



**Statement by  
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Secretary**

**on**

**Policies and Priorities of the U.S. Department of Health and Human Services**

**Before the  
Committee on Education and the Workforce  
U.S. House of Representatives**

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Chairman Kline, Ranking Member Miller, and Members of the Committee, thank you for the invitation to discuss the policies and priorities of the Department of Health and Human Services (HHS).

In President Obama's State of the Union address he outlined his vision for how the United States can win the future by out-educating, out-building and out-innovating the world so that we give every family and business the chance to thrive. His 2012 budget is the blueprint for putting that vision into action and making the investments that will grow our economy and create jobs.

At the Department of Health and Human Services this means giving families and business owners better access to health care and more freedom from rising health care costs and insurance abuses. It means keeping America at the cutting edge of new cures, treatments and health information technology. It means helping our children get a healthy start in life and preparing them for academic success. It means promoting prevention and wellness to make it easier for families to make healthy choices. It means building a health care workforce that is ready for the 21<sup>st</sup> century health needs of our country. And it means attacking waste and fraud throughout our department to increase efficiency, transparency and accountability.

Our 2012 budget does all of this.

At the same time, we know that we cannot build lasting prosperity on a mountain of debt. And we cannot win the future if we pass on massive debts to our children and grandchildren. We have a responsibility to the American people to live within our means so we can invest in our future.

For every program we invest in, we know we need to cut somewhere else. So in developing this budget, we took a magnifying glass to every program in our department and made tough choices. When we found waste, we cut it. When we found duplication, we eliminated it. When programs weren't working well enough, we reorganized and streamlined them to put a new focus on results. When they weren't working at all, we ended them. In some cases, we cut programs that we wouldn't cut in better fiscal times.

This Budget contributes to deficit reduction and meets the President's freeze to non-security programs by offsetting critical investments with over \$5 billion in targeted reductions. These reductions are to real programs and reflect tough choices. In some cases the reductions are to ineffective or outdated programs and in other areas they are cuts we would not have made absent the fiscal situation.

The Budget proposes a number of reductions and terminations in HHS.

- The Budget cuts the Community Services Block Grant in half (by \$329 million) and injects competition into grant awards.
- The Budget cuts the Low Income Home Energy Assistance Program by \$2.5 billion bringing it back to the 2008 level appropriated prior to the spike in energy prices.

The Budget also stretches existing resources through better targeting.

- The Budget redirects and increases funding in CDC to reduce chronic disease. Rather than splitting funding and making separate grants for heart disease, diabetes, and other

chronic diseases, the Budget proposes one comprehensive grant that will allow States to address chronic disease more effectively.

- The Budget proposes refocusing the Senior Community Services Employment program to better integrate unemployed seniors into their communities through community service employment assisting other seniors to stay in their homes.
- The Budget redirects prevention resources in SAMHSA to fund evidence-based interventions and better respond to evolving needs. States and local communities will benefit from the additional flexibility while funds will still be competed and directed toward proven interventions.

These are the two goals that run throughout this budget: making the smart investments for the future that will help build a stronger, healthier, more competitive, and more prosperous America, and making the tough choices to ensure we are building on a solid fiscal foundation.

This Committee has jurisdiction over several important parts of HHS, including child care and Head Start, which focus on our youngest citizens, programs under the Older Americans Act, which focus on our oldest citizens, and certain child abuse, runaway and homeless youth, and family violence programs, which focus on some of our most vulnerable citizens.

The budget documents are available on our website. But for now, I want to share an outline of the budget, including the areas of most interest to this Committee, and how it will help our country invest in, and win, the future.

### **Advance the Health, Safety, and Well-Being of the American People**

***Enhancing the Quality of Early Education:*** The Budget provides \$6.3 billion in combined discretionary and mandatory funding for child care, which is a \$1.2 billion increase above the FY 2011 funding level. These resources will provide child care subsidies to 1.7 million low-income children so that their parents can work or attend training or education. The funding also supports activities to improve the quality of child care to support learning and success for all 12 million young children who are in out-of-home care each week.

