

Statement by Dr. Thomas Price
Secretary U.S. Department of Health and Human Services
on
The President's Fiscal Year 2018 Budget
before
Committee on Finance

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Introduction

Chairman Hatch, Ranking Member Wyden, and Members of the Committee: thank you for inviting me to discuss the President's Budget for the Department of Health and Human Services (HHS) in Fiscal Year (FY) 2018. It is an honor to be here.

Whenever a budget is released, the most common question asked in Washington is "*how much?*" How much money does the budget spend on this program, how much does it cut from that other program?

As a former legislator, I understand the importance of this question. But too often, it's treated as the *only* question worth asking about a budget—as if how much a program spends is more important than, or somehow indicative of, whether the program actually works.

Measuring Success, Not Spending

President Trump's Budget request does not confuse government spending with government success. The President understands that setting a Budget is about more than establishing topline spending levels. Done properly, the budgeting process is an exercise in reforming our federal programs to make sure they actually work—so they do their job and use tax dollars wisely.

The problem with many of our federal programs is not that they are too expensive or too underfunded. The real problem is that they do not work—they fail the very people they are meant to help. In Aid to Families with Dependent Children, we had a program that undermined self-sufficiency and work. Congress did well when it realized the devastating long-term harm this program had on children, in particular, and took action by creating the Temporary Assistance for Needy Families (TANF) —a program that promoted the empowerment of parents through work. By helping more Americans climb out of poverty, TANF caseloads have declined by 75 percent through FY 2016. Under the TANF program, the employment of single mothers increased by 12 percent from 1996 through 2000, and even after the 2008 recession, employment for this demographic is still higher than before welfare reform. In the wake of the recession, the emphasis on work in TANF has increased the job entry rate, retention rate, and earnings gain rate for program participants.

Our Budget reduces TANF spending in part because we understand that the amount spent in the program has not been the key to its success. Our goal is to continue and even expand on the progress made since enactment of Welfare Reform. Toward that end, we would welcome an opportunity to work with Congress to further strengthen TANF so that States, Territories, and Tribes can can empower more low-income families to achieve financial independence .

Fixing a broken government program requires a commitment to reform—redesigning its basic structure and refocusing taxpayer resources on innovative means to serve the people that the program is supposed to serve. And sometimes it requires recognition that the program is unnecessary because the need no longer exists or there are other programs that can better meet the needs of the people that the program was originally designed to serve. That’s exactly what President Trump’s Budget will do, at HHS and across the Federal Government.

Consider Medicaid, a critical safety net program that is the primary source of medical coverage for millions of low-income American families and seniors facing some of the most challenging health circumstances.

If how much money the government spends on a program were truly a measure of success, Medicaid would be hailed as one of the most successful in history. Twenty years ago, annual government spending on Medicaid was less than \$200 billion; within the next decade, that figure is estimated to top \$1 trillion.

Despite these significant investments, one-third of doctors in America do not accept new Medicaid patients. Some research has shown that enrolling in Medicaid does not necessarily lead to healthier outcomes for the newly eligible Medicaid population. The Oregon Health Insurance Study replicated a randomized clinical trial by enrolling some uninsured people in Medicaid through a lottery. Comparing this population to those who remained without coverage, the data showed an increase in emergency room use for primary care, the probability of a diagnosis of diabetes, and the use of diabetes medication, but no significant effects on measures of physical health such as blood pressure, cholesterol, or average glycated hemoglobin levels (a diagnostic criterion for diabetes). However, the same Oregon data showed a significant reduction in rates of depression among those enrolled in Medicaid.

This mixed impact of Medicaid coverage on health outcomes suggests we need structural reforms that equip States with the resources and flexibility they need to serve their unique Medicaid populations in a way that is as compassionate and as cost-effective as possible.

Saving and Strengthening Medicaid through State Innovation

That’s exactly what the President proposes in his Budget. Under current law, outdated, one-size-fits-all Federal rules prevent States from prioritizing Federal resources to their most vulnerable populations. States are also limited in testing new ideas that will improve access to care and health outcomes. The President’s Budget will unleash state-level policymakers to advance reforms that are tailor-made to meet the unique needs of their citizens.

Over the next decade, these reforms will save American taxpayers an estimated \$610 billion. They will achieve these savings by harnessing the innovative capacity of America’s governors and state legislators who, informed directly by the people and those providing the services, have a proven record of developing creative, effective ways to meet the healthcare needs of friends and neighbors in need, while empowering them to manage their own health.

Furthermore, the Budget includes provisions to extend funding for the Children’s Health Insurance Program. The Budget proposes to rebalance the Federal-State partnership through a series of reforms, including ending the Obamacare requirement for States to move certain children from CHIP into

Medicaid and capping eligibility at 250 percent of the Federal Poverty Level to return the focus of CHIP to the most vulnerable and low-income children.

These reforms will go a long way toward improving access to healthcare in America. But there is more work to be done. That's why the President's Budget commits to working with Congress to transition from the failures of Obamacare to a patient-centered system that empowers individuals, families, and doctors to make healthcare decisions.

HHS Advances the Health Security of the American People with a Focus on Preparedness and Response for Medical and Public Health Emergencies

As everyone here knows, HHS's mission of protecting and promoting the health of the American people involves far more than overseeing the nation's healthcare and insurance systems.

For generations, HHS has been the world's leader in responding to and protecting against public health emergencies—from outbreaks of infectious disease to chemical, biological, radiological, and nuclear threats—and assisting the health care sector to be prepared for cyber threats. I recently had the privilege of seeing the importance of this work during an international trip to Africa and Europe.

