent upon us to make sure that we utilize that time wisely.

Certainly, the Pandemic and All-Hazards Preparedness Act, which was worked on by this subcommittee in the last Congress and finally passed at the beginning of this Congress -- important piece of legislation. I would have liked for us to have done real-time hearings updating, are we doing what was intended with that bill? Is the stockpile responding appropriately to the authorizations that we made?

And this is the type of information -- rather than the political rhetoric back and forth that we have heard, this is the type of information that I think would be helpful and, indeed, reassuring to the American people.

You can't ignore the fact of what has happened to the markets. Today we are grateful that they have seemed to have rebounded a little bit. But, look, we all know China has not been forthcoming with information, and it is that uncertainty -- that uncertainty -- that I believe is one of the negative forces driving the market.

Mr. Secretary, I appreciate you being here today. We will have multiple questions for you. I certainly look forward to your testimony.

Thank you. I yield back.

[The prepared statement of Mr. Burgess follows:]

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Ms. Eshoo. The gentleman yields back.

I want the ranking member to know the following. On January 30, I requested that, the following week, we have a hearing on the coronavirus with the heads of the agencies. The Secretary leaned in and said, "I head up the effort, and I want to be there with that team." And here we are today.

So this is not something, Dr. Burgess, that we have just casually overlooked or ignored. That is far from the fact.

I now would like to recognize the chairman of the full committee, Mr. Pallone, for his 5 minutes.

The Chairman. Thank you, Chairwoman Eshoo.

Today's hearing serves two critical purposes: First, we will examine the Trump administration's proposed budget for the Department of Health and Human Services for fiscal year 2021; and, second, we will get a crucial update on the administration's ongoing response to the coronavirus.

I am disappointed, though not surprised, that the Trump administration budget proposal completely contradicts the healthcare promises that the President repeatedly makes to the American people. When it comes to ensuring the American people have access to affordable and quality healthcare, the Trump administration has failed them, and this budget proposal continues that record.

Two years after showering the wealthy and large corporations with major tax breaks, the President's 2021 budget proposal slashes $100 billion from the Affordable Care Act, $500 billion from Medicare, and more than $900 billion from Medicaid over the

course of 10 years. And the President also wants to make it easier for States to take away people's coverage, undermine their care, and cut critical benefits.

And this puts the health and well-being of tens of millions of children, parents, pregnant women, and people with disabilities at risk. Medicaid is a lifeline for millions of working-class families, and it is unconscionable that the President wants to cut it to pay for tax cuts for millionaires.

Now, these budget cuts also fly in the face of President Trump's own words. He promised that, as President, he would not cut Medicare or Medicaid. And he promised in his State of the Union Address earlier this year that he would continue to protect the more than 130 million Americans with preexisting conditions. But, as Secretary Azar knows, this administration is now suing in the Federal courts to strike down the ACA and all of its consumer protections.

Overall, President Trump is proposing a 12-percent cut to the HHS's budget, one of the largest cuts to any Federal agency. The devastating cuts don't end at Medicare, Medicaid, and the ACA. The President's proposal cuts the National Institutes of Health by $3 billion and the Centers for Disease Control and Prevention by $675 million. And keep in mind that this is the very agency that is now responding to the coronavirus.

And I am also concerned by the proposal to move tobacco regulation out of the FDA's authority altogether. Instead, the administration would create a new, untested agency to oversee tobacco products while we are in the midst of a youth tobacco epidemic.

After years of regulatory uncertainty, the Tobacco Control Act clearly and unambiguously ensured that FDA would regulate tobacco products for the protection of

public health, and, over the last decade, the agency has worked to develop the expertise, workforce, and scientific basis to effectively regulate these products.

So I am concerned that this proposal would only serve to further politicize tobacco regulation by stripping away FDA's sound, scientific, and evidence-based approach and replacing it at the whims of political appointees. And it is nothing more than a gift, frankly, to big tobacco companies.

Now, let me just move to the second topic at hand. After we discuss the budget, we will ask questions of the Secretary and other top public health officials on the administration's efforts to address the coronavirus outbreak. It is critical that we get an update on the scale of the outbreak, its repercussions in the U.S., and how we can work together to ensure the safety of all Americans.

I think we have one of the strongest public health infrastructures in the world, and it is more than capable of coming to an effective solution. And we should be supporting that system with all available resources.

So, again, Madam Chair, I thank you. And I think -- well, actually, I have time left, if anybody wants it, but -- everybody gets time, or should -- does anybody want my time? I guess not.

All right. Thanks a lot. I yield back.

[The prepared statement of the chairman follows:]

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Ms. Eshoo. The gentleman yields back.

Pleasure to recognize the ranking member of the full committee, Mr. Walden, for his 5 minutes of -- for his opening statement.

Mr. Walden. Thank you, Madam Chair. Good afternoon.

And, Mr. Secretary, thank you for being here today. It is not the first time we have seen you here, I think, this year probably, but certainly we appreciate the work you and your team have done dealing with the coronavirus.

I think I have been in every one of the roundtables and hearings that you and your team have provided for this committee and other committees. Chairman Pallone and I were the co-moderators of the first one in the Visitor Center, where every Member of Congress was invited, and I was at the last one, and I was at the Situation Room at the White House before the break. And, you know, I think you all have been very forthcoming with the facts.

And for whatever reason, we haven't had a hearing here. Maybe we wanted to wait until this one. But I think it is important that we hear from you and the team that you are leading.

And I think it is important to recognize the work that Mrs. Brooks did on reauthorizing the Pandemic and All-Hazards Preparedness Act in the last Congress. We had big fights about that, but thank goodness it is in place, because it is designed to do exactly what we are encountering today: have a lead person in the administration -- that is you -- that is designated by the President, and a team ready to go.

And so I guess I have been to enough of those briefings that I saw Members kind

of yawning at some point in those, quote/unquote, "closed-door briefings" because we were hearing it for the third time.

Now, we were gone a week, and a lot has changed. And we know what is happening in China is probably worse than we are being told. And I think the big issues there are supply chain as well as public health.

We know it is spreading around the world, and we are trying to cope. And we know, and you have warned us, and Dr. Fauci has warned us, and others, expect it to -- you know, this could well mutate, but that doesn't mean end of world. It can well expand; we should be ready for that. But, as Mr. Pallone said, we have a terrific public health system here in the United States.

A lot of that is driven at the local level. And it is important we have those communication links in place so that when we identify something, somebody coming in through an airport, the local health officials know about it at home and we are able to deal with it. And I think it is good to get this out in the public.

I would just point out that we will hear from you and the CDC, FDA, and ASPR and NIAID to give us an update on the sidecar hearing. We have had now, what, 80,000 confirmed cases worldwide, 2,700 deaths. The outbreak has become a significant global health concern. Yesterday, Italy announced 300 individuals have been affected by the coronavirus; 11 have died.

There is still much we do not know about the outbreak, and so we will learn more, I guess, after this budget hearing.

But it is essential that we do everything we can and provide you the assistance. And I know, in the meetings I have been in with everybody else on this committee that

was there to attend, you have made it clear, if you need more money, you will ask us, and we have made it clear, if you need more money, tell us, and we will work with you.

Now, we will want to get the specifics, obviously, but I know you have sent up a supplemental request for, I think, a total of a little over $2 billion, $2.5 billion. Some of that is reprogramming; some of it is additional money. No sooner had that left your office than some politicians were on the air, criticizing you for not asking for enough. And so we will be interested to get your response to that.

I do think it is also essential to look at perspectives, in terms of what Americans are facing today with the traditional flu and that we have probably lost, what, 10,000 or more Americans have died from the annual flu. And we have vaccines for that and treatments for that. And so we have to think about that, as well, and practice good public health.

I was in Japan with a couple other of my colleagues on the committee, and you can't go anywhere in Japan without the hand sanitizer being squirted in your hands. And it was a good lesson, I think, for all of us. But we ought to be doing a little bit more of that here and we would probably help with the traditional seasonal flu and spread of other diseases.

And so there is a lot we can learn from you; there is a lot we can learn from your team. And we will look forward to hearing from you directly on that, on the record here in the public.

So, with that, Madam Chair, I yield back.

[The prepared statement of Mr. Walden follows:]

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Ms. Eshoo. The gentleman yields back.

I now would like to introduce our witness for today's first panel. One person, one person alone: the Nation's Secretary of Health and Human Services.

Welcome to you, Secretary Azar. You certainly are familiar with the lighting system around here, so you are now recognized for 5 minutes for your statement to the committee. Thank you for being here.

STATEMENT OF THE HONORABLE ALEX AZAR, SECRETARY, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Secretary Azar. Great. Thank you very much.

Chairwoman Eshoo, Chairman Pallone, Ranking Members Walden and Burgess, thank you for inviting me to discuss the President's budget for fiscal year 2021.

I am honored to appear before the committee for budget testimony as the HHS Secretary for the second time, especially after the remarkable year of results that the HHS team has produced.

With support from this committee, this past year we saw the number of drug overdose deaths decline for the first time in decades, another record year of generic drug approvals from FDA, and historic drops in Medicare Advantage, Medicare Part D, and Affordable Care Act exchange premiums.

The President's budget aims to move toward a future where HHS's programs work better for the people we serve, where our human services programs put people at the center, and where America's healthcare system is affordable, personalized, puts patients in control, and treats them like a human being and not like a number.

HHS has the largest discretionary budget of any nondefense department, which means that difficult decisions must be made to put discretionary spending on a sustainable path.

The President's budget proposes to protect what works in our healthcare system and make it better. I will mention two ways that we do that: first, facilitating patient-centered markets; and, second, tackling key, impactable health challenges.

The budget's healthcare reforms aim to put the patient at the center. It would, for instance, eliminate cost-sharing for colonoscopies, a lifesaving preventive service. We would reduce patients' costs and promote competition by paying the same for certain services regardless of setting.

The budget endorses bipartisan, bicameral drug pricing legislation. And I want to thank this committee for your bipartisan work to pass legislation such as the CREATES Act to cut patient costs and save taxpayer dollars through lower drug prices.

The budget's reforms will improve Medicare and extend the life of the Hospital Insurance Fund for at least 25 years.

We propose investing $116 million in HHS's initiatives to reduce maternal mortality and morbidity. And we propose reforms to tackle America's rural healthcare crisis, including telehealth expansions and new flexibility for rural hospitals.

The budget increases investments to combat the opioid epidemic, including SAMHSA's State Opioid Response Program. This successful grant program grew out of this committee's creation of the State Targeted Response grants in the Cures Act, and we were pleased to work with Congress to provide flexibility on the SOR grants for States to address stimulants like methamphetamines.

We request $716 million for the President's initiative to end the HIV epidemic in America by using effective, evidence-based tools. Thanks to support from Congress, we have already begun implementation of the initiative.

The budget reflects how seriously we take the threat of other infectious diseases, such as the novel coronavirus, by prioritizing the funding for CDC's infectious disease programs and maintaining investments in hospital preparedness.

As of this morning, we still had only 14 cases of the novel coronavirus detected in the United States involving travel to or close contacts with travelers. Coming into this hearing, I was informed that we have a 15th confirmed case, the epidemiology of which we are still discerning. Three cases also exist among Americans repatriated from Wuhan, and 42 cases exist among American passengers repatriated from the Diamond Princess cruise ship in Japan.

While the immediate risk to the American public remains low, there is now community transmission in a number of countries, including outside of Asia, which is deeply concerning. We are working closely with State, local, and private-sector partners to prepare for mitigating the virus's potential spread in the United States, as we expect to see more cases here.

On Monday, OMB sent a request to make at least $2.5 billion in funding available for preparedness and response, including for therapeutics, vaccines, personal protective equipment, State and local public health department support, and surveillance. I look forward to working closely with Congress on that proposal.

This year's budget aims to protect and enhance Americans' well-being and deliver Americans a more affordable, personalized healthcare system that works better rather than just spends more. I look forward to working with this committee to make that commonsense goal a reality.

Thank you very much.

[The prepared statement of Secretary Azar follows:]

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Ms. Eshoo. Thank you, Mr. Secretary.

And we will now move to member questions. And I will recognize myself for 4 minutes, which will be the limit for questions to the Secretary.

Mr. Secretary, we know that on February 24 the Acting Director of OMB -- what was requested, the appropriation of $1.25 billion for emergency funding for the virus. Is that what you requested of OMB?

Secretary Azar. So the actual total supplemental authorization would be $2.5 billion. We proposed --

Ms. Eshoo. That I know, but --

Secretary Azar. -- half of that to be covered --

Ms. Eshoo. -- the new funding is 1.25.

Secretary Azar. I do want to emphasize, as I have told the appropriators, that was meant as a suggestion of a way to fund half of it. But if Congress decides there are other approaches, we are not wed to that.

Ms. Eshoo. And what exactly does that cover? And is it anticipatory?

Now, yesterday, the CDC said we need to be prepared -- essentially, we need to be prepared for a much larger spread of this virus in the United States. So is what has been requested in emergency funding to cover a broader plan, or is it on the figures that you just gave us?

Secretary Azar. So it is to cover expenses that we believe are appropriate for 2020. So this would go through the end of 2020's fiscal year. And then we would work with appropriators on any adjustments to 2021 appropriations in the weeks and months

ahead as we continue to learn on a daily basis about the spread of the disease.

Core investments. First, surveillance, expanding our surveillance system for novel --

Ms. Eshoo. Yeah. I have some other questions, so --

Secretary Azar. Oh, sure. But --

Ms. Eshoo. All right.

Secretary Azar. -- I am happy to walk you through the five key basic --

Ms. Eshoo. And I read the entirety of your printed statement.

I want to turn to the status of drug pricing policy proposals. If you could just say "yes" or "no," it would be great.

Have you finalized a policy ending drug rebates to middlemen in Medicare?

Secretary Azar. We did not move final with that rule.

Ms. Eshoo. Okay.

Have you finalized a policy tying drug prices to the lower costs, the reference pricing?

Secretary Azar. We had an advance notice of proposed rulemaking, so that was not an actual formal proposal yet.

Ms. Eshoo. All right.

Have you finalized a proposal to make drug manufacturers put list prices in television advertisements?

Secretary Azar. We did. And much to their shame, the pharma industry sued. And Congress has not passed explicit authorization for that list price requirement in the statute that I wish they would do.

Ms. Eshoo. Are you planning to finalize or pursue any of these policies in the near future?

Secretary Azar. We plan to finalize as soon as we can the importation program implementing section 804 of the Food, Drug, and Cosmetic Act to allow low-cost importation from Canada.

Ms. Eshoo. You know that the House passed H.R. 3. You also know that the President said that we are going to "negotiate, negotiate, negotiate so hard," something like that. "We are going to negotiate like crazy." Do you support direct negotiations?

Secretary Azar. We do not support H.R. 3 because we don't believe the negotiation framework in there is either a negotiation or actually practical and implementable. And it also just has no chance of passing in the Senate. The bipartisan package of Grassley-Wyden is struggling even to get to the floor there.

Ms. Eshoo. Well, H.R. 3 caps out-of-pocket, as you know, prescription costs for seniors. Do you support the capping of out-of-pocket costs for them?

Secretary Azar. We have an important opportunity here --

Ms. Eshoo. Yes or no?

Secretary Azar. -- bipartisan --

Ms. Eshoo. Yes or no?

Secretary Azar. -- to cap out-of-pocket spending and reduce what seniors --

Ms. Eshoo. Yes or no?

Secretary Azar. -- are paying for Part D. So, yes, we do.

Ms. Eshoo. Okay. Good.

Well, I think that I have asked all -- let me just -- well, H.R. 3 also limits drug price

hikes to inflation. Do you support the inflation caps?

Secretary Azar. So that is part of the Grassley-Wyden package also in the Senate, and we --

Ms. Eshoo. Do you support it?

Secretary Azar. -- have made clear that that is a package we can support it. It is not the only bipartisan package, but the price inflation penalties in Part D and B are acceptable to us as a means of getting list prices under control.

Ms. Eshoo. Thank you.

My time has expired. I now would like to recognize the ranking member of the subcommittee for his 4 minutes of questions.

Mr. Burgess. Thank you.

Mr. Secretary, in December of 2018, the President signed two important bills into law that addressed maternal health and maternal mortality. The first bill, Representative Jaime Herrera Beutler's Preventing Maternal Deaths Act, established a grant program for States to establish or expand maternal mortality review committees. The other bill, Improving Access to Maternity Care Act, required HRSA to identify maternity care health professional target areas.

So how have you used these bills? How is your agency building on the success of those two laws to ensure access to quality maternity care and prevent maternal mortality?

Secretary Azar. First, could I thank you for your leadership on immunosuppressive drugs? I hope you saw that we put in the budget what you have long advocated for in terms of that coverage.

On this --

Mr. Burgess. Yes. Yes, you may say thank you. You are welcome.

Secretary Azar. And on maternal mortality also, the work of Congress really focusing on this critical issue. Too many women are dying either in childbirth, preterm, at childbirth, or postpartum. And so we have made this a serious part of the President's agenda, with a $116 million initiative, with the $74 million increase, that focused on improving prevention, quality improvement, postpartum health, and improving the data collection on that, so a four-part strategy that we look forward to working with Congress on coming out of the budget.

Mr. Burgess. Well, I thank you for that.

You know, Republicans on this subcommittee in 2017 sent your predecessor, Secretary Price, a letter asking for HHS to update and release the Pandemic Flu (Influenza) Plan. And it previously had not been updated since 2005.

Can you describe how you are using the Pandemic Influenza Plan as a guide in preparing for your response to this current outbreak of the coronavirus?

Secretary Azar. So, as you know, I was one of the architects of the original pandemic plans back in the Bush administration. That work is foundational. That is what has set up our entire State, local, and Federal preparedness program for any type of viral outbreak like this.

And so it is really the blueprint for how we are operating today, including my role, leading through the Emergency Support Function 8 under the National Response Plan, which is the doctrine that we have had in place now for 15 years.

Mr. Burgess. Let me just say, this committee did do work on H.R. 3 last October.

There was concern from many of us that the negative effects on innovation and development would really be profound. And now we find ourselves confronted with this coronavirus outbreak, where we know we need new antivirals, we know we need new vaccines, we know we need new monoclonal antibodies to help people who become ill.

Can you just speak to the fact of, is innovation still important? Because we have heard several times in this subcommittee and in the full committee that maybe innovation wasn't so important as getting cheaper drugs into people's hands.

Secretary Azar. Innovation is vitally important, and that is why two of the key legs of the supplemental request are to develop vaccines and therapeutics for this novel virus.

One of the challenges with H.R. 3 is the sheer amount of money it would pull out of the system. And I am not a believer that if you pull any money out of the drug industry --

Mr. Burgess. Right.

Secretary Azar. -- it is catastrophic or impossible. But the sheer amount would materially impact the bringing forward of drug therapies for Alzheimer's, for arthritis -- just go through the list of therapies that you need to incent or you won't get them.

Mr. Burgess. Yeah. And, you know, interestingly enough, the Alzheimer's drug that was withdrawn a year ago, I am reading, is now getting a new look at different dosing schedules. And, again, work like that, that is not going to happen if we don't value innovation.

Mr. Secretary, I thank you for being here and certainly look forward to the second part of this hearing.

I yield back.

Ms. Eshoo. The BARDA biodefense budget has also been cut.

Now, glad to recognize the chairman of the full committee for his 4 minutes of questions.

The Chairman. Thank you, Chairwoman Eshoo.

Mr. Secretary, I thank you for appearing before our subcommittee today. But I continue to be upset by the Trump administration's decision to ask the court to strike down the ACA in the Republican lawsuit that is seeking to declare the entire law invalid.

If the district court ruling is upheld, then the Trump administration will be responsible for the largest coverage loss in U.S. history. Over 20 million Americans would lose their coverage, raising consumer costs and making lifesaving healthcare unaffordable for American families. And it would eliminate protection for preexisting conditions, adversely impact the Medicare program, and end Medicaid expansion.

So I have sent you three letters now, including one in April of last year, requesting any analysis, study, assessment, or reports regarding the potential impact if the entire ACA is found to be unconstitutional. And for almost 2 years now, I have repeatedly asked for any documents relating to any contingency plans in place in the event the ACA is found unconstitutional.

Only last week, I received a 1- and 1.5-page response that answers none of my questions, frankly. And the documents produced so far to the committee answer none of these questions.

So I would like to submit, Madam Chair, my letters and the Department's response in the record. I would ask unanimous consent.

Ms. Eshoo. So ordered.

