



STATEMENT OF
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ON

THE PRESIDENT'S FISCAL YEAR 2015 BUDGET

BEFORE THE
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES
UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 13, 2014

Chairman Kingston, Ranking Member DeLauro, and Members of the Committee, thank you for the invitation to discuss the President's FY 2015 Budget for the Department of Health and Human Services (HHS).

This budget for HHS improves the economic opportunity of all Americans by providing critical investments in scientific research, health care, disease prevention, social services, and children's well-being, to achieve healthier families, stronger communities, and a thriving America. While it invests in areas that are critical to our long-term prosperity, the budget also helps tackle our deficit with legislative proposals that would save an estimated net \$356 billion over 10 years. For the activities funded by this Subcommittee, the Budget proposes \$69.7 billion in discretionary budget authority, a reduction of \$1.5 billion from FY 2014 enacted. With this funding, HHS will continue to improve health care and expand coverage, create opportunity and give kids the chance to succeed, protect vulnerable populations, promote science and innovation, protect the nation's public health and national security, and focus on responsible stewardship of taxpayer dollars.

Strengthening Health Care and Continuing Effective Implementation of the Affordable Care Act

Expanding Health Insurance Coverage. As of January 1, 2014, millions of Americans gained access to new health insurance options previously not available to them. The Marketplaces provide improved access to insurance coverage, creating a new private health insurance market in which those in need of coverage are more easily able to purchase health insurance. Minority communities will have increased opportunity for affordable health insurance coverage. Under the Marketplaces, 10.2 million uninsured Latinos, 6.8 million uninsured African Americans and over half a million uninsured American Indians and Alaska Natives will have new opportunities for coverage. As of March 1, 2014, the Marketplaces had enrolled more than 4.2 million individuals. New premium tax credits and rules ensuring fair premium rates are making private coverage more affordable for consumers. The Budget supports continued operations in the federally facilitated Marketplace, as well as oversight and assistance to state based and Partnership Marketplaces.

The Affordable Care Act provides full federal funding to cover newly eligible adults in states that expand Medicaid up to 133 percent of the federal poverty level for three years starting in 2014 and covers no less than 90 percent thereafter. The Affordable Care Act also simplified Medicaid and Children's Health Insurance Program (CHIP) eligibility and enrollment processes and aligned them with Marketplaces. The Centers for Medicare & Medicaid Services (CMS) continues to work with

states and other partners to advance state efforts that promote health, improve the quality of care, and lower health care costs.

Also beginning in 2014, consumers will benefit from a number of new protections in the private health insurance market. Non-grandfathered health plans will no longer be allowed to charge more or deny coverage to people because of pre-existing conditions. These new protections will also prohibit non-grandfathered plans from putting annual dollar limits on benefits and from varying premiums based on gender or any factor other than age, tobacco use, family size, or geography. In addition, new plans in the individual and small group market will be required to cover a comprehensive package of items and services known as Essential Health Benefits, which must include items and services within ten benefit categories. Finally, many individuals will find it easier to participate in clinical trials because issuers will have to cover their routine patient costs and cannot deny their participation in trials. This protection applies to all clinical trials that treat cancer or other life threatening diseases.

Health Centers. Health centers will continue to be a vital source of primary care for uninsured and medically underserved patients seeking a quality source of care in FY 2015. The Budget requests \$4.6 billion for health centers, \$3.6 billion of which is funded by the Affordable Care Act's Community Health Center Fund, to serve approximately 31 million patients in FY 2015. These resources will support the establishment of 150 new health center sites as well as enhance quality, and support capital development and facility improvements at currently existing health centers.

Protecting Vulnerable Populations

Elder Justice. The FY 2015 Budget proposes \$25 million in the Administration for Community Living (ACL) to protect vulnerable older adults by combating the rising scourge of elder abuse, neglect, and exploitation in America. This effort builds on the findings and recommendations of the Elder Justice Coordinating Council, a consortium of federal partners which I lead that was established by the Elder Justice Act of 2009. In response to the recommendations of the Council, ACL will begin developing a national Adult Protective Services data system and provide funding for key research. This investment will help states improve the quality and consistency of their Adult Protective Services programs.

