



MAY 7, 2014

# FY15 DEPARTMENT OF HEALTH AND HUMAN SERVICES BUDGET

U.S. SENATE, COMMITTEE ON APPROPRIATIONS, SUBCOMMITTEE ON LABOR, HEALTH AND  
HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES

ONE HUNDRED THIRTEENTH CONGRESS, SECOND SESSION

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Administrator, Health Resources and Services Administration

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### *AVAILABLE WEBCAST(S)\*:*

Link to full hearing webcast (duration 2:00:06):

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# COMMITTEE *on* APPROPRIATIONS

## CHAIRWOMAN BARBARA A. MIKULSKI

For Immediate Release

Date: May 7, 2014

Contact: Vince Morris (202) 224-1010

### STATEMENT OF CHAIRWOMAN MIKULSKI AT DEPARTMENT OF HEALTH AND HUMAN SERVICES FY 2015 OVERSIGHT AND BUDGET HEARING

*Says HHS must improve health care access and services for children and disadvantaged communities*

**WASHINGTON**—U.S. Senator Barbara A. Mikulski (D-Md.), Chairwoman of the Senate Appropriations Committee, participated in a Labor, Health and Human Services, Education, and Related Agencies (LHHS) Subcommittee hearing on the Department of Health and Human Services (HHS) budget request for fiscal year (FY) 2015.

*Senator Mikulski's statement, as prepared for delivery, follows:*

“Today we are here to discuss the Fiscal Year 2015 budget request for the Department of Health and Human Services. I would like to thank Chairman Harkin and Ranking Member Moran who worked so hard to enact the 2014 Omnibus. By negotiating with their House counterparts, we were able to ensure HHS would no longer have to operate under a continuing resolution or sequestration.

“This hearing is part of the Senate Appropriation Committee’s mission to hold more than 60 hearings in a span of six weeks and to complete all of our appropriations work by October 1st. We will begin the process of marking up our bills on May 22, and hope to consider this subcommittee’s bill sometime in June.

“It saddens me to acknowledge that this will be the last LHHS appropriations bill authored by Senator Harkin. However, it should also inspire us to get the LHHS bill to the Senate Floor for the first time in seven years. It would be a fitting way to pay tribute to Senator Harkin, who has either Chaired or served as the Ranking Member of this subcommittee for the past two decades.

“I look forward to hearing from our panel of witnesses, which represent HHS’ Administration for Children & Families (ACF); Centers for Disease Control and Prevention (CDC); Centers for Medicare and Medicaid Services (CMS) and Health Resources and Services Administration (HRSA).

“I hope all of you touch on how the Health and Human Services’ budget will help to create jobs and support innovation, while protecting the public’s health and providing kids with quality health care, child care and a jump start on education.

“Mr. Greenberg, I will want to discuss two areas of ACF’s budget request with you: Child Care Development Block Grants (CCDBG) and Unaccompanied Alien Children.

“Senator Burr and I worked together on a bipartisan reauthorization of the CCDBG program that followed regular order and had an open amendment process on the Senate floor. We were able to make important reforms that improved the quality of care children receive. I was thrilled to see our bill pass with overwhelming bipartisan support and a vote of 96-2.

“I appreciate that your FY15 request increases funding levels for CCDBG, but additional funding will still be needed to ensure that the reforms in our bill are implemented effectively. Kids must be taken off waiting lists and provided with the child care they deserve.

“While your requests for CCDBG give reason for optimism, I am very disappointed with the budget you have requested to tackle the issue of Unaccompanied Alien Children. You have asked for level funding even though you had to transfer millions of dollars to this program in FY14 in order to fulfill your needs.

“I am worried because these are some of our most vulnerable children. They have left their countries and travelled thousands of miles to enter the U.S., often fleeing violence to avoid becoming victims of abuse or organized crime.

“Their journey here is often riddled with danger – these kids put their life, health and safety in jeopardy. Along the way, they risk being subjected to trafficking and the violence they were attempting to escape. These brave children deserve our consideration.

“On April 22, I convened a bipartisan, bicameral staff level meeting with various federal agencies that are responsible for these unaccompanied alien children. We learned that the number of unaccompanied children entering the United States is rising.

“In FY12 there were 14,000. In FY13 there were 25,000 and that number is projected to balloon to 60,000 for FY14. This issue is not going away – we expect tens of thousands more to enter the country in FY15 – and we need to keep these children in mind when appropriating our resources.

“What I need from you is a better estimate of the budget you will need to provide these kids with proper services so you don’t have to transfer funds in the future.

“Dr. Frieden, as America’s chief public health officer, I look forward to hearing your plans for new and existing initiatives.

“How do you plan to continue the creation of blue zones, which were supported by \$80 million in Community Prevention Grants?

“I hope you will delve into how you plan use the \$45 million in funding to improve global health security. What will your approach be in helping other countries build and strengthen their own Centers for Disease Control as well as improve early detection and response to epidemics?”

