



FACT SHEET
on
Secretary Leavitt Testimony on FY08 HHS Budget Request
Before the U.S. House Ways and Means Committee

February 8, 2007
Bullets and Analysis

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- I) **Prepared Remarks from Secretary Leavitt** * (Sec. Leavitt requested these remarks be entered into the record in order to respond to comments made by the Chairman, Rep. Charles Rangel D-NY, and by the Health Subcommittee Chair Rep. Pete Stark, D-CA)
- A. HHS Budget proposes \$118 million dollars for ONCHIT to keep the U.S. on track to have most Americans with a personal electronic health record (PHR) by 2014 by:
 - i. Implementing agreed upon public-private health data standards
 - ii. Initiating projects in 12 communities based on AHIC recommendations that will demonstrate the value of the widespread availability and access to reliable and interoperable health records
 - iii. Develop the **Partnership for Health and Care Improvement**, a private non-governmental group to replace AHIC
 - B. Budget provides \$15 million to expand efforts to link clinical care and research via health information technology to improve quality of care while lowering costs
 - C. Budget provides funds to accelerate the movement towards personalized medicine
 - D. Funding will expand the number of Ambulatory Quality Alliance sites from 18 in FY08
 - E. Budget requests 870 million to continue funding plan against influenza pandemic, including enhancement of rapid response capabilities
 - F. Other non-HIT related area key points
 - i. Transforming the Health Care System-Providing Insurance for citizens who do not receive insurance through employers via a Standard Deduction
 - ii. Addressing the Fiscal Challenge of Entitlement Growth (Medicaid, Medicare Budgets)
 - iii. Preventative Health
 - iv. Providing Health Care for those in need (SCHIP, Health Center Sites, Indian Health Service, HIV/AIDS Care)
 - v. Protecting the Nation Against Threats (First Response Plan, Bio-Terrorism, Pandemic Flu)
 - vi. Advancing Medical Research
 - vii. Protecting Life, Family and Human Dignity
 - viii. Improving the Human Condition around the World
- II) **Analysis of House Ways & Means Q&A Period HIT Discussion**
- During the course of the 2 ½ hour hearing, only four members made comments related to the Health Information Technology Provisions of the HHS budget request. Those members were Reps. Ron Kind (D-WI), Mike Thompson (D-CA), Kenny C. Hulshof (R-MO), and Shelly Berkley (D-NV). Bullets on their comments follow
- Rep. Kind lauded the major investment in Health IT in the budget. He asked what role government should play in Health IT adoption.

- Leavitt: The Federal Government should develop interoperability standards for all HIT systems, drive adoption through pay for performance reimbursement rates, and drive the market by getting payers to follow the same practices as CMS and other federal agencies for reimbursement
- Rep. Hulshof applauded the goals of HHS effort to drive HIT adoption, and focused on funding for telemedicine and means for reimbursing doctors for telemedicine adoption.
 - Leavitt: States that there is no health care “system.” Health Care Industry should be like the credit card industry. Different systems and vendors, but all working the same way. Health Care should be the same way. Health Care should work on principles of connectedness, interoperability, and the market should be competition-based by cost and quality of care provided through transparency.
- Rep. Thompson commented that Bush Administration has cut telemedicine funding by 81% since 2001. Thompson asked for Sec. Leavitt for a “solid commitment to working with Congress to increase telemedicine funding.”
 - Leavitt: Stated that he was “a big fan of telemedicine.”
- Rep. Berkley commented applauding HIT provisions and stated that her husband’s clinic just went paperless. She added that the costs to doctors for HIT adoption and staff retraining are “extraordinary”, then moved on to Medicare/Medicaid reimbursement before Leavitt responded.

III) Analysis of Overall Ways & Means Q&A Period

- Health Information Technology Funding Provisions were not a primary point of discussion during the course of the hearing. Primary topics were
 - **The Standard Tax Deduction for individuals not covered by employer provided insurance.**
 - **Cuts to SCHIP Funding**
 - **Means by which to improve Physician reimbursement by CMS**

Chairman Rangel allowed a 3 minute Q&A period rather than the normal 5 minutes in an effort to allow every committee member present to question the Secretary. The general tone of the meeting was very contentious towards the standard deduction, the budget cuts in Medicare and Medicaid, and the SCHIP funding. Members focused on the impact that the SCHIP budget cuts and Medicaid and Medicare would have on their districts, and stated that the Standard Deduction would in effect be a tax increase on individuals receiving comprehensive medical coverage from their employers (defending labor who have negotiated for comprehensive health coverage.)

Secretary Leavitt’s response was that HHS was attempting to “trim the fat” off programs to make them more efficient and used the health care analogy of “losing weight to get more fit, rather than amputation.” Several members also referenced concern over several of the cuts and commented that steps need to be taken to improve reimbursement for providers. Support for the deduction was stronger in the minority, but Ranking Member of the Committee, Rep. McCreary (R-LA) stated that the deduction does not go far enough into solving the problem. My analysis is that the HHS budget request provisions as a package face serious challenges to being moved through committee. Health IT funding received positive comments from both sides of the aisle, but concern needs to be raised that HIT could be overshadowed by clear differences in policy direction on SCHIP, Medicaid and Medicare funding, and the Standard Deduction.

IV) Observations

- **A meeting with Rep. Stark is necessary to better understand his position on HIT**
- **Reps. Kind, Hulshof, Thompson, and Berkley seemed particularly engaged on HIT issues. HIMSS may have an opportunity to become their resource for information on Health Information Technology issues.**

IV) Members Present

- **Chairman Charles Rangel (D-NY)**
- **Subcommittee on Health Chair Pete Stark (D-CA)**

- **Ranking Member Jim McCreary (R-LA)**
 - **Sander Levin (D-MI)**
 - **Jim McDermott (D-WA)**
 - **John Lewis (D-GA)**
 - **Richard Neal (D-MA)**
 - **Xavier Becerra (D-CA)**
 - **Lloyd Doggett (D-TX)**
 - **Earl Pomeroy (D-ND)**
 - **Stephanie Tubb-Jones (D-OH)**
 - **Mike Thompson (D-CA)**
 - **Ron Kind (D-WI)**
 - **Bill Pascrell Jr. (D-NJ)**
 - **Shelley Berkley (D-NV)**
 - **Joseph Crowley (D-NY)**
 - **Kendrick Meek (D-FL)**
 - **Allyson Y. Schwartz (D-PA)**
 - **Artur Davis (D-AL)**
 - **Wally Herger (R-CA)**
 - **Dave Camp (R-MI)**
 - **Jim Ramstad (R-MN)**
 - **Phil English (R-PA)**
 - **Kenny C. Hulshof (R-MO)**
 - **Kevin Brady (R-TX)**
 - **Rahm Emmanuel (D-IL) ***
 - **Earl Blumenauer (D-OR)***
 - **Chris Van Hollen (D-MD)***
 - **John Linder (R-GA)***
 - **Devin Nunes (R-CA)***
 - **Jon Porter (R-NV) ***
- * attended but left before getting the chance to comment/question Sec. Leavitt*