Ryan White HIV/AIDS Program. Serving over half a million low-income people with HIV/AIDS annually, the Ryan White HIV/AIDS Program plays a critical role in supporting patients across the HIV continuum and ensuring care across all lifecycles, genders, and ages. The Budget

requests \$2.3 billion in FY 2015 to continue linking patients to care, engaging and retaining patients, prescribing and improving adherence to antiretroviral medicine, and achieving viral suppression.

Advancing Scientific Knowledge and Innovation

Promoting Global Health Security. Epidemic threats to national security arise at unpredictable intervals and from unexpected sources. The FY 2015 Budget includes an increase of \$45 million for global health security activities in the Centers for Disease Control and Prevention (CDC) to strengthen the capacity to prevent the introduction and spread of global health threats. CDC will help other nations build capacity to manage emerging threats, enhance early disease detection, improve disease confirmation, and effectively respond to epidemics and other public health catastrophes before they reach our borders.

Combating Antibiotic Resistance. While antibiotic resistance is not a new phenomenon, the current magnitude of the problem and the speed in which new resistance is developing pose the possibility of a future without effective treatment options. The Budget includes an increase of \$30 million for CDC's Detect and Protect Against Antibiotic Resistance initiative, which will enhance surveillance and laboratory capacity at local, state, and national levels to characterize domestic threats and protect patients from imminent danger.

In addition, the Biomedical Advanced Research and Development Authority (BARDA) anticipates spending \$79 million on its Broad Spectrum Antimicrobials program in FY 2015. Throughout the next several years, BARDA plans to build a portfolio in this area of candidate countermeasures, focus on developing applicable drugs, and obtain regulatory approval for use within hospital and community based settings.

Protect Patients from Healthcare-Associated Infections. The CDC estimates that one in 20 hospitalized patients acquires a healthcare-associated infection (HAI), and over one million HAIs occur across the healthcare spectrum each year at a cost of over \$30 billion. HHS is committed to reducing the national rate of HAIs. The Budget includes \$44 million for HAI prevention activities at CDC, which include identifying emerging threats and protecting patients through outbreak detection and control, laboratory testing of the health care environment and contaminated products, and guideline development.

Complementing CDC's efforts, the Agency for Healthcare Research and Quality (AHRQ) focuses on conducting research to develop new methods of preventing and reducing HAIs, and

disseminates these research findings to clinicians. The request includes \$34 million for AHRQ's efforts to protect patients from HAIs.

Advancing Biomedical Research. The FY 2015 Budget includes \$30.4 billion for the National Institutes of Health (NIH), an increase of \$211 million over FY 2014, reflecting the Administration's priority to invest in innovative biomedical and behavioral research that advances medical science while stimulating economic growth. In FY 2015, NIH will focus on generating the basic science for tomorrow's health breakthroughs, translating these basic discoveries into tailored and more effective health interventions, and nurturing diverse scientific talent and creativity.

BRAIN Initiative. In FY 2015, NIH plans to spend \$100 million on research collaborations with academic institutions, the private sector, and other government agencies on the Brain Research through Application of Innovative Neurotechnologies (BRAIN) initiative. This project will develop new tools to comprehensively and precisely examine the activity of the millions of nerve cells, networks, and pathways in the brain in real time to gain revolutionary understanding of complex brain functions and their links to behavior and disease.

Big Data. NIH will continue to ramp up efforts in FY 2015 to improve its ability to analyze many of the large and complex digital datasets of information, known as "Big Data," that biomedical researchers are currently generating, such as high-resolution medical images, recorded physiological signals, and complete DNA sequences of large numbers of individuals. Improving the ability to use, protect, and responsibly share such data, including the development of a well trained workforce, represents a critical link in translating new research discoveries into clinical applications.

Improving Healthcare through Meaningful Use of Health IT. Health information technology is essential to improving our nation's health care by moving from a transaction based system to one that emphasizes quality and value. The Budget includes \$75 million for the Office of the National Coordinator for Health IT (ONC) to coordinate and support investments in policies, standards, testing tools, and implementation guides that have dramatically accelerated the adoption and meaningful use of certified Electronic Health Record technologies. Within this total, ONC will begin to address HIT-related patient safety issues under the Health IT Safety Center through data collection and analysis on the types and frequencies of health IT related adverse events. ONC will work closely with AHRQ, Patient Safety Organizations, the Joint Commission, and FDA on this effort.