“You have also requested \$30 million to combat antibiotic resistance by quickly identifying deadly microbes and use common sense practices to protect patients from infection. I encourage you to work with Dr. Peter Pronovost of Johns Hopkins, his checklist has proven very effective in reducing central line infections.

“Lastly Dr. Frieden, I am keen to hear more about the \$16 million budgeted to address prescription painkiller abuse.

“Administrator Wakefield, I look forward to hearing about your work to strengthen the health care work force and increase the number of primary care doctors, nurses, pediatricians and dental providers in underserved communities.

“I am also interested in hearing how communities, families and patients are benefiting from the additional funding dedicated to health reform and community health centers.

“Finally, Mr. Love, I have particular interest in CMS because it employs over 4,200 in my home state of Maryland. CMS does important work to process Medicare claims, increases access to health insurance, prevent fraud and abuse, help states expand their Medicaid programs, support new health care delivery innovations and implement health care reform.

“I want to hear how this budget will enable you to fulfill those crucial responsibilities. I also want to know what specific plans you have to increase health insurance enrollment, improve the functionality and operation of the federal health insurance exchange and help states expand their own Medicaid programs.

“I understand that there are some proposals in this budget that will not be universally supported across the aisle – that’s the nature of any bill or budget. We all have things we like and things we don’t like, but we must try to refrain from making any one issue a ‘deal breaker.’”

“It is my hope, however, that we can work together to come to an agreement. I think we all recognize that sequesters and continuing resolutions are not an effective way to run a federal agency like the Department of Health and Human Services. Our nation is better off when we work together and govern together.”

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**Statement by**

**Thomas Frieden, M.D., M.P.H.**

**Director**

**Centers for Disease Control and Prevention  
U.S. Department of Health and Human Services**

**On**

**The President's Fiscal Year 2015 Budget**

**Before the**

**Subcommittee on Labor, Health and Human Services,  
Education and Related Agencies  
Committee on Appropriations  
United States Senate**

**Wednesday, May 7, 2014**

Good morning, Chairman Harkin, Ranking Member Moran, and other distinguished Members of the Subcommittee. It is a pleasure to appear before you as Director of the Centers for Disease Control and Prevention (CDC), the nation's leading health protection agency and an operating division of the Department of Health and Human Services, to discuss CDC's fiscal year 2015 budget request. Today I would like to focus on how CDC works 24 hours a day, 7 days a week to protect Americans from health threats, and how we propose to make even more progress in Fiscal Year 2015. We thank this committee for supporting CDC through your 2014 appropriations.

CDC works 24/7 to keep America safe from health, safety, and security threats, both foreign and domestic. Whether diseases start at home or abroad, are chronic or acute, curable or preventable, human error or deliberate attack, CDC fights disease and supports communities and people to do the same. For Fiscal Year 2015, CDC has requested additional funding to accelerate the fight against three growing threats—the risk of infectious disease threats from around the world, growing resistance to antibiotics, and the increasing epidemic of prescription drug overdose.

*Working to Provide Health Security 24/7*

CDC helps save lives 24/7 by preventing, detecting, and controlling the growing risks of infectious disease outbreaks, emerging infectious diseases, drug-resistant bacteria, and natural and man-made hazards and disasters. We provide emergency response support, technical expertise, and critical rapid development of prevention technologies, including vaccines and other medical countermeasures.

CDC provides boots on the ground presence in the US and throughout the world, supported by our state-of-the-art laboratories, which are critical to our nation's safety and health. With this Committee's support, CDC is now building our advanced molecular detection capacity, unlocking microbial genomes to track and stop outbreaks more effectively, and finding new ways to prevent these outbreaks in the first place.

CDC's response to diseases such as influenza, salmonella, hantavirus, HIV, and Ebola are highly visible ways CDC protects the public from health threats, but it is often what the public does not see every day that keeps Americans safe from ever-present health threats. CDC plays a pivotal role in our country's ability to respond to and mitigate potentially catastrophic events—such as pandemics, natural disasters, and acts of bioterrorism—by ensuring that local, state and global public health systems are prepared for public health emergencies and by working to keep health threats from entering our country.

CDC plays another critically important role protecting Americans from the leading causes of death and disability. CDC applies life-saving solutions that work to drive down the incidence of costly diseases and improve the lives of Americans.

CDC leads prevention and health promotion efforts to improve health and reduce chronic diseases such as heart disease, cancer, and diabetes, which account for 75% of the \$2.7 trillion in health care costs spent in the United States each year. Together with state and local partners, CDC deploys proven interventions to build healthier communities. For example, CDC worked with CMS and private-sector partners to launch the Million Hearts® initiative, which will prevent one million heart attacks and strokes by 2017 through proven strategies such as improving blood pressure control and promoting smoking cessation. Our efforts to control chronic diseases are expanding in 2014, thanks to the support of this committee.