The Administration also supports critical reforms to the child care program with the goal of helping more children access high quality child care, through higher health and safety and quality standards, development of the early childhood workforce, increased continuity of care, and quality rating improvement systems that provide parents with critical information about the quality of their care choices and assist providers in reaching higher levels of quality. The Budget also supports improvements to program integrity and accountability initiatives. Taken together, these reforms will help transform the nation's child care system into one that provides safe, nurturing care that fosters healthy child development, promotes future academic success, and supports parental employment.

Additionally, the President's Budget includes \$8.1 billion for Head Start, which will allow us to continue to serve 968,000 children in 2012. The budget request supports the critical reforms underway to raise the bar on quality in the Head Start program, including requiring grantees not meeting the standard for automatic noncompetitive renewal under the Head Start Act to compete for funding to ensure that children and families are served by the most capable providers. The budget also supports the redesigned training and technical assistance system which would bring

current research and the best evidence-informed practice into Head Start classrooms, including best practices for local programs to work with their local school systems to ensure that children start school with the skills they need and that the gains children achieve in Head Start are sustained as the children leave Head Start and move on to public schools.

The Administration is engaged in a multi-faceted effort to raise the bar on quality in Head Start. The training and technical assistance system has been revamped and now features six national centers that focus on different elements of quality early education, including parent engagement, quality teaching, and financial management. In addition, we now have 10 “Centers of Excellence” and 130 Head Start programs participating in a mentoring program designed to pair programs with dedicated mentors who can help them examine their programs and implement changes that improve quality.

Another key element of our efforts to improve quality is the creation of a robust re-designation renewal system, called for in the most recent Head Start reauthorization legislation. This system will inject competition into the Head Start program and require low performing programs to compete against other entities for continued funding. We issued the proposed rule in September 2010 and received many comments from around the country. We are in the process of reviewing those comments and writing a final rule. We believe that a strong re-competition system will promote quality in two important ways. First, it provides new incentives for all Head Start programs to improve their programs because programs found to be low performing will have to compete for continued funding. Second, it provides a way to replace low-performing programs with entities that are able to provide higher quality early education to children.

As we work to finalize the rules for this competitive process, we are guided by the goal of the bipartisan reauthorization legislation – to ensure that children served in Head Start have access to high quality early education that promotes healthy child development and school readiness.

In fact, all of our work in early education is devoted to the goals of fostering healthy development and school success for children. Regardless of whether a child is in a Head Start Center, a family child care home, a public pre-K program, or a private preschool, that child needs quality teachers, a safe environment, healthy food, and activities that fosters her social, emotional, physical, and cognitive development. That is why the Administration has proposed the creation of the Early Learning Challenge Fund. This proposed competitive grant program would be jointly administered by the Departments of Education and Health and Human Services and would challenge States to establish model, coordinated, Statewide systems of early learning and development for children from birth to kindergarten entry by raising program standards, forging better linkages between early education programs and elementary schools, and improving early learning workforce training so that teachers have the skills they need. The overall program goal would be to improve health, social, emotional, and educational outcomes for young children so that they develop the skills and abilities necessary to succeed in school and in life.

The Administration’s agenda on early education – including both investments and the focus on quality - are key elements of the broader education agenda designed to help every child reach his or her academic potential and improve our nation’s competitiveness.

### ***Child Abuse Prevention***

The Budget request for child abuse prevention efforts includes \$26.5 million for grants to States and \$41.7 million for grants to community-based organizations. The request supports the reauthorization of the Child Abuse Prevention and Treatment Act (CAPTA). This Committee played a leading role in the successful and bipartisan reauthorization effort last year and I appreciate your efforts. Reauthorization included new State plan assurances and a focus on collaboration and linkages between domestic violence and child abuse and neglect. Reauthorization also included a new funding formula adjustment should appropriations exceed FY 2009 amounts by more than \$1 million. These funds will continue to help support improved child protection systems, including prevention services for families. Child abuse and neglect continues to be a significant problem in the United States. CAPTA funds support the efforts in establishing and maintaining effective systems of child protection, a critical element in eliminating the tragedy of child abuse and neglect, and support direct services to families.

### ***Preventing Domestic Violence***

The President's FY 2012 Budget provides \$140 million to shelter and serve victims of domestic violence and their children, as well as prevent domestic abuse before it starts. The request supports the newly reauthorized Family Violence Prevention and Services Act, and funds over 1,300 battered women's shelters, evidence-based prevention strategies, and the National Domestic Violence Hotline. The Hotline receives over 24,000 calls per month, with most callers reporting it is their first request for help. Again, I would like to thank this Committee for its bipartisan work to reauthorize these important programs last year.

