

House Ways & Means Committee

Proposed Fiscal Year 2021 Budget with Health and Human Services Secretary Azar

February 27, 2020

9:30 AM, 1100 Longworth House Office Building

Purpose

The purpose of the hearing is to examine the effects of the President's 2021 Fiscal Year budget on the U.S. Department of Health and Human Services

Members Present

Chairman Neal, Ranking Member Brady, Representative Thompson, Buchanan, Larson, Smith, Blumenauer, Reed, Kind, Smith, Pascrell, Schweikert, Doggett, Walorski, Davis, LaHood, Davis, Higgins, Wenstrup, Sewell, DelBene, Arrington, Moore, Ferguson, Kildee, Boyle, Nunes, Evans, Schneider, Estes, Suozzi, Panetta, Marchant, Gomez, Horsford, Kelly, Murphy

Witnesses

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

Opening Statements

Chairman Neal said that Americans continue to worry about the rising cost of health care services and pharmaceutical drugs. Furthermore, Americans also worry about the ACA being struck down in court and that individuals with preexisting conditions will lose vital protections. This committee has a long history of addressing public health concerns which is evident by observing recently passed influential surprise medical billing legislation. President Trump's budget is in direct contrast to the direction this country should be taking. The budget proposes significant cuts to Medicare and Medicaid. This would result in the closings of rural hospitals all across the country. Furthermore, it would help to undermine the middle class and reverse the progress made on the opioid epidemic. Additionally, the CDC has indicated that the Coronavirus is an ever growing threat to the lives of Americans.

Ranking Member Brady said that the Administration has taken decisive actions to protect Americans from the threat of Coronavirus. While Republicans have been fighting for a patient centered health care system that empowers patients, Democrats have been pushing Medicare for All. This policy gives Washington politician's unlimited control over health care and will significantly increase waiting times across the country. Furthermore, this plan is so costly that it will bankrupt the country. While it is true that the current system has problems, Congress should focus on realistic solutions as opposed to socialized medicine. Republicans will not let Democrats seize Americans healthcare. The Trump administration has taken crucial steps to reduce the cost of health care. It is possible to work in a bipartisan manner to continue to make positive strides in achieving savings for consumers.

Testimony

Hon. Azar said that with support from the Ways and Means committee, drug overdose deaths have dropped, more generic drugs have been approved, and the cost of health

insurance continues to fall. The Administration continues to work towards its goal of creating a patient centered health care system that delivers high quality, timely care. The president's budget facilitates patient centered markets and tackles key impact able healthcare challenges. Furthermore, the budget supports bipartisan drug pricing legislation and seeks to invest in reducing the rate of maternal mortality. The budget attempts to draw a balance between fiscal accountability and investing in key public health areas. While there are only 15 cases of Coronavirus that have been confirmed in the United States, the Administration takes the potential threat very seriously. However, it is also true that the threat to Americans is extremely low.

Questions and Answers

Chairman Neal asked if the budget could encourage the use of short term limited duration plans. **Hon. Azar** said the cuts in the budget are not intended to encourage short term limited duration plans. **Chairman Neal** asked what the Administration would do if the ACA is overturned in court. **Hon. Azar** said the contingency plan depends on what the court decides to strike down and what the political environment in Congress looks like. The priority would be to ensure that individuals with pre-existing conditions are protected. **Chairman Neal** asked if the president's budget includes drug pricing negotiation. **Hon. Azar** said no. The Administration is prepared to support many policies. The most important part is that the legislation has to be bipartisan.

Ranking Member Brady asked how the pharmaceutical industry is addressing the coronavirus. **Hon. Azar** said manufacturers are working to produce a vaccine. Furthermore, the Administration will work to ensure that any vaccine that is developed using tax payer dollars will be affordable for consumers.

Rep. Thompson asked if the Administration has a written health care plan to replace the ACA. **Hon. Azar** said that the Supreme Court decision is so far off that there is no need for a plan. **Rep. Thompson** asked why the Administration does not just work with Congress to improve the ACA. **Hon. Azar** said there are dollars allocated in the budget to improve the ACA and to provide room for congressional feedback.

Rep. Buchanan asked how much money the Administration has requested to deal with Coronavirus. **Hon. Azar** says the Administration requested \$2.5 billion for FY 2020. The president is open to working with Congress to acquire more funds. **Rep. Buchanan** asked if it is fair to say that the Administration has put lives at risk by cutting the funding for HHS. **Hon. Azar** said no. **Rep. Buchanan** asked how Vice President Pence and Hon. Azar will work together. **Hon. Azar** said that Vice President Pence will help clear barriers and align cabinet heads across different agencies. He will serve as a key coordinator and communicator.