### *Keeping America and the World Safe through Global Health Security*

Diseases and disasters know no borders; we are all connected by the air we breathe, the water we drink, and the food we eat. CDC deploys scientists and disease detectives globally 24/7, because outbreaks that start in remote corners of the world can travel here as quickly as a plane can fly. Detection and response time is critical. Diseases infecting people around the world in the past 10 years—such as MERS Coronavirus, SARS and H1N1 and H7N9 influenza—cost lives and caused enormous economic disruption. These and other diseases have far-reaching health, economic, political,

and trade implications. Less than a week ago we confirmed our first MERS case in the US, and CDC has a team on the ground helping to prevent the spread of that deadly virus.

Our FY 2015 budget requests \$45 million to support expanded global health security activities. Over the next five years, CDC and U.S. government partners, including the Departments of State and Defense, will work with up to 30 countries to protect at least 4 billion people through global health security efforts. As an important step toward this larger goal, CDC's funding request will allow us to partner with up to 10 countries in FY 2015 to advance global health security, building on successful demonstration projects in Uganda and Vietnam, as well as others currently underway. CDC will help countries find threats faster, stop them closer to the source, and prevent them wherever possible.

### *Fighting Antibiotic Resistance*

Antibiotic resistance—when bacteria do not respond to the drugs designed to kill them—threatens to return us to the time when simple infections were often fatal. Today, antibiotic resistance causes more than 23,000 deaths, more than 2 million illnesses, and up to \$20 billion in health care costs in the United States each year. Tomorrow could be even worse: a simple cut of the finger could lead to a life-threatening infection; routine surgical procedures, such as hip and knee replacements, would be far riskier; and common complications of life-saving treatments such as chemotherapy and organ transplants could prove fatal.

Now is the time to address this threat. CDC's 2015 budget request includes \$30 million to detect and protect against antibiotic resistance. With strategic investment over the next five years, CDC can turn the tide on the most dangerous of these infections, including reducing infections with CRE—the nightmare bacteria—by 50% and reducing *C. difficile* infections by 50%. Reduction in *C. difficile* alone will save 20,000 lives, prevent 150,000 hospitalizations, and cut more than \$2 billion in healthcare costs. Achieving these goals requires investments in laboratory capacity to detect resistance across the nation,

implementing best practices for infection control in health care settings, and improving antibiotic prescribing practices.

### *Reversing the Prescription Drug Overdose Epidemic*

We are witnessing a new epidemic rapidly unfold in America: deaths from prescription painkiller overdoses. Prescription painkiller overdose deaths increased four-fold between 1999 and 2010, killing more people than all illicit drugs combined—including cocaine and heroin. The prescription drug overdose epidemic is driven in large part by fundamental changes in the way healthcare providers prescribe opioid pain relievers. We can prevent abuse of prescription drugs while at the same time making sure patients receive safe, effective, and appropriate pain treatment. CDC's FY 2015 budget requests \$16 million to work with states and the health care system to begin to reverse this epidemic.

As the nation's health protection agency, CDC has led the way in identifying the connection between inappropriate opioid prescribing and resulting overdose deaths. CDC's proposed investment would target states with the highest burdens of prescription drug overdose to implement proven strategies to reverse the trend, including assisting insurers and clinicians in improving coordination of care for high-risk patients; supporting development and effective use of universal, real-time, and actively-managed prescription drug monitoring programs—state-run prescription tracking databases; and evaluating state programs and policies to build the evidence base for overdose prevention.

### *Public Health Challenges in a 24/7 World*

In the next few years, CDC and our nation must face both new and ongoing challenges to protect our health security in a time of fiscal constraint. We must accurately detect and quickly respond to numerous and unpredictable disease threats, whether natural or man-made. We must also ensure that CDC is able to protect Americans from the leading causes of death and disability that weaken our economic productivity and global standing. Thank you for your continued support of CDC's important work to serve this nation, and I am happy to answer your questions.



**Statement by**

**Mary K. Wakefield, PhD, RN  
Administrator  
Health Resources and Services Administration  
U.S. Department of Health and Human Services**

**On**

**The President's Fiscal Year 2015 Budget**

**Before the**

**Subcommittee on Labor, Health and Human Services,  
Education and Related Agencies  
Committee on Appropriations  
United States Senate**

**May 7, 2014**

Chairman Harkin, Ranking Member Moran, and members of the Subcommittee, thank you for the opportunity to testify today on the Health Resources and Services Administration's (HRSA) budget request for fiscal year 2015. HRSA is the primary federal agency charged with improving access to health care services for people who are medically underserved because of their economic circumstances, geographic isolation, or serious chronic disease. Our FY 2015 Budget addresses these issues by providing critical investments in programs that bolster our primary care infrastructure, strengthen the health care workforce, and improve health equity.

