

WAYS AND MEANS HEARING ON THE FY 2022 HHS BUDGET

EXECUTIVE SUMMARY

Yesterday, the House Committee on Ways and Means held a [hearing](#) on President Biden's proposed fiscal year (FY) 2022 budget with Health and Human Services (HHS) Secretary Xavier Becerra. Republicans took the opportunity to label President Biden's priorities "socialist," whether in the budget or in his American Families Plan or American Jobs Plan. In particular, they opposed any suggestion of tax increases. In addition, Democrats called for the passage of H.R. 3, while Republicans pushed for their alternative bill, calling the Democratic bill a "socialist takeover." One Republican criticized H.R. 3's policies for de facto applying controversial quality-adjusted life year (QALY)-based value assessments to the American market.

Secretary Becerra told one member that HHS is working to streamline access to specialists for Medicare patients, including through electronic prior authorization and lessen other utilization management. In addition, several members called for maintaining telehealth flexibilities post-pandemic, and Secretary Becerra agreed that the health care system cannot move backwards on telehealth.

Secretary Becerra told the Committee that HHS would release new guidance related to the Provider Relief Fund (PRF) this month. Congress passed legislation requiring HHS to distribute 85 percent of funds remaining at the end of 2020 in a new general distribution, and Secretary Becerra's comments indicate that such a distribution may be imminent. Secretary Becerra also said that HHS will try to provide flexibility on the June 30 deadline for using PRF funds.

OPENING STATEMENTS

Chairman Richard Neal (D-MA) touted COVID-19 vaccine progress, though he emphasized vaccine rollout challenges. He called for action in the health care sector infrastructure to combat climate change ([letter to Becerra](#)). Chairman Neal highlighted the need to continue efforts to expand Medicaid in holdout states and praised the recent boosted premium tax credits (PTC) in Affordable Care Act (ACA) markets, going on to say that they should be made permanent. Chairman Neal called for the passage of the Child Care for Working Families Act ([H.R. 2817](#)). He also discussed the importance of pipelines for marginalized populations to enter the medical field.

Ranking Member Kevin Brady (R-TX) focused on the "health of the economy." He drew attention to recent jobs reports, saying that labor force participation is at 1970s levels while long-term unemployment has gone up. He also decried the increased government spending and new taxes described in the FY 2022 budget. Ranking Member Brady framed [H.R. 3](#) as a "socialist takeover" of

the American health care system that would put life-and-death decisions in government hands, instead calling for the passage of [H.R. 19](#), which he described as bipartisan.

WITNESS TESTIMONY

Secretary Xavier Becerra ([testimony](#)), Secretary of the Department of Health and Human Services, emphasized the importance of addressing the opioid crisis, mental health crisis, and health care workforce, in addition to numerous other investments in key areas. Secretary Becerra elaborated on the budget's — and the American Families Plan's — call for expanding home and community-based services (HCBCs) under Medicaid. He echoed Chairman Neal's focus on climate change and also called for expanding post-partum coverage and increasing funding for the Substance Abuse and Mental Health Services Administration (SAMHSA). Finally, he called for the creation of the Advanced Research Projects Agency for Health (ARPA-H.)

DISCUSSION AND QUESTIONS

Drug Pricing & Health Care Innovation

- **Rep. Devin Nunes (R-CA)** expressed concern that the proposed TRIPS waiver would suppress pharmaceutical innovation and quash domestic manufacturing capabilities. He promoted his recent legislation ([H.R. 3788](#)) that would require the administration to consult Congress before agreeing to any trade-related intellectual property (IP) waiver. Secretary Becerra assured him that President Biden is open to negotiation on the TRIPS waiver, will work to protect IP, and will support domestic manufacturing.
- **Rep. Tom Reed (R-NY)** strongly pushed back against utilizing quality-adjusted life years (QALYs) to set drug prices as a de facto policy though international reference pricing. The Secretary said that he would work with Congress on the issue.
- **Rep. Jackie Walorski (R-IN)** drew attention to more rigorous clinical trials to examine the impacts of emerging cures on women. She also supported enhanced data collection on the medical abortion pill, Mifepristone.
- **Rep. David Schweikert (R-AZ)** suggested the creation of an Operation Warp Speed-style program to address diabetes, especially rural and urban disparities. The Secretary agreed about the importance of diabetes research, noting that “diabetes can kill, and it can kill quickly.”
- The Secretary agreed with **Rep. Brian Higgins' (D-NY)** assertion that taxpayers should benefit from research and development (R&D) success funded by taxpayer dollars. Rep. Higgins drew attention to Moderna's substantial stock price increase after its COVID-19 vaccine development.
- **Rep. Terri Sewell (D-AL)** promoted her Medicare Multi-Cancer Early Detection Screening Coverage Act of 2021 ([H.R. 1946](#)) to create access to more early cancer screenings, and Secretary Becerra supported the legislation.
- **Rep. Suzan DelBene (D-WA)** expressed strong support for KidneyX, and Secretary Becerra committed to HHS's continuation of KidneyX and expressed his support for the Kidney Innovation Accelerator.

