

House Appropriations Committee, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

“Department of Health and Human Services Budget Request for FY 2020”

March 13, 2019

2:00 PM 2358-C Rayburn

Purpose

The purpose of this hearing was hear from the Department of Health and Human Services (HHS) Secretary Alex Azar regarding President Trump’s budget request for the department and its agencies for fiscal year (FY) 2020.

Members Present

Chairman DeLauro, Ranking Member Cole, Representatives Lowey, Herrera Beutler, Pocan, Graves, Lee, Harris, Clark, Moolenaar, Frankel, and Watson Coleman

Witnesses

The Honorable Alex Azar, Secretary, U.S. Department of Health and Human Services

Opening Statements

Chairman DeLauro said that the Trump administration has taken numerous steps to undermine the Affordable Care Act (ACA), hurting Americans already struggling with the high cost of health care. This budget makes clear that the President has not abandoned those efforts. The committee is also learning that family separations at the southern border continue. HHS is complicit in this government-sponsored child abuse. HHS is not an immigration enforcement agency and should return to its practice of caring for children when necessary and placing them with sponsors. The committee is also interested in the issue of gun violence, which is a public health emergency. CDC must be empowered to address this issue. Congress cannot stand for the attacks on Title X. Sec. Azar has said that Title X funds subsidize abortion. This is simply not true. Democrats will continue to fight these attacks. The President’s budget cuts funding for the NIH, CDC, and PEPFAR, despite the administration’s supposed commitment to ending the aids epidemic. The budget also cuts Medicaid and Medicare and threatens to repeal the ACA. Congress has rejected many of these proposals on a bipartisan basis. It is the duty of this committee to ensure that working families are not harmed by these cuts.

Ranking Member Cole said that HHS is responsible for almost \$1 trillion in budget outlays every year. And yet discretionary spending makes up only about 8 percent of the total outlays. Many of the cuts in the President’s budget are deep, and some may be short sighted. But there must be broader entitlement reform. Congress cannot reduce the deficit by slowly chipping away at 8 percent of spending. A cut of \$1.3 billion to CDC would be a risky mistake. Funding for CDC is just as important as funding for defense. He is glad that the administration has level funded or increased funding in other areas that combat bioterrorism. The budget also makes it a clear priority to lower drug prices. HHS is also responsible for the care of thousands of unaccompanied children that continue to come across the southern border. It is important to note that HHS is not involved in immigration

policy, but must care for children sent to them. He also supports HHS' effort to align Title X funding with current law and protect freedom of conscience for insurance plans.

Rep. Lowey said that this budget is incomplete and is an attack on public health. A year after an estimated 80,000 Americans died from the flu, the budget would cut funding for CDC immunization activities by \$78 million. The President pretends to believe in deficits and proposes \$2 trillion in cuts to Medicare and Medicaid, and yet the budget also slashes funding for CDC's chronic disease prevention program by \$237 million, even though investing in the prevention of chronic disease is one of the best long-term fiscal decisions the country can make. The budget also cuts funding for the NIH, heating assistance, preschool development grants, and the teen pregnancy prevention program. This budget does not reflect American values.

Testimony

Sec. Azar said that HHS has delivered record new and generic drug approvals, new affordable health insurance options, and signs that the trend in drug overdose deaths is beginning to decline. The budget proposes \$87.1 billion in FY 2020 discretionary spending for HHS. It's important to note that HHS had the largest discretionary budget of any non-defense department in 2018, which means that staying within the caps set by Congress has required difficult choices. The President's budget supports a number of important goals for HHS. First, it proposes reforms to help deliver Americans patient-centered, affordable health care, giving states necessary flexibility while maintaining fiscal responsibility and protecting those with preexisting protections. Second, the budget strengthens Medicare by extending the program's solvency for eight years. The proposed changes would discourage hospitals from acquiring smaller practices just to charge Medicare more. The budget also addresses overpayment to post-acute care providers. It also takes on drug companies that are profiting off of seniors by reforming the Part D program to lower out-of-pocket costs and create incentives for lower list prices. There are many areas of common ground on drug prices. Finally the budget fully supports HHS strategy to combat the opioid epidemic, and invests in other public health priorities such as fighting infection disease. Sec. Azar also announced that today, with his full support, FDA is taking steps to dramatically limit the ability of kids to access flavored tobacco products and e-cigarettes in particular. FDA is proposing to end the current compliance policy as it applies to certain flavored e-cigarettes, meaning that these products would face FDA enforcement if sold without authorization. FDA proposes to prioritize enforcement on criteria aimed at reducing the access and appeal of these products to kids, such as sale of these products without heightened age verification. HHS supports a comprehensive, balanced policy to close the "on-ramp" of kids becoming addicted to nicotine products, while still allowing the "off-ramp" for adult smokers.

