

Opening Statement

Health and Human Services Secretary-Designate Tom Daschle

Senate Committee on Health, Education, Labor and Pensions

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Chairman Kennedy, Senator Enzi, members of the Committee, thank you for inviting me here today to discuss my nomination to be Secretary of Health and Human Services.

I'm grateful to President-elect Obama for putting his trust in me. And I look forward to returning to public service at such a pivotal moment in American history.

The Department of Health and Human Services touches the lives of all Americans in crucial and fundamental ways. It is called upon to protect our citizens as well as offer them assistance in fulfilling essential tasks for their well being. It is called upon to ensure the safety of food and the effectiveness of drugs a mother gives her child; to help find the cure to the disease afflicting a parent and to educate a community on preventing disease; to help the struggling family afford child care so parents can work; to ensure children are receiving the social and developmental care they need as they enter school and prepare to learn; to help the family struggling with caring for an aging parent; and of course, to help our seniors and most vulnerable families by providing health care, which many would otherwise go without.

This Department also will be central to tackling one of the greatest challenges of our time: reforming the U.S. health care system. The flaws in our health system are pervasive and corrosive. They threaten our health and economic security that is why the President-Elect has crafted the new White House Office of Health Reform and I am honored to be chosen to serve in this role as well. If confirmed, I will use these dual roles to marshal the talent and energy necessary to at last succeed in making health care affordable and accessible for all Americans.

In short, the mission of HHS is to assist Americans by performing some of the most fundamental responsibilities of our government. In this time of great economic challenge, that mission is more important than ever.

Health Reform

As I know it is with many of you, health care is personal to me.

I ran for Congress 30 years ago to help places like rural South Dakota, where people sometimes went without proper health care because the nearest doctor's office was too far away.

When I came to the Senate, I had the privilege of serving with many of you and working together on significant health care legislation – covering millions of children through the Children's Health Insurance Program, improving the ability of workers to keep their health

insurance if they lost or changed a job, and ensuring, that advances in genetics do not lead to health and employment discrimination.

When I left the Senate, I was able to travel around the country talking to businesses, community groups, and people I met about what was broken in our health care system. I wrote a book called *Critical* about how I thought we could fix it.

Ensuring all Americans have health care is integral to the mission of HHS and the well-being of our families – but to achieve this goal, we will have to work together to tackle tough challenges.

While our investments in research and pioneering work by our scientists lead innovation, too often, patients don't actually get our best.

In 1994, we had 37 million uninsured. Today, we have nearly 46 million. In 1987, one dollar out of fifteen went toward health care for the average family. Today, it's one out of six. And even though the U.S. spends more on health care than any other country, we rank low on life expectancy and infant mortality.

President-elect Obama recognizes that many of you have been working for many years on these issues, and that any effort at reform will require close collaboration with Congress.

He also realizes that change cannot be dictated from the White House and Washington out – but must come from the grassroots of this country and involve as many Americans as possible in the process of reform. In addition, to being a collaborative process, it also needs to be an open, transparent process where people know their voices are being heard.

We have already begun to listen. During the Transition, we reached millions of Americans via our website, Change.gov, to get their input on how best to change our health care system. Tens of thousands of Americans shared their greatest concerns about health reform, and thousands more opened up their homes to host Health Care Community Discussions.

We are currently compiling their reports to share, but one thing was crystal clear: America cannot afford more of the same when it comes to health care in this country. On this, I think we all can agree.

It is unacceptable that in a nation of approximately 300 million people, nearly one in six Americans don't have health insurance. As we face a harsh and deep recession, the problem of the uninsured is likely to grow.

But the number of uninsured only describes part of the problem. Even Americans who do have health insurance don't always get the care they need, especially high-value preventative care. In some cases, this is due to a shortage of providers – especially primary care providers in rural areas that we must work to address.

In other cases, it is simply because our health care system is not oriented toward prevention, and therefore, fails to incentivize the screenings and lifestyle changes that can do so much to improve health. Any health care reform plan must make sure every American has

preventative care that prevents disease and disability. Coverage after you get sick should be a second line of defense. Today, it's often the first line of defense.

In addition to being sound medicine, this is sound fiscal policy. Studies have shown that for every \$1 spent on prevention we could net a return of \$5.60 in health care costs – totaling upwards of \$16 billion annually within five years.

But it's not enough to give every American care. It needs to be high-quality care.

By some measures, nearly one third of the care Americans receive is at best inadequate, and at worst harmful. While we have pockets of excellent care, too often recommended care is not provided.

This quality gap contributes to racial and ethnic disparities in outcomes. On the Pine Ridge reservation in South Dakota, half the people over 40 have diabetes, and the life expectancy is just 47 years, or what life expectancy was for the rest of the country... in 1900. This, too, is unacceptable.