- **Rep. Donald Beyer (D-CA)** asserted that the Agency for Healthcare Research and Quality (AHRQ) is underfunded and requested enhanced funding in the FY22 budget.
- **Rep. Drew Ferguson (R-GA)** expressed concerns that the U.S. is losing manufacturing jobs to China, and Secretary Becerra told him that H.R. 3 would not suppress innovation and domestic manufacturing. **Rep. Carol Miller (R-WV)** echoed these concerns and promoted H.R. 19 as a viable alternative to H.R. 3.
- In response to **Rep. Dwight Evans' (D-PA)** question about Health Professions Opportunity Grants (HPOG), Secretary Becerra expressed his support grants to support low-income individuals in training to join the health care workforce.
- The Secretary told **Rep. Bradley Schneider (D-IL)** that HHS is highly focused on sustainable strategic national stockpile development and is working on its consideration of the Protecting Providers Everywhere (PPE) in America Act ([H.R.1436](#)).

Telehealth

- **Rep. Mike Thompson (D-CA)** and many other committee members on both sides of the aisle supported the expansion and flexibility of telehealth services. Specifically, Rep. Thompson promoted his Protecting Access to Post-COVID-19 Telehealth Act ([H.R. 366](#)). The Secretary agreed that the health care system “can’t go back to the old way” before the expansion of telehealth flexibilities during the pandemic.
- Rep. Schweikert said that low-Earth orbit (LEO) satellite broadband is the best solution to make telehealth easily accessible in rural areas and called traditional broadband for such areas “irrational.” Rep. Schweikert also focused on reducing federal regulations for telehealth services.
- **Rep. Lloyd Smucker (R-PA)** expressed support for audio-only telehealth coverage.

Health Care Costs & Expansion

- Secretary Becerra shared Chairman Neal and other Democrats’ preference for expanding Medicaid everywhere.
- To expand Medicaid in non-expansion states, **Rep. Lloyd Doggett (D-TX)** discussed his upcoming legislation which would allow cities and counties — not just states — to work with CMS to administer Medicaid programs.
- In response to **Rep. Vern Buchanan’s (R-FL)** concern of rising health care costs for small business employees, the Secretary assured him that expanded health care premium subsidies will help ease this burden.
- Secretary Becerra said that he would work with **Rep. Earl Blumenauer (D-OR)** to come up with innovative solutions to expand Medicaid.
- Secretary Becerra agreed with **Rep. Bill Pascrell (D-NJ)** that FDA’s unique device identifier (UDI) system is critical for claims data.
- Rep. Reed inquired about mileage qualifications for critical access hospital reimbursement policy, and the Secretary said he is eager to work with Rep. Reed on keeping costs down.
- **Rep. Danny Davis (D-IL)** inquired about safety net hospitals’ access to the Provider Relief Fund (PRF), and the Secretary said he supports PRF transparency and providing aid to these hospitals. He reiterated his commitment to PRF transparency to Rep. Miller.