[The information follows:]

******** COMMITTEE INSERT ********

The Chairman. So, really -- I have 2.5 minutes here, Mr. Secretary -- I think the American people have the right to know what the administration's contingency plans are, given the President is asking that this entire law be declared invalid. Maybe you just have to answer "yes" or "no." We will see. I only have 2 minutes.

Secretary, has the Department conducted an analysis to evaluate the impact on individuals with preexisting conditions and their access to affordable health insurance if the ACA is found unconstitutional, yes or no?

Secretary Azar. Well, of course, it is not going to be left just like that. We would replace with something that would actually deal with preexisting conditions --

The Chairman. But have you done any kind of contingency plans for what would happen if the court struck down the ACA, yes or no?

Secretary Azar. We are always considering different options, but it will depend on the nature of any ultimate court decision --

The Chairman. All right.

Secretary Azar. -- if it even agrees with striking down all or part of the ACA.

The Chairman. All right. Well, it doesn't sound like there is such a thing.

Has the Department conducted an analysis to evaluate the impact on premiums and access to coverage in the individual market, particularly for individuals with preexisting conditions, if the ACA is found unconstitutional, yes or no?

Secretary Azar. Well, it depends on what would be struck down, whether all of it is struck down, part of it, or none of it.

The Chairman. Okay.

Secretary Azar. We are years, possibly, away from a final court decision on all of these elements.

The Chairman. All right. Well, let me ask you this. Are there any contingency plans to ensure that the 20 million people who are covered under the ACA do not lose coverage? Anything at all? Any contingency plans?

Secretary Azar. Well, first, we have been emphatic that we are changing nothing about how we administer this program during the pendency of the litigation. And at the time that there -- if there is a final court decision striking down all or part of it, it will depend on the context of that decision and the politics, frankly, of who is in Congress and what we can work with to ensure the --

The Chairman. Well, I am trying to --

Secretary Azar. -- protection of preexisting conditions.

The Chairman. It sounds like the answer is, no, you don't have anything yet.

I would just like a commitment from you, basically, to respond to my request to provide any documents to the committee that relate to contingency plans in the event that the ACA is struck down. Can you give me that commitment?

Secretary Azar. I am sure you will understand that deliberative process regarding potential legislative proposals are some of the core of the internal executive departments' functions.

The Chairman. So it sounds like the answer is no. Well, I just think that it is unfortunate, because, you know, our oversight responsibility is to make sure that, in the event we have this terrible situation, that there is some kind of contingency plan. And I don't think you have it. So I don't believe the administration has any kind of

comprehensive plan to address the fallout that will occur if this Republican suit is successful in court.

Thank you, Madam Chair.

Ms. Eshoo. The gentleman yields back.

The chair recognizes the ranking member of the full committee, Mr. Walden, for his 4 minutes.

Mr. Walden. Thank you, Madam Chair.

Mr. Secretary, again, thanks for being here.

I want to make a couple of points.

One is, on the opening day of this Congress, I led the effort on the House floor, now in the minority, trying to move an effort to protect people with preexisting conditions pending this lawsuit's decision.

Congress could act. This House could move legislation to put into law certainty to protect people with preexisting conditions, in addition to the laws that are already on the books dealing with preexisting conditions. But my colleagues have chosen not to do that.

So they could. And we would probably find common ground here on a preexisting severability language. There is a lot that could be done here.

Second, it was the Congressional Budget Office -- independent, nonpartisan -- that said, I believe, 8 to 15 new medicines would never be invented because of H.R. 3, Speaker Pelosi's partisan drug pricing bill. As you said, that could be a cure for Alzheimer's. It could be a cure for the coronavirus. We don't know.

And that is just the first 10 years. The further out you look, the more future

innovation will be lost. California Life Sciences said upwards of 85 percent of what they invest in would go away. Eighty thousand U.S. jobs, 80,000 is what California Life Sciences said. We would lose the R&D. We would lose the innovation.

Now, no President that I have been around, Republican or Democrats, has ever leaned in harder on these issues of cost of care than President Trump. And I was with you and him when he announced the effort to get transparency in the hospital system. And before we got from the news conference to the Oval Office, I believe the hospitals had sued you. Is that correct?

Secretary Azar. I believe it is, yes.

Mr. Walden. Yeah.

And you talked about the drug disclosure in advertising. And what happened there?

Secretary Azar. Rather disgustingly, the pharmaceutical industry sued us to conceal their list prices from their consumers.

Mr. Walden. And so then I want to talk about Medicare Part D. We were all working together on this committee, which we have a great reputation of doing -- occasionally we fight, and that is all right; we know it. But we were working together to cap the out-of-pocket costs for seniors under Medicare Part D and modernize Medicare Part D when all that, unfortunately, came to an abrupt halt, driven, I am going to say, from the Speaker's office. Those discussions ceased.

But we agreed that we needed to cap out-of-pocket costs. We put that in our bill, H.R. 19. They put that in their partisan H.R. 3. But we all agree that it is time to cap the out-of-pocket costs for seniors in Medicare.

Does the administration support capping the out-of- pocket costs for seniors in Medicare?

Secretary Azar. Absolutely.

Mr. Walden. Did the administration oppose H.R. 3?

Secretary Azar. We do oppose H.R. 3.

Mr. Walden. Did the administration support the concepts of H.R. 19, our alternative?

Secretary Azar. We support the elements of it, absolutely, including the notion of capping out-of-pockets and saving seniors money.

Mr. Walden. One of the big issues we have dealt with here, or tried to, is the high cost of insulin, not just for seniors but for others. But in our alternative, H.R. 19, that was all bipartisan legislation, we capped cost of insulin, I believe, at $50 a month was the maximum.

Does the administration support that concept?

Secretary Azar. I believe so, yes.

Mr. Walden. So, going forward, are you hopeful that Congress and the administration can get together on a plan the President can sign, that can become law, that would actually reduce the costs of pharmaceutical drugs in America without driving innovation away?

Secretary Azar. Yes. I have said the administration is the most flexible party here -- Republicans, Democrats, Senate, House. Get lists prices under control, lower out-of-pockets, and give the drug plans the real incentive to get drug prices down.

Mr. Walden. H.R. 19 contains about 80 or 90 percent of the Wyden-Grassley bill.

We think we are with you, we think we can get there, if we can just put the partisan weapons away.

Thank you, Mr. Secretary.

And I yield back.

Ms. Eshoo. The gentleman yields back.

Pleasure to recognize the gentleman from New York, Mr. Engel, for his 4 minutes of questions.

Mr. Engel. Thank you, Madam Chair.

Secretary Azar, the State of New York was extremely disappointed to hear that CMS has denied the State's request for a renewal of its Delivery System Reform Incentive Payment Program, known as DSRIP.

When the program was first approved, CMS and HHS insisted that New York include targets for the State's Medicaid program that would incentivize providers to move away from fee-for-service, toward value-based payments.

New York's healthcare community has made progress in doing just that, receiving double-digit reductions in preventable hospital readmissions, while saving the Federal Government billions of dollars.

The request for additional time and continued investment of those savings in DSRIP was to move closer to exactly what CMS and HHS have been saying the Federal Government wants everyone to be doing. So, in light of that, why would CMS and HHS want to stop supporting these successful efforts to achieve the very goals that the Trump administration has been saying that it has for healthcare?

So will your department commit to meeting with the State of New York to discuss

how these reforms are sustained into the future? And I would like a "yes" or "no" answer if I could get it.

Secretary Azar. Yes. I am not familiar with that particular program, but you are right, we do support value- based transformation in our programs. I don't know the particulars of why CMS has had difficulty with New York, but, yes, we will be happy to sit with New York.

Mr. Engel. Okay. And I would be happy to sit with you as well --

Secretary Azar. Thank you.

Mr. Engel. -- and discuss it.

Mr. Secretary, we have mentioned it here, other members have mentioned it here, you know it far too well, that Americans are suffering from the current epidemic of skyrocketing prescription drug prices. My constituents always tell me they are having to make unconscionable choices between paying for food or filling a lifesaving prescription such as insulin.

The House has taken bold, decisive action to lower drug prices through H.R. 3, which provides a commonsense solution to this crisis by allowing the government to negotiate drug prices. That is a policy that the President supported as a candidate in 2016, saying -- and I quote -- "When it comes time to negotiate the cost of drugs, we are going to negotiate like crazy," unquote. That is from the President.

The administration has yet to deliver any meaningful solutions for the health crisis. In May 2018, your Department released a blueprint to lower drug prices, but many of those policies failed to materialize or provide minimal relief to patients. Other ideas, such as the International Pricing Index, have been shelved.

Despite these failures, President Trump claims to have reduced drug prices, when, in fact, a recent report showed that, on average, drug prices increased by over 5 percent at the start of this year.

Mr. Secretary, can you commit to me today that you will deliver on the President's promise to negotiate drug prices? I would like a "yes" or "no" also.

Secretary Azar. So we support bicameral, bipartisan legislation that would get through. And there are many principles in H.R. 3 the President is supportive of, but it has to pass both houses of Congress, and, at the moment, H.R. 3 doesn't have a chance of seeing the light of day in the Senate. And so we need to work together to see if something can get through both chambers.

Mr. Engel. Well, I am sure if the President asked Mitch McConnell to put it on the agenda he would.

Secretary Azar. I don't think so.

Mr. Engel. There are plenty of things that we have passed in this House that unfortunately the other body hasn't done, and the President seems to be right along with it.

So I just think it is another example of the administration's broken healthcare promises to the American people. I just think that we need to get those prices of drugs down, and we need to have not empty rhetoric but true facts.

And I yield back the balance of my time.

Ms. Eshoo. The gentleman yields back.

Pleased to recognize the gentleman who was the former chairman of the full committee, Mr. Upton of Michigan, for his 4 minutes.

Mr. Upton. Thank you, Madam Chair.

Mr. Secretary, welcome. Big time.

So, as you know, this committee, on a unanimous vote, passed 21st Century Cures -- "Cures," as we call it. When I was chair, we expedited the approval of drugs and devices, and I would suspect strongly that your testimony that we had a record number of generic approvals is a direct result because of what this committee did.

We also added some $45 billion in health research over a 10-year span. And, frankly, we asked the question of the agencies, as we worked on this legislation, what is it that we could do to help you make sure that we hit these targets of faster approvals of drugs and devices. And so, whether it was the FDA, the CDC, and others, the NIH obviously, they gave us an answer, and we delivered.

And at the end of the day, for this crisis, we are going to find a vaccine to solve coronavirus. I know that we are. And I would like to think that what we did in this committee and then passed on the House floor will be a direct result of that.

And, frankly, it prompts all of us, I think, to ask the questions of what more can we do to get on a faster pace to find that vaccine and that cure. And, in fact, as you may know, Diana DeGette and I are again working on a 2.0 Cures bill, where we can take these 3 years since President Obama signed the bill into law and ask those questions to see what, constructively, we can do so that all hands are on deck. And I know -- I don't have to ask you -- I know that you will help us with ideas to do that.

A question that I have is: A containment is the very first step in responding to any outbreak of coronavirus. We have seen that around the world now. And statements from yesterday indicate that the CDC said it really isn't if but when it gets to

larger numbers here in the United States.

I have always believed in the adage that if you are going to do something, you better do it right the first time, because you are not going to find a second. And you want to make sure that -- pay me now or pay me later. So we need to have the right numbers as it relates to fighting this terrible disease.

Is the $2.5 billion, is that a floor? Is that a suggestion, the $2.5 billion that you requested?

Secretary Azar. We have described the request as at least $2.5 billion for 2020 money and then work on 2021 money as we see the situation develop over the weeks and months ahead.

Mr. Upton. So I know that we are waiting to see the precise details of where it is going. Are any of those dollars envisioned to include the contingency of what China has done as it relates to regional quarantines?

Secretary Azar. No, we don't envision that as a, kind of, practical step here in the United States. As Dr. Messonnier spoke about yesterday, in the event that we had community-level outbreaks, which might be small, just a town, a city, if we had that, we would take the pandemic playbook, which is community-based mitigation steps, social distancing.

It is very rare that those types of -- that "cordon sanitaire" efforts around cities are effective. They usually promote more panic and cause people to actually leave and spread.

Now, China is a different government and culture than we have here.

Mr. Upton. Of the 14,000 Americans that have died this flu season, do you know

what percentage of those were not vaccinated?

Secretary Azar. I do not have the numbers. Historically, our youth who die tend to not to have been vaccinated, which is a real tragedy.

Mr. Upton. And last question: Has there been any query of those 55 Americans who currently have been diagnosed with the coronavirus -- did any of them have the flu vaccine, do you know? Was that question asked of any of the 55?

Secretary Azar. I don't know that that would have been asked. We don't, of course, have any evidence that the flu vaccine would have any properties related to the novel coronavirus. But I don't know if that was asked as part of intake for the patients.

Mr. Upton. Okay.

I yield back.

Ms. Eshoo. The gentleman yields back.

It is a pleasure to recognize the gentlewoman from California, Ms. Matsui, for her 4 minutes of questions.

Ms. Matsui. Thank you, Madam Chair, for holding this important hearing.

And welcome, Mr. Secretary.

Before I get into my line of questioning, I do want to express my deepest concerns about the Medicare, Medicaid, and other cuts included in the budget. At a time when we are dealing with the coronavirus outbreak, an addiction crisis, and a lawsuit that threatens ACA protections for preexisting conditions, the administration's cuts to critical safety-net programs target the most vulnerable in our communities and aim to further erode access to vital healthcare services.

We should be prioritizing primary comprehensive care, particularly in the mentally

ill and people with addiction. I believe mental health is the area where we have an opportunity to work together and make progress.

Mr. Secretary, I appreciate the Department's strong support of the Certified Community Behavioral Health Clinic Medicaid demonstration. As you know, Representative Markwayne Mullin and I are working to further scale the program with our bipartisan legislation, the Excellence in Mental Health and Addiction Treatment Expansion Act.

For the eight States currently participating in the Excellence demonstration, we have studies showing that quality mental health services, outpatient care, and addiction treatment provided at these facilities are saving lives and money. People are avoiding jails and emergency rooms; instead, getting the comprehensive care they need in their communities.

We have 11 additional States that are ready to participate in an expanded Excellence program. Our bill has a bipartisan group of 88 cosponsors who support this full expansion, and the House has already voted to extend the program longer-term.

I was very pleased to see that the budget this year explicitly endorses extending this Excellence demonstration. And I believe we do all agree, Mr. Secretary, that adequate Medicaid resources around substance abuse treatment are essential to fighting the opioid and addiction epidemic.

Mr. Secretary, I have a question: Under the leadership of Chair DeLauro, $200 million was made available to HHS in fiscal year 2020 to help States prepare for eventual participation in the Excellence demonstration. How does HHS plan to obligate these resources?

Secretary Azar. First, thank you for your personal leadership on the Certified Community Behavioral Health Clinic issue. You are right, the data is showing really positive results today, so thank you for that.

In terms of your work with Chairwoman DeLauro, SAMHSA is now accepting applications from States for these grants to increase access to and improve the quality of community mental and substance use disorder treatment services through the expansion of CCBHCs, and the deadline for States to apply is March 10.

Ms. Matsui. Okay. Thank you. The positive impacts of the demonstration make it clear that there is room to improve mental health and addiction care in this country by scaling this program.

In California, our county hospitals, public academic medical centers, and public children's hospitals rely upon financial arrangements that leverage public funds and partnerships as essential means of providing healthcare to the most underserved communities and patient populations in the State.

I have concerns about the administration's recent proposal to eliminate these sources of funding, particularly supplement payments. I worry that, if finalized, the Medicaid accountability rule would destabilize the whole system of care provided under Medi-Cal. Medicaid supplemental payments are an integral component of total Medicaid reimbursement that providers rely on for adequate reimbursement and financial stability.

Mr. Secretary, have you weighed the restrictions on supplemental payments against the adequacy of these base payments? Are there plans to make any corresponding adjustments to base payments for these providers?

Secretary Azar. So we are hearing the very important feedback from you and others about that regulation, and we want to take that in as we look at how and whether to finalize at CMS the relationship of these intergovernmental transfers to supplemental payments and, also, if there are ways we can work with States to restructure payments in a way that would be consistent with the law. So we want to work with the States, not be adversarial to them, on this.

Ms. Matsui. Okay. Well, thank you, Mr. Secretary.

And I yield back.

Ms. Eshoo. The gentlewoman yields back.

Pleasure to recognize Mr. Shimkus of Illinois for his 4 minutes of questions.

Mr. Shimkus. Thank you, Madam Chairman.

Thank you, Mr. Secretary, for being here.

Coronavirus is a novel pathogen, as a lot of us know, but in your testimony you also mention emerging microbial threats.

And, Madam Chairman, I ask to submit in the record this news release from the World Health Organization on the 17th of January 2020.

Ms. Eshoo. So ordered.

[The information follows:]

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Mr. Shimkus. And in the 114th Congress, I joined with Gene Green on what we called the ADAPT Act. Last Congress, it was Tony Cardenas and I, with the help of the now-chairman of the subcommittee, Anna Eshoo, who joined, and technical assistance by HHS, on what we call the REVAMP Act. And it is an attempt to address how, if you have this antimicrobial resistance, how public funding may not be the only way you can address this.

Can you talk about that challenge?

Secretary Azar. Yeah, I am very concerned about the drug development around antimicrobial resistance in terms of creating a sustainable market.

You know, we have had, actually, tremendous success from the efforts you have led and the Congress has led and BARDA at my agency have supported. We have supported development of 16 novel antibacterial projects. I believe three have actually come to market.

What we are finding, though, is there is a market failure question here, where you are basically asking a company to develop a drug but then not to have it used much. And that is not a usually sustainable business model.

So I have actually commissioned my team to work on how can we possibly solve that; is that more like a bioterrorism chemical countermeasure and the approaches that we need there. Quite concerned about this.

Mr. Shimkus. And that is what we have tried to do legislatively, and, at sometime, one was the tradeable vouchers debate, which I think should have legs, especially in this concern of, as you put it, trying to have something on the shelf that you

don't want to use. That is the key.

Scott Peters and I are also working on legislation that we call Ending the Diagnostic Odyssey. And it is an attempt to help DNA sequencing so that when there is a disease or some event you don't have to test, test, test; you can go just through the sequencing aspect of that.

Do you have any thoughts on or comments of what you all may be doing that we don't know about in trying to push more DNA identification?

Secretary Azar. So I have not studied that particular issue. We are happy to get back to you on that. It certainly is at the fore right now as we deal with novel coronavirus and have the CDC diagnostic, but also hope that commercial innovators will develop physician bedside diagnostics for rapid insight testing.

Mr. Shimkus. Yeah. And this is timely -- well, it obviously is timely because of the threat that we are all concerned about now, but it is also Rare Disease Week. And a lot of that community is, you know, looking for this as a novel way, especially on what we call that diagnostic odyssey. And we see that with people who are struggling with just types of cancer and trying to identify the right treatment early versus what I would say sometimes is a trial-and-error method that is very damaging to the health of the patient.

And with 30 seconds left, I wanted to just briefly -- and it has been asked a little bit before. You all do support Medicare D reform; is that correct?

Secretary Azar. Oh, absolutely. It is a real opportunity for seniors.

RPTR WARREN

EDTR ROSEN

[2:02 p.m.]

Secretary Azar. Well, you would cap catastrophic payment, the limit at $3,100. So a patient would never pay more than $3,100. And then, at least the Grassley-Wyden plan, the senior could actually opt into a program where they would pay no more than $258 a month for their drugs, no matter what their expenses are.

Ms. Eshoo. The gentleman yields back.

The gentleman from Maryland, Mr. Sarbanes, is recognized for his 4 minutes of questions.

Mr. Sarbanes. Thank you, Madam Chair.

Secretary Azar, you certainly know that the popularity of e-cigarettes has recently led to an unprecedented surge in youth tobacco use, and it is bringing back a vengeance the tobacco epidemic in this country we have worked so hard to curb. It shows why we have to improve the law and something this committee has been working on.

Unfortunately, the Trump administration is now proposing, as I understand it from the budget, removing FDA's oversight of tobacco products in favor of an untested agency that will take years to get off the ground, which threatens to set us back even further. I am perplexed that the administration would decide to do this, remove FDA's authority, alter the agency's public health mission, which includes making, quote, "tobacco-related death and disease" part of America's past, not America's future, and by doing so, ensuring a healthier life for every family.

This latest move is kind of breathtaking. It makes no sense. It is a crazy thing

to do by the administration which, unfortunately, hasn't taken significant action against big tobacco as more of our Nation's youth are becoming addicted.