We need to make sure every American gets high-quality care. If you see fit to support my nomination to be Secretary of Health and Human Services, I'll make sure this goal includes the Indian Health Service. I will also make sure the health disparities affecting all other minority and underserved populations are acknowledged and addressed.

But even if every American had good insurance and great care, we have an overwhelming problem related to health costs. Over the past nine years, health insurance premiums rose three times faster than inflation.

The fact that health care premiums have doubled since 2000 leaves some families to make the awful choice between health insurance and rent, or heat, or food. And these cost increases are as unsustainable for our national budget as they are for families' budgets. By 2025, the Congressional Budget Office projects that health care will account for 25 percent of our GDP. By comparison, the entire federal budget today is about 20 percent of GDP.

Any health care reform plan must achieve the three goals of increasing access and quality, while containing cost. But helping to develop a successful plan is only a piece of what the next Secretary of Health and Human Services must do. Here, I highlight a few of the agencies and their challenges and opportunities.

Centers for Medicare and Medicaid Services

Medicare, Medicaid, and the State Children's Health Insurance Programs are pillars of health care coverage in our country. As the organization under which they each operate, the Center for Medicare and Medicaid Services will have a vital role to play in promoting health care reform and its goals of affordability, accessibility, and quality. CMS should ensure that all those eligible for Medicare, Medicaid, and SCHIP are enrolled and have access to high-quality, cost-efficient health care. It should improve its protections for Americans with the highest costs and lowest incomes. HHS has a historic role in serving underserved communities as well. As we

embark on the mission of expanding coverage to all Americans, we must maintain that commitment.

CMS can also drive higher quality and greater efficiency in the delivery system, enhancing value for beneficiaries and taxpayers and becoming a catalyst for health reform. CMS can be a gateway to reforming the way providers are paid to better align incentives with the provision of high-quality care and make it more affordable. For example, CMS can support disease management, “medical homes,” and other approaches to improve care and reduce costs for patients with chronic conditions. In addition, by using its demonstration authority, CMS can identify the cutting-edge practices that will become the bedrock for a high-performing health system.

At the same time, CMS must focus on prevention and primary care, steering its resources toward wellness rather than sickness. To do so, it will need to work side-by-side with the Public Health Service and the human services agencies at HHS.

Centers for Disease Control and Prevention

The Centers for Disease Control and Prevention can contribute to a 21st-century health system by making prevention more than just a part of its name. I believe that moving our system toward health care and away from sick care is critical to solving our long-term health challenges. The CDC is critical to that goal.

Too often, too many Americans go without high-value preventive services, such as cancer screening and immunizations to protect against flu or pneumonia. Similarly, community-based prevention efforts, which have helped to drive down rates of smoking and lead poisoning, for example, are underutilized despite their effectiveness. The nation also faces epidemics of obesity and chronic diseases as well as new threats of pandemic flu and bioterrorism. Despite all of this, fewer than four cents of every health care dollar gets spent on prevention and public health. This needs to change.

At the core of CDC’s mission is collaborating to create the expertise, information, and tools that people and communities need to protect their health through health promotion and prevention of disease. CDC’s efforts to reduce unhealthy behaviors through public awareness campaigns have paid real dividends. Today heart disease rates have declined by half, in no small measure because of the role of community-based prevention. If confirmed, I will work with the Director of the CDC to promote these proven strategies for success.

I will work to revitalize CDC and strengthen its ability to detect and investigate health problems; conduct research to enhance prevention; develop and advocate sound public health policies; implement prevention strategies; promote health behaviors; and foster safe and healthful environments. We should provide greater support to the public health and primary care health workforce.

CDC can focus on ensuring effective coordination between public and private resources at the national, state, and community levels to promote wellness throughout the lifespan, and ensure healthy communities. And we can reduce the impact that diseases over the lifespan (such as childhood diseases, chronic diseases, and the aging population) have on public health, the

health care system, and our economy. I believe CDC can be a leading agency in promoting the goal of prevention in our health care system.

Food and Drug Administration

As Americans focus more on prevention through healthier living, HHS must live up to its responsibility to protect the American people through its regulation of food and drugs. Ensuring the food we eat and the medications we take are safe is a core protection that the American people deserve and a core responsibility of government.

The FDA is responsible for the safety of thousands of items Americans depend upon from the toothpaste we use in the morning to the fruits and vegetables we eat all day from the medications we take for the occasional headache to the extraordinary drugs, vaccines, and medical devices that save our lives. Unfortunately, there is growing concern that the FDA may have lost the confidence of the public and Congress – much to our detriment.

When Americans are nervous about eating spinach or tomatoes or cantaloupes, that's not good for our health and it is terrible for our farmers. When nearly two-thirds of Americans do not trust the FDA's ability to ensure the safety and effectiveness of pharmaceuticals, the result is Americans may hesitate to take important medications that protect their health. This is unacceptable.