***Child Support and Fatherhood Initiative:*** The Budget includes \$305 million in FY 2012 and \$2.4 billion over 10 years for the Child Support and Fatherhood Initiative. This initiative is designed to promote strong family relationships by encouraging fathers to take responsibility for their children, changing policies so that more of fathers' support reaches their children, and continuing a commitment to vigorous enforcement. The Budget increases support for States to pass through child support payments to families, rather than retaining those payments, and requires States to establish safe access and visitation arrangements as a means of promoting father engagement in their children's lives. The Budget also provides a temporary increase in incentive payments to States based on performance, which continues an emphasis on program outcomes and will foster enforcement efforts when state budgets are stretched.

***Reform and Reauthorize the Foster Care Financing System:*** The Budget includes an additional \$250 million in mandatory funds in FY 2012 and a total of \$2.9 billion over 10 years to align financial incentives with improved outcomes for children in foster care and those who are receiving in-home services from the child welfare system in order to prevent entry or re-entry into foster care. We look forward to working with the Committee to improve outcomes for vulnerable children in our child welfare system.

### ***Domestic Sex Trafficking***

Contrary to a common assumption, human trafficking is not just a problem in other countries. Cases of human trafficking have been reported in all 50 States, Washington D.C., and U.S.

territories. Victims of human trafficking can be children or adults, U.S. citizens or foreign nationals, male or female. The President's FY 2012 budget proposed \$5 million for training to address sex trafficking of runaway and homeless youth and supports for those working with U.S. domestic victims in the runaway and homeless youth population (in addition to funding currently provided through the Office of Refugee Resettlement for foreign trafficking victims in the United States). The Administration's proposal would train and support those who work with the runaway and homeless youth population to identify, prevent, and address sex trafficking of minors in this population. These funds will support the training and outreach for a broad range of those who work with runaway and homeless youth, including program staff, caseworkers and parents. Through collaboration, funds also may support partnerships with law enforcement, attorneys, and judges to train individuals on how to recognize and address sex trafficking among youth.

***TANF Reauthorization:*** The President's Budget continues existing funding for the TANF program in FY 2012. When TANF reauthorization is considered, the Administration would be interested in exploring with Congress a variety of strategies to strengthen the program's ability to improve outcomes for families and children, including helping more parents succeed as workers by building on the recent successes with subsidized employment. One area in which HHS is already working to improve employment opportunities is by partnering with the Department of Labor (DOL). HHS and DOL are exploring a variety of efforts in the employment and training area which are aimed at addressing the challenges, strategies, incentives, and results for States and localities to undertake collaborative initiatives. These collaborative efforts include developing joint administrative guidance, providing technical assistance and outreach, and leveraging research resources.

***Supporting Older Adults and their Caregivers:*** The Budget includes \$60 million, an increase of \$21 million over FY 2010, to help seniors live in their communities without fear of abuse, and includes an increase of \$96 million for caregiver services, like counseling, training, and respite care, to enable families to better care for their relatives in the community. The Budget also proposes to transfer to the Administration on Aging (AoA) a Department of Labor program that provides community service opportunities and job training to unemployed older adults. As part of this move, a new focus will be placed on developing professional skills that will enable participants to provide services that allow fellow seniors to live in their communities as long as possible.

***Reauthorizing the Older Americans Act:*** For more than 45 years, the Older Americans Act (OAA) has enjoyed broad, bipartisan support. The programs supported by the Act provide community-based supports that assist families caring for their loved ones and help seniors stay in their homes for as long as possible. Over the past year, nearly 11 million seniors and their family caregivers have been supported through the OAA's comprehensive home and community-based system. Most funding under the Older Americans Act is directed to State units on aging which, in turn, send funding to local area agencies on aging. Funding is also provided by formula to tribal organizations. These local agencies partner with service providers and volunteers in their communities to provide services to seniors. These services complement the health care system by helping to prevent hospital readmissions, providing transportation to doctors appointments, and supporting some of life's most basic functions, such as assistance to elders in their homes including delivering or preparing meals and helping them with bathing. These services are

especially critical for the nearly three million seniors who receive intensive in-home services, half a million of whom meet the disability criteria for nursing home admission but are able to remain in their homes, in part, due to these community supports.

