

**Ranking Member Frank Pallone, Jr.
House Energy and Commerce Committee
Subcommittee on Health
Hearing on “A Financial Review of the Department of Health and Human
Services and Its FY 2016 Budget”
Opening Statement**

February 26, 2015

Thank you Chairman Pitts, and welcome Secretary Burwell. Thank you for being with us.

Today we will hear about the President’s Fiscal Year 2016 Health and Human Services Budget proposal. There are many important provisions in the President’s Budget that we in Congress must work to support.

I was pleased to see that the budget proposed a funding increase of one billion dollars for the National Institutes of Health (NIH). Investing in early-stage, basic research is one of the most promising ways that we can accelerate the discovery of new treatments and cures. Support for NIH is critical to building our economy as well - every \$1 of NIH funding generates

over \$2 in local economic growth. Yet we have let NIH's purchasing power decline by over 20% since 2003. That's why finding a way to significantly increase funding for NIH will be my top priority as the 21st Century Cures initiative continues.

I was also pleased to see that the Budget fully funds a four-year extension of the Children Health Insurance Program (CHIP) program. We must act on this proposal immediately. With more than four-fifths of state legislatures adjourning by the end of June, lack of action and clarity from Congress will make budgeting and planning virtually impossible. By every measure, CHIP has been enormously successful, and always has had strong bipartisan support. Extending CHIP funding should be the top priority of this Committee to ensure consistent coverage for the millions of children who depend on this program. I think we can all agree that no child should be left worse off because of the actions—or lack thereof—of Congress.

The Budget also adopts the framework of the bipartisan, bicameral SGR repeal and replace legislation that Congress agreed to last year. I believe

that because the Sustainable Growth Rate (SGR) is the result of a budget gimmick, and we have already spent \$169 billion paying to fix the problem, offsets, especially those within our health programs, are not necessary. And if we must include offsets – the war savings, which are known as the Overseas Contingency Operations (OCO) funds, could be used.

I know some on the other side of the aisle do not share this view. What I do hope we can agree upon is that FIRST, SGR shouldn't be paid for off the backs of the beneficiaries. Beneficiaries will already pay for their share of the cost of SGR repeal through higher premiums. And half of all beneficiaries live on less than \$23,500 per year.

This is why some of the proposals in the President's budget concern me. The President's budget proposes to further increase Part B and Part D premiums, increase the Part B deductible for new enrollees, impose a new surcharge on the Part B premium for beneficiaries with certain Medigap policies, and institute a \$100 co-payment per home health episode.

Increasing out-of-pocket costs on beneficiaries could increase spending long-

term. Beneficiaries may forgo necessary services and as a result use more high-cost, acute care services in the future. Such policies may disproportionately affect lower- and middle-income beneficiaries who are not poor enough for Medicaid, nor have access to employer sponsored retiree health care. I urge the President and my colleagues to be extremely cautious when proposing cuts to Medicare and consider their impact on our seniors.

Lastly, I want to commend Secretary Burwell for your agency's hard work implementing the ACA. Because of these efforts, 19 million uninsured Americans will be covered in 2015. I recognize the challenge your agency faces in implementing this law with limited resources. However, despite Republican obstructionism, the ACA is working.

Secretary Burwell, this is a sound budget and I look forward to hearing from you today.

I yield the remainder of my time to Rep. Matsui.