Rep. Larson asked how soon states can expect to get test kits for coronavirus. **Hon. Azar** said sometime in the near future. The tests have been going through quality control. **Rep.**

Larson asked if hospitals will get test kits. **Hon. Azar** said yes. The next step is to develop bedside diagnostic tests.

Rep. Smith asked if President Trump can commit to protecting pre-existing conditions. **Hon. Azar** said yes. **Rep. Smith** asked for details about the proposed prospective payment system for rural health clinics given concerns among the rural community. **Hon. Azar** said he was unaware of concerns among the rural community. He said he would like to speak with Rep. Smith outside of the hearing to discuss and quell these concerns.

Rep. Blumenauer asked why the Administration requested \$2.5 billion dollars will continually attempting to reduce the funding for key health programs. **Hon. Azar** said this budget has increased funding in global health security. Budgets represent an opening bid and not the final amount.

Rep. Reed asked if there is no innovation, would it be possible to get a vaccine for the coronavirus. **Hon. Azar** said investments from the private sector are crucial to innovation. The NIH can do basic research, but without private drug manufacturers, cures would never come to market. **Rep. Reed** asked what HHS is doing to address innovation in the diabetic space. **Hon. Azar** said the budget proposes coverage of non-durable alternatives to durable medical equipment. Furthermore, March 2020 could be the beginning of bio-similar insulin products.

Rep. Kind asked if protocols in place for rural providers are enough to deal with the coronavirus. **Hon. Azar** said infection control protocols can always be improved. Especially in rural areas because they experience infectious diseases less. **Rep. Kind** asked if protocols in place in schools are satisfactory. **Hon. Azar** said yes. Furthermore, sick individuals need to stay home from work and school.

Rep. Smith asked about the Administrations perspective on life time coverage of immunosuppressant drugs. **Hon. Azar** said the Administration has collected data that indicates that life time coverage saves significant costs over time. **Rep. Smith** asked how the Administration is going to prioritize organ procurement. **Hon. Azar** said there is a proposed regulation to enhance accountability of organ procurement organizations.

Rep. Pascrell asked if Hon. Azar knew that Vice President Pence was going to be in charge of the Coronavirus task force. **Hon. Azar** said yes, he was consulted. **Rep. Pascrell** asked if Hon. Azar will finalize adding device identifiers to claims as proposed in the budget. **Hon. Azar** said he will submit a written answer to the committee.

Rep. Schweikert asked if it is true that H.R. 3 would protect big pharma and eliminate small pharma. **Hon. Azar** said H.R. 3 would certainly create significant market disruptions that are difficult to predict. **Rep. Schweikert** asked if Democrats have reached out to HHS to try to find a better solution to drug pricing. **Hon. Azar** said he was unaware of any Democrats reaching out.

Rep. Doggett asked if Coronavirus is a respiratory disease. **Hon. Azar** said yes. **Rep. Doggett** asked why the respiratory disease expert was not in attendance at the press conference yesterday. **Hon. Azar** said her boss was there. **Rep. Doggett** asked if the Administration is working to increase the amount of masks available. **Hon. Azar** said yes, they have asked Congress for more money for masks.

Rep. Walorski asked about the financial impact of Medicare for All and the impact on elderly Americans. **Hon. Azar** said the impact would be devastating. Individuals who depend on private insurance would have it all taken away. **Rep. Walorski** asked how the Maternal Infant and Early childhood home visiting program fits into HHS initiatives. **Rep. Walorski** said this program is essential to early childhood development and is a key part of the departments plans moving forward. **Rep. Walorski** asked if there is worry about accountability in TANF. **Hon. Azar** said yes.

Rep. Davis asked for assurances that budget cuts will not impact vulnerable communities. **Hon. Azar** said the budget did have to make some difficult choices. However, the programs that are left are the ones that are identified as necessary.

Rep. LaHood asked about the potential for community spread of Coronavirus. **Hon. Azar** said it is quite likely there will be community spread. This could happen at the community level or the national level. HHS is prepared for all events. **Rep. LaHood** asked what successes have been seen in rural areas. **Hon. Azar** said there is a need for better behavioral and mental health in rural areas. Furthermore, there needs to be an implementation of telehealth. It is also crucial to encourage providers to work in rural areas.