Questions and Answers

Chairman DeLauro asked when Sec. Azar learned that DHS was implementing the family separation policy. **Sec. Azar** said that he learned about it when it was announced publically. **Chairman DeLauro** asked if the Office of Refugee Resettlement (ORR) could have prepared better to prevent the significant child welfare issues. **Sec. Azar** said that HHS was on the

receiving end of this policy. **Chairman DeLauro** said that the budget request for 20 percent transfer authority is not happening under her watch. She asked if \$1.3 billion for the UAC program is a realistic proposal. **Sec. Azar** said \$1.3 billion is not the full proposal. It includes 20 percent transfer authority and a mandatory contingency fund of \$2 billion for three years. **Chairman DeLauro** asked if HHS is pushing back when DHS sends them separated children without providing cause for separation. **Sec. Azar** said HHS does ask for cause and has pushed for enhanced information sharing. **Chairman DeLauro** asked if HHS is increasing permanent bed capacity for the child holding facilities. **Sec. Azar** said yes.

Ranking Member Cole asked if HHS is making progress against the opioid crisis. **Sec. Azar** said yes, we are headed in the right direction. The prescribing of legal opioids is down about 20 percent, naloxone prescribing is up over 200 percent, and the trend of drug overdose deaths is flattening. **Ranking Member Cole** asked what investments the budget makes in ending the aids epidemic. **Sec. Azar** said the administration has asked for \$291 million on top of the \$3.4 billion that is already spent on HIV/aids in the US. **Ranking Member Cole** asked about the administration's activities in pediatric cancer. **Sec. Azar** said the administration has made a historic investment of \$50 million in fighting pediatric cancer. **Ranking Member Cole** asked how HHS is improving the Indian Health Service. **Sec. Azar** said that the budget invests \$5.9 billion in discretionary spending for IHS.

Rep. Lowey asked if Sec. Azar will commit to only support nominees for FDA commissioner who would take an aggressive stance on combatting e-cigarette use by children. **Sec. Azar** said absolutely. **Rep. Lowey** said that millions of Americans rely on Title X funding for health care and family planning services. The domestic gag rule is a violation of free speech and would drastically undermine the doctor-patient relationship and jeopardize public health. She asked which experts HHS consulted with before proposing the gag rule. **Sec. Azar** said that he doesn't know which groups were met with, but the department followed the NPRM process. But it is important to note that the rule would not prohibit non-directive counseling about abortion. **Rep. Lowey** asked how many grants would have to be cut in order for NIH to operate after the proposed 13 percent cut. **Sec. Azar** said he does not know an exact number. The cut to NIH was a tough choice. **Rep. Lowey** said it is absurd that the budget cuts funding for NIH while proposing \$8.6 billion for a border wall.

Rep. Herrera Beutler asked if HHS has taken a look at extending Medicare coverage for immunosuppressant drugs. **Sec. Azar** said yes, they have looked at it and believe it would generate a savings to Medicare. **Rep. Herrera Beutler** asked what HHS is doing to make sure that no organs that could be transplanted are thrown away. **Sec. Azar** said he has called for an update to the policies surrounding transplants so that will not happen. **Rep. Herrera Beutler** asked what HHS is doing to improve support for living donors. **Sec. Azar** said HHS is working on ways to expand support, as well as working with Congress to develop new policies.

Rep. Pocan asked what substantial steps are being taken to deal with the family separation issue. **Sec. Azar** said HHS is operating the same system it has for years given child separation due to welfare concerns. HHS is working to increase information sharing to better track children and keep them in contact with their parents. **Rep. Pocan** asked if Sec. Azar would support drug price negotiation in Medicare. **Sec. Azar** said that pharmacy benefit managers (PBMs) do the

negotiating. If the government were to negotiate, there would have to be a single national formulary that would significantly limit choice.