### **Bolster Primary Care Infrastructure**

To bolster the nation's primary care infrastructure, the Budget includes \$4.6 billion for the Health Center program, which supports community-based, patient-directed organizations that provide comprehensive primary care services in medically underserved communities. Health centers provide a wide range of medical, dental, and behavioral services, often making all of these services available at one location. It is important to note is that nearly half of all health centers serve rural populations. The FY 2015 investment will allow health centers serve approximately 31 million patients, at nearly 9,500 service delivery sites and provide care in every state, the District of Columbia, Puerto Rico, the United States Virgin Islands, and the Pacific Basin. The Budget also allocates \$100 million to fund 150 new health center sites that will serve an additional 900,000 patients.

### **Strengthen Health Care Workforce**

HRSA is also charged with strengthening the health care workforce by supporting the education and distribution of a highly skilled primary care workforce through training, curriculum development, and scholarship and loan repayment programs. To this end, the Budget provides \$1.8 billion for health workforce programs and makes new and strategic investments to strengthen our supply of health care providers that are well-distributed throughout the country.

One of our most important primary care workforce programs is the National Health Service Corps. Employed by local rural health clinics, community health centers, and other primary care sites, Corps clinicians work every day to promote health and treat illness and injury in rural and urban areas of the country where access to care is limited and where shortages of health care professionals persist. Nearly half of all current Corps providers work in rural communities. The President's Budget includes \$810 million for the Corps in FY 2015, which represents the largest level of funding in the history of the Corps. This level of funding is projected to support an annual field strength of more than 15,000 providers over FYs 2015-2020 and serve the primary health care needs of more than 16 million patients annually.

HRSA will also invest in our nation's health workforce through the new Targeted Support for Graduate Medical Education (GME) program, which will expand residency training in primary care and other high-need specialties with the goal of encouraging innovation in training models and greater accountability for GME funds. This program will support 13,000 residents over 10 years through competitive grants to teaching hospitals, children's hospitals, and community-based consortia of teaching hospitals and/or other health care entities.

The Budget also invests \$144 million to develop the nation's nursing workforce through programs that, among other strategies, support the enhancement of advanced nursing education and practice, increased nursing education opportunities for individuals from disadvantaged backgrounds, and an expanded nursing pipeline. The Budget also provides for two new workforce initiatives, including \$10 million to support a new Clinical Training in Interprofessional Practice program to increase the capacity of community-based primary health care teams to deliver quality care. In addition, \$4 million is provided to fund new Rural Physician Training grants to help rural-focused training programs recruit and graduate students likely to practice medicine in rural communities.

### **Achieve Health Equity**

HRSA considers our work with special populations and eliminating health disparities a top priority. The Budget includes \$2.3 billion for the Ryan White HIV/AIDS Program to improve and expand access to care for persons living with HIV/AIDS. As a payor of last resort, the Ryan White Program funds services not covered by health insurance but which are nonetheless critical to ensuring that individuals living with HIV are linked into care and started on anti-retroviral drug regimens. Due to the Affordable Care Act, many Ryan White clients will continue to gain access to health insurance or see improvements in their current health insurance coverage in FY 2015. In response to these changes, as well as the evolving nature of the epidemic, the federal government will continue to coordinate closely with state and local governments and

Ryan White Program grantees to ensure that vulnerable populations living with HIV have regular access to quality HIV care and life-extending medications.

The Budget also proposes better serve the needs for women, infants, children and youth by consolidating funds from Part D of the Ryan White program to Part C. The consolidated program will emphasize care across all vulnerable populations and will allow resources to be better targeted to points along the HIV care continuum and to populations most in need throughout the country.

One of our largest programmatic areas focused on special populations is our maternal and child health programs. The HRSA budget includes funding through FY 2024 to extend and expand the Maternal, Infant, and Early Childhood Home Visiting program, through which states are implementing evidence-based home visiting programs that enable nurses, social workers, and other professionals to work with at-risk families and to connect them to assistance that supports the child's health, development, and ability to learn. These programs are strictly voluntary and have been shown to improve maternal and child health and developmental outcomes, improve parenting skills and school readiness.

In addition to the investments in health centers and the National Health Service Corps that will improve access to health care in rural areas, the Budget provides \$125 million for targeted programs to assist Americans living in rural communities through the HHS Office of Rural Health Policy, which is housed within HRSA. The Office serves as the Department's primary

voice on rural health issues and funds a number of state and community-based grant and technical assistance programs to help meet the health care needs of rural communities.

HRSA also makes investments in a number of other critically important health care programs that collectively touch the lives of millions of people across the country. These include the 340B Drug Pricing Program, which provides discounts on outpatient prescription drugs to program that serve a high number of low-income patients, and efforts to support federal organ and transplantation oversight, as well as efforts to promote awareness of organ transplantation issues and increase organ donation rates.

