



Richard Shelby

UNITED STATES SENATOR, ALABAMA

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**OPENING STATEMENT OF SENATOR RICHARD C. SHELBY
FY2012 Budget Hearing on the Department of Health and Human Services
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“Thank you, Mr. Chairman. Secretary Sebelius, I look forward to hearing your testimony today on the fiscal year 2012 budget request.

“In this austere economic environment, Congress is struggling with difficult budget decisions. We all understand the valuable role that health care plays in the lives of our citizens and we all want to make health care more affordable, more accessible, and on the cutting edge of scientific discoveries.

“However, in times of economic uncertainty when every Department should be exercising fiscal restraint, I am disappointed the Administration has not significantly reduced health care spending. In fact, on top of the 9 percent increase in the entire Department of Health and Human Services’ budget request, the fiscal year 2012 bill includes \$4.2 billion in mandatory spending for the Affordable Care Act (ACA). This is \$4.2 billion that this subcommittee cannot reduce or rescind. It is simply more spending for another entitlement program.

“One of the most troubling aspects of the ACA is the Community Living Assistance Services and Supports (CLASS) Act. The CLASS Act is a new, voluntary federal insurance program. Its goal is twofold: to provide a cash benefit to individuals with either a functional or equivalent cognitive limitation that become too disabled to work, and to create a voluntary insurance program for healthy individuals looking to hedge against the risk of needing long-term care in the future. However, the CLASS Act’s poor design attempts to accomplish these two incompatible goals with a single program. The result will be that the cost of serving disabled workers will push premiums to unacceptably high levels for those looking to purchase insurance, and they will decline to buy. This will quickly push the program to insolvency.

“The Congressional Budget Office predicts the CLASS Act will ‘add to budget deficits...by amounts on the order of tens of billions of dollars.’ The Department of Health and Human Services Actuary states that ‘there is a very serious risk that the program will

be unsustainable.' Even you, Madam Secretary, testified at the Senate Finance Committee hearing early this year that 'the bill as written is totally unsustainable.'

"In addition to the \$4.2 billion included in mandatory spending for the ACA, the budget submission includes \$450 million in discretionary funding. Specifically, the budget proposes to spend \$120 million on the financially unsustainable CLASS Act, \$236 million for Health Insurance Exchange Operations, \$38 million for Healthcare.gov, and \$28 million to help consumers navigate the private insurance market. Secretary Sebelius, we fundamentally disagree on the implementation of the ACA. However, one area of the ACA we should agree on is that \$38 million to fund one website is unacceptable.

"Further, I am concerned that many important programs, such as the Community Health Center Fund, are moved to the mandatory side of the ledger and funded under the ACA. What happens if the ACA is repealed and agencies' baseline funding levels are too low cover the cost of these programs?

"Finally, as we continue to review the fiscal year 2012 budget, we need to ensure that our entire nation, not just population-rich, urban areas, is reaping the benefits of federal health care programs. There are numerous consolidations in the budget that eliminate formula funded grants which will result in the redirection of critical federal funds from smaller, rural states to urban areas. We must continue to make certain that programs that are deemed competitive actually allow all states to compete on a level playing field.

"Mr. Chairman, the level of federal spending is unsustainable. We must make steps to reduce the deficit that burdens our nation today and will continue to into the future. Every federal program should be reviewed to ensure it is working effectively and efficiently and is a valuable use of taxpayer dollars. However, I remain cautious about arbitrary or across-the-board cuts to agencies and programs simply to score a political point. Congress needs to carefully examine programs to ensure that we are sustaining those that are effective and cutting those that are not.

"In particular, one of the most results-driven aspects of our entire federal budget is the National Institutes of Health (NIH). Research conducted at NIH reduces disabilities, prolongs life, and is an essential component to the health of all Americans. NIH programs consistently meet their performance and outcome measures, as well as achieve their overall mission.

"For example, in February, NIH research led to the announcement of a very promising Cystic Fibrosis therapy that targets the genetic defect that causes Cystic Fibrosis as opposed to only addressing its symptoms. The preliminary success of this drug underscores the importance of the NIH, whose innovative work on human genetics and other areas of basic science could potentially lead to treatments, and even cures, for some of our most devastating diseases.

"Mr. Chairman, I look forward to working with you to craft a bill that balances the needs of our health care system with our fiscal realities. Thank you."