Visiting with Ebola survivors in Liberia and representing the United States at the G20 Health Ministerial Meeting in Berlin and then the World Health Assembly in Geneva reinforced just how vital a role HHS plays in preparing for, and responding to, domestic and global public health emergencies. To support HHS' unique Federal role in public health emergency preparedness and response, the President's Budget provides \$4.3 billion for disaster services coordination and response planning, biodefense and emerging infectious diseases research, and development and stockpiling of critical medical countermeasures. These investments help ensure that state and local governments have the support and resources they need to save lives, protect property, and restore essential services and infrastructure for affected communities.

Key Public Health Priorities: Serious Mental Illness, Substance Abuse, and Childhood Obesity

In addition, today America faces a new set of public health crises that—if we're honest with ourselves—we have been far less successful in resolving. Those crises are: (1) serious mental illness; (2) substance abuse, particularly the opioid abuse epidemic; and (3) childhood obesity.

As Secretary, I am committed to leading HHS to address each of these three challenges. The President's Budget calls for the investments and policy reforms that will enable us to do just that.

The Budget invests in high-priority mental health initiatives to deliver hope and healing to the 43.1 million adults with mental illnessⁱ, including nearly 10 million Americans suffering from a serious mental illnessⁱⁱ, as well as the 19.6 million adults with both mental and substance use disorders,ⁱⁱⁱ the 3.0 million adolescents who have experienced a major depressive episode^{iv}, and 350,000 adolescents with both a major depressive episode and substance use disorders.^v These initiatives will target resources for psychiatric care, suicide prevention, homelessness prevention, and children's mental health. For example, the Budget proposes \$5 million in new funding authorized by the 21st Century Cures Act for Assertive Community Treatment for Individuals with Serious Mental Illness. The Budget also includes a demonstration within the Children's Mental Health Services program to test the applicability of new

research from the National Institute of Mental Health on preventing or delaying the first episode of psychosis.

According to the Centers for Disease Control and Prevention (CDC), during 2015 drug overdoses accounted for 52,404 U.S. deaths, including 33,091 (63.1 percent) that involved an opioid. To combat the opioid epidemic sweeping across our land, the Budget calls for \$811 million—an increase of \$50 million above the FY 2017 continuing resolution—in support for the five-part strategy that has guided our Department’s efforts to fight this scourge:

- (1) Improving access to treatment, including Medication-Assisted Treatment, and recovery services;
- (2) Targeting availability and distribution of overdose-reversing drugs;
- (3) Strengthening our understanding of the epidemic through better public health data and reporting;
- (4) Providing support for cutting edge research on pain and addiction; and
- (5) Advancing better practices for pain management.

This funding increase will expand grants to Health Resources Services Administration (HRSA) Health Centers targeting substance abuse treatment services from \$94 million to \$144 million. Also within this total, the Budget continues to fully fund the \$500 million for State Targeted Response to the Opioid Crisis Grants that were authorized in the 21st Century Cures Act, which expand access to treatment for opioid addiction. Using evidence-based interventions, these grants address the primary barriers preventing individuals from seeking and successfully completing treatment and achieving and sustaining recovery.

Finally, the President’s Budget invests in the health of the next generation by supporting services that promote healthy eating and physical activity, especially among the nearly 20 percent of school-aged children in America who are obese. The Budget establishes the new \$500 million *America’s Health Block Grant*, which will provide flexibility for States and Tribes to implement specific interventions that address leading causes of death and disability facing their specific populations. This could include interventions to spur improvements in physical activity and the nutrition of children and adolescents, and to treat leading causes of death such as heart disease.

Other Budget Highlights

The President’s Budget prioritizes women’s health programs through investing in research to improve health outcomes, maintaining support for women’s health services, empowering women and families, and emphasizing prevention. For instance, funding for the Maternal and Child Health Block Grant and Healthy Start is increased to improve the health of mothers, children, and adolescents, particularly those in low-income families. In addition, funding is maintained for a variety of vital programs serving women across HHS, including, community health centers, domestic violence programs, women’s cancer screenings and support, mother and infant programs, and the Office on Women’s Health.

Conclusion

Members of the Committee, thank you for the opportunity to testify today and for your continued support of the Department. It is an incredible privilege to serve the American people as the Secretary of Health and Human Services and support its mission to protect the health and well-being of all Americans.

ⁱ Center for Behavioral Health Statistics and Quality. (2016). *Key substance use and mental health indicators in the United States: Results from the 2015 National Survey on Drug Use and Health* (HHS Publication No. SMA 16-4984, NSDUH Series H-51). Pg. 27 Retrieved from <http://www.samhsa.gov/data/>

ⁱⁱ Center for Behavioral Health Statistics and Quality. (2016). *Key substance use and mental health indicators in the United States: Results from the 2015 National Survey on Drug Use and Health* (HHS Publication No. SMA 16-4984, NSDUH Series H-51). Pg 27 Retrieved from <http://www.samhsa.gov/data/>

ⁱⁱⁱ Center for Behavioral Health Statistics and Quality. (2016). *Key substance use and mental health indicators in the United States: Results from the 2015 National Survey on Drug Use and Health* (HHS Publication No. SMA 16-4984, NSDUH Series H-51). Retrieved from <http://www.samhsa.gov/data/>

^{iv} Center for Behavioral Health Statistics and Quality. (2016). *Key substance use and mental health indicators in the United States: Results from the 2015 National Survey on Drug Use and Health* (HHS Publication No. SMA 16-4984, NSDUH Series H-51). Pg 38 Retrieved from <http://www.samhsa.gov/data/>

^v Center for Behavioral Health Statistics and Quality. (2016). *Key substance use and mental health indicators in the United States: Results from the 2015 National Survey on Drug Use and Health* (HHS Publication No. SMA 16-4984, NSDUH Series H-51). Page 40 Retrieved from <http://www.samhsa.gov/data/>