## **Conclusion**

In FY 2015, HRSA will continue its efforts to strengthen the safety net by expanding and enhancing primary care services, primary care health professionals, services for low-income individuals and people with serious health conditions, such as HIV/AIDS or in those in need of an organ transplant. We will continue to leverage our work on important health services for mothers and children, and targeted health professions training. HRSA will also continue to work in partnership with other federal entities, State and local governments, private organizations, and Members of Congress to strengthen access to care with the aim of improving the health of millions of Americans. Thank you again for providing me the opportunity to discuss HRSA's FY 2015 Budget with you today. I am pleased to respond to your questions.



**Statement by**

**Mark Greenberg  
Acting Assistant Secretary  
Administration for Children and Families  
U.S. Department of Health and Human Services**

**On**

**The President's Fiscal Year 2015 Budget**

**Before the**

**Subcommittee on Labor, Health and Human Services,  
Education and Related Agencies  
Committee on Appropriations  
United States Senate**

**May 7, 2014**

Chairman Harkin, Ranking Member Moran, and members of the Subcommittee, thank you for supporting the Administration for Children and Families (ACF) in fiscal year 2014 and for inviting me to discuss ACF's proposed budget for fiscal year 2015. In addition to an overview of ACF's budget, I would like to share with you three areas in which we are working to address important needs: 1) early childhood development, 2) unaccompanied alien children, and 3) reducing the over-prescription of psychotropic drugs for children in foster care.

### **Fiscal Year 2015 Budget**

The FY 2015 Budget request for ACF is \$51.3 billion. ACF's budget supports expanding access to high-quality early education to prepare our youngest children for success in life. Funds are also included for programs that serve our most vulnerable children and families, including victims of domestic violence and human trafficking, and runaway and homeless youth. In addition, the Budget supports important improvements in Head Start, Child Care, and Child Support.

The Budget includes mandatory funding for a new demonstration, in partnership with the Centers for Medicare and Medicaid Services, to address the over-prescription of psychotropic drugs for children in foster care. The Budget also proposes to create subsidized job opportunities for low-income parents by redirecting \$602 million in Temporary Assistance for Needy Families (TANF) funding to a Pathways to Jobs initiative.

The FY 2015 discretionary request for ACF is \$17 billion, a decrease of \$637 million below FY 2014, reflecting a fiscal climate that forces difficult choices among worthy programs. The

Budget advances high quality care for infants and toddlers as part of the President's plan to help prepare America's children for success in life by expanding access to early education.

Additional investments are also included to continue a groundbreaking study of children at risk of abuse or neglect and of children in the child welfare system, and to study the prevalence of youth homelessness and the characteristics of homeless youth in order to better advance efforts to end youth homelessness.

### **Early Childhood Development**

As the President stated in his State of the Union address, research shows that one of the best investments we can make in a child's life is high-quality early education. These programs can help level the playing field for children from lower-income families by improving school readiness through increased vocabulary and social and emotional development. In FY 2015, the President renews his call for a series of investments that will create a continuum of high quality early learning services for children beginning at birth through age five. This initiative would expand current federal investments in voluntary, evidence-based home visiting programs, , expand access to high quality care for infants and toddlers through HHS' Early Head Start – Child Care Partnerships, and help states provide high quality preschool for four year olds in low and moderate income families through a partnership with the Department of Education.

We appreciate the strong support provided by this Committee for Early Head Start-Child Care Partnerships in FY 2014. The Budget requests \$650 million, an increase of \$150 million above FY 2014, to support and expand the Partnerships. This funding will assist communities in increasing access to early learning programs that meet Early Head Start standards of quality for

infants and toddlers. The funds will be competitively awarded to new and existing Early Head Start programs. Applicants may propose to partner with child care providers that serve lower-income children, especially those receiving federal child care subsidies, or to expand existing services. Through these partnerships, Early Head Start programs and child care providers will work together to provide high quality full day services that offer comprehensive supports to meet the needs of working families, and prepare children for preschool, in a variety of settings.

An increase of \$270 million is sought for the Head Start program in order to maintain current service levels. This will bring total funding for the program to \$8.9 billion. In addition to the EHS-CC Partnerships, this funding level includes over \$8.2 billion to provide services for an estimated 929,000 slots for Head Start and Early Head Start children and their families. The budget continues to include \$25 million in transitional funding for the Designation Renewal System to minimize disruption of services to Head Start children and families during the transition period to new Head Start providers from low-performing Head Start programs.

The FY 2015 request for the Child Care and Development Fund is \$6.1 billion, which includes \$3.7 billion for the Child Care Entitlement and \$2.4 billion for the Child Care and Development Block Grant. The total funding level represents an increase of \$807 million over FY 2014 in combined discretionary and mandatory funds, and will support subsidies for 1.4 million children – approximately 74,000 more children than would otherwise be served. Of the \$2.4 billion available in discretionary funds for child care, \$200 million is targeted to help states raise quality by developing higher health and safety standards, improving monitoring, increasing provider

quality through evidence-based professional development, and improving access to information for parents choosing a child care provider.

