

Source: Marquette University Libraries; Tommy G. Thompson Collection; Series 9-2:  
Health and Human Services (HHS) Speeches

TESTIMONY BY: Tommy Thompson, Secretary of Health and Human Services  
PLACE: Before the House Budget Committee  
DATE: February 28, 2002 "FY 2003 HHS Budget"

Good morning, Chairman Nussle, Congressman Spratt and members of the Committee. Mr. Chairman, let me thank you for your leadership of this committee and for your long-time advocacy of both fiscal responsibility and prudent public investments. And Congressman Spratt, thank you for all you have done to ensure the fiscal viability of our nation's federal budget.

I am very honored to appear before all of you on the Committee today to discuss the President's fiscal year 2003 budget for the Department of Health and Human Services.

The President's budget is responsible, creative and effective, and I look forward to outlining for you some of the key priorities he has set for America's health care agenda.

As you all know, since the September 11th attacks, we have dedicated many of our efforts to ensuring that the nation is safe. And while we responded quickly to the September 11th attacks on New York City and the Pentagon, deploying medical assistance and support within hours of the attacks, the task of providing health-related assistance reminded us again that there is always room for improvement.

It is to that end that our budget furthers the work of preparing America for bioterrorism by calling for \$4.3 billion - an increase of 45 percent over the current fiscal year - to support a variety of critical activities to prevent, identify and respond to incidents of bioterrorism.

Of this \$4.3 billion, \$1.1 billion is going directly to the states to help them strengthen their ability to respond to bioterrorism and other public health emergencies resulting from terrorism. It will enable states to begin planning and preparing their public health systems to respond even more effectively to terrorist attacks.

We're building up our National Pharmaceutical Stockpile, increasing assistance to state and local governments and doing more to prepare the nation's hospitals and protect America's food supply.

Our budget also promotes vital scientific research, dramatically increases funding for the National Institutes of Health and provides support for childhood development while delivering a responsible approach for managing HHS resources. It is a budget that touches the life of every American in a positive way.

Mr. Chairman, the total HHS request for FY 2003 is \$488.8 billion in outlays. This is an increase of \$29.2 billion, or 6.3 percent over the comparable FY 2002 budget. The discretionary component of the HHS budget totals \$64.0 billion in budget authority, an increase of \$2.4 billion, or 3.9 percent.

First, let me spend a few moments on an issue that's been a passion of mine for many years - welfare reform. On Tuesday, I was with President Bush when he unveiled our new welfare plan. I know we all share the President's vision

Source: Marquette University Libraries; Tommy G. Thompson Collection; Series 9-2:  
Health and Human Services (HHS) Speeches

of helping even more Americans regain hope and dignity through employment and training. The recent past gives us great reason for realistic optimism.

Since 1996, welfare reform has exceeded expectation, resulting in millions being moved from dependence on AFDC to the independence of work. Nearly seven million fewer persons are on welfare today than in 1996, and 2.8 million fewer children are in poverty because of welfare reform.

The President's budget boldly takes the next step, which requires us to work closely with states to help those families that have left welfare to climb the career ladder and become more secure in the workforce. The foundation of welfare reform's success remains work, for work is the only way to climb out of poverty and become independent.

The President's budget allocates \$16.5 billion for block grant funding, provides supplemental grants to address historical disparities in welfare spending among states and strengthens work participation requirements. The budget provides another \$350 million in Medicaid benefits for those in the transition from welfare to work.

We're calling for a continued commitment to childcare, including \$2.7 billion for entitlement childcare funding and \$2.1 billion for discretionary funding. Together with TANF and other federal resources, we're providing historically high levels of childcare funding.

We're going to require states to engage everyone in the TANF program in work or work-preparation activities. States will have to develop and implement self-sufficiency plans for every family, and regularly review the progress each family is making.

That's not only reasonable, but also essential to the continued movement of people from welfare to permanent, gainful employment. And while the \$16.5 billion represents level funding for TANF, it provides the necessary funds that states can spend on helping workers remain in the workforce. That's where state flexibility comes in.

Just as we reach out to those still relying on welfare, we also cannot ignore the roughly 40 million Americans who lack health insurance. That's simply too many in a nation as compassionate and well off as ours, and it's something that President Bush and we at HHS are determined to fix.