Rep. Sanchez asked if the Administration believes children and adults should go hungry. **Hon. Azar** said the budget is in line with what Congress has done previously. **Rep. Sanchez** asked if the budget ensures protections for individuals with pre-existing conditions. **Hon. Azar** said yes.

Rep. Higgins asked how to reconcile the fact that the Administration says they will protect pre-existing conditions but will not defend the ACA in court. **Hon. Azar** said this is a litigation position not a policy position. The President has made clear that he will veto any policy that does not protect pre-existing conditions.

Rep. Wenstrup asked how the Committee can coordinate with HHS to improve rural health. **Hon. Azar** said the budget contains a number of provisions to improve health care in rural areas and improve flexibility. **Rep. Wenstrup** asked about the flexibility in the President's budget to fight the opioid epidemic. **Hon. Azar** said the flexibility allows states to apply funds to a broad range of substance use programs and initiatives.

Rep Sewell said that the CMS administrator called for a proposal, Medicaid Fiscal Accountability. It is causing a lot of angst in Alabama. 3 of the major hospitals CEOs have asked for the proposal to be withdrawn. Healthcare would be decimated by this proposal.

The CMS administrators proposal is called Medicaid fiscal Accountability. CMS suggested that comment letters like the letters submitted, are alarmist estimates about the rules impact on beneficiary access as being overblown. The fact is that this rule would change the imbalance that currently exists between state and federal funding. It does so without having an analysis. Rep. Sewell asked for assurance that hospitals can work with CMS to try to get this rule withdrawn or have an adequate analysis. **Hon. Azar** said on that proposed regulation, there has obviously been a great deal of feedback states and hospitals and we want to work with them on this

Rep. Delbene asked for a commitment that the federal government will back fill the money states and local communities are spending on coronavirus. **Hon. Azar** said yes. There is no current mechanism for reimbursement, but the Administration will work with Congress to appropriate funds. **Rep. Delbene** asked why the budget includes a decrease in NIH funding. **Hon. Azar** said in recent years, increased funding to NIH has outpaced revenue growth in the United States.

Rep. Chu asked if Hon. Azar will commit to referring to the virus as Coronavirus as opposed to a regional virus. **Hon. Azar** said yes. **Rep. Chu** asked if racial stereotyping is an effective way to protect against coronavirus. **Hon. Azar** said no. **Rep. Chu** asked if the funding cuts threatened by HHS imposed on California will be taken out of their CDC budget. **Hon. Azar** said no.

Rep. Moore asked if missed appointments for vulnerable populations increase the morbidity rate. **Hon. Azar** said the Medicaid transportation proposal has been riddled with fraud and abuse. **Rep. Moore** said the Medicaid Fiscal Accountability Rule, which really changes the ability for states to meet their maintenance of effort in various ways. This will tremendously reduce the ability of states to meet their commitment to Medicaid. Rep. Moore asked to what extent does the budget account for that. **Hon. Azar** said he did not know if the reform to the state intergovernmental transfers in the MFAR proposed regulation is actually built into the administrative budget. But he told the chairman that he is hearing very clearly through this process the feedback of states and hospitals and taking that feedback to heart.”

Rep. Moore asked how to justify a cut to welfare. **Hon. Azar** said given the booming economy, there is a declining roll for welfare programs like TANF.

Rep. Ferguson asked if Hon. Azar is willing to work with Congress to address anti-biotic resistance. **Hon. Azar** said yes.

Rep. Kildee asked if the Trump administration will commit to work with Congress to reauthorize the flint lead registry. **Hon. Azar** said yes. **Rep. Kildee** asked for a commitment to work with Michigan officials to extend the Medicaid expansion waiver. **Hon. Azar** said he is happy to work with the state.

Rep. Boyle said he would like to highlight serious concerns about a recently proposed change to Medicaid. The Medicaid Fiscal Accountability Rule. **Rep. Boyle** is leading a bipartisan letter with his Ways and Means colleague from the other side of the aisle, **Representative Kelly**, that dives into the impact this proposed rule would have on the health care for some of the most vulnerable Pennsylvanians. These are mostly children, seniors and low income individuals. Seeing as the Administration admitted to not knowing what the impact of the rule would be, **Rep. Boyle** is asking on a bipartisan basis for the administration to work with all stakeholders to ensure this proposal does not place an insurmountable burden on health systems and providers. In the interest of the brief time **Rep. Boyle** has, he will let the letter speak to the specifics and emphasized his desire to bring this to the attention of **Hon. Azar**. **Rep. Boyle** asked if it is appropriate to cut CDC funding by 16% amid the coronavirus. **Hon. Azar** said the cuts surround chronic health care and not global disease prevention. **Rep. Boyle** asked if Americans should trust the CDC or the President. **Hon. Azar** said the President and CDC have released consistent statements.