### **Unaccompanied Alien Children**

Unaccompanied alien children (UAC) apprehended trying to enter the United States unaccompanied by a parent or guardian are among the most vulnerable populations ACF serves. By law, ACF must accept UAC into its care and custody upon referral from the Department of Homeland Security or other Federal agencies. These children reside in state-licensed shelter facilities until ACF can place them with sponsors, usually parents or other relatives. The annual number of arriving UAC has increased from 6,560 in FY 2011 to an estimated 60,000 in FY 2014. Reasons for this increase are complex but a key factor is the high level of violence in Honduras, Guatemala, and El Salvador, the countries of origin for most UAC.

In the last three years, ACF has streamlined its placement process, reducing the average amount of time unaccompanied alien children spend in shelters. ACF has cut the average length of stay for all UAC from 75 days between FY 2005 and FY 2011 to 35 days in FY 2014. ACF has also been able to decrease the per bed costs by five percent. Despite these efforts, total UAC costs have increased significantly due to the rising number of UAC.

As directed by Congress, ACF is working with the Departments of Homeland Security, State, and Justice – in an effort to better understand the reasons for the increase in the number of UAC arrivals and develop strategies for managing rising UAC costs. We appreciate the Committee's willingness to provide UAC funding based on updated arrival estimates in FY 2013 and FY

2014. This action has enabled ACF to serve all incoming UAC without reducing services for refugees. We are continuing to monitor the flow of UAC in 2014 and will keep the Committee updated on what impact this will have for the amount of funding needed in 2015.

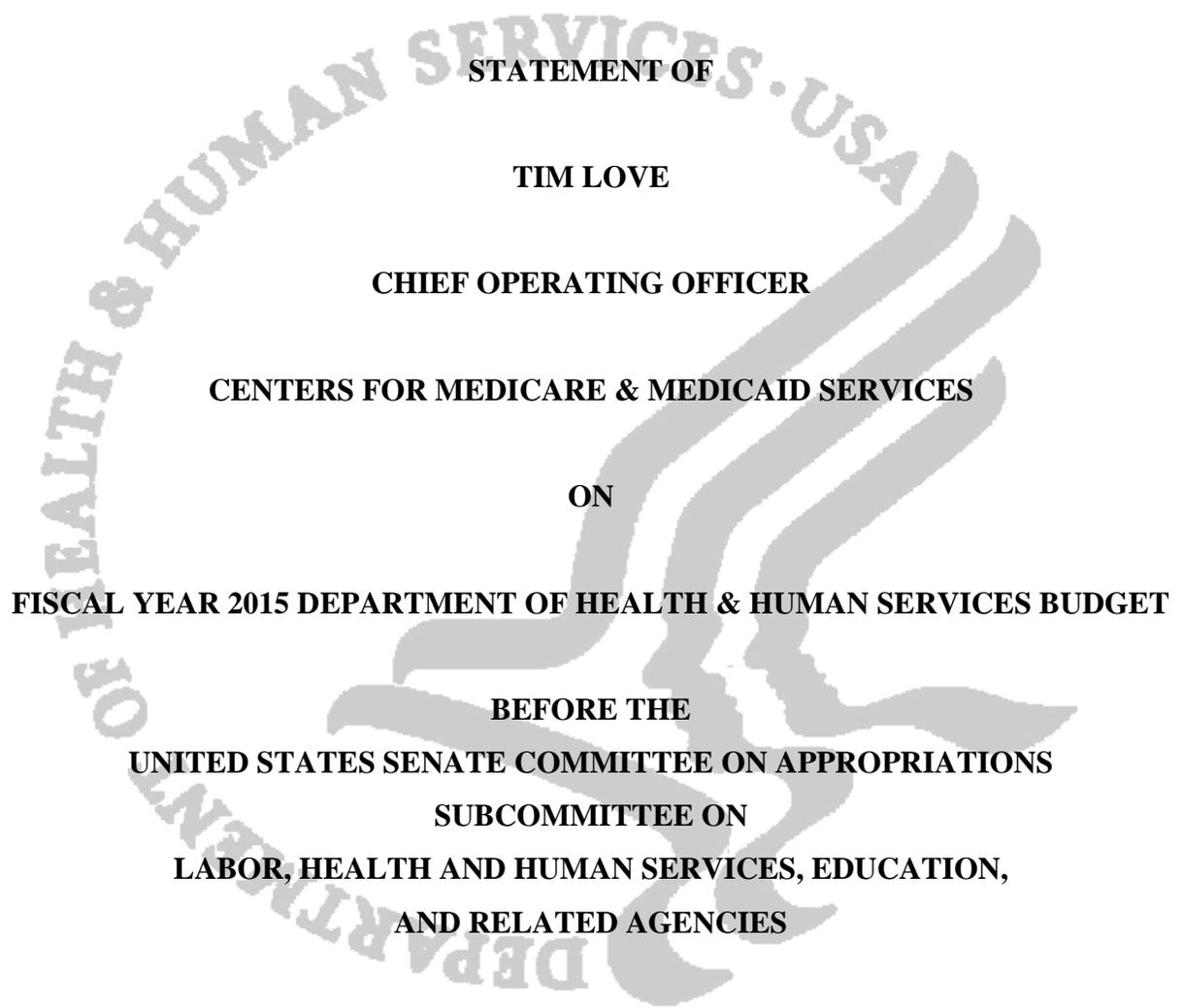
### **Addressing the Over-Prescription of Psychotropic Drugs for Children in Foster Care**