In January, after heavy lobbying from big tobacco, as we understand it, and the vaping industry, and listening to partisan political consultants like Trump campaign manager Brad Parscale, the administration reversed course. We were on a trajectory where we thought everybody was on the same page.

The administration reversed course, announced a policy which failed to ban all flavored e-cigarettes, allowing popular menthol cartridges to stay on the market, and allowing all flavored disposable e-cigarettes and open tank e-cigarettes to proliferate through our Nation's schoolyards, which is exactly what they are doing.

And I am concerned that removing this authority from the FDA, which is a part of the proposal, could lead to even more loopholes, and more industry influence.

My question is this: When formulating the budget proposal to remove the FDA's tobacco oversight authority, did you, your agency staff, White House staff, or staff of the Office of Management and Budget, speak or meet with any lobbyists or other representatives of the tobacco industry, or, for that matter, political operatives who work for or are contracted by the President's reelection campaign?

Secretary Azar. Well, I certainly -- I can't speak for others. I am not aware of any such deliberations. The idea was that if we move the tobacco center out from under FDA, first, if it were a politically appointed -- a presidential-appointed, Senate-confirmed leader, they would be more accountable to Congress. Second, as a direct report to me, or whoever is Secretary, elevating the role of tobacco control there.

It has always been a little bit of an odd connection. FDA is about safe and

effective, whereas the tobacco center is about regulating a product that is undeniably bad. And so there is a --

Mr. Sarbanes. It doesn't make any sense, does it?

Secretary Azar. It would be subject to Congress if it was something --

Mr. Sarbanes. I mean, we are at the height of it. We are at this tipping point on this epidemic when it comes to vaping.

I mean, there does reside, however you want to sort of carve up what you consider the appropriate mission of the FDA to be, there certainly exists, resides within the FDA now significant expertise and experience in terms of dealing with this issue. Why you would propose, at this moment in time, when this epidemic risk in a sense overtaking the dimensions of the previous tobacco epidemic we saw in this country, by zeroing out that authority and moving it to an untested new agency, which, by the way, I think would be more susceptible to political influence of the kind I was just recounting than it is now. It doesn't make any sense to me. I urge you to reconsider that. We are in the midst of this crisis, and we have to use every tool available to us here in the government to respond to it.

With that, I yield back.

Ms. Eshoo. The gentleman yields back.

There is 5 minutes and 22 seconds left on the clock. Any member that would like to leave to vote, when we get to -- you can leave now. When we -- when the clock goes to zero, they will hold the vote open for those that have not arrived from our subcommittee, and at that point, we will take a 20-minute break.

But now I would like to recognize the gentleman from Kentucky, Mr. Guthrie, for

his 4 minutes of questions.

Mr. Guthrie. Thank you, Mr. Secretary.

I look forward to getting into the coronavirus. I will do that in my second rounds of questions. So the SUPPORT Act we passed last year included my bill, the Comprehensive Opioid Recoveries Act, to establish treatment centers that offer FDA-approved medications, assistance treatments, all of them comprehensively. Currently, SAMHSA has the grant application open for entities to apply and I am glad HHS is moving fast in implementing the program. But my question is: How is HHS implementing other parts of the SUPPORT Act? And does HHS conduct any oversight on how the funds are actually being used?

Secretary Azar. So, first, thank you for the SUPPORT Act, and it is so comprehensive we actually established a SUPPORT Act implementation leadership committee to track all of the different work streams needed under the SUPPORT Act. It is really enhancing our work across all five elements of our strategy on opioids, and so, we are just -- we are driving forward, making progress on the opioid epidemics. We have got -- the overdose deaths are down for the first time in decades as a result of our collaborative bipartisan efforts here, and we are implementing and using the SUPPORT Act authority. So thank you for those.

Mr. Guthrie. Okay. Thank you.

And also, in 2018, Congress passed my bill, the bipartisan BOLD Infrastructure for Alzheimer's Act. Can you please provide an update on how this law is being implemented across the country?

Secretary Azar. So, with that Act, I want to, if I could get back to you in writing

on that, I don't have all the details on that particular program. I apologize, but if I could get back to you.

Mr. Guthrie. Okay. Thank you.

And this is kind of technical from my role as ranking Republican on the O&I Subcommittee on this committee. This committee and O&I conducted extensive oversight, cybersecurity at HHS, including through technical audits conducted by GAO of cybersecurity controls at HHS operational divisions. So, as I said, it is very technical.

Last Congress, the Subcommittee on Oversight and Investigations held a closed hearing, in part, because HHS failed to properly identify and address certain vulnerabilities. We recently received preliminary results from the most recent audit of another HHS agency, though I can't go into details in this setting.

So my question is: Does HHS have a point person who coordinates corrective actions on cybersecurity among all HHS agencies; and, if so, will you direct that person to continue to work with the committee on improving enterprise cybersecurity at HHS, and ensuring that mitigations applied in one setting are consequently applied through all of HHS?

Secretary Azar. Yes, we do. Our chief information officer, Jose Arrieta, who works directly with me, absolutely is in charge of those issues. If I could go back to your previous question, I had misheard on the BOLD Act.

Mr. Guthrie. On the BOLD Act, yes.

Secretary Azar. So I apologize on that.

For fiscal year 2020, CDC will have two funding opportunities to carat [ck word. I can't find it as a verb] actions under the BOLD Act. So first, there will be the public

health programs to address Alzheimer's disease and related dementias; and second, there will be the centers of -- the Health Centers of Excellence to Address Alzheimer's Disease and Related Dementias. We expect both of those funding opportunities to be out in the coming month. And for fiscal year 2021, the President's budget for CDC includes $3.493 million to continue to support these Alzheimer's activities.

Mr. Guthrie. Because by 2050 -- that is when I will be 86, I believe -- they believe it is going to be a trillion, estimate to be $1 trillion spent on Alzheimer's disease. Not only is it devastating to the individual who has it, the family that cares for that person, but also it would be devastating to the deficit and the budgets of our country. So this is something very important. Thanks for your leadership and effort, and I appreciate working with my colleagues here to move the BOLD Act forward and address it.

And I yield back.

Ms. Eshoo. The gentleman yields back.

A pleasure to recognize the gentleman from New Mexico, Mr. Lujan, for his 4 minutes, and I will wait right here with you and then we will run over.

Mr. Lujan. Thank you, Madam Chair.

Secretary Azar, when Donald Trump was running for office 4 years ago, he famously said that he wouldn't cut Medicaid. He didn't say it once or twice, but claimed it at least five separate occasions, that he would not cut Medicaid but, in reality, no President and no administration in the last 50 years has done more to undermine Medicaid than Donald Trump.

In fact, his first major legislative effort to repeal the Affordable Care Act would have ended Medicaid as we know it, and put the healthcare of 70 million Americans at

risk. And if my colleagues from the other side of the aisle want to protect people with preexisting conditions, they should drop the lawsuit. That could happen tomorrow.

After President Trump failed to cut Medicaid legislatively, he decided to try the same thing administratively, even though the law clearly does not allow it.

Secretary Azar, there has been some misreporting that the block grant guidance is limited to adults in the expansion population, but under the administration's guidance, States could block grant Medicaid for more than just expansion adults. Isn't that true?

Secretary Azar. Congressman, I don't -- I don't believe that is the case. I will ask did CMS administrator to get back to you on that, but my understanding was that it would be an optional demonstration for adults only, and that it would actually not affect coverage for our most vulnerable, our pregnant women, children, elderly adults, people on eligible on the basis of disability. But I will ask Administrator Verma to get back to you on that, because that is not my understanding.

Mr. Lujan. Let me jump into this. I am glad that you pointed that out, because I think that there is a concern here, and I hope that you would agree with me that, if that is your understanding, that you do something about it, Mr. Secretary, because the Center on Budget points out that people that are low-income parents, women who are pregnant, and people with disabilities who are covered through Medicaid expansion could be included in what I will describe as the President's illegal block grant guidance.

Is that something that you would agree with if that is the case? Would you stop it if, in fact, the guidance does allow for those vulnerable populations to be discriminated against?

Secretary Azar. So I have been under the view that it does not affect coverage

for our most vulnerable populations. It doesn't allow them to strip benefits, strip eligibility. Essential health benefits have to be covered. You can't change eligibility. You can't cap or limit --

Mr. Lujan. Mr. Secretary, if I may, just for clarification, because it sounds like we are on the same page.

Secretary Azar. What you are saying I am not -- the concerns you are expressing --

Mr. Lujan. Mr. Secretary --

Secretary Azar. -- I don't believe are in the HOA, but we will get back to you on that.

Mr. Lujan. Let me ask you this pointed question.

Secretary Azar. Yeah.

Mr. Lujan. If, in fact, the President's Medicaid block grant program does allow for those folks to be thrown off and get caught up in this, will you stop it?

Secretary Azar. Well, we are not going to approve plans that allow people to be thrown off, because it can't change eligibility. I can't change eligibility.

Mr. Lujan. Let me ask it one more time, because it sounds like you are getting there.

Mr. Secretary, if, in fact, vulnerable populations like pregnant women, families, those that are disabled, are subject to this rule where they could be block granted, will you stop it?

Secretary Azar. I don't believe we would -- I will not approve a plan that removes coverage for our most vulnerable citizens.

Mr. Lujan. So that is enough for me. You said you will not approve a plan.

Secretary Azar. I will not approve -- with very low-income parents, children, pregnant women, elderly adults, or people eligible on the basis of disability should not be affected in terms of their Medicaid coverage is what I am informed. I will get back to you from Administrator Verma to confirm all of those details. I want to make sure that I am right on that, but that has been my understanding of the HOA program.

Mr. Lujan. What I am looking for is assurance that if what my comments are associated with being consistent with the Center on Budget points out, you, in fact, will not approve that plan and you will not allow for Medicaid block grant cuts, devastating cuts go into place that will be subjected to pregnant women, families, and those with disabilities?

Secretary Azar. The categories that I mentioned before are ones that I do not believe are subject to it, plans should not be approved if they would harm eligibility for those individuals.

Mr. Lujan. So if the Center on Budget's assessment is correct, you will not allow that to go into effect?

Secretary Azar. I do not believe their assessment or description of the program is correct, and I have said I don't expect that I would approve any plan that would harm our vulnerable populations. It is a healthy adult opportunities under Medicaid expansion, but we will get you any clarification on that afterwards. Thank you for raising that to me.

Mr. Lujan. There is a reason that most of us in this Congress has -- have opposed Medicaid block grants. These are devastating programs. It is another effort to

undermine Medicaid, and to continue to cut the program which President Trump promised he would not. This is another example of where he is.

And with that, I yield back.

Ms. Eshoo. The committee will now recess for approximately 20 minutes. So hold on to your seats while you stand up and stretch and we race over and come back.

It sounded like the Secretary said yes, Ben Ray.

[Recess.]

Ms. Eshoo. The subcommittee will come to order. Thank you. Thank you, Dr. Azar, for your patience.

And I now would like to recognize the gentleman from Virginia, Mr. Griffith, for his -- is it 4 minutes -- 4 minutes of questions.

Mr. Griffith. Thank you, Madam Chair.

I appreciate you being here. Thank you so much. The President and your agency have expressed concerns with the middlemen in the drug supply chain, pharmacy benefit managers, PBMs. Over time, PBMs have morphed into under-regulated entities with opportunities to exploit their position in the middle of the drug transactions in the U.S. For example, according to a new report from XIL Consulting, which is run by former Express Scripts' executive, PBMs benefit from an obscure fee known as direct and indirect remuneration, DIR -- I know you are familiar with that -- at a rate exceeding 500 percent per prescription as compared to the average administration fee. Last year, the administration proposed a rule to address these DIR fees, but later withdrew it.

Do you still have plans to implement accountability measures for PBMs?

Secretary Azar. No.

Mr. Griffith. And if so, what does that regulation look like?

Secretary Azar. So I remain very concerned about the DIR fees and their impact, especially on America's community pharmacists, as well as independent specialty pharmacies.

So, the reason that we did not finalize that rule -- and we were very transparent at the time -- was the concern that by -- if we forced the DIR fees to basically go through to the benefit of the patient, that that could cause an increase. The middlemen would jack up the part D premiums for our seniors, and that was the concern and the President just has been adamant that he does not want to run the risk of part D premiums going up.

We -- so it remains a priority for the administration to deal with this issue. If we ever could legislatively, that would be useful also.

Mr. Griffith. And as you know, I would love to have a legislative solution, but we thought this might be a good test case to do it with that.

Secretary Azar. Maybe even through, if we could get bipartisan, bicameral drug pricing legislation, that might be a vehicle to have that in there.

Mr. Griffith. It might be.

And let me ask you this: There has been some mention earlier today of H.R. 3. I raised the concern, and then later it was raised by the Congressional Research Service that the bill, as written, is just blatantly unconstitutional. Have your lawyers advised you that that is the case in their opinion as well?

Secretary Azar. I have not had anyone study the constitutionality issues on H.R. 3 about the penalty amounts and whether that would work. So I haven't seen any analytics on that.

Mr. Griffith. Any time they want a discussion on it, I am more than happy to facilitate one.

Let's talk about opioids, because I only have a little bit of time left. Over the past few years, there has been a lot talk about how they are prescribed in America, and how pain is medically managed in general. And I will tell you, that I thought we were on the track of getting our healthcare professionals to back off of giving out so many opioids for pain, but I have a friend who is currently undergoing some procedures, and we were talking yesterday about how they had given her opioids, how she took it in the initial day after some painful procedures, but that after that, she turned it away but they -- you know, she has got it sitting in her house. What has this administration and HHS done to reduce the overprescribing of opioids?

Secretary Azar. So we have actually, through the CDC, put out guidance to professionals on appropriate prescribing. We continue to work on even further titrated by different pain areas on what the best guidance is to do that.

It is distressing to hear that. We have seen, though, an over-25 percent, I believe, decrease, maybe 30-percent decrease in the opioid prescribing of illegal opioids to date since the President took office. So we are making progress, but, of course, it is disturbing to hear any pockets like that.

Mr. Griffith. Well, and -- look, it is going take time but we can't -- just because we have started to solve the problem, we cannot think it is solved, and we cannot take our foot off the gas pedal in trying to make sure that we don't overprescribe, and that we deal with this issue. It is very serious in my district and many others.

I thank you very much, and I yield back.

Ms. Eshoo. The gentleman yields back.

The chair is pleased to recognize the gentleman from Oregon, Mr. Schrader, for his 4 minutes.

Mr. Schrader. Thank you very much, Madam Chair.

Thanks for being here, Secretary Azar. I appreciate it very, very much. I am going to leave my coronavirus questions to the next panel, but we do want to make sure the CDC is fully funded, and a little concerned about the original budget. Glad to see some changes coming forward.

My question, first question, is on Medicare Advantage. It is a huge program in Oregon and many, many States. It leverages our Federal tax dollars to maximum advantage. Most Oregonians, most seniors get a lot of their prescription drug coverage from Medicare Advantage. Very concerned that this administration, and frankly, others, have tended to try and cut Medicare Advantage programs. I think that is foolhardy. The whole goal here is to actually make sure that the savings from the Medicare Advantage are plowed back into making sure there are more benefits that are covered, better prescription drug coverage, and expanding it to a larger universe.

So could you give me some assurance you are going to continue, this administration, you will try and continue to improve the Medicare Advantage program and not take away the savings that could be plowed into more benefits for folks?

Secretary Azar. No, absolutely. So I am actually under direct orders of the President in his Medicare executive order to enhance and protect Medicare Advantage, exactly the things you are talking about: Offer more supplemental benefits, make sure people -- make those plans as attractive as options for people as possible.

Mr. Schrader. Just saw guidelines on reducing caps and that sort of thing that made me nervous about what the intent was.

The second question is on the proposed Medicaid rule. Hear a lot about that back home. Many States, I was budget chair for my State back in the day, and it seemed like a great opportunity for our States to, again, leverage Federal dollars with State tax dollars, actually with private hospital dollars and long-term care dollars. So it was a really smart use, I thought, of taxpayers' limited ability to finance programs they want. This really made great use of the dollars.

I am very concerned with this new MFAR rule that you are going to -- ostensibly it is, with all due respect, framed in the guise of transparency, when, indeed, it is a backdoor attempt to take away matching funds, the ability for the provider tax to be leveraged in many States, including ours.

So, I guess, given the fact the executive order requires Federal agencies to perform this regulatory impact analysis to determine the effect of the impact of the proposed rule, but the proposed rule says the fiscal impacts of the Medicaid program from the implementation of the proposed rule is unknown. Do you consider that to be a comprehensive regulatory impact analysis?

Secretary Azar. I haven't looked at the reg impact analysis there. So I just I don't know the specifics on that, but, certainly, I do want to assure you we are hearing the feedback from you and others and governors about this. We are looking at this not to be penal, but, rather, to make sure that those intergovernmental transfers are genuine State money that is getting matched and not funny money or schemes -- that is really the intent -- and to also be more prospective, not penal, looking backwards, as much as we

can.

So we are -- I appreciate getting this feedback. We are hearing a lot of it, and we are taking that in.

Mr. Schrader. Well, what some people would call funny money schemes, others would call smart financing in using the accounting system the way it has been established for decades to maximum advantage. It would really put a huge hundreds-of-million-dollar hole in the Oregon State HHS budget. So I would urge you to back down on that a little bit, or at least give it some more serious thought.

I yield back. I thank you, Madam Chair.

Ms. Eshoo. The gentleman yields back.

It is a pleasure to recognize the gentleman from Florida, Mr. Bilirakis, for his 4 minutes of questions.

Mr. Bilirakis. Thank you. Thank you, Madam Chair. I appreciate it very much.

Secretary Azar, thank you, first of all, for your leadership. I appreciate it very much. And thank you for responsiveness to a lot of my constituents' concerns as well.

Again, we have begun to make progress, tackling our Nation's opioid crisis, and HHS has played a key role in that effort. Thank you for your continued support, of course.

Do you feel -- and this is a budget question -- do you feel HHS has the necessary resources to continue to implement provisions of the 2018 SUPPORT Act and the 2019 HHS Pain Management Task Force recommendations?

Secretary Azar. I do believe so. In fact, we have increased funding for opioids in this budget.

Mr. Bilirakis. Okay. Very good.

Also, next, the community house centers, as you know, do a wonderful job. The funding is expiring soon. Now, we reauthorized it for an additional 7 years, and that is a great thing. But, again, how do community health centers serve as a gateway to integrated care for individuals with mental illness and substance use disorder?

Secretary Azar. You know, more than 28 million people rely on HRSA's community health centers that we fund. They are a critical part of our primary care network, of preventive care for individuals, and they deliver high quality service. And we are using them also as part of the Ending the HIV Epidemic program to reach the underserved and reach people that we need to bring into treatment and prevention.

You know, more than 93 percent of our 1,400 health centers provide mental health counseling and treatment. 67 percent of them provide substance abuse services. I believe the -- I think the number 60 percent of the clients at the community health centers, I believe, are ethnic and racial minorities. I am always just so impressed when I visit them, the quality of care and the quality of service there.

Mr. Bilirakis. Absolutely. Do you have anything to add? Because I wanted to give you an opportunity to add, because this is a big issue affecting our constituents, obviously, on the insulin pricing. I know that this has been mentioned in committee, but if you could maybe elaborate on that, I would appreciate it very much.

Secretary Azar. I appreciate that. I did want to clarify one thing from Mr. Walden's question earlier regarding a piece of legislation. I misheard about, I guess, it is a proposal to cap out-of-pockets at $50 for insulin. The administration does not have a formal statement of administration position on that piece of legislation yet. Of

course, we want to get out-of-pockets down. We want to deal with the insulin issue, and get insulin pricing down for everybody, but we don't have a formal statement yet on that issue.

The part D reforms the committee has worked on and that has a lot of bipartisan support though, that could be such a benefit to people, that catastrophic cap at $3,100, spreading that cap over 12 months, where no senior would ever pay more than 258 bucks a months for their prescriptions if they opted into that. What an incredible thing we could deliver for America's seniors if we could get bicameral, bipartisan action on that.

Mr. Bilirakis. Absolutely.

Well, thank you for clarifying that, and, of course, we will follow up with you, because, again, this is a big issue affecting our constituents.

How does the budget address school safety? I don't have much time, do I? How does the budget address school safety and the mental health needs of our students?

Secretary Azar. So we fund Project AWARE in here, which is a really important school-based school safety program for those for mental health services. We have Healthy Transitions funded which improves access to mental disorder treatment and related support services for youth. We have the Safe Schools Framework Implementation Toolkit to help educate teachers and administrators to identify kids in crisis who need mental health intervention. That is part of it.

