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Hatch Statement at Finance Hearing on President Obama's HHS Budget

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a committee hearing on President Obama's fiscal year 2016 budget for the Department of Health and Human Services (HHS):

Good morning. It's a pleasure to welcome everyone to today's hearing on the Fiscal Year 2016 budget for the Department of Health and Human Services (HHS).

Thank you Secretary Burwell, for being here today. This is your first hearing before this committee since being confirmed, so welcome back in your official capacity.

I told you when we were talking at your confirmation hearing that the job you now have would be a thankless one and that you were undertaking an enormous responsibility. At that time, we also discussed three main areas that I encouraged you to focus on during your time at HHS: responsiveness, accountability, and independence.

I'd like to talk more about each of those areas today.

Let's start with responsiveness. During your confirmation hearing, I raised the importance of being responsive to Congress and to this committee in particular. You assured me this would be a top priority of yours as well, and that, under your watch, we would see a marked improvement.

In the past year, this committee has written at least twenty letters to HHS or CMS, asking questions about serious issues such as fraud prevention, hacking of the healthcare.gov website, Medicaid expansion, and many others. I understand that we have now received answers to nearly every one of the outstanding letters just in time for your appearance here today, with the last few responses coming just last week.

This is an improvement. And, I appreciate the efforts being made to provide these answers.

However, I hope that it will not require calling you to testify before the committee to ensure more timely responses going forward. If it does, then I suppose I will have to look forward to seeing you for a hearing every thirty to sixty days.

Thank you for continuing to make this a priority. Good communication between HHS and this committee is paramount to a good working relationship.

Now let's talk about accountability. One of the big issues we discussed at your confirmation hearing was the absolute need for fiscal accountability given the huge breadth and scope of HHS's programs and budget. Overseeing them requires constant vigilance and effective management. When looking at the size of the budget for HHS for this coming fiscal year, we see just how big a job that is.

In fact, the expression "too big to fail" does not really apply here as the HHS budget is so big one could argue that it is destined to fail.

The HHS budget for FY 2016 is just over a trillion dollars.

In real terms, if HHS were a country and its budget was its GDP, it would be the 16th largest economy in the world.

To put it in a more American context, the total budget of HHS is more than double that of Wal-Mart and five times more than Apple.

My concern is that the savings and efficiencies in the overall HHS budget are very small when compared to the overall spending. The President's proposed budget would save just under \$250 billion over the next decade, which sounds like a lot, but that is only 3.8 percent of total Medicare and Medicaid spending. More accountability is critical here to ensure these programs have sufficient resources to continue to provide benefits for years to come.

On the policy front, the administration needs to be up front to Congress about their contingency plans if the King v. Burwell case is not decided in its favor. Depending on what happens in the Supreme Court, in late June, HHS could have to figure out how to provide services for millions of Americans who are currently receiving tax subsidies that enable them to pay for health insurance. I can only assume that the agency has a plan in place for dealing with this possibility. Secretary Burwell, I hope you'll share that with us today.

That brings me to independence. For some time now, I have been concerned about the amount of influence HHS and the administration has over the operations and policies impacting the entitlement programs run by CMS. The budget released this week indicates that spending on just Medicare and Medicaid is expected to exceed \$11 trillion over the next decade. In fact, CMS accounts for 85 percent of the total HHS budget.

These are astonishing numbers.

They also reinforce for me something that I have long believed: It is time to start talking about making CMS an independent agency apart from HHS.

Nearly twenty years ago, Congress passed, and the President signed into a law, the Social Security Independence and Program Improvements Act of 1994. That law separated the Social Security Administration from HHS and made it an independent agency. At that time, SSA was the largest operating division within HHS and accounted for about 51 percent of HHS's total staff and more than half of HHS's total annual budget.

I intend to introduce legislation to move CMS out of HHS.

Whether or not CMS becomes an independent agency is something to consider going forward, but the accountability and transparency problems we currently see in CMS programs cannot wait. I hope that we can work together in the coming months on both Affordable Care Act and entitlement issues to create solutions that work for all Americans.

Finally, I just want to note that while there is much in the President's budget that I disagree with, there are areas where I think we can find common ground.

For example, I appreciate the provision in the budget that addresses the issue of over-reliance on congregate care facilities or group homes for children and youth in foster care. For years, I have been working to call attention to the deplorable conditions in many of these group homes. Recent research indicates that these group homes are unsafe, expensive, and too often contribute to profoundly negative outcomes for the children and youth who are placed in them. I look forward to working with the administration to end the over-reliance on group homes.

Secretary Burwell, I look forward your testimony today and to working with you to ensure our most vulnerable citizens get the care they deserve.

I'd now like to turn it over to Senator Wyden for his opening remarks.

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