May is National Foster Care Month, which provides us an opportunity to reflect on the efforts we've made on behalf of the vulnerable children we have taken into our care. Children in foster care receive a disproportionate level of prescriptions of psychotropic medication compared to other children receiving Medicaid. A 2011 Government Accountability Office report using Medicaid claims from five states found that 20 percent to 39 percent of children in foster care received a prescription for psychotropic medication in 2008, compared with 5 percent to 10 percent of children not in foster care.

For FY 2015, ACF's Budget includes a request for \$250 million over five years in mandatory funding to support state efforts to reduce over-prescription of psychotropic medications and improve outcomes for young people in foster care by scaling up evidence-based psychosocial interventions, in concert with a Medicaid demonstration. This initiative will encourage the use of evidence based screening, assessment, and treatment of trauma and mental health disorders among children and youth in foster care in order to reduce the over-prescription of psychotropic medications. This new investment and continued collaboration will improve the social and emotional outcomes for some of America's most vulnerable children.

## **Conclusion**

In conclusion, ACF's budget strives to promote the economic and social well-being of children individuals, families, and communities. This budget addresses critical needs in a period of limited federal resources. Again, thank you for the opportunity to discuss ACF's proposed budget with you. I would be happy to answer any questions you may have.



**STATEMENT OF**

**TIM LOVE**

**CHIEF OPERATING OFFICER**

**CENTERS FOR MEDICARE & MEDICAID SERVICES**

**ON**

**FISCAL YEAR 2015 DEPARTMENT OF HEALTH & HUMAN SERVICES BUDGET**

**BEFORE THE**

**UNITED STATES SENATE COMMITTEE ON APPROPRIATIONS**

**SUBCOMMITTEE ON**

**LABOR, HEALTH AND HUMAN SERVICES, EDUCATION,**

**AND RELATED AGENCIES**

**MAY 7, 2014**

**U.S. Senate Committee on Appropriations**  
**Subcommittee on Labor, Health and Human Services, Education, and Related Agencies**  
**Hearing on: Fiscal Year 2015 Department of Health & Human Services Budget**  
**May 7, 2014**

Chairman Harkin, Ranking Member Moran, and members of the Subcommittee, thank you for the invitation to discuss the Centers for Medicare & Medicaid Services discretionary budget request included in the President's Fiscal Year 2015 Budget. Our request will allow us to build on the successes we have achieved in helping more Americans access health care coverage and improving the quality and value of care provided across our delivery system.

In FY 2014, CMS led efforts to expand affordable health insurance coverage to Americans through the Health Insurance Marketplace. We are pleased to report that 8 million Americans have signed up for private health insurance through the Marketplace and more than 4.8 million more Americans enrolled in Medicaid and the Children's Health Insurance Program (CHIP). Additionally outside experts estimate that millions more enrolled directly with insurers for new high quality coverage. In 2015, we will continue our work to expand quality, affordable coverage to millions of Americans. In addition to the Marketplace, CMS continues to serve 54 million Americans through Medicare, 65 million through Medicaid, and nearly 6 million through CHIP.

Fixing America's health care system doesn't stop with guaranteeing that everyone has coverage. To address the rising costs of health care, we must improve the way that health care is delivered, including the coordination and safety of care. We are working closely with providers, hospitals, and others to improve our health care delivery system for all patients. Already, we have made significant progress. For the second consecutive year, overall health costs grew more slowly than the economy as a whole. We have also seen low spending growth per enrollee in 2012 for

Medicare (0.7 percent), Medicaid (1.3 percent), and private health insurance premiums (2.7 percent).

We began tying Medicare payments for hospitals to their readmission rates, and saw the 30-day, all-cause readmission rate decline in both 2012 and 2013. In 2012, Medicare Accountable Care Organizations (ACOs) began participating in the Shared Savings Program that encourages providers to invest in redesigning care for higher quality and more efficient service delivery, without restricting patients' freedom to go to the Medicare provider of their choice. The program is off to a strong start with 338 Medicare ACOs participating in the Shared Savings Program. We are encouraged by the interim results and we look forward to final performance year one results later this year.

### **Program Management**

The Budget for CMS Program Management enables reforms in health care delivery while continuing to support the ongoing Medicare, Medicaid, and CHIP programs in CMS, as well as the recently implemented Health Insurance Marketplace. The request also accommodates substantial increases in CMS' workload because of demographic trends and program changes driving higher Medicare and Medicaid enrollment and implements responsibilities assigned in the Affordable Care Act and other legislation related to Medicare, Medicaid, and CHIP. The FY 2015 discretionary budget request for CMS Program Management is \$4.2 billion, an increase of \$108 million above FY 2014. This request will allow CMS to continue to effectively administer Medicare, Medicaid, and the Children's Health Insurance Program (CHIP), as well as new health insurance reforms contained in the Affordable Care Act.