Mr. Bilirakis. Okay. Thank you very much.

I appreciate it, Madam Chair.

Ms. Eshoo. The gentleman yields back.

It is a pleasure to recognize the gentleman from Massachusetts, Mr. Kennedy, for

his 4 minutes of questions.

Mr. Kennedy. Thank you, Madam Chair.

Mr. Secretary, thank you for being here.

This week, DHS implemented their well test for immigrant nationwide. The earlier estimates show that the rule could lead to 4.7 million people withdrawing -- excuse me -- from Medicaid and CHIP alone, many of whom are legal immigrants, the children of immigrants, asylum seekers, and refugees. Yes or no, sir, nearly 5 million people forced to forego their health coverage, is that a success?

Secretary Azar. We do not believe that individuals who come to this country should be dependent on public taxpayers for healthcare or other services.

Mr. Kennedy. So refugees having access to healthcare is a success?

Secretary Azar. We do not believe that individuals who should come to this country to be dependent on public welfare programs. That is the -- that is the -- that is the basis for that --

Mr. Kennedy. So, sir, you have frequently told the story of your grandfather arriving at Ellis Island from Lebanon as an impoverished teenager who spoke no English. You talk about him being met by a member of the United States Public Health Service. You speak proudly of that story. Under this rule, based on your own telling of that story, your grandfather would have been turned away. So I ask you, yes or no, are you proud of this public charge policy?

Secretary Azar. So my grandfather came and worked his way through his bootstraps.

Mr. Kennedy. Would he have gone -- would he have had access to healthcare

under this policy?

Secretary Azar. No, he would not have.

Mr. Kennedy. And do you --

Secretary Azar. And he wouldn't have asked for it, because he would have wanted to make his own way.

Mr. Kennedy. And so you are proud of this policy.

Secretary Azar. I am proud of my grandfather and 100 years ago he came to the United States --

Mr. Kennedy. That was not the question.

Secretary Azar. -- in Ellis Island.

Mr. Kennedy. That was not the question. Are you proud --

Secretary Azar. We supported this policy. It is -- we --

Mr. Kennedy. I am going take that as a no.

Secretary Azar. The American people don't support the idea that people should be coming to this country to be --

Mr. Kennedy. Mr. Secretary, next question. Are you aware that under your leadership, the number of Americans without health insurance has risen for the first time in a decade in 2018 by roughly 2 million people?

Secretary Azar. So actually the numbers on the uninsured require a bit more depth than that. The -- what is happening on the uninsured is actually the ACA has -- most of the growth of uninsured is because the ACA priced individuals out of the individual markets.

Mr. Kennedy. Sir, I am almost out of my 4 minutes.

Are you aware, sir, Mr. Secretary, that the percentage of uninsured children rose by .6 percent under your leadership? Would you consider fewer children with access to healthcare a success?

Secretary Azar. So actually, in terms of children and coverage, we have SCHIP. We have reauthorized that for a long period of time. We have got the Medicaid program --

Mr. Kennedy. So you contest the numbers?

Secretary Azar. So in terms of the uninsured numbers there, the children that are uninsured are likely part of the coverage gap left by the ACA, as well as the pricing out of nonsubsidized --

Mr. Kennedy. Sir, do you believe that it is the -- so last month, we held a hearing here about an opioid epidemic where a representative from the Department of Health and Human Services of North Carolina stated that if North Carolina had expanded Medicaid, 415 more people would be alive in North Carolina today. Do you believe that this administration's opposition to Medicaid expansion that according to that individual, has cost lives, is that a good policy choice?

Secretary Azar. I am not going to validate that politician's statements. I don't know who it was --

Mr. Kennedy. It was a representative of the Department of Health and Human Services of North Carolina.

Secretary Azar. I don't know who they are. I don't know the basis for that. I haven't seen the evidence.

Mr. Kennedy. So you are unaware of the fact that Medicaid has saved lives in

North Carolina?

Secretary Azar. No --

Mr. Kennedy. The absence of Medicaid expansion --

Secretary Azar. That is not what I am saying. I am saying I haven't seen the evidence basis for the assertions you are making and that he made.

Mr. Kennedy. One last question for you. You have spoken about this administration's efforts to combat coronavirus and the so-called increased choice for healthcare. For one man, Osmel Martinez Azcue, those two things recently converged when he tried to be prepared after developing flu-like symptoms following a trip to China. He was left with a bill of well over $1,000, and a demand of proof that the flu he was tested for wasn't related to any preexisting condition, or else he would be forced to pay a few thousand dollars more.

So, please explain to me as we are staring down a potential pandemic, and the CDC is warning about fundamental changes to our way of life because of it, do millions of people that have signed up for junk insurance plans pushed by this administration, do they really have a choice?

Secretary Azar. So the short-term limited duration plans are an option for individuals. We have been very clear that they may be the right choice for some, but they may not be the right choice for others who have preexisting conditions.

Mr. Kennedy. Even people with thousands of dollars of uninsured claims in the midst of a potential pandemic, that is a good choice?

Secretary Azar. So if an individual, if it is a choice between no insurance and some insurance at 60 percent lower than what the Affordable Care Act has priced them

out of the market at, it is at least an option for individuals --

Mr. Kennedy. Unless they expanded Medicaid.

Secretary Azar. -- provided.

Mr. Kennedy. I yield back.

Ms. Eshoo. The gentleman yields back.

It is a pleasure to recognize the gentleman from Indiana, Dr. Bucshon, for his 4 minutes of questioning.

Mr. Bucshon. Thank you very much.

And thank you, Mr. Secretary, for being here today.

I am going to switch gears a little bit. 340B is a critical program, especially for rural hospitals, and I am just interested in what you think should be done, if anything, to continue to insure that the 340B program, given its significant growth, is helping more patients get access to care?

Secretary Azar. You put your finger right on it there when you mentioned the growth. It has grown from $7 billion of pharmaceutical sales in 2012 to $19.3 billion in 2017, and we believe in the 340B program, but we do believe those savings need to actually make their way to patients, not just subsidizing hospitals, but actually make their way to patients.

I mean, imagine, for instance, just take the issue of insulin. Hospitals often acquire their insulin at an extremely low price, but they don't have to necessarily pass those savings on to the patient that they are serving as an outpatient. That is partly why we would, part B, propose the changes and have tried to implement the changes that would reduce what seniors have to pay for part B -- for -- would have to pay in the

Medicare program for their drugs.

Mr. Bucshon. Do you think that more transparency in the 340B program would be part of the solution?

Secretary Azar. Absolutely. We support transparency in the program. We support giving the regulatory authority as part of our budget, and also requiring that hospitals that want to get the benefit of those savings I just talked about, to retain that in the program, would have to dedicate 1 percent of their work towards delivering charity care which seems like a pretty low bar.

Mr. Bucshon. So what you are saying is probably that HRSA does need probably more authority and more teeth to address the program. Would you agree with that?

Secretary Azar. We need greater oversight, but we need regulatory authority to implement that oversight so that we can have -- so we can actually do audits in an enforceable way and have that type of transparency.

Mr. Bucshon. Thank you.

I would also like to thank you for making improvements in pain management a key component of the HHS opioid strategy plan. I mean, I firmly believe we will never successfully address the opioid epidemic unless we also improve pain management, and I am a physician, and patient access to non-opioid therapies, particularly FDA-approved medical devices, which have the greatest opioid sparing potential.

Can you tell us what HHS is doing to promote pain management best practices and the status of various provisions in the SUPPORT Act to break down barriers to non-opioid therapies for pain?

Secretary Azar. So one of my top priorities has been to leverage the Center for

Medicare and Medicaid Innovations authorities to fight the opioid epidemic and that is why we developed the Maternal Opioid Misuse, or the MOM Model, and we recently announced the participants in that model and that is going to address the fragmentation of care for pregnant and postpartum Medicaid beneficiaries with opioid use disorder by supporting care coordination and better integration. So that is part of that.

Mr. Bucshon. Great. And earlier in the hearing, you were starting to give some bullet points on, I think, corona, your plan, the five-point plan or whatever. In the last 50 seconds, can you expand on that?

Secretary Azar. You bet. First, expand our surveillance system so we have novel coronavirus surveillance comparable to what we have on the flu, because that is the bedrock of our public health response; second, money to support State and local public health departments are going to have to do a lot of work here; third, vaccine research and development; fourth, therapeutic research and development; and fifth, finally, strategic national stockpile acquisition, especially of personal protective equipment.

Mr. Bucshon. Thank you for that.

And do you feel that we have had enough access to -- in China to get the data that we need to help solve this problem? Has that loosened up?

Secretary Azar. We have struggled. The World Health Organization GOARN team has now completed its mission. We are waiting its report. The initial reports I have is that that team felt they were getting access to information and evidence, but I want to see the final results of that.

Mr. Bucshon. Thank you, Mr. Secretary. I yield back.

Ms. Eshoo. The gentleman yields back.

Just for the record, HHS has existing oversight authority of the 340B, and it is my understanding that HRSA has conducted 1,500 audits of the program. So the question --

Secretary Azar. The courts actually have said we do not have the ability to implement regulations. So that -- and that --

Ms. Eshoo. We are not talking about that. We are talking about audits, and so that is why I wanted to get this on the record. Look at your audits and see what is in them. It is under the control of your department.

I now would like to call on, or recognize, the gentleman from California, Mr. Cardenas, for his 4 minutes.

Mr. Cardenas. Thank you very much, Madam Chair, and appreciate the opportunity for us to have this oversight hearing.

Secretary Azar, thank you so much for being with us. This is an opportunity for to us ask you some essential questions in fulfilling our oversight duties. And last time you were here before us for our budget hearing, I asked you about your agency's role in the horrifying practices of separating children from their families. Today, I would like to ask you about other ways that the administration is impacting families, both in my district and throughout the country.

I would like to ask you about an issue that is frightening families in my own district. I am, of course, talking about the for-profit company's proposal for a detention center in my district, a proposal approved by HHS and that wants to use our Federal tax dollars to put a facility there to have children in a prison-like setting.

VisionQuest, the company that received these funds from your agency, has a

history of alarming reports and stories of abuse within their programs right here in this country. These stories include descriptions of excessive use of physical restraints and isolation, verbal abuse, food deprivation, humiliation and intimidation, and even deaths and this is all about them having children in their care.

As part of the due diligence of your organization, would officials within the Office of Refugee Resettlement be aware of these types of violations before awarding a contract to such a company like VisionQuest?

Secretary Azar. I don't want to endorse the statements that you have made regarding that entity, because I do not know the particulars of that entity or the allegations that are being made there. So I want to be careful I am not endorsing that, but --

Mr. Cardenas. Okay. Go ahead.

Secretary Azar. -- I would expect it would be part of any grant review of any grantee to examine their past history, treatment of children. I would absolutely expect that, yes.

Mr. Cardenas. Okay. If you could please report to this committee if any of the grantees, such as the one I was talking to, if there is any evidence within the Department of any valid situations with an organization such as -- an organization that would be entrusted with Federal funds to house children.

Secretary Azar. Sure.

Mr. Cardenas. Okay? Thank you.

But funds -- these funds that you would be providing as of, unless you were to have such evidence, you would go ahead and contract with an organization?

Secretary Azar. Well, that is how, as you know, the Unaccompanied Alien Children program runs, is we hire grantees that run permanent, hopefully permanent State-licensed facilities that care for children until we can place them with sponsors. That is really what the system Congress set up. That is what we run.

Mr. Cardenas. Thank you.

And the city of Los Angeles is in the process of solidifying their ordinances to whether or not they are going to allow private entities to use Federal funds to house children.

I have another issue I would like to discuss with you. I want to turn to the issue of impacting American families, especially vulnerable children throughout America. In your written testimony, you speak about the importance of promoting adoption to give children the stability and love during their childhood. You speak about prioritizing adoption, but you neglect to mention the fact that right now in America, the agencies are turning away qualified potential parents because they are either LGBTQ, or they happen to be of a religious minority here in America. This is in the -- this is in spite of the fact that LGBTQ parents are seven times more likely to foster or adopt children than non-LGBTQ parents.

My question is, in your efforts to identify and address barriers to adoption, can you tell me how eliminating data collection and reporting on sexual orientation over fostering adoptive youth and parents is helpful to furthering that goal?

Secretary Azar. So the AFCAR is what you are referring to, I believe, is the AFCAR's reporting system and the original regulation contain 270 individual data points, 153 of which were new, and the States, there was significant feedback about just the

sheer volume of data collection and expense to States, all of which is money that, if we add more and more questions, more and more data collections, that is money the States can't use to actually assist with adoption and foster care placement. So it is really just an effort to streamline those data requests in there.

Mr. Cardenas. My time has expired.

I yield back.

Ms. Eshoo. Is the gentleman yielding back?

Mr. Cardenas. Yes.

Ms. Eshoo. I thank the gentleman.

It is a pleasure to recognize the gentlewoman -- and that she is -- from Indiana, Mrs. Brooks, for 4 minutes.

Mrs. Brooks. Thank you, Madam Chairwoman.

And welcome, Secretary Azar. Thank you for being here.

And thank you for pointing out that just this past June, the President signed PAHPA, the reauthorization of PAHPA, of which this committee worked very hard on in the last Congress, and we finally got it done in this Congress.

And I worked particularly hard with the chairwoman and the ranking member of this committee to try to make sure we improved our readiness and our response, and because the question of a pandemic is really not a question of if, but when, I think most people, and obviously CDC is acknowledging that.

One thing I would like people who are listening to understand, the global security -- Global Health Security Index was recently issued, and the United States of America was first in the world out of 195 countries for prevention, detection, response,

and public health. And I also want to commend the administration for the National Health Security Strategy that was put in place for 2019 to 2022. I want to commend you for leading that work.

But with respect to PAHPA, I am curious. How are you leveraging, how is HHS leveraging all of the new things that we put into PAHPA? And then I have one -- I would like to also ask you to address, because there is so many good things in your budget, but I am particularly concerned about a $200 million cut to BARDA, because BARDA has brought forth so many incredible innovations and the partnership that they have with the private sector. Given this proposed cut, what strategies are we going to put in place if BARDA is cut?

Secretary Azar. So on the BARDA question, so that was, of course, in the budget before the coronavirus situation, and because Congress in the appropriations in December added, I think, $535 billion of Ebola funding available in 2020, we are pulling forward some of our acquisition strategies for BARDA into 2020 around especially vaccine and therapeutics on Ebola.

So that created some offset. We may need to relook at that now, given some of the offsets proposed in the supplemental requests but that was meant to be somewhat because we had pulled forward some of those acquisition strategies to 2020.

Mrs. Brooks. Okay. But the private sector companies who are our partners in developing the diagnostics, the therapeutics, the vaccines, and because the government is the customer for those products, is it fair to say then that BARDA, and all of the BARDA professionals who are working in BARDA, is it fair to say that they should not anticipate with what is happening right now a cut in their funding?

Secretary Azar. We would -- first, we would work with the appropriators as to whether the offset we proposed on the 535 Ebola to be part of the funding of the supplemental, if that happens. I can tell you from feedback this morning at the House Appropriations Committee, I think that may be unlikely from the appropriators.

Mrs. Brooks. We still have Ebola in Africa. Is that correct?

Secretary Azar. We do, although fortunately it is on the downswing on the Epi Curve at this point but what we would do is use that money for acquisitions on Ebola, if that money remains there for Ebola in 2020 vaccines and therapeutics that we have got. But if not, we would work with appropriators on making sure BARDA is adequately funded certainly.

Mrs. Brooks. And are there any other issues or any other strategies or framework that we provided in PAHPA that you are using specifically right now to combat the coronavirus?

Secretary Azar. On the coronavirus, the -- I can't trace directly to the PAHPA authorities but, for instance, our vaccine strategies are very much influenced by that in terms of recombinant DNA, the universal vaccine research that we are doing in the influenza case, as well as cell-based technology to bring domestic manufacturing capabilities here.

Mrs. Brooks. I yield back my time. I thank you.

Ms. Eshoo. The gentlewoman yields back.

Just for the record, the gentlewoman asked about the $200 million cut to BARDA, and the Secretary responded.

The administration, Mr. Secretary, put out the budget 10 days after, after, not

before, after declaring a public health emergency. So your answer is really not correct on that.

Secretary Azar. Well, I am sure you understand the budget is locked in December. So it is already probably was printed by the date of the coronavirus outbreak.

Ms. Eshoo. Well, you mean the administration doesn't have the ability to call it in and cross something out and say, N-O, we are the not cutting this, we need it? I mean, that is not -- come on. Come on. All right.

Now the gentleman from Vermont, Mr. Welch, is recognized for 4 minutes.

Mr. Welch. Thank you.

Thank you, Mr. Secretary. You have been here a while.

Drug importation, we are very happy that you are proceeding on that and, as you know, we have a Republican Governor in Vermont who is extremely interested in getting authority to do this. They hope to have everything that is required for you sooner than the deadline. So we think it is a great opportunity. Our Republican Governor and Democratic legislature wants to take advantage of this.

One of the concerns that the Governor has, in particular, but all of us, is including insulin and that is not included, and my understanding is that there have been some concerns raised as to whether that can be safely done. It really would make a huge difference to Vermonters and, as you know, a lot of people already drive across the border to get insulin, and even some companies do that.

Our view is that the concerns about safety are always legitimate, no matter where the source of drugs, but our real request is to accommodate insulin as one of the drugs

that could be imported as long as it is done safely. I wish you could comment on that and tell us what we need to do to give some relief to folks that are desperate about the cost difference.

Secretary Azar. So unfortunately, insulins as an injectable product are expressly excluded under Section 804 of the Food, Drug, and Cosmetic Act which is the provision for the Canadian importation regime that we are using. We have no objection to it. In fact, the second part of the importation program where a drug company could bring a product in with a new drug code and actually price it at their -- price at a lower list price so that they could deal with their PBM, those middlemen contracts, that is open for all products, including insulin.

Mr. Welch. So let me just understand. This is helpful. You are saying it is because the statute --

Secretary Azar. Yes, we have -- we did not --

Mr. Welch. -- not because of a concern that HHS has.

Secretary Azar. It is the statute.

Mr. Welch. So as far as you are concerned, if you felt there was authority under the law for insulin to be included, you would see no reason to object to that.

Secretary Azar. That is correct. We would be supportive if the statute provided for that. We believe it can be imported appropriately, but the statute does not allow me to approve an importation regime under 804 with insulins in it.

Mr. Welch. So if we did an amendment to the statute to allow for insulin to be an exception, you would be supportive of that, it sounds like.

Secretary Azar. I can't formally state an administration position, but I can tell

you the President wants importation. He wants it yesterday, and we are delighted the Governor is working, because we want shovel-ready importation programs that when we finalize a rule that we could get to work on approving.

Mr. Welch. All right. So who would I follow up with in the administration? It probably sounds like you --

Secretary Azar. Me.

Mr. Welch. -- but if I talk to the President about supporting what statutory provision may need to be included in order to allow insulin to come in. That would be huge, huge, huge for the Governor of Vermont, and for the people of Vermont.

Secretary Azar. Sure. Happy to work with you on that. Absolutely. Talk directly to the President with you.

Mr. Welch. All right. Thank you.

And I yield back.

Thank you very much --

Secretary Azar. You bet.

Mr. Welch. -- Mr. Secretary.

Ms. Eshoo. The gentleman yields back.

The gentleman from Georgia, Mr. Carter, is recognized for 4 minutes.

Mr. Carter. Thank you, Mr. Secretary, for being here.

I want to follow up on Representative Griffith's questions about DIR fees by the pharmacy benefit managers and, of course, as you know, the PBMs have squeezed out almost $4 billion out of pharmacies that have retail pharmacies with these DIR fees. In a survey that was done by the National Community Pharmacists Association said that

58 percent of the independent retail pharmacists in this country don't expect to be in business in 2 years, the result of DIR fees which, of course, should be of concern to all of us, but particularly to HHS and delivery of healthcare services in our country.

I just wanted to ask you. I believe you responded to Mr. Griffith by saying that the concern was the higher premiums with the insurance companies. As you know, three PBMs account for almost 80 percent of the market share in this country, and all of those PBMs are owned by insurance companies. How can we -- how can we answer the question of whether those rebates that they are getting, the PBMs they are giving, are going back to the insurance company that is also owned by the same company?

Secretary Azar. Well, that is one of the real problems we have got, is we don't have PBM transparency. Absolutely. So we can't actually know where those monies are flowing.

Mr. Carter. It would appear to me that that is just taking money out of one pocket and putting it in the other pocket. I mean, it is the same company and then it is extended even more than that to include the pharmacies as well. So you know, the vertical integration is something that has got to be addressed.