The reauthorization of the Older Americans Act provides us with the opportunity to work with this Committee to strengthen and build upon a long record of success in serving our families and communities. To support this process, over the past year the Administration on Aging conducted the most open system for providing input on recommendations for reauthorizing the Older Americans Act in its history, convening and receiving reports from more than 60 reauthorization listening sessions held throughout the country, and receiving online input from interested individuals and organizations, as well as from seniors and their caregivers. This input represented the interests of thousands of consumers of the OAA's services.

Based in part upon this extensive public input process, we think that reauthorization can strengthen the Older Americans Act and put it on a solid footing to meet the challenges of a growing population of seniors. We look forward to working with the Committee on bipartisan reauthorization legislation. The following are some examples of areas that we would like to discuss with the Committee as you consider legislation:

- **Ensuring that the best evidence-based interventions for helping older individuals manage chronic diseases are utilized.** A number of evidence-based programs have been shown to be effective in helping participants adopt healthy behaviors, improve their health status, and reduce their use of hospital services and emergency room visits.
- **Improving the Senior Community Service Employment Program (SCSEP) by integrating it with other seniors programs.** The President's budget proposes to move this program from the Department of Labor to the Administration on Aging within HHS. The goal of this move is to better integrate this program with other senior services provided by the Older Americans Act. We would like to discuss adopting new models of community service for this program with you, including refocusing the program to better integrate seniors into their communities through real community service employment serving other seniors, which enables both to stay in the community longer.
- **Combating fraud and abuse in Medicare and Medicaid by embedding the Senior Medicare Patrol Program (SMP) in the OAA as an ongoing consumer-based fraud prevention and detection program.** The SMP program serves a unique role in the Department's fight to identify and prevent healthcare fraud by using the skills of retired professionals as volunteers to conduct community outreach and education so that seniors and families are better able to recognize and report suspected cases of Medicare and Medicaid fraud and abuse. In FY 2009, the program educated over 215,000 beneficiaries in over 40,000 group education sessions and one-on-one counseling sessions, resolving or referring for further investigation over 4,000 complaints of potential fraud, error, or abuse.

## **Transform Health Care**

The 2012 budget gives Americans more and control over their health care choices, so they can get affordable, high-quality care when they need it.

***Expanding Access to Coverage and Making Coverage More Secure:*** The Affordable Care Act expands access to affordable coverage to millions of Americans, strengthens consumer protections and ends some of the worst insurance company abuses. These reforms create an important foundation of patients' rights in the private health insurance market and put Americans in charge of their own health care. As a result, we have already implemented important private market reforms including eliminating pre-existing condition exclusions for children; prohibiting insurance companies from rescinding coverage and imposing lifetime dollar limits on coverage; and enabling many adult children to stay on their parent's insurance plan up to age 26. The Affordable Care Act also established new programs to lower premiums and support coverage options, such as the Pre-Existing Condition Insurance Plans Program and the Early Retiree Reinsurance Program. The Act provides Medicare beneficiaries and enrollees in private plans access to certain covered preventative services free of charge. Medicare beneficiaries also have increased access to prescription drugs under Medicare Part D through provisions in the Act that close the coverage gap, known as the "donut hole," by 2020 so that seniors no longer have to fear being unable to afford their prescriptions. Medicare beneficiaries are also eligible to receive an annual wellness visit free of charge.

Beginning in 2014, State-based health insurance Exchanges will create affordable, quality insurance options for many Americans who previously did not have health insurance coverage, had inadequate coverage, or were vulnerable to losing the coverage they had. Exchanges will make purchasing private health coverage easier by providing eligible consumers and small businesses with "one-stop-shopping" where they can compare a range of plans. New premium tax credits and cost-sharing reductions will also increase the affordability of coverage and care. The Affordable Care Act will also extend Medicaid coverage to millions of low-income individuals who were previously not eligible for coverage, granting them access to affordable health care.

***Ensuring Access to Quality, Culturally Competent Care for Vulnerable Populations:*** The Budget includes \$3.3 billion for the Health Centers Program, including \$1.2 billion in mandatory funding provided through the Affordable Care Act Community Health Center Fund, to expand the capacity of existing health center services and create new access points.