Rep. Graves said that the majority in Congress does not have a budget, and yet they attack the administration for making tough budget decisions. He asked what HHS' vision is for the CDC.

Rep. Graves said that HHS has made an effort to prioritize flexibility for states. States should be able to target CDC resources to the areas that need it. The budget also doubles down on CDC's effort to end the HIV epidemic.

Rep. Lee said that the largest sources of coverage for people with HIV is through Medicaid, and yet the budget cuts Medicaid. Likewise, the budget eliminates the REACH program, which is the only program that addresses racial health disparities. She asked if HHS looked at the mental health consequences of separating children from their parents, particularly the historical effects of slavery on African American children. **Sec. Azar** said that HHS did not establish the zero tolerance immigration policy, so it was not involved in studies before the policy took effect.

Rep. Harris asked if Congress set the budget caps that the administration is working within. **Sec. Azar** said yes. **Rep. Harris** asked if Congress should consider reforms to Medicare Part D. **Sec. Azar** said yes, there should be an out-of-pocket cap for seniors. Low income beneficiaries should have free generic and biosimilar coverage. Finally, PMBs should bare a larger share of catastrophic reinsurance.

Rep. Clark said that those under Medicaid are twice as likely to receive treatment for substance use disorder as those with private or no insurance. She asked how Sec. Azar can assure Americans that people will still be able to access critical treatment if Medicaid is cut. **Sec. Azar** said that Medicaid plays an important role in substance use treatment. The budget proposal grants more flexibility to states to spend money where they need it.

Rep. Moolenaar asked how the opioid epidemic impacts rural communities. **Sec. Azar** said that rural communities are at high risk of opioid abuse, and HHS has prioritized resources for rural areas to combat the epidemic. Prescribing of naloxone has increased by 323 percent in the last year, which is having a positive effect. **Rep. Moolenaar** asked if HHS has a timeline for completion of the surveillance data platform at CDC. **Sec. Azar** said he does not have a timeline in front of him but can provide it.

Rep. Frankel asked if the government should be allowed to force a woman to have a child. **Sec. Azar** said that the Trump administration is pro-life, and doesn't believe government money should be used to fund abortion. **Rep. Frankel** asked if abortion is often a consequence of unintended pregnancy. **Sec. Azar** said HHS shares the goal of decreasing unwanted pregnancies and teen pregnancies. **Rep. Frankel** asked if any Title X providers have used the money to fund abortion. **Sec. Azar** said that if fully separating Title X funds from abortion services would cause those services to go away, then Title X is subsidizing abortion, which violates the statute.

Rep. Watson Coleman asked what impact allowing short term limited duration (STLDI) plans will have on maternal care. **Sec. Azar** said HHS was very transparent that STLDI plans do not

need to cover the ACA essential health benefits. They are intended for people who may be shutout of the ACA insurance market.

Chairman DeLauro asked if the administration will apply the same international price index to Part D as it proposes for Part B. **Sec. Azar** said HHS wants to work with Congress on drug pricing. In Part D, America is getting European level prices in areas where PBMs negotiate. **Chairman DeLauro** suggested that Sec. Azar closely examine the provision of the new NAFTA treaty that grants 10 year exclusivity for biosimilars.

Rep. Graves asked if the proposed Title X change will promote life. **Sec. Azar** said it will promote life and better life. **Rep. Graves** asked if science currently recognizes an unborn fetus as life. **Sec. Azar** said he is not a doctor. But the position of HHS is to protect all life from the moment of conception.

Rep. Frankel asked what HHS believes are consequences of unintended pregnancies. **Sec. Azar** said he would be happy to provide the committee with that research. **Rep. Frankel** asked if the new rule to allow insurance companies and employers to refuse to cover birth control will result in less women having access to birth control and more unintended pregnancies. **Sec. Azar** said that government can protect women's access to birth control while still respecting the right of conscience.

Rep. Harris asked how the proposed rebate rule will help seniors. **Sec. Azar** said that if the rule is finalized, \$29 billion in rebates will go to seniors rather than PBMs.