But what do you think we can do to address the DIR fees? Now the DIR fees have been associated with higher out-of-pocket costs for recipients, and that is certainly something we have to be concerned about, and I know you are concerned about and you have said in the past that you are. If we can lower out-of-pocket costs, would it help to have the rebates at the point of sale?

Secretary Azar. Oh, yes, it would help to have rebates at the point of sale. That would lower out-of-pocket costs. And pushing through, so folks understand, the DIR is

basically a penalty provision that the middlemen impose on the community pharmacists, but the patient is made to pay off of the full price when they buy the drug and the pharmacy later may get this callback of this penalty, but the patient doesn't get a refund of their out-of-pocket.

Mr. Carter. Absolutely. And that callback can take place almost a year afterwards --

Secretary Azar. Exactly.

Mr. Carter. -- and sometimes 2 years afterwards.

Secretary Azar. Very unpredictable to the community pharmacy. They are struggling from this. Absolutely.

Mr. Carter. Absolutely. Absolutely.

Now I want to switch to the coronavirus and these are yes-or-no questions, if you could answer them for me. At this time, at this time, are you and others involved in preparing for a potential COVID-19 outbreak, doing everything you can to prepare for such an event?

Secretary Azar. We are indeed.

Mr. Carter. At this time, if you and others involved in preparing for a potential COVID-19 outbreak felt like you needed more money, would you have asked for it?

Secretary Azar. I would have and I have and that request is there.

Mr. Carter. Okay. At any time, if you and others involved in preparing for a potential COVID-19 outbreak need more money, will you ask for it?

Secretary Azar. I will indeed.

Mr. Carter. Absolutely. So it is not as to say that the amount of money that is

asked for is proportional to the effort that is going to be put forth to prepare for this?

Secretary Azar. Right. That is right. And the President has made very clear in my own discussions with him, as well as publicly, that we want to work with Congress on an appropriate supplemental proceedings here and we have said -- it quite deliberately says at least $2.5 billion. We want to work with Congress. We got to get that money and make sure that Congress is satisfied with the funding also.

RPTR GIORDANO

EDTR HOFSTAD

[3:35 p.m.]

Mr. Carter. As should be the case.

And, again, if you find out that you need more, you are going to come back to us, and we are going to approve it. We want you to have everything that is available that you need to prepare for this. And you are going to do that, correct?

Secretary Azar. That is correct.

Mr. Carter. Madam Chair, I yield back.

Thank you, Mr. Secretary.

Ms. Eshoo. The gentleman yields back.

The chair recognizes the gentleman from California, Mr. Ruiz, for 4 minutes.

Mr. Ruiz. Thank you, Secretary Azar, for being here today.

As a father and a physician, I care very deeply about the physical and mental health of children and also children while in the custody of the Office of Refugee Resettlement. And I am glad my colleague Tony Cardenas brought that up because I am also dealing with a similar situation in my district.

ORR's website says their unaccompanied children program, quote, "takes into consideration the unique nature of each child's situation and incorporates child welfare principles when making placement, clinical, case management, and release decisions that are in the best interest of the child."

So let me get this straight, because I definitely want answers. When determining appropriate housing for children in ORR custody, do you give grants to for-profit

organizations with a documented history of child abuse?

Secretary Azar. Again, I can't speak to that particular grant that was raised before. We would give grants to for- profit or nonprofit without discrimination, but --

Mr. Ruiz. Okay. So the caveat is those with a documented history of child abuse.

I recently learned that, in addition to the facility in Arleta, California, ORR is providing a grant to VisionQuest to open a 130-bed shelter for unaccompanied children in the city of Hemet, California, which I represent. VisionQuest is a for-profit organization whose history suggests that their focus is to make money rather than care about the well-being of children.

This is exemplified by VisionQuest's very long history of keeping children in abusive and harmful conditions, which my colleague touched on. Dating all the way back to 1987, a report from the RAND Corporation found that, quote, "the treatment methods used by VisionQuest were unorthodox" and that "activities engaged in by the youths posed unnecessary risks to their health and safety."

Last year, the Associated Press reported that in 1994 the Department of Justice documented episodes of physical and mental abuse at a VisionQuest shelter in Franklin, Pennsylvania, including staffers pulling children's hair, using harsh restraints, choking minors, and even slamming them into walls.

And in 2017 the city of Philadelphia had to end a contract with VisionQuest after State inspectors found that staff members had choked, slapped, and injured children in the facility.

Secretary, as our providing Federal funding to a for-profit organization with a long

history of child abuse is definitely not in the best interest of children, are you familiar with these reports?

Secretary Azar. I am not familiar with all of those reports. Some of the allegations that you raised I am familiar with.

Mr. Ruiz. Here is the report.

Secretary Azar. Of course, whether for-profit or nonprofit is not the factor --

Mr. Ruiz. This is the RAND report.

Secretary Azar. -- but we want to ensure that any grantee --

Mr. Ruiz. And this is a --

Secretary Azar. Thank you.

Mr. Ruiz. -- letter within the Department of Justice --

Secretary Azar. Thank you. I appreciate that.

Mr. Ruiz. -- documenting --

Secretary Azar. I appreciate that.

Mr. Ruiz. My question now --

Ms. Eshoo. Would the gentleman be seated and speak from the microphone so that what you say can be properly recorded?

Mr. Ruiz. Sure. Will do.

So, now --

Secretary Azar. Of course, one of these is, I just note, from 1994.

Mr. Ruiz. Of course. So that --

Secretary Azar. But we will make sure any grantee is appropriate to the --

Mr. Ruiz. -- is why I mention a long history of abuse.

Secretary Azar. But we need to make sure that --

Mr. Ruiz. And so that is why --

Secretary Azar. Correct, and not --

Mr. Ruiz. That is why, when you look and review at these programs, I want to ask you, what is the process? Is there transparency? How do you determine and how do you open this up to communities to determine who is going to house children with the safety of these children in mind?

Secretary Azar. So, for these permanent bedded facilities, which is our goal at the request of Congress, the grantees would actually have to be State-licensed. And so there is a State licensure procedure.

Mr. Ruiz. Okay.

Secretary Azar. That would be the community involvement.

Mr. Ruiz. Well, the State of Pennsylvania denied them their ability to take care of children because of those horrible --

Secretary Azar. And then they would not be able to be a grantee in that case.

Mr. Ruiz. And they had to close that facility.

So the question is, when you look at those reports and you review the evidence, would you be open to reevaluating these grants and your relationship with VisionQuest --

Secretary Azar. I will ensure --

Mr. Ruiz. -- and their care for ORR?

Secretary Azar. I will ensure that ORR has looked at these and this was part of the evaluation criteria in looking at them.

Of course, just because an entity has -- all of the behaviors you described are

absolutely unacceptable. I just want to be very clear about that.

Mr. Ruiz. And I am glad you said it, because I --

Secretary Azar. Absolutely unacceptable --

Ms. Eshoo. The gentleman's time has expired.

Secretary Azar. Thank you.

Ms. Eshoo. The chair recognizes the gentleman from Missouri, Mr. Long, for his 4 minutes.

We really need to move along, because we have another panel, and everyone knows it is a very important one. So let's stay within our time.

Mr. Long, 4 minutes.

Mr. Long. Thank you, Madam Chairwoman.

And, Secretary Azar, I want to thank you for being here today. I know we tried to get together one time, and as soon as we sat down, my phone started blowing up that my house was on fire in Missouri, which it turns out it wasn't, but the alarm company people seemed to think it was and they sent the fire department. I am sure you remember that.

But I want to thank you for working so hard to advance the administration's health agenda on behalf of the American people.

As you note in your testimony, rural Americans face many unique health challenges. And, under your leadership, HHS created the Rural Health Task Force and is proposing a four-point strategy to transform rural health, which is vitally important in my area, as I represent a lot of rural areas.

Can you first speak to the Rural Health Task Force's role in identifying the needs of

rural areas and how to meet those needs department-wide?

Secretary Azar. You bet. Yes, absolutely. Thank you.

The Rural Task Force identified four key priorities for us. The first, we have to develop a sustainable model for rural healthcare. We can't just patch it over with money if it is not underlying economically viable. Second, we have to have prevention and health promotion in rural America. Third, we have to leverage technology and innovation like telehealth. And, fourth, we have to get the next generation of providers out into rural America, and we have to allow nurse practitioners and P.A.s to practice to the full extent of their license in rural communities.

Mr. Long. Okay. Thank you.

And one area in rural health that has been seriously impacted over the last few years is durable medical equipment, as you are apprised of. I was pleased that CMS issued the interim final rule in May of 2018 that provided payment relief for durable medical equipment in rural areas and continued the relief in the 2019 end-stage renal disease final rule until the end of 2020.

Can you tell me if CMS plans to continue this relief in rural areas after 2020?

Secretary Azar. So I am not able, obviously, to discuss a pending regulatory action, but I do know that that was a major priority, to get that payment fix in place through the interim final rule to ensure better equity for rural America. So that remains very much top of mind for us.

Mr. Long. Okay.

And in the President's fiscal year 2021 budget, there is a provision that would expand the competitive bidding program for durable medical equipment into rural areas

in 2024. We have heard many complaints about the competitive bidding program over the years, really since its inception. Can you detail how you would like to reform the program and how it would impact rural areas?

Secretary Azar. Yes. What we would like to do in the budget is actually pay for durable medical equipment under the competitive bidding program and move that, though, from a single payment amount that is based on the maximum winning bid to actually paying suppliers on their own bid amounts and then expanding the competitive bidding to additional geographic areas, including rural areas.

We think that would actually enhance access to DME in rural areas by allowing competition there rather than simply having to depend on the payment result secured elsewhere. We think that can solve a lot of the access challenges that we saw that we had to work to fix with the interim final regulation.

Mr. Long. Okay.

And has CMS engaged with outside experts, economists, or consumer groups on this as it considers expanding the competitive bidding program?

Secretary Azar. We do. We engage with stakeholders and experts before we consider any new policy. And, of course, the benefit when we do notice-and-comment rulemaking is to get that feedback.

Mr. Long. Would you go forward with the proposal without the congressional approval?

Secretary Azar. I believe, for some of the regional elements on competitive business, I believe that we -- I don't know if we require statutory authority. I want to get back to you on that, as to whether the budget has that as an administrative action or

a statutory request. If I could get back to you, Congressman, on that.

Mr. Long. If you would, I would appreciate it.

Secretary Azar. You bet. Thank you.

Mr. Long. And I yield back.

Ms. Eshoo. The gentleman yields back.

The chair now recognizes the gentlewoman from Michigan, Mrs. Dingell, for her 4 minutes of questions.

Mrs. Dingell. Thank you, Madam Chair.

Thank you, Mr. Secretary. I know it has been a long afternoon.

It has been nearly a month since you declared a formal public health emergency and response to the coronavirus global threat. On February 2, you sent a letter to Congress that you intend to use or transfer or reprogram authority to reallocate approximately $136 million from current programs.

Yesterday, we got the details of those transfers, and I would like to request unanimous consent to enter that into the record.

Ms. Eshoo. So ordered.

[The information follows:]

******** COMMITTEE INSERT ********

Mrs. Dingell. Thank you, Madam Chair.

These include $62 million transferred out of NIH, $37 million taken from the Low Income Energy Assistance Program, and $7.5 million from the Centers for Medicare and Medicaid.

Given that you plan to take $37 million from the Low Income Energy Program, do we have any estimates of how many people that is going to impact and who are going to go without heat this winter?

Secretary Azar. So, for the transferred reallocation authority, that works out to a 0.2-percent change. And we did that across the Department evenly, but then, within different agencies, they selected various programs.

On LIHEAP, we are now late in the season, almost at the end of February. I don't have an analysis for you of --

Mrs. Dingell. Can we get for the record, please, what we think the impact will be? Because we obviously are worried about people who aren't going to have heat.

You are going to take -- and I don't mean to be -- I just have to go fast. I have 4 minutes. You are going to be taking -- you took $62 million from NIH. Is that going to harm our ability to conduct medical research into new cancer treatments -- I am happy, with you, that opioid deaths have gone down this year. There is no one who feels stronger. Maybe Annie. We are together -- and meet other public health challenges? What is going to happen to those programs?

Secretary Azar. So the NIH, in doing the reallocation and taking their allotment of the 0.2 percent, they firewalled off certain priorities, including, I know, opioid research

and development is one of the primary areas --

Mrs. Dingell. So it has not been cut?

Secretary Azar. -- pediatric cancer -- right.

Mrs. Dingell. All right.

Now, I know you talked about this yesterday, but you stated in your Senate testimony yesterday that the U.S. currently has about 30 million stockpiled N95 respirators, which are masks that can help stop a person from inhaling infective particles, but that it might require 300 million for healthcare workers alone. This doesn't include masks, gloves, and personal protective equipment.

That was yesterday. We have heard about nearly 900 more cases worldwide, 60 more deaths. I am really worried, as I know the chair is, about the supply chain in this country. Your own agency has stated that 65 percent of N95 respirators are manufactured outside of the U.S., in China and Mexico. Yesterday, The Washington Post told us that a large group-purchasing organization says we may only have a 2-week supply.

I don't want to frighten anybody. We shouldn't be rushing off. But are we facing an imminent shortage of N95 respirators and other personal protective equipment?

Secretary Azar. So I did want to clarify on the numbers that I told the appropriators this morning. After the hearing, I learned some additional information about the number of masks that we have. We have a higher number, but the mix is different. So we have 30 million surgical masks, the gauze masks. We have 12 million N95 NIOSH-certified masks, and then 5 that are not NIOSH-certified -- 5 million N95s. So

I just wanted to clarify the data on that.

One of the things we are doing with the transfer money that we discussed earlier is contracting to get -- get contracts started with domestic manufacturers of N95 masks so that we can scale up production --

Mrs. Dingell. But how long is it going to take to scale up that production?

Secretary Azar. It will take time because we do not have as much domestic manufacturing --

Mrs. Dingell. Is it a national security threat that 90 percent of our generics are coming from China? We have this kind of shortage. What are we going to do -- and I am out of time -- to help bring the kind of production of these kinds of essentials to this country so we are not dependent on anyone else?

Ms. Eshoo. The gentlewoman's time has expired.

The chair recognizes the gentlewoman from Delaware, Ms. Blunt Rochester, for 4 minutes.

Ms. Blunt Rochester. Thank you, Madam Chairwoman.

And, also, welcome, Mr. Secretary.

I have to express my deep concern and disappointment in the implementation of the Affordable Care Act, which is the law of the land. It appears that the Department of Health and Human Services has made it harder for Americans to access and afford the vital health insurance coverage that they rely on.

Your department recently proposed a rule that would discontinue the ACA subsidies for low-income families who do not actively reapply during the ACA's open enrollment period. These are low-income Americans who are currently enrolled in

zero-dollar-premium plans.

Secretary Azar, your department's analysis acknowledges that there are 270,000 Americans who are reenrolled in these zero-dollar-premium plans that could lose their coverage. And yet you proposed ending auto-enrollment for these individuals, thereby endangering their coverage.

First, a "yes" or a "no" question: In deciding to propose this policy, did you consider the fact that it would result in American families losing coverage?

Secretary Azar. I want to get back to you for the record, if I could. I don't know that we actually proposed it, as opposed to asked for comment on whether one should allow auto-reenrollment for people that are 100-percent subsidized in the ACA exchange markets. I think we asked just for comment on that, as opposed to proposing that as the approach.

Ms. Blunt Rochester. So I am assuming, if you are asking for comment, it is something that you are considering?

Secretary Azar. It is under consideration, if we should require someone to apply who is getting 100 percent of their subsidy paid for, their premiums paid for, should they affirmatively demonstrate that they continue to qualify on an income and wealth basis for that, as opposed to just rolling over and then pay and chase later if we find months later they don't qualify.

Ms. Blunt Rochester. So can you guarantee that no individuals would lose coverage as a result of this policy?

Secretary Azar. Well, if they don't qualify, then they wouldn't retain coverage at 100-percent subsidy --

Ms. Blunt Rochester. Meaning, if you changed the policy, then they wouldn't qualify and they could lose --

Secretary Azar. They shouldn't qualify.

Ms. Blunt Rochester. I am particularly alarmed that your department would propose such a policy given that Congress statutorily directed you to establish automatic reenrollment for all individuals enrolled in the marketplace. That provision was signed into law by the President at the end of the year. This proposed policy goes against congressional intent.

Mr. Secretary, will you commit to the American people that you will not take any action that would cause American families to lose their health insurance? That is just a "yes" or "no."

Secretary Azar. I believe that rider was with respect to 2020 moneys, and the request for information was regarding the 2021 plan year, which is not subject to that rider, is my understanding.

Ms. Blunt Rochester. The deep concern is that the Department now has a record of refusing to properly invest in robust advertising and outreach. The Department has drastically reduced funding for outreach and education activities. It has gutted the Navigator program, limited the time for enrollment, and is giving consumers less opportunity to make informed choices. Now the Department threatens to discontinue American families' subsidies who have become accustomed to being reenrolled every year.

Mr. Secretary, would you commit to working with me to ensure that Americans wishing to enroll in coverage will be well-informed about the opportunities to enroll?

Secretary Azar. Well, I am always happy to work with you, Congresswoman, on any issue.

Ms. Blunt Rochester. Well, we have talked about working together before, so I just want to put it on the record on this particular issue.

Secretary Azar. So, you know, just in terms of open enrollment, we put out a billion reminder emails, we had --

Ms. Blunt Rochester. It is just a "yes" or "no" question, because my time has expired. Yes?

Secretary Azar. Happy to work with you.

Ms. Blunt Rochester. Okay. We will follow up.

Thank you, Madam Chair.

Ms. Eshoo. The gentlewoman's time has expired.

The chair recognizes the gentlewoman from California, Ms. Barragan, for her 4 minutes of questions.

Ms. Barragan. Thank you.

Thank you, Mr. Secretary, for being here today.

As we have heard from you, our U.S. Government has implemented aggressive measures to help prevent the spread of the coronavirus. There have been repatriation missions. There have been travel bans, airport restrictions, and additional travel notices issued. Many of these actions have impacted Los Angeles County and, in particular, my district.

On February 2, the President signed a proclamation banning foreign nationals who have traveled to China in the preceding 14 days and were not immediate family of

U.S. citizens and permanent residents. Over the course of a few weeks, 808 U.S. citizens were flown back to the United States, where they were quarantined for 14 days at military bases.

As of today, 37 countries have confirmed cases of coronavirus. Should we expect travel bans from countries, like Italy, who have confirmed cases of transmission but are on a different continent than current travel bans?

Mr. Secretary, how sustainable are quarantines and travel restrictions in holding the coronavirus at bay?

Secretary Azar. It is an excellent question. And that is why, when we did the initial 212(f) China ban that you mentioned, we were very clear, we can't hermetically seal the United States off, and, at some point, there would be sufficient spread in other countries that measures like that would not be effective.

With China, of course, with the epicenter being in China and with the aggressive measures taken by China, that is what we felt was appropriate to do there. We will constantly look at other travel advisories, 212(f) restrictions, or surveillance and requests for home isolation as we gather more information. But it is a very fair point, absolutely.

Ms. Barragan. And so, following up on that, what resources are going to the quarantines that are happening?

Secretary Azar. So --

Ms. Barragan. And should these be expanded? Should they be extended? You know, what additional resources do you expect are going to be necessary?

Secretary Azar. So I would actually like to get us out of the Federal quarantine business. And I do want to commend California and the local governments there.

They have really been a superb partner with us on the repatriation of American citizens. But it is quite expensive to maintain institutional quarantine.

We don't envision further repatriation flights that really has implicated that need for us to scale up this type of facilities-based quarantine. In the future, as I think Dr. Schuchat mentioned yesterday, we would envision more self-home-isolation activities, State- and local-based monitoring and quarantine activities.

Ms. Barragan. Okay.

I want to drill down a little bit on this, because on Monday HHS issued a statement that revealed a Naval base in Ventura County, Point Mugu, may receive American travelers coming through LAX who would be quarantined to be monitored for symptoms of coronavirus based solely on their travel history. Let me repeat that: based solely on their travel history.

Mr. Secretary, what are HHS's plans to quarantine Americans based on solely their travel history? And would those be voluntary or mandatory?

Secretary Azar. So that would be the Hubei province travel. So an individual who within the previous 14 days has been in Hubei province in China, as an American or a permanent resident alien or family member, would be subject to mandatory quarantine.

We are seeing very, very few of those individuals. I think we had a family of three and then one individual are really all, I believe, that we have right now currently in quarantine.