***Improving Health Care Quality:*** The Affordable Care Act contains numerous provisions designed to ensure that patients receive safe, high quality care. Innovative payment and delivery reforms such as bundled payments for a single episode of care and the formation of Accountable Care Organizations will promote better coordinated and more efficient care. New value-based purchasing programs for hospitals and other health providers will reward those who deliver high quality care, rather than simply encouraging a high volume of services. The new Center for Medicare and Medicaid Innovation ("Innovation Center") will design, test, and evaluate new models of payment and delivery that seek to promote higher quality and lower costs. Similarly, the new Centers for Medicare & Medicaid Services' (CMS) Federal Coordinated Health Care Office will complement these efforts to provide higher quality and better integrated care for those who are eligible for both Medicare and Medicaid.

***Reducing Health Care Costs:*** New innovative delivery and payment approaches will lead to both more efficient and higher quality care. For example, provisions in the Affordable Care Act designed to reduce health care acquired conditions and preventable readmissions will both improve patient outcomes and reduce unnecessary health spending. The Innovation Center, in coordination with private sector partners whenever possible, will pursue new approaches that not only improve quality of care, but also lead to cost savings for Medicare and Medicaid. Rate adjustments for insurers participating in Medicare Advantage will promote greater efficiency in the delivery of care. Meanwhile, new rules for private insurers, such as medical loss ratio standards and enhanced review of premium increases, will lead to greater value and affordability for consumers.

***Combating Healthcare Associated Infections:*** HHS will address healthcare associated infections through the hospital value-based purchasing program, as called for in the Affordable Care Act. In addition, the FY 2012 Budget includes \$86 million – of which \$20 million is funded through the Prevention and Public Health fund – to the Agency for Healthcare Research and Quality (AHRQ), the Centers for Disease Control and Prevention (CDC), and the Office of the Secretary to reduce healthcare-associated infections. In FY 2012, HHS will continue research on health-care associated infections and tracking infections through the National Healthcare Safety Network. HHS will also identify and respond to new healthcare-associated infections by conducting outbreak and epidemiological investigations. In addition, HHS will implement, and ensure adherence to, evidence-based prevention practices to eliminate healthcare-associated infections. HHS activities, including those that the Innovation Center sponsors and hospital value-based purchasing, as called for in the Affordable Care Act, will further the infection reduction goals of the Department’s Action Plan to Prevent Healthcare-Associated Infections.

***Health Services for 9/11 World Trade Center Attacks:*** To implement the James Zadroga 9/11 Health and Compensation Act, the FY 2012 Budget includes \$313 million in mandatory funding to provide medical monitoring and treatment to responders of the September 11, 2001 World Trade Center attacks and initial health evaluations, monitoring, and treatment to others directly affected by the attacks. In addition to supporting medical monitoring and treatment, HHS will use funds to establish an outreach program for potentially eligible individuals, collect health data on individuals receiving benefits, and establish a research program on health conditions resulting from the World Trade Center attacks.

***Stabilizing Medicare Physician Payments:*** In December, the Administration worked with Congress to offset the cost of legislation preventing an imminent decrease in physician payment rates due to the Medicare Sustainable Growth Rate (SGR) formula. The Budget goes further and proposes to continue the current level of payment, and offset the increase above current law for the next two years with specific savings. Beyond the next two years, I am determined to work with you to put in place a long-term plan to reform physician payment rates in a fiscally responsible way, and to craft a reimbursement system that gives physicians incentives to improve quality and efficiency, while providing predictable payments for care furnished to Medicare beneficiaries.

## **Advance Scientific Knowledge and Innovation**

***Accelerating Scientific Discovery to Improve Patient Care:*** The Budget includes \$32.0 billion for the National Institutes of Health (NIH), an increased investment of \$745 million over the FY 2010 enacted level, to support innovative basic and clinical research that promises to deliver better health and drive future economic growth. In FY 2012, NIH estimates it will support a total of 36,852 research project grants, including 9,158 new and competing awards.