Supporting Families

Early Head Start—Child Care Partnerships. The Budget proposes \$650 million in FY 2015 for Early Head Start – Child Care Partnerships, an increase of \$150 million above FY 2014. These funds will provide access to high-quality early learning programs for tens of thousands of infants and toddlers through competitive grants to new and existing Early Head Start programs that partner with child care providers, especially those receiving federal child care subsidies.

Unaccompanied Alien Children (UAC). By law, the Administration for Children and Families (ACF) must assume custody of all unaccompanied alien children apprehended by law enforcement who file claims to remain in the United States. ACF provides support to state licensed group homes to care for these children until ACF can place the children with sponsors. Since FY 2011, the annual number of arriving UAC has increased from 6,560 to an estimated 60,000, for FY 2014. ACF has implemented strategies to reduce the cost per child, but total costs have risen dramatically as the number of UAC has increased. Due to the volatile nature of this program, the Administration is not able to reliably predict the number of UAC who will arrive in FY 2015 at this time. The FY 2015 Budget for the UAC program is therefore \$868 million, the same as FY 2014.

Facilitating Transitions to Adulthood

Youth Transitions. The FY 2015 Budget proposes to better serve the most vulnerable youth. When youth are disconnected from school, work or family they cost the nation billions of dollars every year in lost earnings, welfare and medical costs, and unmet personal potential.

The Budget includes \$130 million within the Substance Abuse and Mental Health Services Administration (SAMHSA) for the President’s Now is the Time initiative. This investment provides \$20 million to continue the Healthy Transitions program, which will assist 16 to 25 year olds with mental illnesses and their families in accessing and navigating behavioral health treatment systems to ensure their vulnerability does not hinder their treatment. The Budget also provides \$5 million within the Administration for Community Living to develop best practices and an evidence base to better support young people with intellectual and developmental disabilities as they transition from adolescence into young adulthood across all systems—health, education, employment, human services, and community living.

Protecting the Public's Health

Project BioShield and Advanced Development. In FY 2015, HHS will continue to support the development and procurement of medical countermeasures against chemical, biological, radiological, and nuclear threats. The Budget includes \$415 million to support advanced research and development through the Biomedical Advanced Research and Development Authority and \$415 million to develop and procure new measures through Project BioShield. Together, these efforts will improve the nation's ability to prepare for and respond to the most pressing threats.

Pandemic Influenza. The 2013 outbreak of the novel avian influenza virus, H7N9, demonstrated the critical need for sustaining and enhancing the nation's influenza preparedness and response capabilities. The Budget includes a total investment of \$170 million in the Public Health and Social Services Emergency Fund to support pandemic flu activities. Of this amount, \$73 million supports the advanced development of a universal influenza vaccine designed to be effective against all strains of flu to protect Americans from an influenza pandemic. The Budget also supports the advanced development of a new class of antivirals to improve effectiveness against virus mutation and drug resistance, and activities to improve vaccine manufacturing and production efficiency. These efforts, together with the pandemic influenza activities in CDC, NIH, and FDA, will improve the nation's protection against future novel influenza strain outbreaks.

Supporting Prevention

Reducing Tobacco Use. Having set a priority goal to reduce annual combustible tobacco use in the United States, HHS continues to make progress in reducing tobacco consumption and encouraging cessation among current users. The FY 2015 Budget includes \$211 million for CDC to implement comprehensive tobacco control and prevention activities, enhance educational efforts, expand the Tips from Former Smokers national mass media campaign, and increase tobacco cessation quitline capacity. HHS will continue work through the Tobacco Control Implementation Committee to align Departmental strategies with the Healthy People 2020 objective and the HHS Tobacco Control Strategic Plan in order to most effectively lead the nation toward a tobacco free generation.