So that is more of a backup concept there, the Ventura facility you are talking about, to know it is there. But we have, again, worked very well with the State and locals in California.

Ms. Barragan. Right. And we certainly know that the CDC has said that it is not a matter of if the virus is going to spread but a matter of when. You know, Congress wants to work with your agency to fund adequate and effective and sustainable public health responses. We can't do that without sufficient funding going forward to appropriate to State and local partners.

Secretary Azar. Yes.

Ms. Barragan. I know that you will be seeing out of the Congress, especially out of the majority, a proposal on that.

Thank you, and I yield back.

Secretary Azar. Thank you.

Ms. Eshoo. The gentlewoman's time has expired.

The chair recognizes the gentlewoman from New Hampshire, Ms. Kuster, for her 4 minutes.

Ms. Kuster. Thank you, Madam Chairman.

And, Secretary Azar, thank you for appearing before our committee. There is a lot going on both in your budget and with our concerns about the coronavirus, so I will move through this quickly.

The key to a public health crisis, as you well know, is trust and credibility. And my point is, it would be helpful for clear, easy-to-understand, credible updates from this administration to both us, as policymakers and Members of Congress, and to the American people. And it would be even more preferable if the statements by the President of the United States did not contradict the statements of the scientists and physicians at the CDC and in your department.

My time is limited. I want to jump right in on the administration's continuing efforts to undermine the Affordable Care Act's consumer protections for people with preexisting conditions.

The administration and your testimony today claims to support protections for preexisting conditions, but, with all due respect, the facts speak for themselves. This administration has repeatedly taken action, including court proceedings, to undermine protections for people, including my constituents, with preexisting conditions.

Your department finalized a rule to expand junk plans that do not provide protection for people with preexisting conditions and issued a 1332 waiver guidance creating new standards inconsistent with congressional intent. The guidance allows States to increase consumers' costs, reduce coverage, and undermine protections.

Simple "yes" or "no" question, Secretary Azar: Are you aware that the 1332 guidance could substantially raise costs for Americans with preexisting conditions?

Secretary Azar. Actually, our 1332 guidance allowed me to approve reinsurance waivers for 11 States, causing 10- to 30-percent declines in premiums in the exchange market.

Ms. Kuster. And in the other States, what would the result be?

Secretary Azar. One other State was, I think -- I forget if it was Hawaii that we approved a waiver allowing them to not have the SHOP. I think that was it, if I remember. Yes, in Hawaii. So that was at their request, to not have the State -- I forget the exact terminology of what the SHOP is, but it is a technical aspect of the Affordable Care Act.

We have approved no other ACA 1332 waivers at this point.

Ms. Kuster. And will you commit not to approve waivers that would jeopardize the health and well-being and the financial well-being of Americans with preexisting conditions?

Secretary Azar. You can't waive the protection against preexisting conditions, under 1332 or otherwise.

Ms. Kuster. And this administration is inviting States to make changes to the ACA subsidy structure and direct taxpayer dollars to junk plans. And those do indeed threaten and jeopardize individuals with preexisting conditions.

Yes or no, do you think it is appropriate to allow States to direct taxpayer dollars toward junk plans that do not provide protections for preexisting conditions?

Secretary Azar. We think it is appropriate to allow States to support access to these short-term, limited-duration plans, which are plans that the Obama administration allowed to 12 months up until the end of the administration.

Ms. Kuster. Well, let me dive right into that. Under the Obama administration, the short-term, limited-duration plans were for just 3 months.

Secretary Azar. I --

Ms. Kuster. You have now extended it to 12 months with three renewals. That is not the same condition.

Secretary Azar. I am afraid that is actually not correct. The Obama administration had them for up to 12 months up until the very end of the administration, when they passed a midnight regulation shortening it to 3 months.

Ms. Kuster. To 3 months. That is my point.

Secretary Azar. Right at the very end. They were perfectly fine with the --

Ms. Kuster. That is my point, is it was 3 months, and you have allowed for extensions for up to three times. That is 4 years.

And we had people testify here that they did not even have notice that their preexisting conditions were not covered, and even insurers that said to them that if they didn't know they had a preexisting that they should have known.

So this is something we need much more work on. I aim to protect consumers with preexisting conditions.

Thank you. I yield back.

Secretary Azar. Just one correction. It is 12 reinsurance waivers, not 11.

Ms. Eshoo. The gentlewoman's time has expired.

The chair recognizes the gentlewoman from Illinois, Ms. Kelly, for 2 minutes.

And I just want to instruct the members, we have two more to question, and they have agreed to limit their time to 2 minutes each. We will then take a very short break, maybe 5 minutes, to reset the witness table for the next panel and allow the Secretary to take, you know, a few-minute break.

All right. So now we will recognize the gentlewoman from Illinois, Ms. Kelly, for 2 minutes.

Ms. Kelly. Thank you, Mr. Secretary, for being here.

I wanted to talk about two issues that I have paid a lot of attention to and that have actually ravaged communities of color across the Nation. One is maternal mortality, and the other is gun violence.

President Trump has expressed concerns about maternal deaths, and, following mass shootings last year, he called for bipartisan solutions to reduce gun violence. Well,

we in Congress have come up with bipartisan solutions for both. I have worked with my colleagues on the other side of the aisle on a bill to expand Medicaid to provide postpartum coverage for a full year. And Congress appropriated and President Trump signed into law $12.5 billion in funding for the CDC to study gun violence.

Yet your administration seeks to slash funding to and block-grant Medicaid, implement more restrictive eligibility criteria for Medicaid recipients, and completely zero out funding for gun violence research.

Secretary, are you aware, yes or no, that the budget contains a proposal that would allow States to impose an asset test on pregnant women in Medicaid? It is pages 112 to 113 of the HHS Budget in Brief.

Secretary Azar. I would want to look at that and get back to you on that. I am not aware of that particular provision.

Ms. Kelly. Okay.

Secretary Azar. We do have the proposal, similar to what you just mentioned for Medicaid, that would allow States an option to cover pregnant women for 1 year after birth if they are suffering from substance use disorder. So that is another part of the maternal mortality initiative.

Ms. Kelly. Yeah. That proposal will cut Medicaid's funding by $2.2 billion. That is because it would cause a lot of people, including pregnant women, to lose their Medicaid coverage. So maybe you --

Secretary Azar. That is a spending provision, the one I just mentioned. It would actually expand -- right now, they can only get 60 days' coverage postpartum. This would allow that coverage for up to a year as a State option in a non-budget-neutral way,

I believe.

Ms. Kelly. Well, my time is up.

Ms. Eshoo. The gentlewoman's time has expired.

That legislation that we took up here is awaiting floor approval. The gentlewoman has been a leader on this for long before the rest of the members even knew that we had this horrible statistic in our country.

Last but not least, the gentlewoman from Florida, Ms. Castor, for her 2 minutes.

Ms. Castor. Thank you, Madam Chair.

Mr. Secretary, the administration is urging the Federal courts to strike down the Affordable Care Act in its entirety, including the protections for more than 130 million Americans who have a preexisting health condition.

I think my neighbors back home would want me to relay to you how dangerous that is, how angry they are about it. They do not want to return to the days when insurance companies could discriminate against them if they had asthma, a cancer diagnosis, some other preexisting condition. They don't want to return to the days where an insurance company can cancel them if they get sick.

And I think the coronavirus now highlights the importance of consistent health insurance coverage that has a floor of essential health benefits. And it really shines light on these junk plans. Your department has finalized a rule to expand the short-term, limited-duration junk plans. They are not required to cover preexisting conditions. You acknowledged that in your last budget hearing in front of this committee.

And a couple of studies have come out recently, a Georgetown Health Policy Institute study, one commissioned by Leukemia and Lymphoma Society, that kind of

highlight the abuses here.

Is the Department conducting any oversight on the abuses of these junk plans, the abuses in marketing, false promises? Are you conducting oversight of these?

Secretary Azar. So the short-term, limited-duration plans are off-exchange, and so we don't actually regulate --

Ms. Castor. Could you just say "yes" or "no" quickly? Because --

Secretary Azar. We don't --

Ms. Castor. -- the time is short.

Secretary Azar. We don't regulate them directly. They are subject to State insurance regulation.

Ms. Castor. You do not -- so it is, like, hands-off? You said, we are going to promote these junk plans, and you are not conducting any oversight? Is that true, yes or no?

Secretary Azar. They are subject to State insurance regulation, as individual markets should be.

Ms. Castor. And you don't check in with the State and monitor the abuses in the junk-plan market that are raising costs on everybody and excluding preexisting conditions?

Secretary Azar. So we --

Ms. Castor. Thank you.

Secretary Azar. We do not support -- we do not regulate State insurance commissioners.

Ms. Eshoo. The gentlewoman yields back.

Let's take a 5-minute break, and the staff can reset the witness table, and then we will resume. Thank you.

[Recess.]

Ms. Eshoo. The Subcommittee on Health will come back to order.

What we are going to do is, we are not going to have our witnesses do their formal public statements. We have them all in the record.

[The prepared statements follow:]

******** COMMITTEE INSERT ********

Ms. Eshoo. We thank you for them. I have actually read them, and I am sure my colleagues have as well.

What I just want to do quickly, out of respect to each, is to just give a quick introduction. And then we will go to members with their questions.

And, first of all, thank you for being here. I think that the United States of America is so blessed -- is so blessed -- to have, I think, the finest public health professionals in the entire world. There is a reason why the world looks to us: Because we have you and your expertise.

So, Dr. Fauci, thank you to you. America can't live without you, really.

Dr. Hahn, welcome to you. I think this is the first time that you are before the committee?

Dr. Hahn. Yes.

Ms. Eshoo. And we will make it really pleasant for you.

Dr. Hahn. Thank you very much.

Ms. Eshoo. We won't do to you what we did to the Secretary.

Mr. Secretary, welcome back to the table.

Dr. Kadlec, welcome to you.

And to Dr. Redfield from the CDC, thank you for being here.

And thank you, collectively, for what you have done to help to brief the Congress during this.

Now, is it my turn to ask?

Staff. Yep.

Ms. Eshoo. Okay. Let me start, obviously, with the coronavirus.

I started out earlier today saying that confusion is the enemy of preparedness. I do not put confusion at the doorstep of Dr. Fauci, Dr. Hahn, Dr. Kadlec, and Dr. Redfield.

I think that you have done an excellent job in advising, briefing the Congress and for the work that you are doing.

I think we have some problems with the administration, because the professionals say one thing and then there is confusion on the other side.

I hope that something else will happen, too, and that briefings be held in public so the American people can hear you. I hope, as we move through this challenge, that the American people will come to know you the way we do and that we elevate the level of confidence and trust that I know you can engender, but I don't think it is there now.

There is confusion; markets are roiling. It is not only because of confusion, but there are many matters at hand. But you, the scientists, the doctors -- the American people couldn't be better served. They just couldn't be better served. So thank you to you for your especially important service right now.

What I want to get to -- Dr. Hahn, let me start with you -- is our drug supply. Are manufacturers being forthcoming with the FDA about potential shortages?

Dr. Hahn. Madam Chairwoman, thank you for the question.

We are being very proactive in our discussions with manufacturers. As you know, drug manufacturers are required to report to us when there are potential disruptions --

Ms. Eshoo. And how far in advance do they let you know that there will be a shortage?

Dr. Hahn. Typically those conversations occur in real-time. What we have done is --

Ms. Eshoo. Well, I know that -- I think, usually, all of our conversations are in real-time. I am saying, how much -- you know, in a trajectory of time, if they were talking to you today, would they be able to tell when the shortage would begin? How much runway do we have?

Dr. Hahn. We often do not --

Ms. Eshoo. Example, China and manufacturing. So we have a problem with that.

Dr. Hahn. So, just as an example, I can tell you that drug manufacturers are required to tell us when there is a potential disruption to the drug supply. When the applicants apply to the FDA, they might provide, for example, five different manufacturers for the precursors to the drug and then five manufacturers for the actual final drug form --

Ms. Eshoo. Okay.

Let me ask you this. If the coronavirus outbreak is continuing 3 months from now -- and I pray that it isn't -- what do you estimate the American drug supply will be? Have you done --

Dr. Hahn. So we have looked at this.

Ms. Eshoo. -- forward-leaning planning?

Dr. Hahn. There are 183 prescription drug manufacturers in China. Twenty are sole-source from China. That is both precursors as well as the final drug form. We have reached out to all of these manufacturers, and we have no shortages to those

sole-source drugs.

It is the redundancy, Madam Chairwoman, that is most important, and if we have redundancy, then we can shift to other manufacturing sources.

Ms. Eshoo. Yesterday, the FDA said that -- you mentioned this -- the 20 drug products that are either solely sourced there for their active ingredients or finished drug products from China. Can you share that list with us, or is that proprietary?

Dr. Hahn. That is a proprietary list. We are internally compiling lists associated with all the questions that we have been asking of manufacturers.

Ms. Eshoo. Uh-huh.

Dr. Redfield, how many coronavirus tests can the U.S. conduct as of today?

Dr. Redfield. How many cases?

Ms. Eshoo. Yeah. How many tests --

Dr. Redfield. Oh, tests.

Ms. Eshoo. -- can our country conduct as of today?

Dr. Redfield. I would have to get back to you with the exact number.

Ms. Eshoo. Okay.

I kind of teased, but I was serious, Secretary Azar. We have some deep cuts to these agencies, the people that you are sitting with. And it was mentioned by, I think, the ranking member that the budget was printed and it couldn't be changed because of the print and all of that.

I think, Secretary Azar, the $200 million in cuts at BARDA, $700 million in cuts at CDC, and $3 billion out of NIH, are you willing to reconsider that, given what our country is facing and what the American people need day-in and day-out from these agencies?

They are the essentials.

Secretary Azar. The proposals to the budget do not impact our ability to do the novel corona response. The CDC budget actually has a $135 million increase in the fields of infectious disease and global health security preparedness.

Ms. Eshoo. Do you think that, in other words, they deserve these cuts? These are healthy cuts? This is good for them, and it is good for our country?

Secretary Azar. You asked me about impact related to novel coronavirus. These will not impact functioning related to that. And, of course, we have these emergency supplemental request on top of that.

Ms. Eshoo. Well, but if you wrote it in December, how do you know that?

Secretary Azar. Because the changes that we make in the budget are not related to categories that will impact our ability to do the novel coronavirus response.

Ms. Eshoo. So there is nothing to reconsider?

Secretary Azar. I don't believe there is, in terms of the existing budget proposal. We have --

Ms. Eshoo. Well, you know what?

Secretary Azar. -- the emergency supplemental adding to accounts that we think are the relevant ones.

Ms. Eshoo. Today is February 26, 2020, and I certainly hope you are right, but I think that we are shortchanging the American people.

At this time, I recognize Dr. Burgess, the ranking member of the subcommittee.

Mr. Burgess. I thank the chair.

I would just point out, we are the United States House of Representatives. All

spending bills originate in the United States House of Representatives. So it is certainly well within our power to provide the level of spending that you all request.

The House is just now doing its budget, several months after the administration did its budget. I will be testifying to the Budget Committee tomorrow. I think if people have concerns, they ought to bring them up to the Budget Committee. I just hope we will actually have a budget debate and vote on a House budget, because we haven't in several previous years.

But I do want to thank the panel for being here today. This is critically important. The chair is correct that people do need to see and this needs to be public. That is why we have hearings, because hearings are on the record and are public, which is why, several weeks ago, I suggested we have this hearing, and I am glad we are having it today.

Secretary Azar, you were testifying on the budget before. You did take some questions on the issue of the Office of Refugee Resettlement. Just off the topic of corona, can I say, I have been fortunate enough to visit a number of your facilities provided by Office of Refugee Resettlement, and I think we are fortunate to have the men and women who are working in those facilities. And would you just please convey to them my thanks? Because I do think they do a good job, and we would be much the worse without them.

Secretary Azar. I will. And that will mean a great deal to them. Thank you.

Mr. Burgess. Dr. Hahn, you and I had talked a little bit, somewhat earlier, about the supply chain and the active pharmaceutical ingredients that we import from overseas. And the fact was that there was an adequate stockpile as, sort of, this story began to

evolve several weeks ago.

To the extent that you can tell us, how are things looking now, as far as the stockpile that companies have available, as far as the active pharmaceutical ingredient?

Dr. Hahn. Thank you, Representative Burgess.

As we discussed before, we have received no reports of shortages and found no shortages in prescription drugs coming from China. And we have discussed this with manufacturers and pharma companies, and adequate supplies currently exist.

Mr. Burgess. So can I just offer this observation? And I have been on this subcommittee for a long time, and we have had this discussion in other guises and other times. And if there is any silver lining to this cloud, it may be that we recognize that we need to bring some of that manufacturing back within our own shores so that we are responsible for our -- we have the responsibility for those active pharmaceutical ingredients.

And I know this is something the President is focused on and part of his rebuilding of America. This is, I think, work that this committee, subcommittee, has done in the past. I think it is something that we really need to take very seriously.

We had some hearings on continuous manufacturing a few weeks ago, and I think that is another aspect of this, where -- perhaps some attention to the continuous manufacturing, but the main thing is make it here so we are not dependent on a sole source from another country. Whether it be in difficulty from an infection or just simply out of sorts with the United States at the time, it does jeopardize our people, and I do think we need to recognize that.

And, again, that is not a criticism of this panel. We have known about that on

this subcommittee for a long time, and it is just, we haven't acted. Now, perhaps we will.

Dr. Redfield, I would like to ask you, we have heard several times the World Health Organization was able to finally get into China and assist them. And now that report is going to be coming back. Are you satisfied with the level of interaction that you have had with your Chinese counterparts? Because the CDC itself was not allowed to go in. Is that correct? It was only as part of the World Health Organization?

Dr. Redfield. We were able to have a representative on the GOARN team that went to China to do the investigation. I have had regular conversations with my counterpart, the head of the CDC in China. We have had good exchange of scientific information. We do have a CDC office in Beijing, China, that is there, and they continue to have good interactions with those colleagues.

Mr. Burgess. So you think there is, working with the State and local folks?

Dr. Redfield. There is good scientific interaction between us.

Mr. Burgess. Okay.

And, Dr. Hahn, let me just come back to you for a moment. And thank you for the work you are doing on getting a laboratory-developed test. That is critical. They can't all be done at the CDC. We are going to have to be able to get those tests done rapidly in the field for our people on the front lines.

But is there any evidence if there is any sort of hoarding behavior going on with things like personal protective equipment or pharmaceuticals? Is that something about which we need to become concerned?

Dr. Hahn. In terms of the supply for --

Mr. Burgess. Yes.

Dr. Hahn. We have reached out to manufacturers, and we are aware that spot shortages can and have occurred. However, currently, we know of no overall shortage related to PPE. However, this is a very dynamic situation, as I mentioned at yesterday's press conference, that we are likely to see some pressure, particularly on the demand side here.

Mr. Burgess. Is there anything --

Dr. Hahn. We are working very closely with manufacturers on this.

Mr. Burgess. Okay. Is there anything you can do to prohibit or prevent -- not prohibit, but prevent hoarding activity by people who might just be buying up equipment?

Dr. Hahn. Well, the Department has led an all-Department effort to communicate to providers and hospitals regarding this issue. And we have recommended following CDC guidelines with respect to the use of particularly respirators, where it seems to be the most pressure.

Mr. Burgess. Okay. Thank you.

Ms. Eshoo. The gentleman's time has expired.

It is a pleasure to recognize the gentlewoman from Colorado, Ms. DeGette, for her 5 minutes of questioning.

Ms. DeGette. I thank the chair for including some of the other subcommittees in this.

As four of the five of you well know, we have been having hearings in the Oversight Subcommittee for years on these issues. It is what keeps me up at night.

The most recent hearing we had was on December 4 about seasonal flu and pandemic flu. And lo, here we are. And what I am concerned about is, we are still not any more prepared than we were on December 4. And so that is what I want to talk about.

Back in 2005, we had a National Blueprint for Biodefense -- or 2015. Some of you recognize this document. Our now-colleague Donna Shalala had your job, Mr. Secretary. And in this blueprint for defense, what we they did was, they said, in case we have some kind of a pandemic, we need to have a clear line of authority to make these decisions.

Are you aware of that, Mr. Secretary?

Secretary Azar. I wasn't aware of Secretary Shalala's recommendation in --

Ms. DeGette. But are you aware of this blueprint?

Secretary Azar. More of the blueprint. I wasn't aware of --

Ms. DeGette. Okay.

Secretary Azar. I wasn't remembering that recommendation.