During the first year of the Bush Administration, we have made great strides in extending access to health care to Americans. And as part of our efforts, we have had extensive meetings with the nation's governors to find out how we can best help them address the needs of their states. Working in tandem with them and members of Congress, here's what we're doing:

Since January 2001, we've approved state plan amendments and Medicaid and SCHIP waivers that have expanded opportunity for health coverage to 1.8 million Americans and improved existing benefits to 4.5 million individuals.

In addition, we're strengthening the nation's community health centers, which provide family-oriented preventive and primary health care to over 11 million patients annually, regardless of their ability to pay. Currently, there are more than 3,300 community health center sites nationwide.

Source: Marquette University Libraries; Tommy G. Thompson Collection; Series 9-2:  
Health and Human Services (HHS) Speeches

The 2003 budget seeks \$1.5 billion to support the President's plan to impact 1,200 communities with new or expanded health centers by 2006. This is a \$114 million increase over FY 2002 and would support 170 new and expanded health centers and provide serviced to one million additional patients.

Modernizing Medicare is another key component of our across-the-board effort to broaden and strengthen our country's health care system. Since becoming Secretary, I've begun to modernize the very structure of the Centers for Medicare and Medicaid Services.

Mr. Chairman, I know you are deeply concerned about the effectiveness of CMS. You and I share a commitment to making sure that CMS is responsive to beneficiaries, states, physicians and other providers. To that end, we at HHS have advanced regulatory relief to help providers spend more time with their patients, and I applaud this committee and House Members who worked on regulatory relief and contractor reform issues. The President and I urge your colleagues in the Senate to move forward on this issue, as well.

In addition, last year I committed to reducing Medicare's regulatory burden and bringing openness and responsiveness to the program. I've acted on that promise, and CMS has now initiated open-door forums so that all providers can discuss their concerns and get a direct response from CMS. CMS has also designated senior staff to strengthen this communications effort with stakeholders.

I have also asked Administrator Scully to think innovatively about how we can improve the way CMS does business, and he is working diligently to meet this challenge. As our work in this area continues, I look forward to working with you and other Members of Congress to make CMS more "user - friendly" for everyone.

These reforms are essential to the continued success of the Medicare program, which is why the 2003 budget is such a significant step forward. It dedicates \$190 billion over ten years for immediate targeted improvements and comprehensive Medicare modernization, including a subsidized prescription drug benefit, better insurance protection and better private options for all beneficiaries.

I know that some Members of Congress are concerned that the \$190 billion over ten years is not enough. However, while we may not agree on the overall cost, we are committed to working with this Committee and other Members of Congress to ensure that all Medicare recipients have access to a prescription drug benefit as part of Medicare. I'm confident that as we come together in good faith, we will reach a fiscally responsible and effective conclusion about where funding should be.

This budget proposes a subsidized drug benefit as part of modernized Medicare, but also providing better coverage for preventive care and serious illness. We also propose that preventive benefits have zero co- insurance and be excluded from the deductible.

In addition, the budget proposes several new initiatives to improve Medicare's benefits and address cost, and offers additional federal assistance for comprehensive drug coverage to low-income Medicare beneficiaries up to 150 percent of poverty - about \$17,000 for a family of

Source: Marquette University Libraries; Tommy G. Thompson Collection; Series 9-2:  
Health and Human Services (HHS) Speeches

two. This policy helps establish the framework necessary for a Medicare prescription drug benefit.

And, finally, Mr. Chairman, a word about how we can help rural areas. I'm from Elroy, Wisconsin, a rural community of 1,500 people. I know too well the problems Elroy and many communities like it face when it comes to addressing health care. The health needs of rural areas are as great as those in the big cities and suburbs, and I want to assure you that we are working hard to meet them.

The President's budget proposed increases for community health centers, which I noted earlier, is an example of that commitment. Forty-seven percent of those centers serve patients in rural communities - they reach 6 million patients across the country. I have also announced an HHS Rural Task Force to examine the Department's overall resources and services for rural communities, and asked them to report to me about how we can better serve rural areas. We're rolling out the plan in about two weeks.

Mr. Chairman, the budget I bring before you today contains many different elements of a single proposal - namely, to help every American, of every age and station, in every state and territory and on every reservation, receive quality, affordable health care.

All of our proposals are put forward with the simple goal of ensuring a safe and healthy America. I know this is a goal we all share, and with your support, we are committed to achieving it. Thank you again, Mr. Chairman. I look forward to your questions.