As Secretary, I will work to ensure that trust in FDA is restored as the leading science-based regulatory agency in the world. I will support strengthening the FDA to meet the pressing scientific and global challenges of the 21st century. And I will send a clear message from the top that the President and I expect key decisions at the FDA to be made on the basis of science – period.

Today, there is a broad understanding that the FDA's public health mission is as critical as ever. Consumers want pure and healthy foods. Patients understand that their lives depend on speedy access to safe and effective medical products. Industries need the FDA's seal of approval to inspire confidence. There are also thousands of talented and committed professionals at the agency ready to serve. We can work together to restore the credibility of FDA and advance the health of the American people. The Committee led the way through its bipartisan work last year in reauthorizing the user fee programs and strengthening safety.

National Institutes of Health

Equally critical to protecting people by regulating drugs is discovering new drugs and treatments that can prevent, treat, and cure disease. The tremendous discoveries funded by the National Institutes of Health have often enabled us to live longer, better, more healthful lives. These are exciting times at NIH. We are on the cusp of numerous scientific discoveries. What we are learning from the human genome project is truly breathtaking.

NIH is the steward of medical and behavioral research for the nation. Its mission is science in pursuit of fundamental knowledge about the nature and behavior of living systems, and the application of that knowledge to extend healthy life and reduce the burdens of illness and disability. It is well documented that investment at NIH pays real dividends, not only for the health of our citizens but for the strength of our economy. NIH is a unique and prominent agency, the major source of research intended to protect the nation's health, stimulate the economy with high-tech job creation across the country, make discoveries that fuel the biotech and pharmaceutical industries, and train biomedical scientists for the future.

However, NIH has been flat-funded in recent years, which has produced a 17 percent loss of "buying power" since 2003. There has been a sharp fall in the success rates for grant applicants, now as low as 10 percent for many NIH Institutes. Alternative sources of research support from industry, universities, and philanthropy are also under severe stress because of the current economic downturn. It has also suffered from some instances of people putting politics before science.

America has been an innovation leader, and part of its edge in the areas of biotech is attributed to NIH. Countries around the world are trying to cut into that edge. I will work to strengthen NIH, with leadership that focuses on the dual objectives of addressing the health care challenges of our people and maintaining America's economic edge through innovation.

Administration on Aging and Administration for Children and Families

As we address these fundamental science questions, we cannot lose sight of the struggles families are facing to make ends meet. A growing challenge for many families is long-term care. The group most likely to need long-term care, those 85 and older, will increase from 5 million in 2006 to 21 million by 2050, creating a generation of Americans who are caring for both their parents and their children. The average out-of-pocket costs facing family caregivers are \$5,500 per year. Addressing the long-term care needs of our rapidly aging population will not be a simple undertaking, but it is doable.

The Administration on Aging plays a lead role in promoting home- and community-based long-term care, including initiatives related to state systems of care, targeting services to those at risk for institutional placement, and much, much more. The growing challenge of long-term care needs calls upon all of us to strengthen the institutions in our communities that support family caregivers.

The Administration for Children and Families will also play a role in improving the health and economic security of Americans. As we face a recession, its impact on the most vulnerable amongst us – our children and low-income families – will be acute. I am reminded that it was a very difficult New Year's for too many of our fellow Americans. That is why as the country moves through this recession, I am committed to ensuring ACF is working arm in arm with states and localities to address the needs of our families. It can help with child care, foster care, and supporting those struggling to simply pay the bills for their energy costs through the LIHEAP program.

In addition, many of the core services provided at ACF offer direct economic relief to struggling families and communities. ACF helps low-income workers enter and move up in the job market, promotes fatherhood and strengthens child support enforcement, strengthens communities, and assists in reducing poverty.

HHS plays a vital role in early learning and development through the child care block grant and Head Start as well as Early Head Start. We must recognize that in these tough economic times, those programs will see an increase in demand as well. We know how important investments are in this area; some studies show way dollar invested in high quality care at these ages yields \$7 dollars in reduced government spending down the road. Ensuring our children's proper emotional, social and cognitive development is one of the greatest responsibilities of the Department, and I look forward to strengthening the important initiatives that are critical to our future as a nation.

Conclusion

The challenges facing our country and the priorities of the Department are great -- beginning with the need to reform the system.

When health care reform collapsed in 1994, I remember all the criticisms people had after the fact. They said it took too long, they said the process was too opaque, they said the plan was too hard to understand, and they said the changes felt too dramatic.

These are good arguments for undertaking reform in a way that is aggressive, open, and responsive to Americans' concerns. They are not good arguments for ignoring the problem.

One of my favorite quotes is from Nelson Mandela. Referring to apartheid, he once said, "Some things seem impossible, until they are done." He could have been talking about health reform because, for generations now, it has seemed an impossible goal. But this time the cost of failure is simply too high. This time, working together, Democrats and Republicans it no longer has to be impossible. This time, it can be done.