Ms. DeGette. Well, so this is what I want to ask you. Because I just got back from Japan on Monday, and so we were really looking at the Diamond Princess incident. And here is what I was concerned about, is, you had all these people sitting in this petri dish of a ship for a long time. The CDC said that people should not be flown back to the U.S. from that ship. And then, apparently, the CDC was overruled by the State Department.

So here is my question. You are the chairman of the President's task force on the novel coronavirus. Who is in charge? Are you in charge?

Secretary Azar. I am in charge. But in Japan, the Deputy Chief of Mission, who

is the Charge d'Affaires --

Ms. DeGette. Right.

Secretary Azar. -- who made that decision, has full authority of the President of the United States --

Ms. DeGette. Right.

Secretary Azar. -- when in a foreign country.

Ms. DeGette. So that is the problem.

Secretary Azar. No, that --

Ms. DeGette. Well, yeah, it is, and I will tell you why that is the problem. Because you are the head of the panel, the health experts are saying you shouldn't be flying these people back in, and then there is another agency that basically overruled what you said.

If we have an outbreak in the United States, there are a number of other agencies that are going to have other interests. And I will just give you a couple of examples: the State Department, which we just dealt with; HHS is you; the State public health departments; various other agencies.

Who is in charge of the final verdict? Is it you?

Secretary Azar. It depends on the circumstances. If it is --

Ms. DeGette. That is not going to work if we have a pandemic.

Secretary Azar. No. If it is in a foreign country, the ambassador of the President is the final word on representing the United States' interests in that country.

Ms. DeGette. So what happened is, they flew back in 14 Americans, maybe more, who were infected with the coronavirus. That is why someone needs to be in

charge. And you know what? I think it should be you.

Secretary Azar. I just, with respect, I want to -- the Deputy Chief of Mission had a very difficult decision to make there. They --

Ms. DeGette. I understand that. I don't need you to explain that to me. What I am saying, as this goes along, there needs to be someone who can overrule Homeland Security and State, who can make these decisions for the American public based on public health. And I am hoping we can have --

Secretary Azar. I appreciate that.

Ms. DeGette. -- some more hearings to talk about that.

Dr. Redfield, I want to ask you -- because the chair, Chairwoman Eshoo, asked you the question about the lab tests, and you said you didn't know how many lab tests are available -- do we have lab tests that will accurately test for the coronavirus?

Dr. Redfield. Yes. I --

Ms. DeGette. Okay. Now, what I heard was they are limited, and people have to send their tests to the CDC to be tested. Is that right?

Dr. Redfield. Presently, there are 12 jurisdictions that have the test up and running. Nine of --

Ms. DeGette. Twelve jurisdictions throughout the United States?

Dr. Redfield. Throughout the United States.

Ms. DeGette. And so people can send their tests there?

Dr. Redfield. They send their tests there.

Ms. DeGette. And when are we going to be able to put that everywhere?

Dr. Redfield. Well, we are working cooperatively with --

Ms. DeGette. I am asking you, when are you going to be able to put that everywhere?

Dr. Redfield. I was trying to say --

Ms. DeGette. Do you know?

Dr. Redfield. -- we are working with the FDA now. We are hoping that later this week --

Ms. DeGette. Okay.

Dr. Redfield. -- our tests will be such that the first one can go -- all the laboratories that got it can execute the current test on the modification that we did with the FDA.

Ms. DeGette. Okay.

Dr. Fauci, I know you are working on developing a vaccine. If we gave you more money, could we develop a vaccine more quickly?

Dr. Fauci. We would need more money to take it for the next step. We are in a Phase 1 right now, and we are okay. When we get to --

Ms. DeGette. How much more money? How much more money?

Dr. Fauci. For?

Ms. DeGette. I think you could probably get bipartisan consensus that we would give you the money.

Dr. Fauci. Yeah. How much would you need for it to get it over the hill?

Ms. DeGette. Yeah. Uh-huh.

Dr. Fauci. About $140 million.

Ms. DeGette. $140 million. I think --

Secretary Azar. And, Congresswoman --

Ms. DeGette. Yeah?

Secretary Azar. -- if you wouldn't mind, the emergency supplemental would actually dedicate a billion dollars for vaccine. That is part of the detail we will be working with the committee on.

Ms. DeGette. Okay.

I just want to say one more thing, because my time is up, and I know that Congresswoman Schakowsky is going to ask you some questions about the supplemental. I just want to say that even Minority Leader McCarthy today said we need at least $4 billion. And we shouldn't be shifting money away from Ebola and other diseases into trying to deal with this coronavirus. We need to work on all fronts at once.

And I thank you for your comment.

And I yield back.

Ms. Eshoo. The gentlewoman's time has expired.

The gentleman from Kentucky, Mr. Guthrie, is recognized for his time.

Mr. Guthrie. Thank you, Madam Chair.

And thank you for all being here.

And just so everybody knows, we have been having these meetings, if they have not been formal hearings, bipartisan, with several of you over time. And I remember, when we first started meeting about this, it might have been Dr. Fauci said -- I don't want to put words in your mouth, but we were going to prepare for a pandemic. That is what the American people expect us to do. We are going to prepare for a pandemic. We are going to put things in place for a pandemic and hope and pray that it never comes.

We are going to get ready. And as we prepare for it, people are going to see things, hear things, and maybe react that this pandemic is imminent, when it may not be, because we are doing what we are supposed to do.

The other thing is, I know the White House and the administration needs to reassure markets and marketplaces where we are and where we stand. And for everything that I have heard previously and what Larry Kudlow has said, it is not inconsistent with where we are.

But I know that the CDC came out and talking about the pandemic, to be ready for it. And, Secretary Azar, if you would like to explain this. I know the CDC warned that Americans should -- and I will quote -- "prepare for community spread" in the United States and should be ready for, quote, "significant disruption."

And would you explain what that means and what it means to the average person, what that means? And what is the most important message you would like for the American people to know about the current state of America and the coronavirus?

Secretary Azar. Our messaging, from the President through to the career officials at the CDC, has been consistent, but it is striking a balance: America's risk is low at the moment. That could change quickly. We are working to keep that risk low, but we have always been transparent that we expect more cases in the United States with a rapidly spreading virus, especially with what we have seen.

For the average American, there is no change in their behaviors except what we always would advise, which is: practice good public hygiene -- washing your hands appropriately, coughing into your arm, not touching your face with unwashed hands -- and appropriate preparedness activities at home. And you can go to CDC.gov

for normal advice for flu seasons, hurricanes, and others. Good preparedness, good thoughtfulness at home.

We are trying to be very transparent to people of the risks we face, even if we are at a low-risk situation now, so people aren't surprised, so that they know what we are dealing with and what uncertainties we are dealing with.

Mr. Guthrie. Thank you.

And so, Dr. Fauci and Dr. Redfield, for 50 days we have learned much about the coronavirus, but much is still unknown. What is the current -- this is what I know people want to know at home. What is the current scientific consensus about the transmissibility, infectiousness of the virus? And how long, once you are infected, if you are infected, how long can you pass it on?

And what are the other remaining known unknowns? What are the things you know that you would like to know the answer to?

With Dr. Fauci and Dr. Redfield and Dr. Kadlec, if that is in your world.

Dr. Fauci. Well, first of all, we know it is a very transmissible virus. There are some viruses that are not efficient in going from human to human. What we learned early on and we are convinced now, given what we have seen in China and other countries, that it is a highly transmissible virus. That is the first thing.

The second thing, when you say how long a person is infected after they get infected, that is something that is still up in the air. And the way you get the answer to that is you try and isolate virus, what we call, shedding for a period of time.

And we know that there are individuals who are actually able to transmit when they are without symptoms, before they get symptoms. What we don't know yet -- and

I think we are going to get information from the group including the CDC individual and one of my people who was in China with the WHO group -- what the extent of that transmissibility is from an asymptomatic person. Is it minor, part of the driving of the outbreak, or is it significant? That is going to be a very important thing that is currently an unknown.

And, Bob, do you want to take over?

Mr. Guthrie. Dr. Redfield?

Dr. Redfield. I concur with Dr. Fauci. I think the biggest challenge we have right now is, what is the relative infectivity, whether before you get sick -- are you more infectious before you get sick, or are you more infectious after you get sick?

We are tracking these patients that we do have in this country to see how long they actually have a virus that can be isolated from their respiratory secretions. It is probably going to be longer than many of us originally anticipated. I think, at this stage, we have an individual who is out about 18 days from the time they initially actually got sick.

So I think these are key questions, and we continue to try to get the data to answer them.

Mr. Guthrie. So are there other things that you are looking to know that you don't -- that you know that you don't know that you are trying to find the answers to?

Dr. Redfield. Well, I think one of the other areas from the CDC's point of view is trying to understand the methods of transmission. Is it all respiratory transmission through droplets? Is there fomite transmission? For example, can this virus survive on certain surfaces long enough for somebody else to come down, put their hand down, and

then touch their face? You know, it is not clear right now what the relative components of, say, droplet transmission is to fomite transmission.

Mr. Guthrie. Thank you.

My time has expired. I will yield back.

Ms. Eshoo. The gentleman yields back.

The gentlewoman from Illinois, Ms. Schakowsky, is recognized.

Ms. Schakowsky. Thank you.

As all of you know, the World Health Organization has declared the coronavirus outbreak a global health emergency, and our administration now has declared it a public health emergency. Yet, Secretary Azar -- we have talked about this, you have heard about it -- the Trump administration asked Congress for just $2.5 billion to combat disease that the CDC's Director, Nancy Messonnier, warned could severely disrupt daily life and could cause severe illness in the United States.

So, in that request, you did not, as I understand, include -- were not specific about surveillance for testing kits that actually work -- because not all of them have -- and for treatment. Instead, you suggested robbing $500 million from the United States response to the Ebola epidemic, which actually still is raging in places. So I find it incomprehensible that you are asking for a molehill when what we really need is a mountain of support here.

Secretary Azar, yes or no, do you agree with the President of the United States that the coronavirus is "very much under control" in the United States, unquote, and will, quote, "go away," unquote, by spring?

RPTR WARREN

EDTR HOFSTAD

[4:42 p.m.]

Secretary Azar. He did not say the last part that you just said. He said we hope it will go away with warmer weather. I hope everybody here would hope it would go away with warmer weather.

The virus in the United States has been in a contained situation to date, but that can change. As Dr. Messonnier said, we expect more cases, and we expect that we will see at least limited community transmission of the virus in the United States.

Ms. Schakowsky. Let me ask you another question. My hometown of Chicago reported the first human-to-human transmission of the coronavirus in the United States. And though the Illinois and Cook County and Chicago Departments of Public Health have expertly, I would say, handled our two coronavirus cases, they have not received any reimbursement or financial assistance for the work they have done. I just met with the director of public health in Chicago, who said they are spending $150,000 per week to respond to this.

Will the United States be able, in the $2.5 billion, to help local and State health officials who have already spent lots and lots of money trying to deal with this?

Secretary Azar. So, yes, that is actually part of the supplemental request, is to fund State and locals. In addition to the $675 million FEP money they already have received for many years, Illinois, of course, received each year $16.3 million for exactly these activities. But we want to give additional funding through the supplemental request for those activities.

Ms. Schakowsky. Well, that is really good news. Thank you.

Secretary Azar, will your $2.5 billion be enough to help healthcare workers in hospitals and nursing homes or the home-care workers who have to care for quarantined individuals?

Secretary Azar. In what respect are you asking?

Ms. Schakowsky. Well, I mean --

Secretary Azar. The salaries? Because they are already paid. I am just curious. I want to --

Ms. Schakowsky. No, I mean, I think --

Secretary Azar. If there are elements we need to add to our request, we will be glad to --

Ms. Schakowsky. There may be a lot of additional costs that -- people that work in hospitals, and they may have to hire more people. Is there any help that is going to be for staffing?

Secretary Azar. Would you mind if Dr. Kadlec responds, Congresswoman?

Dr. Kadlec. I can address part of your question, ma'am, and that is, $350 million is dedicated for personal protective equipment that could be used by healthcare workers in many different settings. So we are stockpiling that to make it available should communities need that in addition to what they have on hand.

Ms. Schakowsky. Okay.

Let me just finally say this. Last week, 45 of my colleagues and I sent a letter to President Trump, and what we were talking about is, are we going to be guaranteed affordable treatments or vaccines that are developed?

We are concerned that private pharmaceutical companies may end up having a role in this and raising the cost beyond the point that people could well afford it.

Secretary Azar. We absolutely share your passion around ensuring affordable access to medicines, but the private sector must have a role in this. We will not have a vaccine, we will not have therapeutics without the private-sector candidates that they and we will have to invest in.

Ms. Schakowsky. But we have paid for all the R&D so far, right?

Secretary Azar. No, that is not accurate. For instance, Gilead has a product, Remdesivir, that was originally NIH-funded basic research, I think, out of University of Alabama, but they have carried forward with development. Moderna is using Dr. Fauci's --

Ms. Schakowsky. My time has expired, but if I could just reaffirm then, you are saying it will for sure be affordable for anyone who needs it?

Secretary Azar. I am saying we would want to ensure that we work to make it affordable, but we can't control that price, because we need the private sector to invest. The priority is --

Ms. Eshoo. The gentlewoman's time has --

Secretary Azar. -- to get vaccines and therapeutics. Price control won't get us there.

Ms. Eshoo. -- expired, Mr. Secretary. Thank you.

I now recognize the gentleman from Michigan, the former chairman of the full committee, Mr. Upton.

Mr. Upton. Thank you, Madam Chair.

I have a couple of questions that I hope to run through. And I guess the first question ought to be directed to -- first of all, thank you all, 24/7, and for the briefings that we have had over the last couple of weeks as well.

I guess this ought to be directed first to Dr. Redfield. There is a report just published now in the last hour or two of apparently there is a daily newspaper in Korea called the JoongAng Daily, and they reported that there is a Korean Airlines flight attendant who serviced a number of flights between LAX and Seoul, and she was confirmed to have coronavirus. They are not sure where she got it. There is some suspicion that she had also worked a flight to Israel with that apparent tourist group that came from Korea there in the previous week.

What do you know about this? Is there some communication? I hope you know something, but I know that it is recent news. But it was published Tuesday in Korea; it is Thursday now. So just wondering what you might know about this.

Dr. Redfield. I can say that I haven't been briefed on that, sir. Normally what we would do, if we had confirmed cases, obviously --

Mr. Upton. Now, this is a Korean woman, 24 years old.

Dr. Redfield. Yeah. So that would be -- we are interacting -- we actually sent someone yesterday to embed in the Korean CDC to help facilitate communications between Korea's CDC and our CDC. But I can tell you I haven't been briefed on that specific situation. But I will look into it and get back to you.

Mr. Upton. Okay.

And, second -- and does anyone else know anything more?

Dr. Fauci, I know that China did publish, thank goodness, the genetic sequence,

which has allowed the rest of the world to try and pierce the bubble here. Moderna Therapeutics is one of the companies -- I think they are out of Massachusetts -- that is actually working on, I want to say, a Phase 1, but I may be wrong.

Dr. Fauci. Yes.

Mr. Upton. If it is successful, how long? What can you tell us?

Dr. Fauci. We are working with the company Moderna on a vaccine platform called messenger RNA. We are working at our Vaccine Research Center.

And we did exactly as you said. As soon as the sequence was put on a public database, we pulled the gene out for the spiked protein, which is the protein that you want to make an immune response against.

There are several steps in that that determine the success or failure of what you are doing. And we have been able to successfully express it in this particular platform that we are going to use for a vaccine. We have shown that it is immunogenic in mice. And very soon, within the next month and a half to 2, it is going go into humans in a Phase 1 study.

But I think people need to appreciate -- because there is often misunderstanding -- a Phase 1 study, we will say, was 3 months from the go, which was about a month and a half ago. It will take about 3 months or 4 to determine if it is safe and induces the kind of response that you would predict would be protective.

Once you get there -- it relates to the question that I was asked before -- then you go to a Phase 2 study. The Phase 1 study has 45 people. A Phase 2 study has hundreds or maybe even low thousands of people. That would take at least 6 or 8 months to show that it works. So, from the time you push the button to go to the time you even

know it works, it is about a year to a year and a half.

Then, as the Secretary said, you have to partner with pharmaceutical companies to make millions and millions and millions of doses, which could also extend the time.

Mr. Upton. And that would be a vaccine or a remedy?

Dr. Fauci. That would be a vaccine --

Mr. Upton. Okay.

Dr. Fauci. -- to prevent infection.

Mr. Upton. Okay.

The last question that I have, and I will save this for Secretary Azar. A couple weeks ago, my colleague Debbie Dingell and I sent a letter to the administration -- you were copied on it -- as it relates to the supply chain of companies with operations in China, specifically Wuhan province.

A lot of us are concerned about products that are made there. Auto State, Michigan, we have a lot of different things that are there. I know Apple, as an example, they fessed up; their stock price collapsed and led to the market trouble that we had this week.

What type of outreach are -- have you initiated outreach to companies large and small, particularly on the shortage questions as well? Because they may not want to tell you what they might know. Where are you all on that?

Secretary Azar. So, as chair of the task force, we have directed a whole-of-government outreach to manufacturers and suppliers across not just healthcare but everywhere. And Dr. Hahn and Dr. Kadlec have led the effort with regard to pharmaceutical, generic and biologic, and device manufacturers in China.

And that is what Dr. Hahn was reporting on earlier, the results of that outreach. Very proactive. As you know, with drugs, they have to report to us potential shortages. Device, we don't yet have legislation on that, so we are proactively probing that system. As he reported, we don't yet know of any potential shortages, but we are on that because we share your concern about the risks there.

Mr. Upton. Just to follow up, is the Secretary of Commerce -- are they working on other things --

Secretary Azar. Yes.

Mr. Upton. -- beyond just drugs and devices?

Secretary Azar. Yes. With their regulated entities and their major manufacturing entities, they are working to gather information about potential shortages, as they might impact the economy. The National Security Council and the National Economic Council are leading those efforts.

Mr. Upton. Thank you.

I yield back.

Ms. Eshoo. I appreciate what Mr. Upton raised overall but certainly the last part of it, the whole issue of our dependence on China and that 90 percent of the American people take generics and that those generic drugs are manufactured in China and, to a lesser degree, in India, but China controls the global market on the API, the active pharmaceutical ingredients.

But I met with Dr. Kadlec after -- I think it was the classified briefing. He came to my office. What I wanted to know was, do we have an inventory? Do we have an inventory of who the manufacturers are? Are any of these plants shut down? I know

we asked questions about how long they can manufacture until they can't, because drug shortages are a part of this whole problem with the supply chain.

But when I met with Dr. Kadlec, we don't have that inventory. Is that in place now --

Secretary Azar. Actually, I believe --

Ms. Eshoo. -- Mr. Secretary?

Secretary Azar. I believe that is what Dr. Hahn briefed you on earlier.

Ms. Eshoo. We do have an inventory?

Dr. Hahn. We have reached out to the manufacturers. We have to do that proactively because there are not requirements, for example, state of operations that are required to report to us.

Ms. Eshoo. But if we inspect manufacturing plants, don't we know who they are?

Dr. Hahn. Yes, we do.

Ms. Eshoo. Don't we have a list of them?

Dr. Hahn. Yes, we do.

Ms. Eshoo. We do.

Dr. Hahn. Yes, we do.

Ms. Eshoo. What is the difference between that and the question I asked then?

Dr. Hahn. So we have a list of manufacturers that have been given to us by pharmaceutical companies who manufacture both precursor product and final drugs in China. But there may be five or six for each of these drugs, and they might be in different countries.

Ms. Eshoo. I see. All right.

The gentleman from Massachusetts, Mr. Kennedy, is recognized for his 5 minutes.

Mr. Kennedy. Thank you.

I want to thank you all for being here. Thank you for being willing to be before this committee. I have some differences with some of you up there on our healthcare policy, but I am grateful for your presence here, and I wish you all success. So good luck to you, and good luck to us all.

First off, a bit of -- just rapidly, sir, Dr. Redfield, if you can. I have a 2-year-old and a 4-year-old, and a lot of other parents of young children are nervous about this. Can you just give me a real quick answer, as to parents of young kids, is there anything people should be doing at this point or should be concerned about?

Dr. Redfield. I want to echo what the Secretary said. Right now, the risk to the American public is low, and we would argue that they go on with their life. Our containment strategy has been quite successful.

But that said, what was said also is that, in light of what has happened in the Republic of Korea and Italy and Iran and Japan and we have seen how fast this virus can move, we are encouraging people, again, to just think about being prepared.

Mr. Kennedy. Okay.