- **Rep. Ron Kind (D-WI)** asked about extending the PRF deadline, to which Secretary Becerra said that HHS will release additional guidance this month on applying for PRF funding and spending the funds.
- Rep. Kind asked about the June 30 deadline for providers to use PRF funds and Secretary Becerra replied that HHS is looking at what it can do to provide flexibility.
- Rep. Kind said that he plans to reintroduce the Medicare Advantage (MA) Quality Payment Relief Act ([H.R. 2131](#)) which would eliminate a provision under the MA program that inadvertently penalizes plans with relatively high quality.
- Secretary Becerra told Rep. Kind that advancing alternative payment models through the Center for Medicare and Medicaid Innovation (CMMI) is “music to my ears.” **Rep. Jason Smith (R-MO)** raised addition concerns regarding CMMI’s ability to receive patient feedback.
- The Secretary told **Rep. Tom Rice (R-SC)** that HHS is working on options to allow patients to circumvent the referral process and directly access specialists. Rep. DelBene expressed her support for a streamlined and fully electronic referral and prior authorization process for MA beneficiaries.
- The Secretary promised to follow up on Rep. Rice’s inquiry about Temporary Assistance for Needy Families (TANF) Block Grants to reduce paternity establishment from 98 percent to 90 percent due COVID-19.
- Secretary Becerra told Rep. Rice that he would follow up about the depletion of the Medicare trust fund. **Reps. Jodey Arrington (R-TX)** and **Ron Estes (R-KS)** pushed back against Democrats’ calls for Medicare expansion, both noting that Medicare insolvency is a looming threat for seniors.
- **Rep. Brendan Boyle (D-PA)** said that Medicare expansion should include dental, vision, and hearing.
- **Rep. Tom Suozzi (D-NY)** expressed support for consumer assistance navigator programs in Affordable Care Act (ACA) marketplaces and promoted public awareness campaigns around changes to surprise medical billing requirements. Secretary Becerra said that HHS “absolutely” supports HHS’s “eight-fold funding” increase for these programs.

Mental & Behavioral Health

- Rep. Thompson touched on several mental and behavioral health issues, including SUD and depression, stressing the importance of mental health services for seniors in Medicare. Secretary Becerra responded by noting that the American Rescue Plan infused \$3 billion into SUD and mental health services through SAMHSA.
- In response to a question from Rep. Boyle, the Secretary said that HHS included \$3 billion in its budget to help states and localities address mental health and SUD crises. Rep. Boyle said he is glad that Congress is showing a renewed focus on the opioid epidemic.

Seniors & Nursing Homes

- Secretary Becerra assured Chairman Neal that HHS’s budget includes \$75 million for states to address complaints regarding nursing home conditions. He agreed with the Chairman that nursing homes require more oversight.

- Rep. Blumenauer and many other committee members shared concerns that seniors lack necessary care and protections in long-term care (LTC) facilities.
- Rep. Pascrell voiced concerns about private equity investments in hospitals and nursing homes. Rep. Evans echoed Rep. Pascrell's concerns and specifically worried about private equity investments in safety net hospitals.
- Secretary Becerra shared **Rep. Steven Horsford's (D-NV)** support for the Nursing Facility Quality Reporting Act ([H.R. 2319](#)).

Health Equity

- **Rep. Judy Chu (D-CA)** touched on the importance of Title X funding for low-income Americans and stressed the importance of disaggregating data for the Asian Americans and Pacific Islanders (AAPI) community.
- In response to **Reps. Gwen Moore's (D-WI)** and **Jimmy Gomez's (D-CA)** discussion of HHS funding for marginalized groups, the Secretary reiterated his support for Medicaid coverage for one-year post-partum. Rep. Moore also stressed the need for research into Sudden Infant Death Syndrome (SIDS).
- **Rep. Stacey Plaskett (D-VI)** drew attention to health disparities in the territories, and the Secretary told her that President Biden's proposal would eliminate Medicaid funding caps in the territories. She also inquired about TANF funding alterations to account for inflation, poverty, population, and other variables, and Secretary Becerra expressed his willingness to meet this goal.
- Secretary Becerra agreed with **Rep. Dan Kildee (D-MI)** that the Low-Income Household Water Assistance Program (LIHWAP) requires immediate rollout.
- Rep. Horsford called for demographic data collection and promoted Ways and Means' new [Racial Equity Initiative](#).

U.S.-Mexico Border

- Ranking Member Brady and many other Republicans raised concerns regarding conditions at the U.S.'s southern border. Specifically, the Ranking Member discussed unaccompanied minors, to which the Secretary assured him that HHS is focusing on the issue.
- Rep. Chu highlighted her Shut Down Child Prison Camps Act ([H.R. 1069](#)).
- Secretary Becerra assured Rep. Arrington that the Center for Disease Control (CDC) is working in compliance with [Title 42](#) to ensure safety for immigrants and refugees.

China's Role in the Pandemic

- Ranking Member Brady expressed concerns that the U.S. is dependent on China for active pharmaceutical ingredients.
- The Secretary told Rep. Smith that HHS and the Administration are committed to discerning the source of the COVID-19 virus.
- Secretary Becerra assured Rep. Estes that the National Institutes of Health (NIH) never approved gain-of-function research for the Wuhan Institute of Virology.