Rep. Nunes asked how H.R. 19 would lower out of pocket costs. **Hon. Azar** said it would cap seniors out of pocket costs at \$3,100 a year. Furthermore, seniors could decide to spread that cost out over the year. **Rep. Nunes** asked if the government can negotiate better prices than health insurance plans. **Hon. Azar** said no. In order for that to happen, the government would need to operate closed formulary.

Rep. Evans asked if the budget is inconsistent with the Mission statement of HHS. **Hon. Azar** said it is important to remember that there are limited funds. The budget strikes a balance between fiscal accountability and public health investments.

Rep. Schneider asked if the budget request is sufficient to be prepared for disaster scenarios. **Hon. Azar** said it is the appropriate response for the rest of 2020. After that, HHS is happy to work with Congress to allocate more funds. **Rep. Schneider** asked if the patient in California is in quarantine. **Hon. Azar** said yes.

Rep. Estes asked how the budget focuses on rural health care. **Hon. Azar** said the first step is creating economic stability in these communities. The budget achieves this by implementing the critical access hospital plan.

Rep. Suozzi asked if it is true that Americans pay 4 times the amount that individuals pay overseas for the same pharmaceutical drug. **Hon. Azar** said his data is slightly different. But Americans pay more. **Rep. Suozzi** asked if President Trump said that negotiating drugs in Medicare would save money. **Hon. Azar** said yes. **Rep. Suozzi** asked if it is true that the House passed H.R. 3. **Hon. Azar** said yes. **Rep. Suozzi** asked if it is true that CBO has said H.R. 3 will save billions of dollars. **Hon. Azar** said yes. **Rep. Suozzi** asked if the president has endorsed any bill that allows the government to negotiate drug prices. **Hon. Azar** said the Administration is supportive of the Grassley-Wyden bill.

Rep. Panetta asked when the vaccine would be ready. **Hon. Azar** said most likely, 12-18 months. **Rep. Panetta** asked if the vaccine will be available at a low cost. **Hon. Azar** said if tax dollars helped fund the vaccine then yes. **Rep. Panetta** asked if HHS will follow the advice of leading medical experts in how to handle the virus. **Hon. Azar** said yes. **Rep. Panetta** asked how long the virus can survive on surfaces. **Hon. Azar** said there is no data to confirm how long the virus can last on surfaces.

Rep. Marchant said Last November, CMS proposed a Medicaid fiscal Accountability regulation to improve accountability in the Medicaid system. He is very supportive of that and very supportive of what HHS is trying to accomplish. However, Hospitals in Texas are encountering some difficulty with the implementation of that and would like to secure your commitment to sit down with them before the final policy is implemented and hear them out and make some suggestions. **Hon. Azar** said he'd be happy to meet with them. He has spoken with many senators about this issue especially with Texas. He wants to make sure that we have good integrity in the system and we want to work with states in a productive way. He is not looking to be penal he is looking to be prospective in outlook. If there are intergovernmental transfers that aren't right, he will work with states to restructure the funding. **Rep. Marchant** asked if the regulation is in a position to be enforced. **Hon. Azar** said Oh no. It is only a proposal so far. We are taking feedback and taking it to heart. He is hearing it quite vigorously today as he has throughout the week

Rep. Gomez asked if the US repatriation program is typically used to respond to mass health events. **Hon. Azar** said yes, it happened during Hurricane Maria. **Rep. Gomez** asked if the employees have any background in emergency health response. **Hon. Azar** said no. **Rep. Gomez** asked if any of the employees were exposed to Coronavirus. **Hon. Azar** said they should not have been without appropriate personal protective equipment.

Rep. Horsford asked how the Administration justifies cutting the graduate medical education program. **Hon. Azar** said the budget funnels money to rural areas and occupations with high need such as OBGYNs. **Rep. Horsford** asked if the health providers programs helps health care providers nationwide. **Hon. Azar** said no.

Rep. Kelly asked if the budget provides Medicare with financial stability. **Hon. Azar** said the budget will extend the life of the trust fund by at least 25 years.

Rep. Murphy asked why the agency wants to eliminate funding for SSBG. **Hon. Azar** said the program has no discernable results. There is no data that can inform the department on whether or not the program is working.