Recent advances in the biomedical field, including genomics, high-throughput biotechnologies, and stem cell biology, are shortening the pathway from discovery to revolutionary treatments for a wide range of diseases, such as Alzheimer's, cancer, autism, diabetes, and obesity. The dramatic acceleration of our basic understanding of hundreds of diseases; the establishment of NIH-supported centers that can screen thousands of chemicals for potential drug candidates; and the emergence of public-private partnerships to aid the movement of drug candidates into the commercial development pipeline are fueling expectations that an era of personalized medicine is emerging where prevention, diagnosis, and treatment of disease can be tailored to the individual and targeted to be more effective. To help bridge the divide between basic science and therapeutic applications, NIH plans to establish in FY 2012 the National Center for Advancing Translational Sciences (NCATS), of which one component would be the new Cures Acceleration Network. With the creation of NCATS, the National Center for Research Resources will be abolished and its programs transferred to the new Center or other parts of NIH.

***Advancing Patient-Centered Health Research:*** The Affordable Care Act created the Patient-Centered Outcomes Research Institute to fund research and get relevant, high quality information to patients, clinicians and policy-makers so that they can make informed health care decisions. The Patient-Centered Outcomes Research Trust Fund will fund this independent Institute, and related activities within HHS. In FY 2012, the Budget includes \$620 million in AHRQ, NIH and the Office of the Secretary, including \$30 million from the Trust Fund, to invest in core patient-centered health research activities and to disseminate research findings, train the next generation of patient-centered outcomes researchers, and improve data capacity.

***Advancing Health Information Technology:*** The Budget includes \$78 million, an increase of \$17 million, for the Office of the National Coordinator for Health Information Technology (ONC) to accelerate health information technology (health IT) adoption and promote electronic health records (EHRs) as tools to improve the health of individuals and transform the health care system. The increase will allow ONC to assist health care providers in becoming meaningful users of health IT.

***Improving Health Outcomes of American Indians and Alaska Natives:*** The President is committed to improving health outcomes and providing health care for American Indian and Alaska Native communities. The Budget includes nearly \$5.7 billion, an increase of \$589 million over FY 2010, which will enable the Indian Health Service (IHS) to focus on reducing health disparities, ensuring that IHS services can be supplemented by care purchased outside the Indian health system where necessary, supporting Tribal efforts to deliver quality care, and funding health facility and medical equipment upgrades. These investments will ensure continued improvement to support the Administration's goal of significantly reducing health disparities for American Indians and Alaska Natives.

***Transforming Food Safety:*** The Administration is committed to transforming our nation's food safety system to one that is stronger and more reliable for American consumers. This Budget reflects the President's vision of a safer food safety system by including \$1.4 billion, an increase of \$333 million over FY 2010 for the Food and Drug Administration (FDA) and the Centers for Disease Control and Prevention (CDC) food safety activities. Coupled with the enactment of the FDA Food Safety Modernization Act (the Act), which was signed into law on January 4, 2011, HHS will continue to modernize and implement an integrated national food safety system. HHS plans to work with Congress to enact additional food safety fees to support the full implementation of the Act. CDC will improve the speed and accuracy of food borne illness outbreak detection and investigation and FDA will focus on establishing preventive controls for facilities and produce safety standards for farms in an effort to avoid an outbreak of tainted food.

***Preventing and Treating HIV/AIDS:*** The Budget supports the goals of the National HIV/AIDS Strategy to reduce HIV incidence, increase access to care and optimize health outcomes for people living with HIV, and reduce HIV-related health disparities. The request focuses resources on high-risk populations and allocates funds to State and local health departments to align resources to the burden of the epidemic across the United States. The Budget includes \$2.4 billion, an increase of \$85 million, for HRSA's Ryan White program to expand access to care for persons living with HIV/AIDS who are otherwise unable to afford health care and related support services. The Budget also includes \$858 million for domestic HIV/AIDS Prevention in CDC, an increase of \$58 million, which will help CDC decrease the HIV transmission rate; decrease risk behaviors among persons at risk for acquiring HIV; increase the proportion of HIV infected people who know they are infected; and integrate services for populations most at risk of HIV, sexually transmitted diseases, and viral hepatitis. In addition, the Budget proposes that up to one percent of HHS discretionary funds appropriated for domestic HIV/AIDS activities, or approximately \$60 million, be provided to the Office of the Assistant Secretary for Health to foster collaborations across HHS agencies and finance high priority initiatives in support of the National HIV/AIDS Strategy. Such initiatives would focus on improving linkages between prevention and care, coordinating Federal resources within targeted high-risk populations, enhancing provider capacity to care for persons living with HIV/AIDS, and monitoring key Strategy targets.