With Medicare enrollment projected to grow to 55 million beneficiaries in FY 2015, CMS will require additional resources to effectively oversee the programs. For example, the budget requests an additional \$49 million in Survey and Certification funds to conduct mandated federal inspections of key facilities – such as nursing homes - serving beneficiaries. This increase is needed to complete surveys at frequencies consistent with statutory and policy requirements, given continued growth in the number of participating facilities, increased survey responsibility, and inflation. The budget improves survey frequencies for dialysis facilities, non-accredited hospitals, ambulatory surgical centers, and other providers. Additionally, this budget requests funding to survey community mental health centers for the first time.

### **Private Insurance and the Marketplaces**

The Affordable Care Act provides vital new protections for consumers receiving or shopping for private health insurance. New reforms ensured that essential care will become a standard part of most private health insurance plans, and that consumers can continue to rely upon their insurance when they become ill. Consumers are able to purchase more efficient coverage due to rate review and medical loss ratio protections. By providing one-stop shopping, the Marketplace has helped individuals better understand their insurance options and assisted them in shopping for, selecting, and enrolling in high quality private health insurance plans.

The budget includes \$629 million for CMS activities and administrative expenses to support Marketplace operations in FY 2015. For the Federally-facilitated Marketplace (FFM), CMS performs eligibility and appeals work, certification and oversight of qualified health plans,

payment and financial management functions, and operates the Small Business Health Options Program (SHOP). As a part of this work, CMS operates a number of IT systems to support the Marketplaces, such as the system that operates FFM functions including eligibility, and plan management. The data services hub provides eligibility verification services to all Marketplaces through interfaces with trusted data sources in other Federal departments. Other IT costs include hosting services and data management systems.

Additionally, CMS oversees operations of State-based Marketplaces and provides technical assistance as needed. To help individuals better understand their coverage options, CMS provides Marketplace consumer assistance through a call center and website for the FFM, as well as in-person support through Navigator grants.

### **Program Integrity**

The FY 2015 Budget supports fraud prevention and the reduction of improper payments, which are top priorities of the Administration. For FY 2015, the Budget invests a total of \$428 million in new Health Care Fraud and Abuse Control Program (HCFAC) and Medicaid program integrity funds. Together the program integrity investments in the Budget will yield \$13.5 billion in gross savings for Medicare and Medicaid over 10 years. The Budget also proposes legislative changes to give HHS important new tools to enhance program integrity oversight; cut fraud, waste, and abuse in Medicare, Medicaid, and Children's Health Insurance Program (CHIP); and generate an additional \$1 billion in program savings over 10 years.

The HCFAC investment supports efforts to reduce the Medicare fee-for-service improper payment rate and initiatives of the joint HHS-DOJ Health Care Fraud Prevention and Enforcement Action Team task force, including Strike Force teams in cities where intelligence and data analysis indicate high levels of fraud, and the Health Care Fraud Prevention Partnership between the federal government, private insurers, and other stakeholders. CMS will also make further investments in innovative prevention initiatives, such as the Fraud Prevention System that analyzes all Medicare FFS claims using sophisticated algorithms to identify suspicious behavior. In FY 2015 and beyond, CMS will continuously refine these technologies to better combat fraud, waste, and abuse in Medicare, Medicaid, and CHIP. Finally, these funds will support more rigorous data analysis and an increased focus on civil fraud, such as off-label marketing and pharmaceutical fraud.

### **Improving the Efficiency of Medicare and Medicaid**

The Budget includes a package of Medicare legislative proposals that will save \$407.2 billion over 10 years by more closely aligning payments with costs of care, strengthening provider payment incentives to promote high-quality efficient care and making structural changes that will reduce federal subsidies to high-income beneficiaries and create incentives for beneficiaries to seek high-value services. Together, these measures will extend the Hospital Insurance Trust Fund solvency by approximately five years. The Budget seeks to preserve stability in the Medicaid program and CHIP during the first full year of the Affordable Care Act expansion of coverage while also including \$7.3 billion in Medicaid savings and \$345 million in CHIP investments over ten years to make Medicaid and CHIP more flexible, efficient and accountable.

## **Conclusion**

The President's FY 2015 Budget request reflects the Administration's commitment to fiscal responsibility, while also providing CMS with the resources it needs to support beneficiary growth in Medicare, Medicaid, and CHIP, continue administration of the FFM, and conduct effective oversight of State-based Marketplaces. Thank you for your interest in CMS' efforts to strengthen and modernize the nation's health care system to provide access to high quality care and improved health at lower costs, and I look forward to continuing to work with the Subcommittee on these important issues.