Preventing Prescription Drug Overdose. The Budget includes \$26 million for new interventions to fight prescription drug misuse, abuse, and overdose. This investment includes a \$16 million increase for CDC to expand the existing State Core Violence and Injury Prevention Program to additional states with a high burden of prescription drug overdose to enhance their infrastructure and implement a structured set of interventions. These interventions will help to understand the nature of

the epidemic unique in each state, leverage the best available evidence to save lives, and adopt foundational overdose prevention practices. Also within the total, the Budget includes a \$10 million increase for SAMHSA to help state substance abuse authorities develop comprehensive prevention approaches through collaboration with state partners and integration of health information exchange systems with strategic plans.

Continuing Program Integrity and Oversight

Combating Fraud, Waste, and Abuse in Health Care. Last month, the Attorney General and I released the annual Health Care Fraud and Abuse Control (HCFAC) report showing that for every dollar spent on health care-related fraud and abuse investigations through this and other programs in the last three years, the government recovered \$8.10. This is the highest three-year average return on investment in the 17-year history of the HCFAC Program. The FY 2015 Budget continues to make cutting fraud, waste, and abuse a top Administration priority. In addition to the base discretionary (HCFAC funding in FY 2015, the Budget seeks new mandatory funding. Starting in FY 2016, the Budget proposes that all new HCFAC investments be mandatory, consistent with levels in the Budget Control Act.

To help ensure the prudent use of federal funds, the Budget also includes \$25 million in discretionary HCFAC funding for program integrity activities in private insurance, including the Health Insurance Marketplaces.

The Budget includes \$400 million in discretionary and mandatory funding for the Office of Inspector General (OIG), an increase of \$105 million above FY 2014. This increase will enable OIG to expand CMS Program Integrity efforts for the Health Care Fraud Prevention and Enforcement Action Team and improper payments, and also enhance investigative efforts focused on civil fraud, oversight of grants and the operation of Affordable Care Act programs.

The Budget also includes \$100 million for the Office of Medicare Hearings and Appeals (OMHA), an increase of \$18 million above FY 2014. The Budget will support adjudicatory capacity and central operations case processing in order to address a critical backlog in the number of appeals and maintain the quality and accuracy of its decisions.

Responsible Stewardship of Taxpayer Dollars

Contributing to Deficit Reductions while Maintaining Promises to all Americans. The FY 2015 Medicare and Medicaid legislative proposals seek to strengthen these programs through payment

innovations and other reforms that encourage high quality and efficient care while continuing to reduce health care cost growth. Medicare savings would total \$407 billion over 10 years by encouraging beneficiaries to seek value in their health care choices, strengthening provider payment incentives to promote high-value, efficient care, and lowering drug costs. The Budget includes \$7.3 billion in savings over 10 years to make Medicaid more flexible, efficient, and accountable. Together, the FY 2015 legislative proposals allow HHS to support the Administration's complementary goals of investing in the future and establishing a sustainable fiscal outlook.

Opportunity, Growth, and Security Initiative

The Budget proposes a \$56 billion, government-wide initiative to support both domestic and security expenditures that reflect the President's priorities to grow the economy and create opportunities. Resources for the initiative would be offset with a balanced package of spending reductions and the closing of tax loopholes. Multiple, specific HHS programs would benefit from the initiative.

National Institutes of Health. An additional \$970 million would be provided by the initiative to increase the NIH budget to \$31.3 billion. Funds would be used to increase the number of new grants funded by 650, and provide additional resources for signature activities such as the BRAIN Initiative, improving the sharing and analysis of complex biomedical data sets, expanding research on Alzheimer's disease and vaccine development, further accelerating partnership efforts to identify and develop new therapeutic drug targets, and other innovative projects.

Head Start. The initiative would also provide an additional \$800 million to further expand Early Head Start – Child Care Partnerships. This investment would bring total funding for Early Head Start – Child Care Partnerships to \$1.5 billion in FY 2015, and provide access to high-quality early learning programs for a total of more than 100,000 children.

Universal Influenza Vaccine Development. The initiative would provide an additional \$50 million to support the advanced development of vaccine candidates for a universal influenza vaccine and to support activities to improve the basic effectiveness of existing vaccines. Within the Public Health and Social Services Emergency Fund, this investment would bring total funding for universal influenza vaccine development to \$123 million in FY 2015.

Thank you for the opportunity to testify. I will be happy to answer any questions you may have.