***Addressing the Leading Causes of Death and Disability:*** Chronic diseases and injuries represent the major causes of morbidity, disability, and premature death and contribute to the growth in health care costs. The Budget aims to improve the health of individuals by focusing on prevention of chronic diseases and injuries rather than focusing solely on treating conditions that could have been prevented. Specifically, the Budget includes \$705 million for a new competitive grant program in CDC that refocuses targeted disease-specific grants into a comprehensive program that will enable health departments to implement the most effective strategies to address the leading causes of death. Because many chronic disease conditions share common risk factors, the new program will improve health outcomes by coordinating the interventions that can reduce the burden of chronic disease. In addition, the allocation of the \$1 billion available in the Prevention Fund will improve health and restrain the growth of health care costs through a balanced portfolio of investments. The FY 2012 allocation of the Fund builds on existing investments and will align with the vision and goals of the National Prevention and Health Promotion Strategy under development. For instance, the CDC Community Transformation Grants create and sustain communities that support prevention and wellness

where people live, learn, work and play through the implementation, evaluation, and dissemination of evidence-based community preventive health activities.

***Preventing Substance Abuse and Mental Illness:*** The Budget includes \$535 million within the Substance Abuse and Mental Health Services Administration (SAMHSA) for new, expanded, and refocused substance abuse prevention and mental health promotion grants to States and Tribes. To maximize the effectiveness and efficiency of its resources, SAMHSA will deploy mental health and substance abuse prevention and treatment investments more thoughtfully and strategically. SAMHSA will use competitive grants to identify and test innovative prevention practices and will leverage State and Tribal investments to foster the widespread implementation of evidence-based prevention strategies through data driven planning and resource dissemination.

***Ensuring Safety and Improving Access to Medical Products:*** FDA is charged with a significant task: to protect and promote the health of the American public. To succeed, they must ensure the safety and effectiveness of the medical products that Americans rely on every day, and also facilitate the scientific innovations that make these products safer and more effective. The Administration is dedicated to this critical mission and the Budget provides \$1.4 billion for FDA to enhance the safety oversight of medical products, facilitate the development of innovative products, and establish a pathway for the approval of generic biologics thus allowing greater access to life saving biological products that are safe and effective.

***Pandemic and Emergency Preparedness:*** While responding to the 2009 H1N1 influenza pandemic has been the focus of the most recent pandemic investments, the threat of a pandemic caused by H5N1 or other strains has not diminished. HHS is currently implementing pandemic preparedness activities in response to lessons learned from the H1N1 pandemic in order to strengthen the nation's ability to respond to future health threats. Balances from the FY 2009 supplemental appropriations are being used to support recommendations from the HHS Medical Countermeasure Review and the President's Council of Advisors on Science and Technology. These multi-year activities include advanced development of influenza vaccines and the construction of a new cell-based vaccine facility in order to quickly produce vaccine in the U.S., as well as development of next generation antivirals, rapid diagnostics, and maintenance of the H5N1 vaccine stockpile.

The HHS Medical Countermeasure Review described a new strategy focused on forging partnerships, minimizing constraints, modernizing regulatory oversight, and supporting transformational technologies. The request includes \$665 million for the Biomedical Advanced Research and Development Authority, to improve existing and develop new next-generation medical countermeasures and \$100 million to establish a strategic investment corporation that would improve the chances of successful development of new medical countermeasure technologies and products by small and new companies. The Budget includes \$70 million for FDA to establish teams of public health experts to support the review of medical countermeasures and novel manufacturing approaches. Additionally, NIH will dedicate \$55 million to help shepherd investigators who have promising, early-stage, medical countermeasure products. Finally, the Budget includes \$655 million for the Strategic National Stockpile to replace expiring products, support BioShield acquisitions, and fill gaps in the stockpile inventory.

## **Strengthen the Nation's Health and Human Service Infrastructure and Workforce**

***Strengthening the Health Workforce:*** A strong health care workforce is key to ensuring that more Americans can get the quality care they need to stay healthy. The Budget includes \$1.3 billion, including \$315 million in mandatory funding, within HRSA, to support a strategy which aims to promote a sufficient health workforce that is deployed effectively and efficiently and trained to meet the changing needs of the American people. The Budget will initiate investments that will expand the capacity of institutions to train over 4,000 new primary care providers over five years.