Part of being prepared is trying to make sure that there is as much and as clear communication as to what we are confronting and how government is structured to be ready for this and to meet this challenge.

I do think, obviously, as some of my colleagues have noted, that, despite calls to strengthen our country's pandemic preparedness, this administration did dismantle the

Federal Government's pandemic response chain of command, including leadership structure at the White House through the National Security Council's global health security unit.

So when you flash-forward to this year and the coronavirus starts spreading throughout the world, there have been reports of this task force -- and, Mr. Secretary, you indicated that you are, in fact, the head of it. I would ask just, if you can, to the greatest extent possible, communicate what that structure looks like so that people can have some understanding as to what is backing that up. You don't have to do it now, but just as you can. Just to get that information out would be helpful to all of us.

So, moving on a bit, though, to try to make sure that there is not just a structure put in place but that communication is, in fact, clear, Mr. Secretary, I would take a bit of an issue with the fact that the message is consistent. I think the message from you all up here on this panel so far has been pretty consistent. I do have an ABC News story here that I am going to enter for the record which quotes the President as saying that it is, quote, "a problem that's going to go away," end quote.

The President is also quoted as saying, quote, "The virus we're talking about having to do, you know, a lot of people think it goes away in April with the heat, as the heat comes in. Typically that will go away in April. We are in great shape though," end quote.

Dr. Fauci, does this go away in April with the heat?

Dr. Fauci. The history of respiratory viruses such as influenza and other coronavirus viruses tend to diminish and almost disappear as you get into the summer. That is just something that happens. Every year, we see that with influenza.

However -- underline "however" -- this is a new virus, so we don't know what this virus is going to do. If it acts like influenza, the heat will actually make it diminish in its impact. But we have no way of knowing how it is going to act.

Mr. Kennedy. And I would say that there are different temperature gradients across this country by April. Fair enough?

Dr. Fauci. Correct. And also in different hemispheres, because when we are having cold weather, others are having warm, and vice versa.

Mr. Kennedy. Thank you.

He has also stated that we are, quote, "very close to a vaccine," end quote. But, Doctor, you just laid out that, best-case scenario, we are still 12 to 18 months away roughly. Is that right?

Dr. Fauci. Correct.

Mr. Kennedy. He said -- congressional staff briefed folks yesterday in a press conference. Said, quote, "It's not a question of if but rather a question of when and how many people in this country will have severe illness." Almost at the exact same time, the President was saying that, quote, "it's going work out fine," end quote, "a problem that's going to go away."

Dr. Redfield, does the CDC agree that this is a problem that is going to go away without intervention?

Dr. Redfield. I think it is important to recognize that, from time to time, new pathogens come from animals and get into the human species. Clearly, this is one of those times when we have a new respiratory pathogen that has come into the human species. And I think it is prudent to assume that this pathogen will be with us for some

time to come.

Mr. Kennedy. Dr. Kadlec?

Dr. Redfield. And as --

Mr. Kennedy. Dr. Kadlec?

Dr. Redfield. -- Tony said, we don't know the cycle of it. We don't know how it is going to -- if it is going to be impacted by humidity and heat. But I think we should assume that this virus is going to be a virus that we are going to be challenged with, similar to the other viruses that we have that are respiratory.

Mr. Kennedy. Doctor, thank you.

I have 10 seconds left. For the rest of the panel, "yes" or "no," agree with Dr. Redfield?

Mr. Kadlec?

Dr. Kadlec. I support Dr. Redfield's view.

Mr. Kennedy. Mr. Secretary?

Secretary Azar. The President is expressing confidence that this team, the public health infrastructure in this country, State and local, that we can deal with this. We will prepare for this. We will work together on this. He is trying to calm the public.

We see in China that panic can be as big of an enemy as virus in these situations. And so there is always that balance --

Mr. Kennedy. Mr. Secretary, I don't want to panic over this either. The stock market is crashing. He is trying to stop the stock market. He is not trying -- he is outright contradicting everything that you all have just said. Outright contradiction.

Secretary Azar. I think he is expressing confidence in --

Mr. Kennedy. With no medical basis for it. That is what you have just expressed to us. Come on, sir.

Secretary Azar. Well, no. He is expressing that the American people need to take a breath here, that there is no change to anyone's daily life from this, that the country has a plan, we have pandemic plans, there is a playbook for this, and we are executing against that. But we have to be realistic, also, and transparent that we will have more cases --

Mr. Kennedy. And, sir, as head of HHS, do you agree with the President's statement, as I quoted, "The virus that we're talking about having to do, you know, that it will go away with the heat"?

Ms. Eshoo. The gentleman's time has expired.

Do you want to answer that quickly?

Secretary Azar. No.

Ms. Eshoo. No. I didn't think so. You are doing a great job for the President, Mr. Secretary.

It is a pleasure to recognize the gentlewoman from Indiana, Mrs. Brooks, for her time.

Mrs. Brooks. Thank you, Madam Chairwoman.

And thank you all so very, very much for being here and for your work day-in and day-out on behalf of not only our country but on behalf of the world.

And I would like to remind my colleagues that in November of 2019 the United States of America was ranked number one in global health security. The Global Health Security Index, conducted by Johns Hopkins, of 195 countries, we are leading the world.

Now, that doesn't mean that we can't always continue to improve. And that is what PAHPA, which was passed, signed into law in June, did. It actually took care -- it focused on vulnerable populations, like children, like the elderly. We added a lot of new things to that.

One of the things, though, that I am concerned about is the flexibility of the funding and whether or not -- we introduced an Infectious Disease Rapid Response Reserve Fund. Eighty-five million was put into that fund. We have $705 million in a Strategic National Stockpile fund. We have all of these.

How much flexibility is there? Or do we need to give you more authority, Mr. Secretary, very quickly, to have more flexibility to be able to not focus on Congress having to do supplementals all the time? How much more flexibility do you need?

Secretary Azar. Well, the Infectious Disease Rapid Response Fund has been critical for us. The flexibilities in the Strategic National Stockpile, critical to us. The emergency supplemental, the most flexibility that you could give us there, as we deal with the situation as it evolves, we would appreciate that also.

The challenge with setting up long-term funding mechanisms that are indefinite is they can become slush funds for any other priority, as opposed to concrete, real public health emergencies. I think that has always been the challenge.

Mrs. Brooks. And if you find that you need more funding for any of these funds, will you come back and ask for more funding?

Secretary Azar. Absolutely. And I want to emphasize, the 2.5 is at least 2.5. It is for 2020 only. And we will come back if we need more. And we will work with Congress if Congress wishes to give more.

Mrs. Brooks. Dr. Kadlec, with respect to the Strategic National Stockpile, which I believe you oversee in conjunction with the CDC -- is that correct?

Dr. Kadlec. Yes, ma'am.

Mrs. Brooks. What is the status of our Strategic National Stockpile?

Dr. Kadlec. Well --

Mrs. Brooks. Can you quickly say what those are?

Dr. Kadlec. Sure. It is a variety of countermeasures that deal with chemical, biological, radio, and nuclear capabilities, as well as for pandemic influenza. We have a supply of personal protective equipment that we have on hand. We have sent out a solicitation to get more, but the answer is, we have a whole range of things that --

Mrs. Brooks. And these are at undisclosed locations --

Dr. Kadlec. Yes, ma'am.

Mrs. Brooks. -- throughout the country, are they not?

Dr. Kadlec. That is correct.

Mrs. Brooks. And, at this point, is the Strategic National Stockpile sufficiently funded?

Dr. Kadlec. Ma'am, I think the thing is, at this point in time, in light of what the requirements are, we have been given, at least in terms of what is in the supplemental request, another $400 million, that would be a great benefit to help us address any kind of shortfalls for this event.

Mrs. Brooks. Last week, when I was home, I learned from a local public health official in Indiana that an individual from this county had traveled from China and, interestingly enough, had come through the Chicago airport. And the Chicago airport

officials notified this public health official, said this person is coming home to quarantine, and she appeared at this individual's home within 24 hours of that person coming through the Chicago airport.

I thought that was awesome. It was excellent that that kind of coordination happened. How did that happen? And is that happening all across the country?

And this individual is going to cooperate with the local health official, provide their temperatures for a couple of weeks. Is this happening all across the country?

Dr. Redfield. Yes.

Mrs. Brooks. And who at the airports is notifying local health officials?

Dr. Redfield. So what happened, when the original travel restrictions were put in for China and Hubei, if you were coming into the United States, an American citizen or a family member or a permanent resident, on Hubei, you were required to go into 14 days of quarantine. That quarantine could either have been institutional or that quarantine could have been in your home, working with the health departments. And that is really how we have operationalized.

But if you had been from China, the requirement was that, when you came through, you were screened. You were given an education card, provided that you had no symptoms, telling you about the risk and what the symptoms are and the contact information with your local health department. And you, in conjunction with your local health department, were going into what we called voluntary monitoring and isolation.

And that woman that you gave the example of did exactly as we instructed and they were instructed as they went through Chicago O'Hare Airport.

Mrs. Brooks. And so, actually, it was my local public health official that was

incredibly impressed that she had received this information. The young man and his family are monitoring.

Madam Chairwoman, I would like to enter into the record -- CSIS produced a report in November of 2019 about U.S. global health security, making sure we are ending the cycle, with a number of recommendations. You and I serve on that commission. I would ask that that be entered into the record.

Ms. Eshoo. So ordered.

[The information follows:]

******** COMMITTEE INSERT ********

Mrs. Brooks. With that, I yield back.

Ms. Eshoo. The gentlewoman yields back.

The gentleman from California, Mr. Ruiz, is recognized for 4 minutes.

And for those that are left, there is an agreement that it is 4 minutes, because the panel is getting nervous about time. So let's honor that, okay? Thank you.

Mr. Ruiz. Thank you for being here today.

I want to discuss a very important issue for local agencies and that I know many other members are hearing as well, and that is funding and reimbursement for moneys that our counties and public health departments have spent up front to help fight the spread of the coronavirus.

I am a disaster-trained emergency physician, public health expert. And in disaster or epidemic preparedness, rapid reimbursement is a matter of readiness capacity.

I think we can all agree that a lot is being asked from the public health infrastructure in our States. They are stepping up. They are coordinating. They are doing the right thing.

On January 29, a flight carrying 195 Americans from Wuhan, China, was diverted to March Air Reserve Base in Riverside County, the county that my district is in. Riverside County responded efficiently and was effective in monitoring and quarantining all of these passengers for 14 days.

Over 40 county officials worked on this project. In addition, the county supplied food, transportation, quarantine supplies, screening, housing, a mobile health clinic,

emergency management standby, and support services for ambulance. All told, these efforts are estimated at a little over $1.3 million.

And while that flight quarantine is over, the broader response continues in Riverside and in communities across the country. So receiving rapid reimbursement is critical to capacity readiness in the future. If you drain resources without replenishing them, you won't have necessary resources to fight this public health crisis, such as bedside diagnostics, personnel, and masks, just to name a few, and also having the resources to create preparedness plans, quarantine plans, et cetera, in the case of rapid transmission of this virus in the future.

So I want to ask a question. Dr. Redfield, what are the funds that are available to reimburse State and local officials for their efforts in responding to coronavirus?

Dr. Redfield. I will defer some of this to the Secretary, but I think he said, in the supplemental, a substantial portion --

Mr. Ruiz. Okay. So you are telling me -- the last time we spoke, you identified -- somebody in your staff mentioned a few. Now you are saying those funds don't exist; we need to pass the supplemental to reimburse counties. Is that what I am hearing from you?

Secretary Azar. So we have the FEP, which funds California at $41 million a year, but the supplemental has requested $757 million from CDC --

Mr. Ruiz. Okay. So which funds --

Secretary Azar. -- which would have in that the State and local funding --

Mr. Ruiz. Okay. Are there funds right now that counties can apply for?

Secretary Azar. No, there are not. That is what the emergency --

Mr. Ruiz. There are no funds?

Secretary Azar. No additional to the emergency --

Mr. Ruiz. Okay.

Secretary Azar. -- funds that they get each year for these activities.

Mr. Ruiz. All right.

Secretary Azar. That is what the supp is for.

Mr. Ruiz. Well, we are definitely --

Secretary Azar. We agree.

Mr. Ruiz. -- going to work on that. And that is an issue, right? Because we were under the impression that there were. And rapid reimbursement is a matter of readiness capacity. If we don't rapidly reimburse, our local agencies will not be ready to deal with a potential rapid spread of the virus.

Dr. Kadlec, Dr. Redfield, yes or no, can we get a commitment from you both here today that you will reimburse these expenses by local municipalities for the costs associated with containing the spread of the coronavirus?

Dr. Redfield. Well, we are clearly going to work to see how to get that done.

Mr. Ruiz. Okay. So that is not a commitment.

Dr. Kadlec?

Mr. Kadlec. I think the thing is, we are committed to basically work with you to do that.

Mr. Ruiz. Okay. Well, we need to reimburse because, especially in rural areas, where they don't have the resources, they don't have the hospitals, the quarantine spaces, the ability to get the supplies over to those areas, you are putting them in

vulnerable situations if you don't respond.

Dr. Redfield, since 2008, local and State health departments have lost nearly a quarter of their workforce. Does this affect our Nation's ability to mount and sustain a response?

Dr. Redfield. I think it is one of the key core capabilities that we need to continue to improve for our public health ability -- that is, the data modernization, which you all have helped with last year; the laboratory capacity, to build it and keep it fluid, as you see with the current diagnostic test; and the third, most important one --

Mr. Ruiz. Yeah. Listen.

Dr. Redfield. -- is the workforce.

Mr. Ruiz. Work within a team.

Dr. Redfield. We need to build that workforce.

Mr. Ruiz. Be consistent. No discrepancy. Discrepancy breeds anxiety. That brings panic. Okay?

All right.

Ms. Eshoo. The gentleman's time has expired.

I wanted to get a commitment so that these agencies don't lose the money that they are losing. You are asking them to promise you even beyond where the cuts are. So I would be happy if that could happen, but the Congress has a job to do to restore the money in these agencies.

These cuts are really shameful. They really are. And when we have such premier agencies, people at the top that know what they are doing, and they are being cut, and the Secretary is telling us, "Well, we did $1.5 billion, everything is going to be

fine," I don't think so.

Dr. Bucshon from Indiana.

Mr. Bucshon. Yeah, thanks for the 5 minutes. I appreciate it. No, 4 minutes. I am just kidding.

Ms. Eshoo. Four minutes.

Mr. Bucshon. I mean, in reference to the funding, I just want to -- I mean, the Congress provides funding for the agencies, and a budget proposal is a budget proposal, no matter which President it comes from. So I am not too worried that this Congress won't provide the appropriate level of funding.

And I understand also that additional funding -- if we could quickly bring up the supplemental and pass that, that clearly, in my opinion, would help if Secretary Azar and all the people at this table do their job and get money to everybody.

The other thing is I just want to comment briefly on the criticism of the President and what he has said. If the President of the United States comes out and incites a panic in the United States, it incites a worldwide panic. And I see the role of the President as different than mine or Secretary Azar's or others. And even though, you know, the President says what he says, I do think having a calming effect in a situation like this is appropriate, and allow the professionals behind the scenes to do their jobs.

I just wanted to say that. And --

Secretary Azar. And if I could, I agree entirely. I think the President's role has been actually critical in keeping the country calm in this situation. He has expressed the levels of doubt and uncertainty with his words that we have but also tried to be reassuring to the American public as we also try to be transparent about what the risks

are coming forward.

We all have different roles to play here, as you said, and the President's is a very important one, guiding towards balance, maturity, and calm in addressing a public health emergency.

Mr. Bucshon. I would agree. I mean, if the President came out and incited a panic, he would be criticized for that.

So I guess, you know, we had this unprecedented containment strategy when things were in China. Now that we know we have had problems with person-to-person transmission in Italy and South Korea and maybe other places, does that change our current containment strategy?

And, Dr. Redfield, maybe you can address that.

Dr. Redfield. Yeah. I would say first that we are maintaining aggressive containment. I want to say that, of all the strategies we have used in this multilayer strategy, the most important one we have is an astute medical and public health community in the United States. Of those 14 cases originally that were diagnosed, only 1 was picked up by the screening.

So we are now moving, obviously, to educate the American medical and public health community that it is not just China we have to worry about now; we have to worry about certain places of Italy and Iran and whether it is Republic of Korea. So we are continuing with that.

And we are continuing to look at our travel alerts. You know, we have put the travel alert to Level 3 now for Korea and Level 2 now for Italy, Iran, and Japan, trying to let the American public know this may not be the time to go to those areas.

Mr. Bucshon. Okay. Great.

And, again, for you, Secretary Azar, do you have anything to add to that? Okay.

Again, Dr. Redfield, as far as the testing goes, the CDC, 12 other public health laboratories have the testing, but I guess they had some difficulty with the third reagent in the test. And can you further explain the problems with the test? And have those problems been resolved?

Dr. Redfield. So, first, the test really measured three different -- let's just say, three different nucleic acid pieces. And one of them had a control; the third one had a control. And, in that control, there was low-level contamination.

There was never any question about whether the test could tell positive --

Mr. Bucshon. Okay.

Dr. Redfield. -- or negative. It just had a group of individuals that we had to say we didn't know.

Mr. Bucshon. Okay.

Dr. Redfield. Those samples, again, were at CDC. CDC has continued, we have doubled -- I found out we are at 350 to 500 samples a day, when the question was asked earlier, that we are running right now.

Mr. Bucshon. Okay. So the problem has been resolved, basically?

Dr. Redfield. The problem is being resolved. We work with --

Mr. Bucshon. Okay.

Dr. Redfield. -- the FDA. And we have a fix that is supposed to be operationalized this week.

Mr. Bucshon. One other quick thing. Have you guys conducted disease

modeling for a potential COVID-19 outbreak in the U.S.?

Dr. Redfield. We do have modeling groups. It is a global modeling group that is looking at a variety of different models. And that is in process. As Tony said earlier, there is still a number of things we don't quite know about this virus to make those models available for prime time, but we are working it.

Mr. Bucshon. You are working on it. Okay. Thank you very much.

I yield back.

Ms. Eshoo. The gentleman yields back.

I think that concludes the questions that we have for you today. Thank you to each one of you.

Mr. Secretary, you have been here for many hours, and, you know, throw a punch, take a punch, right? But we are all here for our fellow Americans -- for our fellow Americans.

And I think if there is anything that has come out of this today, we want facts. We want to bring the temperature down. We want to bring the fear factor down. And anything and everything that you can do in order to achieve that, as we move on with Dr. Fauci's work, with larger distribution of the diagnostics through the CDC in partnership with what we have across our country, is going to go a long way.

So thank you to each one of you.

I am not going to adjourn. You can get up and leave while I read a very long record of items that need to be placed into --

Secretary Azar. Thank you, Chairwoman.

Ms. Eshoo. -- the record.

Thank you. God bless you and your work on behalf of the American people. Thank you.

All right. I am going to request -- I have a unanimous consent request to enter the following documents into the record: a June 28 letter from four House committees to HHS and CMS regarding the case Texas v. The United States; a December 2018 letter from four House committees to HHS and CMS regarding the case Texas v. The United States; an April 2019 letter from five House committees to HHS and CMS regarding the case Texas v. The United States; a February 2020 letter from HHS in response to the April 2019 joint letter from five House committees regarding the case Texas v. The United States.

The committee actually is still in order. I wanted the witnesses to be able to leave, but if anyone wants to gab, take it into the side room so that I can read these into the record, please.

A February 2020 letter from HHS in response to the April 2019 joint letter from five House committees regarding the case Texas v. The United States; an October 2019 Washington Post article entitled "Trump Campaign Urges White House to Soften Proposed Flavored Vape Ban," unquote; an October 2019 bicameral letter to HHS from two congressional committees regarding the increased number of uninsured children in the United States; a June 2019 letter from the Energy and Commerce Committee examining HHS's administration of the Medicaid program; a statement from Johnson & Johnson regarding the company's response to the coronavirus outbreak; a statement from the American Society for Microbiology regarding the coronavirus outbreak; a February 2020 article from BioCentury entitled, quote, "Biopharma Industry, Academics

Push Back Against Demands for Price Controls on COVID-19 Countermeasures," unquote; a January 2020 Wall Street Journal opinion piece entitled, quote, "Pharma to the Rescue," unquote.

Are there any objections?

Without objection, so ordered.

[The information follows:]

******** COMMITTEE INSERT ********

Ms. Eshoo. And the subcommittee will now adjourn. Thank you, everyone.

[Whereupon, at 5:19 p.m., the subcommittee was adjourned.]