***Expanding Public Health Infrastructure:*** The FY 2012 Budget supports State and local capacity so that health departments are not left behind. Specifically, the Budget requests \$73 million, of which \$25 million is funded through the Prevention Fund, for the CDC public health workforce to increase the number of trained public health professionals in the field. CDC's experiential fellowships and training programs create an effective, prepared, and sustainable health workforce to meet emerging public health challenges. In addition, the Budget requests \$40 million from the Prevention Fund to support CDC's Public Health Infrastructure Program. This program will increase the capacity and ability of health departments to meet national public health standards in areas such as information technology and data systems, workforce training, and regulation and policy development.

## **Increase Efficiency, Transparency, and Accountability of HHS Programs**

***Strengthening Program Integrity:*** Strengthening program integrity is a priority for both the President and me. The Budget includes \$581 million in discretionary funding, a \$270 million increase over FY 2010, to expand prevention-focused, data-driven, and innovative initiatives to improve CMS program integrity. The Budget request also supports the expansion of additional Strike Force cities to target Medicare fraud in high risk areas, enhanced efforts to achieve the President's goal of cutting the Medicare fee-for-service error rate in half by 2012, and funding to support implementation of a robust set of legislative proposals to expand HHS program integrity efforts. The legislative proposals are estimated to produce \$32.3 billion in savings over ten years.

In addition, the Affordable Care Act provides unprecedented tools to CMS and law enforcement to enhance Medicare, Medicaid, and Children's Health Insurance Program (CHIP) program integrity. The Act enhances provider screening to stop fraudsters from participating in these programs in the first place, gives the Secretary the authority to implement temporary moratoria on enrolling new providers or suppliers in fraud hot spots, and increases law enforcement penalties. Additionally, the continued implementation of the Secretary's Program Integrity Initiative seeks to ensure that every program and office in HHS prioritizes the identification of systemic vulnerabilities and opportunities for waste and abuse, and implements heightened oversight.

***Implementing the Recovery Act:*** The American Recovery and Reinvestment Act provides \$138 billion to HHS programs as part of a government-wide response to the economic downturn. HHS-funded projects around the country are working to achieve the goals of the Recovery Act by helping State Medicaid programs meet increasing demand for health services; supporting struggling families through expanded child care services and subsidized employment

opportunities; and by making long-term investments in health information technology (IT), biomedical research and prevention and wellness efforts. HHS made available a total of \$118 billion to States and local communities through December 31, 2010; recipients of these funds have in turn spent \$100 billion by the same date. Most of the remaining funds will support a signature Recovery Act program to provide Medicare and Medicaid incentive payments to hospitals and eligible health care providers as they demonstrate the adoption and meaningful use of electronic health records. The first of these Medicaid incentive payments were made January 5, 2011. As of March 31, 2011, 660 providers received \$64 million in Medicaid incentives. More than 23,000 grantees and contractors of HHS discretionary programs have to submit reports on the status of their projects each calendar quarter. These reports are available to the public on Recovery.gov. For the quarter ending December 31, 2010, 99.6 percent of the required recipient reports were filed timely. Recipients that do not comply with reporting requirements are subject to sanction.

## **Conclusion**

This Budget is about investing our resources in a way that pays off again and again. By making smart investments and tough choices today, we can have a stronger, healthier, more competitive America tomorrow.

This testimony reflects just some of the ways that HHS programs improve the everyday lives of Americans.

Under this Budget, we will continue to work to make sure every American child, family, and senior has the opportunity to thrive.

And we will take responsibility for our deficits by cutting programs that were outdated, ineffective, or that we simply could not afford.

But, we need to make sure we're cutting waste and excess, not making across the board, deep cuts in programs that are helping our economy grow and making a difference for families and businesses.

We need to move forward responsibly, by investing in what helps us grow and cutting what doesn't.

My department can't accomplish any of these goals alone. It will require all of us to work together.

I look forward to working with you to advance the health, safety, and well-being of the American people. Thank you for this opportunity to speak with you today. I look forward to our conversation.